



## LESSON 11: Business Performance

# Unlimiting Growth Through Systems

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Your business growth is limited by your personal capacity unless you develop systems and people. When an entrepreneur begins in business, they wear many hats. Each additional responsibility limits their ability to provide for the needs of their customers.

In addition, the number of hours any one person has available each week to serve their customers is limited. Even if you expand the number of hours you work from 40 to 50, or maybe even 70 hours a week, at some point you will max out your ability to serve your customers.

It is often at this point in a new business that the owner wonders if they were foolish to start their own company. They become exhausted and question whether anyone could care for their customers to the level that they can. They wonder, **“Should I stop taking on new customers, close the business, or should I hire others to help?”**

If they do hire, the problem becomes (a) what kind of person should be hired and (b) how will the person know what to do? The latter question is forthcoming because many business owners have unique technical skills that customers need. This skill set is often what founded and continues to grow the business. Since it is those “unique” technical skills that customers look for, who will do the work when the owner is maxed out?

### THE POWER OF A SYSTEM

Henry Ford had a dream of making a car affordable for the working man, but his biggest stumbling block was the amount of time it took to build a car. It is reported that it took 12.5 manhours to build each Ford. In 1913, some of Ford’s employees convinced him to develop a new concept called an assembly line. After it was fully implemented, it resulted in a car being built in only 1 hour and 33 minutes.

Ford's ability to mass produce cars and to continually decrease the price of an automobile was due primarily to the assembly line system.

In his first automobile venture, which ultimately failed, Ford personally produced two cars. The effort took him from 1896 to 1898. By 1914, thanks to the assembly line system, he produced 250,000 cars and by 1927 had broken all records with production of more than 15 million automobiles. His detailed assembly line system ultimately made his incomprehensible dream possible.

*A system is a set of detailed methods, procedures and routines created to carry out a specific activity, perform a duty, or solve a problem.*

Although most people are not in manufacturing, systems can be helpful for any type of business including professional services, retail businesses, or what many today refer to as knowledge workers.

The Apostle Paul wrote in 1 Corinthians 14:40, *"But all things must be done properly and in an orderly manner."* A good system puts order to what can otherwise become chaos.

You can develop systems for the products and services you produce, or you can develop systems to help you with the operational side of your business. The key is to realize that efficiency, and ultimately excellence, depends upon consistent monitoring of the most efficient and effective processes to meet both production and quality standards. Systems work best when you detail each step so that almost anyone can perform the task.

McDonald's has been successful because they developed detailed processes to produce consistent results that even 16-year-old kids can easily do. No matter what location you visit, you will experience the same taste and quality in the French fries and hamburgers, served at an expected fast-food pace.

In fact, let's consider for a moment the concept of "franchises." What makes a franchise restaurant different from a local restaurant? It's basically the systems. A Franchise makes their money by documenting in detail every step necessary for success so that even people who have never been in that industry can succeed. A franchisor's product is not the products or services that the consumer consumes, it's the systems enabling the franchisee to be able to consistently produce those products or services.

## DISCUSSION QUESTIONS

1. What are the factors you believe are currently limiting your business growth? Why?

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2. What procedures, policies, or systems have you implemented in your business in the past? In what ways have they been helpful? How does it make you feel to know you have them in place?

3. Imagine for a moment that you have 6 months to prepare your business for you to be gone on a year-long mission trip. God has provided whatever funding you need during that 6 months to assure the business is still flourishing when you return.

- a. What would be the most important system, procedures or policies you would need to develop?

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- b. How would you go about developing it?

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- c. To prepare for your future growth, what steps can you take this month to implement this new system regardless of a planned absence?

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## SYSTEMS VS. PEOPLE

Earlier we discussed how Henry Ford's success was in part due to his assembly line system. The other factor that allowed Henry Ford to have amazing success was his realization that in addition to having the most efficient systems, he needed the best people.

In an unprecedented move, Ford doubled the current prevailing wage when announcing he would pay \$5 per day. After that increase, Ford had his choice of the brightest people in the industry.

Frederick Taylor was an organizational expert at the time of Henry Ford that helped many see the value in systems. In hindsight, many believe that Taylor took it to the extremes. They were left with the impression that he believed systems were the entire solution. His philosophy seemed to be that if you developed detailed enough systems, any person could then run your processes. This undermined the creative value of the human spirit.

Michael Gerber, author of *E-Myth Revisited*, is another person who has had influence over many small business owners, helping them to realize the importance and values of systems. His writings could also be construed to advance the idea that systems are more important than people. If you have a good enough system, then he would likely contend that you can hire almost anyone to carry out the system. The result is a lowering of staff expenses.

Although systems are critical for scaling a business, people are your most important asset. God created each of us in His image as unique creative beings that have knowledge, wisdom, and skills that can enhance any business. Don't overlook the value of your people. When solid systems and highly skilled people are grouped, the fruit of your organization will exceed that of a purely system-driven business.

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## DISCUSSION QUESTIONS

1. Do you tend to lean towards being systems oriented or people oriented?

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2. How would you and/or your staff feel if they had a good balance of systems and great people? What more could be accomplished?

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3. What thoughts have this lesson prompted and what will you do with this information?

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