How to write an SOP that scales your business?

Description



Stop trading time for money. Here is the strategic roadmap for documenting your operations, enabling your company to become a valuable asset, not just a job.

Learn how to write an SOP (Standard Operating Procedure) that scales. We cover the â??Rule of 10,â?• the 7.1x valuation multiplier, and a step-by-step guide to standardizing your operations.

Introduction: The â??Keyman Riskâ?• test

If your Operations Manager or you disappeared tomorrow, would the business keep running, or would it grind to a halt?

In venture capital, this is called **â??Keyman Riskâ?•** (or Key Person Risk). If your business relies entirely on one personâ??s brain, it is technically worthless to an investor because it cannot be transferred.

SOPs are not just paperwork; they are the primary tool for **professionalizing** a growing company. They bridge the gap between a â??founder-led hustleâ?• and a scalable enterprise. To make that leap, you must extract the knowledge from your head and encode it

into a system.

Why you cannot afford to ignore this:

- **The â??Valuation Multiplierâ?•:** According to data cited in the **MakeSOP report**, businesses with documented systems (SOPs) can receive acquisition offers of up to **7.1x EBITDA**, compared to just **3.7x** for average companies. Systems literally double your exit value.
- **The Cost of Chaos:** Research from **IDC** reveals that companies lose **20% to 30%** of their annual revenue due to inefficiencies and â??process friction.â?•
- **The â??Checklist Effectâ?•:** In his bestseller *The Checklist Manifesto*, **Atul Gawande** notes that simple checklists reduced surgical complications by **36%**. If it works for life-or-death surgery, it will work for your client onboarding. (All Statistics Verified)

This article outlines the **7 proven steps** to writing SOPs that your team will actually read, use, and rely on.

Step 1. Identify the â??Repeatable Frustrationâ?•

Do not try to document everything at once; that leads to â??documentation burnout.â?• Instead, use the **â??Three Strikes Ruleâ?•** to prioritize.

- **The Rule:** If you have to answer the same question or fix the same mistake three times, it is mandatory to write an SOP for it.
- **Where to look:** Review your Slack or email sent folder. The instructions you type out repeatedly (e.g., â??Here is how to upload the invoiceâ?•) are your first SOP candidates.
- **Pro Tip:** Donâ??t start with the hardest process. Start with the easiest one (like â??How to Request Time Offâ?•) to build momentum and get the team used to using the system.

