



## What is a Standard Operating Procedure (SOP)?

An SOP is a procedure specific to your operation that describes the activities necessary to complete tasks in accordance with industry regulations, provincial laws or even just your own standards for running your business. Any document that is a “how to” falls into the category of procedures. In a manufacturing environment, the most obvious example of an SOP is the step by step production line procedures used to make products as well train staff.

An SOP, in fact, defines expected practices in all businesses where quality standards exist. SOPs play an important role in your small business. SOPs are policies, procedures and standards you need in the operations, marketing and administration disciplines within your business to ensure success. These can create:

- efficiencies, and therefore profitability
- consistency and reliability in production and service
- fewer errors in all areas
- a way to resolve conflicts between partners
- a healthy and safe environment
- protection of employers in areas of potential liability and personnel matters
- a roadmap for how to resolve issues – and the removal of emotion from troubleshooting – allowing needed focus on solving the problem
- a first line of defense in any inspection, whether it be by a regulatory body, a partner or potential partner, a client, or a firm conducting due diligence for a possible purchase
- value added to your business should you ever wish to sell it

Developing an SOP is about systemizing all of your processes and documenting them.

Every business has a unique market, every entrepreneur has his/her own leadership style, and every industry has its own best practices. No two businesses will have an identical collection of SOPs. Below is a listing of just a few typical SOPs, which you will want to consider writing for your own small business.

### Production/Operations

- production line steps
- equipment maintenance, inspection procedures
- new employee training

### **Finance and Administration**

- accounts receivable – billing and collections process
- accounts payable process – maximizing cash flow while meeting all payment deadlines

### **Marketing, Sales and Customer Service**

- approval of external communications: press releases, social media, advert, etc.
- preparation of sales quotes
- service delivery process, including response times
- warranty, guarantee, refund/exchange policies
- acknowledgment/resolution of complaints, customer comments and suggestions

### **Employing Staff**

- job descriptions
- employee orientation and training
- corrective action and discipline
- performance reviews
- use of Internet and social media for business purposes

### **Legal**

- privacy – an explicit privacy policy is required, specifying what information you will collect, why you are collecting it, how it will be used, and how long you will keep the information on file. Ensure that everyone in the organization is only asking for the information they need to do their job.
  - [www.canadaone.com/ezone/dec03/privacy\\_checklist.html](http://www.canadaone.com/ezone/dec03/privacy_checklist.html)
- accessibility – having accessible locations, goods and services is going to be a legislated right of all Ontarians, with the definition of accessibility going well beyond traditional concepts, like providing wheelchair access washrooms. Companies with fewer than 20 employees are required to create a plan for how they will comply with the Customer Service Standard and then train their employees. Companies with 20 or more employees must also put their plans in writing and report to the government on how the company is doing.
  - [www.canadaone.com/ezone/feb2012/ontario\\_customer\\_service\\_standard\\_accessibility.html](http://www.canadaone.com/ezone/feb2012/ontario_customer_service_standard_accessibility.html)

### **Tips**

- establish prior to opening; review at least annually
- develop procedures in the language, style and format best for the establishment (your industry/operations knowledge is crucial here)
- write SOPs in clear, concise language so that processes and activities occur as they are suppose to

- the level of detail in SOPs should provide adequate information to keep performance consistent while keeping the procedures from becoming impractical
- keep written SOPs on-site so that they can be used by supervisors and employees
- drafts should be made and tested before an SOP is released for implementation
- the more decision makers, employees and complexity in the business, the more SOPs are required

## Resources

[www.youtube.com/watch?v=mp7hgcAGDnE](http://www.youtube.com/watch?v=mp7hgcAGDnE)

[www.youtube.com/watch?v=iOTWQGt9KVK](http://www.youtube.com/watch?v=iOTWQGt9KVK)

[www.smallbusinessbc.ca/starting-a-business/operations-management](http://www.smallbusinessbc.ca/starting-a-business/operations-management)

[www.smbfundamentals.com/operations/just-your-basic-sop](http://www.smbfundamentals.com/operations/just-your-basic-sop)

[www.canadaone.com/ezone/sept00/time\\_management.html](http://www.canadaone.com/ezone/sept00/time_management.html)

[www.virtualproductivitysolutions.co.za/2011/11/02/5-key-benefits-of-a-standard-operating-procedures-manual](http://www.virtualproductivitysolutions.co.za/2011/11/02/5-key-benefits-of-a-standard-operating-procedures-manual)