

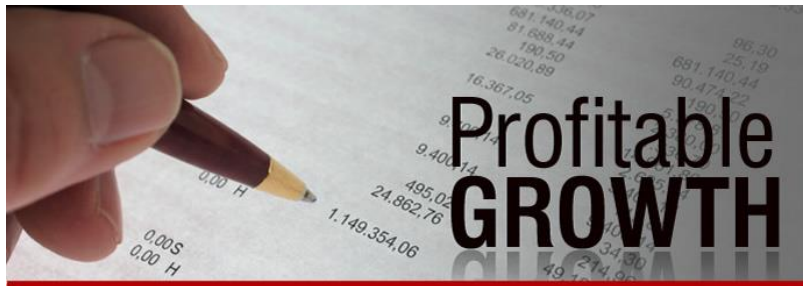
Standard Operating Procedures – Return-On-Investment in as low as 6 months

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This fact sheet provides an overview about the savings that can be generated by using Standard Operating Procedures in an organization.

Company Overview

Annual turnover	USD 100 million
Assets	USD 300 million
Profit margin after tax	USD 10 million
Industry	Auto components manufacturing



Asset and Business Risks Insurance

By implementing SOPs the organization's exposure to risks are drastically diminished or at least the impact of the risk is reduced. Insurance companies take this reduced exposure to risks and reward the company with lower premium. The typical premium is 2% (USD 6 million) on the asset size. With the implementation of SOP an organization can gain up to 25 points in the risk premium which is equal to USD 0.75 million.

Defects

The best and low-cost way to produce quality products and services is having quality at source. SOPs are helping organizations to achieve quality at source. Reducing the defects reduces rework and increases productivity and reduce the cost of production.

Accidents

Poor practices in organizations create dangerous working condition for both the concerned employee and others with who he or she is working. Accidents can range from a minor injury to fatal accidents. Minor injuries can delay the production and introduce disturbance in operations. But on the other hand, major or fatal injuries can create serious legal and regulatory implications to the organizations and may attract huge fines and compensation.

Customer Confidence

SOPs are not only make the job easy for your employees, but gives tremendous confidence to your customers about your commitment towards a process-centric organization and your products and services. A customer who has concern about a particular process of your organization can be given an overview of the concerned process. Hence it is a document that comes in handy to demonstrate to your customer about how you carry out a process in your organization.

Productivity

SOPs introduce the least resistance and most safe way of doing things. This helps them to do the job with ease and able to deliver things in a consistent manner in time.

Customer Service

Today' customer demand better and consistent customer service from organizations. SOP is a great way to design customer service in our operations and transactions and to make it repeatable irrespective of who is delivering.

Best Practices

SOPs are dynamic and living documents. The SOPs need to be reviewed periodically and the best practices of the industry should be captured and made as a practice.

Employee Morale

SOPs helps employees to understand their job better and helps them to reason why they need to the way it is described. It eliminates the chaos and provides a reference to go through whenever they are in doubt. This helps them to master their work and to increases their morale.