

5 Key Factors to Consider Before Building a Business Operating System

A Business Operating System (BOS) is a complete set of processes, tools, and procedures that enable the smooth operation of a business. It's your company's unique way of doing things, quantified and organized into a repeatable sequence.

How does your company manage your customer's experience? Drive employee engagement and productivity? Set strategy and improve execution? A successful BOS can answer all of these questions and more. **As a result, a company that has an effective BOS in place will enjoy increased efficiency, productivity, and profitability.**

If you're thinking about creating a better BOS for your company, you need to make sure you have the right mindset to tackle the task and a solid foundation upon which you can build. **Here are 5 key factors you need to consider before building a Business Operating System:**

1 The Right People

Does your organization have a leadership team in place? If not, do you intend to build one?

Building a BOS will likely involve significant changes to the organization's processes, systems, and culture. **It's imperative that you have a capable leadership team that can manage the change process effectively, communicate the benefits of the system to stakeholders, and ensure that the BOS is adopted across the organization.** Without strong leadership, the change process may be difficult to manage, leading to resistance and low adoption rates.

2 Long-Term Vision

What do you want your business to look like in the future? Which successful businesses or franchises do you look to for inspiration? What functions of your operation are you hoping to improve?

Answering these questions can help you define your long-term vision as you build your BOS. **When you begin with the end in mind, you'll be able to set your sights on a clear direction, prioritize your investment of time and resources, and set milestones for continuous improvement along the way.**



3 Capacity

Are you willing to invest the time, resources, and discipline needed to work "ON" the business, not just in it?

Making significant changes to any operating system will take a concentrated effort over a significant period of time. Furthermore, it's a task that requires leaders to step back and to observe the big picture. To build a better BOS, you'll need to analyze your current operations and devote mental energy to recreating new structures. **Before you begin, decide if you are willing to invest the necessary time, resources, and capacity it will take to manage your daily tasks, while also strategizing those big-picture changes.** (Having a strong leadership team to whom you can delegate tasks will help with this.)

4 Scalability & Transferable Value

Are you ready to build a valuable business that can operate without you?

According to Co-Founder of the L Group, Lee Colan, "An effective BOS transcends the people who are doing and managing the work, and is more valuable as a result." When you have an effective BOS in place, your procedures become standardized. Your routine tasks like data entry and invoicing become automated. Your leadership team will be effectively able to delegate tasks to employees with clear instructions. Most importantly, a well-designed BOS will be flexible enough to adapt to various changes across businesses without breaking under pressure. **With an effective BOS, your business can operate effectively without your direct supervision, which makes it more valuable and attractive to sources of capital.**

5 Key Performance Indicators

What Key Performance Indicators (KPIs) will help you measure the success of your BOS along the way?

The secret to building a successful BOS is commitment to tracking Key Performance Indicators (KPIs). **Tracking KPIs will ensure that your decision making is data-driven – not based on emotion, anecdotal information, or guesswork.** Consider KPIs that track revenue, cycle time, employee productivity, customer satisfaction, and lead conversion rates. This data will help you make informed decisions about where to invest more resources and how to optimize your processes as your BOS evolves.

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