



■ 我们的使命是提高企业组织机构和运营管理系统 ■

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Four Basics Elements of Policies & procedures

Policy-and procedure writing often uses a standard format within an organization, including a complete history of changes made to the document. Typically, the format includes a purpose, persons affected, scope, sometimes a background section, a policy section, definitions, responsibilities, and a procedures section. The format when put into a template can also include information about the title, effective date, revision date, and an approval section.

There are four very basic reasons that necessitate writing policies and procedures

Operational Needs

Policies and procedures ensure that fundamental organizational processes are performed in a consistent way that meets the organization's needs.

Risk Management

Established policies and procedures are identified by Committee of Sponsoring Organizations of the Treadway Commission (COSO) as a control activity needed to manage risk.

Continuous Improvement

Procedures can improve processes by implementing a Plan-Do-Check-Act (PDCA) approach by building important internal communication practices.

Compliance

Well-defined and documented processes (i.e. procedures, training materials) along with records that demonstrate process capability can demonstrate an effective internal control system compliant with regulations and standards.

Why Do You Need To Write Procedures ?

Last week we brought up the topic of why we need procedures. While some would answer this question by providing very long lists of reasons why, these lists sometimes aren't useful. They are too long to really remember and absorb, plus there is too much overlap and redundancy. I, however, listed four very basic reasons that I feel demonstrate why we should develop procedures to document important process:

Operational Needs

Risk Management

Continuous Improvement

Compliance

We covered compliance and operational needs last week. This week let's continue by discussing managing risks and promoting continual improvement.

Manage Risks with Well-Written Procedures

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Every business must recognize and manage risk. In fact, risk assessment was a key component of COSO's Internal Control-Integrated Framework released almost 15 years ago, and recently COSO expanded the concept, developing a report titled Enterprise Risk Management-Integrated Framework. COSO defines risk management itself as a process to ensure all events can be managed according to an organizations risk appetite. Established policies and procedures are identified by COSO as a control activity needed to manage risk.

Read Chris Anderson's article on Writing Policies and Procedures at work.com. So whether it is a fire or a corrupt/incompetent accountant, procedures define how reasonable measures are built into processes to prevent such events, and they describe how the organization will manage and recover from such events should they occur.

Another reason for procedures that fits well into this category is the documentation of organizational knowledge. Key personnel leaving, perhaps even joining a competitor is always a risk. That risk is diminished to a degree if key organizational knowledge is documented in a procedure, as opposed to important information being stored in a person's head, in their computer, or simply jotted down in their notebook or journal.

Procedures Can Drive Improvement

Continuous Improvement is one of the most important, yet frequently overlooked reasons for developing an internal control system of policies and procedures. One role procedures play in continuous improvement is implementing a Plan-Do-Check-Act (PDCA) approach to processes.

Clear policies (that should be developed or approved by management) describe operational goals and direction, implemented by the Plan, which includes SMART objectives and that describe best organizational practices. The Do section carries out the plan and captures the data related to the stated objectives. The Check phase reviews the data in relation to goals and objectives, and Act means reflective changes in the process or the procedure that improves the process effectiveness, or altering objectives to be more realistic or meaningful. The ISO 9001 Standard is a great place to learn more about the PDCA process approach.

Lack of clear communication is a common impediment to improvement and success. Procedures can also build important internal communication practices into processes. For example, the collection process can include notifying the Sales Department which customers aren't paying their bills, so the Sales staff isn't spending time making sales calls to customers who do not pay for what they buy.

Pay Attention to Internal Processes

Another way I like to address the question of "why procedures?" is to use the analogy between procedures and other controlled documentation such as a manufacturing Bill of Materials. Manufacturing companies need a very controlled Bill of Materials because they want to ensure that every product has all the right parts assembled into it. They don't leave it to chance, and they don't want just anyone to be able to make changes, allow substitutions, etc; Such unregulated activities could have a severe impact on product quality and customer satisfaction.

Aren't there internal processes going on in your organization right now that deserve similar attention? Shouldn't they be documented just as carefully and with as much control as a Bill of Materials? Procedures play that role, and

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they should be developed with similar care and diligence as a Bill of Materials, as well as be under the same type of document control.

We hope this brief overview helps you understand why your organization needs procedures. While development and implementation can be a challenging project, there are dividends and returns on your investment if you understand why you are writing them and what you expect to achieve by documenting your processes. Plus, there are off-the-shelf products available that can give you a big head start on your documentation journey; like the Bizmanualz line of editable Policies, Procedures and Forms in MS Word format.

Learn more about developing policies, procedures and processes, or improving your organization by attending the next Implementing Lean Thinking or How to create well-defined processes classes.

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