Step 2. Define the â??Triggerâ?• and â??Outputâ?•

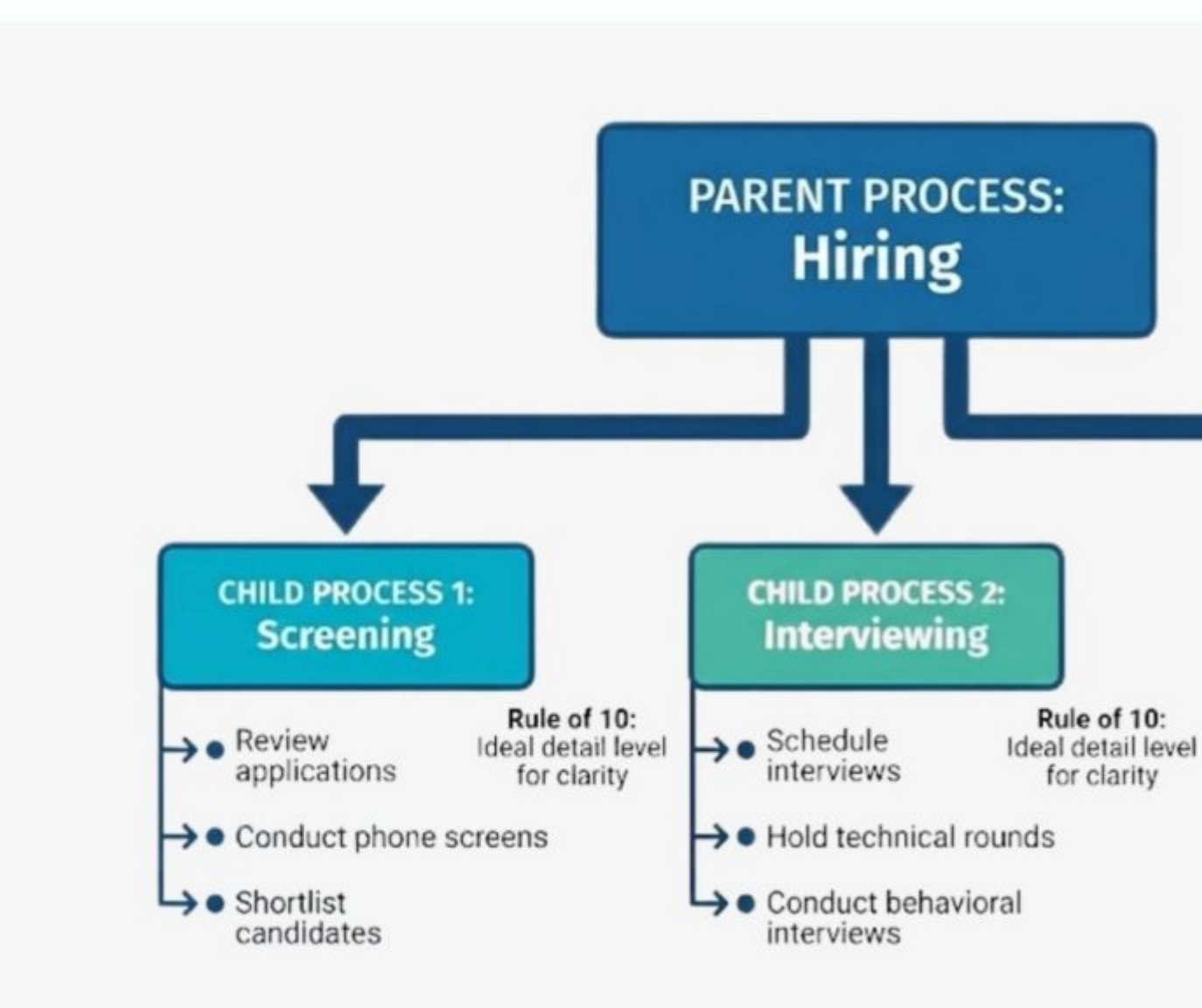
A common mistake is writing SOPs that drift into vague advice. To be effective, every SOP must have rigid boundaries. You must define exactly when the task starts and when it is â??done.â?•

- **The Trigger:** What specific event kicks this off?
  - *Bad:* â??When you are readyâ?¦â?•
  - *Good:* â??When the client signs the PandaDoc contract.â?•
- **The Output:** What is the tangible result that proves the task is complete?
  - *Bad:* â??The client is happy.â?•
  - *Good:* â??The Welcome Email is sent, and the Google Drive folder is shared with â??Editorâ?? permissions.â?•

Step 3. Apply the â??Rule of 10â?• (Cognitive Load)

Complexity kills compliance. Research on **Cognitive Load Theory** suggests that the human brain struggles to process operational sequences longer than 7â??10 steps.

- **The Strategy:** A single SOP should never have more than **10 steps**.
- **The Science:** This is based on **Millerâ??s Law**, which states that human working memory is limited to 7 (plus or minus 2) items. When a procedure exceeds this limit, the brain suffers from â??information overload,â?• causing error rates to spike significantly. (Source: Harvard University Dept of Psychology â?? https://psychclassics.yorku.ca/Miller/)
- **The Fix:** If a process is complex, do not write a 50-page manual. Break it into â??Sub-SOPs.â?•
    - *Example:* Do not write â??The Hiring Manual.â?• Break it into three linked documents: â??1. Posting the Job, â??2. Screening Resumes,â?• and â??3. Conducting the Interview.â?•



Step 4. Write the steps (Action-Verb Driven)

SOPs are not essays; they are instructions. Passive language confuses the reader. Every step must start with a strong **Action Verb** (Imperative Mood).

