Standard Operating Procedures

The best results in planning and launching a business (or to change a business) is to create Standard Operating Procedures that document how you or your employees will respond to any kind of regular transactions in your business. SOPs can often be reflected in a business plan model using Excel™ cell formulas to manipulate values that are affected by specific rules your business applies in common responses. This may not cover all scenarios, but the more common scenarios should be anticipated and analyzed so that the responses can be automated in many cases. Examples of that include designing standard forms or input screens that collect the data you need to trigger the proper response with minimal manual intervention.

This is not about the introduction of AI to replace workers, but to know exactly how such cases are handled. This is typically what a business systems analyst does to document the process steps and interaction with computer services, using various flow-charting techniques. We may not require that kind of detail to be able to structure decision rules within a business plan that then allows us to reflect the outcome of applying specific inputs, but it can be an important tool for instructing employees in how to perform standard tasks, such as a cashier running up sales on a cash register using the correct department codes. If you do not have any SOPs, then you will find it difficult to delegate tasks to employees who will have no reference to work from, which usually means they will require management intervention to complete a transaction.

A standard operating procedure, or SOP, is a set of detailed step-by-step instructions that describe how to carry out any given process and are used in process management to manage the day-to-day activities. This helps you get consistent results when the processes follow the same standards, and it can reduce costs and increase productivity when people can perform a set of tasks interchangeably, and it can be critical to creating a safe working environment. The SOP will have a title and identifier, an author and creation date, the workplace where it applies, and the name of an approver. You may include a table of contents if the SOP contains sections that cover different cases. Each case has a purpose and scope, defined roles and responsibilities of participants, resources and materials used, and any warnings related to those materials.

The core of the SOP is the "How To" procedure on completing a task, with diagrams if necessary to show how things are done. The outcome of that activity should comply with quality control objectives. To write an SOP you should use a standard format, either a checklist or a detailed description for more complex processes, depending on how much information people need to be able to perform a stated process. You must engage subject matter expert stakeholders that can describe the process in detail, and that can later review results to improve the SOP it your guidelines appear insufficient. Often the creation of guidelines is all that you need to improve performance and quality. Sometimes an SOP can involve multiple teams or departments, and it must identify who does what (and sometimes you can see opportunities to streamline the work to engage fewer participants). Make sure that SOPs are succinct and focused on a need to know and written in a consistent style for ease of reference.