

# Making the Case for Business Simplification

What it Means for SMBs & How They Can Achieve It



Business simplification is increasingly recognized as a strategic requirement for companies of all sizes that are looking to grow and compete. In fact, 62% of companies think simplification would improve their business productivity and performance. And yet, only 27% of those same companies say that their day-to-day activities align with simplification directives<sup>1</sup>.

So, why is it that many businesses recognize the importance of simplicity, and yet their processes become increasingly more complex over time? Quite simply, it's a natural by-product of growth. You tend to leave alone the processes that (you think) are working. And when issues do arise, the first instinct is often to add processes, so you can achieve short-term results.

It's understandable, particularly for high growth small and mid-size companies with limited resources. Your team is so busy focusing on daily routines that it might seem counter-productive to carve out time for process review and other simplification activities.

But keep in mind – the larger your company is, the more challenging simplification becomes. So why not be proactive? When you make simplification a core part of your organizational mind set early on, it'll be much easier to achieve your goals moving forward.

<sup>1</sup>'Simplifying the Future of Work Survey', Knowledge@Wharton, 2015

# Understanding the Impact of Complexity on Your Business

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How You Can Benefit from Running Simple

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5 Steps to Help You Simplify Successfully

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What Role do Your Business Systems Play?

As your business grows, a certain amount of complexity is inevitable. But the more complexity you introduce into your operations, the more difficult it becomes to adapt to changing customer or market demands.

Consider the potential costs associated with unnecessary complexity:

- ▶ Complex processes tend to take more time to execute, which often requires more people. Think about the cost of an employee's wage. If your labour costs are continually creeping higher and higher just to get through the regular day-to-day tasks, you're tying up capital that could be better used elsewhere in the business.
- ▶ Often your basic, everyday processes are the ones that have the biggest impact. How much time are your people spending entering duplicate data into multiple systems? What about performing review and approval procedures? Reporting? The time and productivity impact of these areas can be significant if your processes are too complicated.
- ▶ Every extra step in the process has the potential to add frustration for your staff and your customers. You risk missing out on revenue opportunities when your customers become frustrated with lengthy wait times or general inefficiency in their experience.

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# The Top 6 Benefits of Simplifying Your Business

If you're still not convinced that simplification provides enough of a strategic advantage, consider the following benefits to your business. Then continue reading for some simple steps to help you implement initiatives in your own organization.

## 1. Improved Efficiency

Simpler processes are typically faster to perform, meaning your team can not only get through their day-to-day tasks quicker, they can also start dedicating time to those larger projects that drive the growth of the business.

## 2. Realized Cost Savings

The scale of your cost savings will depend, to a certain degree, on the scale of your simplification initiatives. For example, process automation can result in lower labour costs. When each task takes less time to perform, your employees can accomplish more in a standard workday. The extra money that used to be spent on overtime or additional salaries can now be redirected into higher value tasks.

## 3. Enhanced Customer Experience

Let's face it – no matter what business you're in, customers have a short attention span. Just like you, they're busy. Any way that you can streamline the customer experience and make your business easy to deal with is a win in the customer's eyes.

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## 4. Higher Employee Engagement & Retention

When considering simplification, companies tend to look first at the impact from a dollars and cents perspective. But it's important to think about what it does for your team as well. Simpler processes make it easier for them to do their job. And the more they can accomplish in a day, the better they'll feel about the job they're performing. Keep this in mind as we move to the next section – simplifying successfully.

## 5. Increased Agility

It might seem like a simple concept, but it's one that's easily overlooked – the simpler your business processes are, the faster you can react to changes in your customers' needs or market changes.

## 6. Increased Profitability

All of the previous factors combined lead to higher profitability overall. Every process that you simplify has an impact on the bottom line, either as a direct cost savings or indirectly through time savings. And, to speak to an earlier point, the happier your customers are, the more they'll want to buy from you. When you start seeing the benefits from both a revenue and cost perspective, you'll amplify the impact on your profits.

# Simplify in 5 Steps

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Recognizing the unnecessary complexities in your business is the first step. But many companies struggle to get past this, as they start implementing fixes that are...you guessed it, complex! Here are some tips to get you started.

## 1. Start Small

As an overall objective, simplification can be overwhelming. So, start simple! Get the ball rolling by focusing on just one or two processes – for example, a decision making or approval process. Then empower the people closest to those processes to simplify their daily work. Seeing the impact of even the smallest initiatives can inspire your teams to think bigger. Eventually, simplification becomes part of your company's mindset.

## 2. Get Input from All Your Teams

This can't be said enough – to get the most value out of your initiatives, you need to solicit input from every department. Start by creating a process improvement committee with one representative from each team. Whether you meet once a month or once a quarter, this provides dedicated time to discuss possible areas of improvement and simplification. You also have a good cross-functional group to brainstorm solutions. Each area of the business will have their own concerns, and you may even find there's some overlap. The committee will allow you to address concerns as a group, rather than having multiple teams working on the same challenge independently.

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### 3. Prioritize Based on Business Impact

You'll likely come away from your committee meetings with a laundry list of items. Think back to the first point – start small. Are there process changes that are relatively quick and easy to implement? Tackle those first. When it comes to the larger items, look at which ones will have the biggest impact on the business. Then start making a plan to flesh out the details and implement the changes.

### 4. Set Clear Goals & Measurable Performance Metrics

Like any project, you can't expect solid results without clear objectives. Discuss as a team what you're hoping to achieve when it comes to simplification. Be sure to communicate this to your staff so everyone is clear on the goals. And don't forget to provide regular updates – share the successes, milestones and performance indicators to keep your team encouraged.

### 5. Lead by Example – From the Top Down

Like any major initiative, get your senior management team on board and ensure that they're communicating directly to their people. This will ensure that the tasks you undertake are tied to high level business goals. But more importantly, with your leadership team leading by example and diving into the process, the rest of your staff will be more inclined to accept the idea and actively participate to make simplification a success.

# Your Business Systems Play an Important Role

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Much of what we've talked about centers around business processes. Not always, but often, the systems you use to run your business are at the heart of your processes. As your business grows, it's common to start adding tools and systems as required. They might connect to each other in some way, but they might not. This is a common challenge for growing small and mid-size businesses. Eventually you reach a point where the bolted-together systems and processes that worked when your company was smaller won't scale to support new customers, employees, product lines and service offerings.

The added complexity that comes with each new application ends up inhibiting your ability to meet business goals. This is why it's critical to consider technology as part of business simplification. The key is to eliminate multiple, redundant, disconnected systems and get all of your business data into a single solution.


At a high level, the right business management system provides you with:

- ▶ More accurate, up-to-date information
- ▶ Easy access to the right data at the right time, using self-service tools and reporting
- ▶ Seamless process automation
- ▶ Deeper business performance insights
- ▶ The ability to make faster, more informed decisions

More importantly, a business management system that encompasses your entire business allows you to achieve the benefits of simplification we discussed earlier. Choosing the right software platform is crucial to achieving simplification success.

[Start simplifying now – see how our ERP solutions can help >](#)





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