- **The Formula:** [Action Verb] + [Object] + [Context].
- **Examples:**
  - *Weak:* â??It is important to check the invoice date.â?•
  - *Strong:* â??**Verify** that the invoice date matches the Purchase Order.â?•
  - *Weak:* â??The file should be saved.â?•
  - *Strong:* â??**Save** the file as PDF using the naming convention ClientName_Date_v1.â?•

Step 5. Visualize the flow

A wall of text is intimidating and often ignored.

- **The Science:** According to research by **MIT neuroscientists**, the human brain can process an entire image in as little as **13 milliseconds**, which is significantly faster than decoding text. (Source: MIT News â?? https://news.mit.edu/2014/in-the-blink-of-an-eye-0116)
- **Software Tasks:** Never describe a button; show it. Use tools like **Scribe** or **Loom** to automatically capture screenshots with red arrows pointing to where the user needs to click.
- **Decision Points:** Use simple â??If/Thenâ?• flowcharts for choices.
  - *Example:* â??If the total is under $500, proceed to Step 5. If over $500, STOP and email the CFO for approval.â?•

Step 6. The â??New Hireâ?• test

You cannot grade your own homework. The writer of the SOP suffers from â??The Curse of Knowledgeâ??â??, you skip small details because they seem obvious to you.

- **The Validation Method:** Hand your draft to a brand-new employee or someone from a different department. Ask them to perform the task *without* asking you a single question.
- **The Audit:** If they get stuck or make a mistake, do not blame them. Blame the document. Highlight the confusing step and rewrite it immediately. A Platinum-standard SOP requires zero interpretation.

Step 7. Set a â??Review Rhythmâ?•

Processes change and become outdated. Software interfaces change, team roles evolve, and best practices shift. An outdated SOP is worse than no SOP because it destroys your teamâ??s trust in the system.

- **The Schedule:** Assign a â??Process Ownerâ?• to every SOP. Their job is not just to do the work, but to maintain the document.

- **The Tactic:** Implement a â??Quarterly Dusting.â?• Every 90 days, the Process Owner receives a notification to verify the SOP is still accurate. If yes, they change the â??Last Reviewedâ?• date. If not, they update it.

Action plan: Your documentation workflow

We have translated these steps into a concrete workflow you can track in Trello.

Action Step	The Outcome	Suggested Trello Card
1. The Process Audit	You have a prioritized list of what needs documenting first.	**Card Name:** SOP Backlog. **Checklist:** Identify top 3 bottlenecks, assign â??Process Ownerâ?• to each.
2. The First Draft	You create your first usable SOP using the â??Rule of 10.â?•	**Card Name:** SOP Drafting. **Checklist:** Define Trigger/Output, Write <10 Steps, Add Screenshots.
3. The â??New Hireâ?• Test	You validate that the system works without you.	**Card Name:** Testing & Validation. **Checklist:** Watch a junior employee run the process, Note friction points, and finalize the document.

> *â??If you canâ??t describe what you are doing as a process, you donâ??t know what youâ??re doing.â?•* â?? **W. Edwards Deming**

Final thoughts

Writing SOPs feels like â??slowing down,â?• but it is actually the only way to speed up. It is the difference between being a busy operator and a strategic owner. By building a library of processes, you are building a business that is scalable, sellable, and sanity-saving.

Ready to systemize your business? Download our Business Plan Templates to get the exact format used by successful franchise models.

Frequently asked questions (FAQs)

- **How many SOPs should my business have?**
  Donâ??t aim for hundreds. Focus on the Top 10 most critical processes that drive revenue or carry risk (e.g., Sales, Onboarding, Billing). It is better to have 10 perfect, regularly updated SOPs than 100 outdated ones.
- **What is the difference between a Process and an SOP?**
  A Process is the big picture map (e.g., â??Hiringâ?•). An SOP is the specific, step-by-step document that explains how to do a single part of that process (e.g., â??How to Conduct a Phone Screenâ?•).
- **How often should I update my SOPs?**
  At a minimum, review them quarterly. Assign a specific â??Ownerâ?• to each SOP who is responsible for confirming it still matches reality.

- **How detailed should an SOP be?**
  It should be detailed enough that a qualified stranger could perform the job, but brief enough that they donâ??t become overwhelmed. Use the â??Rule of 10â?• to keep it concise and action-oriented.

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