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How To Build A Sustainable Business

This manual is an effort to document and layout an approach to building a business that raises the level of success for all stakeholders and prioritizes survival over growth or profits.

All sections may not be applicable to all businesses. For example, receiving instructions for a logistics department won't be needed in a software development firm. However, where a section is applicable, it is our best understanding of how accomplish that task or processes.

Sustainability as our measure

There are times in any business, when it is a wiser long-term decision to take action that reduces profits or growth. In these times, you may be building for a future growth expansion, or preparing for a tough external environment. Our intent has always been to build business that are sustainable and survive over long term as a higher priority than achieving excessive levels of growth or performance. In fact, we find that whenever performance is optimized for, survival suffers.

Beyond the survival of the firm, a sustainable business is one that ensures the survival and even thriving of all stakeholders. This includes making decisions that enhance the ability for the following parties to thrive in any and all environments:

- Employees
- Suppliers
- Customers
- Investors and Lenders
- Owners
- Community Participants
- Industry Participants
- Industry Knowledge Base

We consider every business to exist within an ecosystem of businesses, communities, families, governments, industries, technologies, and other interacting forces. Every business should promote and contribute to the sustainability of all of these entities, and none at the cost of the other.

Profit maximization as destabilizing

Profits often come at the loss of profit for other parties in the supply chain. This raises risk for suppliers, customers, or other firms in the supply chain, and endangering your ability to operate if pushed too far. As profits are taken from suppliers let's say, they have less margin to deal with downturns, quality issues, or future unforeseen events. Unable to absorb any surprise costs and customer charge-backs, a company with extremely thin margins may be at risk of bankruptcy with just one major unforeseen event. A healthy supply chain will be able to absorb costs related to variation and quality. Without this ability, there is a decrease in stability of various firms in the supply chain and thus the sustainability of your business.

It's not just the ability to absorb costs. They can't innovate, invest in their process, or hire great people. They become brittle, weak, noncompetitive, or at times, fraudulent.

Maximizing your profits can strip others in your supply or value chain from innovating and creating a better environment for you to thrive. Ideally you want all companies before and after you to have the ability to invest in their people, their operations, and their value propositions. This increases the total value created on the chain which you exist, and will create a more sustainable market to be part of. ## Quality and excellence

Sustainability is achieved not only by focusing on the right things, but by doing the right things. Quality is to be prized over speed and cost in order to build a sustainable business.

Cost focused businesses tend to compete in low margin high volume businesses, and price themselves out of access to capital and resources needed to stay for the long term.

Speed tends to produce high-performance results that are tuned to the current environment, but not usable once a regime shift occurs. A supply chain setup based on short term strategies like tax or tariff arbitrage, social media marketing based on optimizing for a Google search algorithm, or products based on hot trends are not sustainable business practices.

When cost or speed is prioritized, you end up redoing work and re forging relationships. If we can make a decision once, build a feature once, or ship a product once, that is ultimately preferred to doing a thing three or four times. That time and investment in the 2nd, 3rd, and 4th iteration could be invested into a new task or service which could build on the 1st. Rework is expensive.

It is expensive because you are wasting resource redoing a thing which was already done, and it is expensive because you are not doing a thing which could compound and grow over time.

Quality is to be the focus.

- Quality of product
- Quality of decision
- Quality of information
- Quality of communication
- Quality of operations
- Quality of process
- Quality of people
- Quality in all things

Quality considers all stakeholders

For quality to really take hold, you will need to focus on all stakeholders. Stakeholders to consider include:

- Suppliers
- Customers
- Partners
- Industry
- Community
- Sub Groups
- Employees
- Investors
- Owners
- Governments
- Environment

Quality breeds excellence

Evolutionary nature

For a thing to survive over a long period of time, it must be evolutionary. It must be able to adjust to changing external factors and environments. Biology is an excellent model here. There are mechanisms built in to adjust and adapt. Your business needs the same. This is the second key aspect of building a sustainable

Most business are based on a specific business model, and a specific target customer, and a specific sales process. Fine tuning these can explode your business in sales and popularity. However, this is not sustainability. Ask yourself, will this all still hold true 100 years from now?

If you want to build a sustainable business, you will slow your growth a bit. You won't be primed for 100% maximization of the current environment, but you will be around longer. You will need to divert some time, some money, and some resources to evolutionary processes. You will need to build the ability to adapt and change into every part of the business.

Revise and review

While specific processes and methods are discussed elsewhere in this manual, a general outline can be found below. You must build in regular and scheduled reviews and revisions. Some things to build in include:

1. Review and revise the organizational context.
 1. Who are the stakeholders?
 2. What are their needs and expectations?
 3. How can each contribute to the organization?
2. Review and revise the company purpose.
 1. Mission
 2. Vision
 3. Values
 4. Culture
3. What are short and long term risks and opportunities?
4. What are the current strategies, policies, and objectives?
5. What are the critical processes that support the above? Are they achieving or should they be adjusted, changed, removed, added?
6. Review and revise resource use
 1. How are resources being deployed?
 2. Are they getting a return?
 3. Are they being wasted?
 4. Consider time, money, equipment, assets, skills, capabilities, capacity, networks, product reach, brand
7. Review firm performance (conscience capitalism)
 1. Financial
 2. Environmental
 3. bjective achievement
 4. Social good
8. Make sure all areas of business have learning and improvement process built in.

In short, what is working, what is not, and why?

Evolution as a process

Documentation

This brings us to the third key aspect of building a sustainable business, documentation. Documenting work, decisions, and outcomes is one of those things that can have a 10x effect on your business. Some of the elements which should be documented in any business include:

- work instructions
- processes and procedures
- decisions
- exceptions
- changes
- strategies
- issues
- performance metrics
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The importance of documentation

Documentation allows a business to do a number of things that an undocumented one cannot do.

- If all of your work instructions are documented, then new hires require little to no training, allowing your company to grow faster, with less mistakes, and less time / money invested per new hire.
- If you document decisions and review outcomes, you are able to isolate inputs for good decisions and strategies versus poor decisions. In turn, your strategies will become refined, your processes will increase in output, and achieve outcomes with less wasted resources.
- If you document changes you will spend less time answering repetitive questions concerning the change, the reason, and the affected processes.
- If you document strategies you will have something to hold your people accountable to, to measure against, and to focus on.
- If you document issues, you will have a running history of every problem you incurred, what caused it, and how it was fixed. This can then be used to assist new hires with correct problem resolution without draining managers time or reproducing already made mistakes.

It is impossible to create an organization that continues to develop, adapt, and improve if there is no documented text on where it currently is, how it operates, and where it is going. Like DNA, proper documentation encodes the business in a way that is reviewable. Depending on what is documented, the text might give piles of data to help shift or even completely change company policies, strategies, or processes.

Methods of documentation