



Enabling Transformation through a Digitised Operating Model

November 2021

Successful transformation – It starts with the operating model

Your operating model is a living asset; in this article we explore how a digital view of your operating model can support you to build a complete view of your organisation that adapts with change and supports your transformation journey.

For years, the traditional representation of a business operating model, where it exists, has been contained in a fragmented collection of unstructured documents, often stored in a smart set of powerpoint slides and excel spreadsheets, that are intensely developed during a transformation programme and then left to decay on the ‘virtual’ shelf for years to come as the organisation slips into business as usual. In the modern world of continuous transformation, one might argue that there is no such thing anymore as business as usual. The world is in a constant state of flux and we are living through times where the global economy can be completely disrupted overnight. Commercial advantage is generally enjoyed by those companies that are able to pivot quickly, operating in a continuous state of rapid and innovative transformation to address market movements.

To clarify, we define an operating model as the capabilities an organisation possesses, the processes and organisational structure in place to deliver said capabilities, and the technology, data and culture that underpin their delivery. Crucially, the operating model is in place to deliver against an organisation’s strategy. When that strategy changes or reacts to its environment, the impacts of that strategic change need to ripple through the operating model instantaneously.

With the emergence of digital tooling, organisations are changing the way they visualise their business and the assets they possess. Now more than ever it is critical for businesses to create a dynamic, responsive, incrementally evolving operating model that enables them to truly understand their business operation and how it needs to change, to remain at the cutting edge of innovation.

That living operating model perspective needs to exist independently of a transformation – it needs to be an enduring asset that is evolved in line with the business. Even if the operating model foundation is constructed and funded as part of a business transformation it should be viewed as having life beyond the initiative. This future-proofs against being caught unprepared when an inevitable environment shift hits, whether it’s competitor movement, socio-political change or a global event.



Fundamentally, building a digitally enabled operating model that becomes a living asset, enables you to do the following:

Collective ownership 	Of the operating model across the business- moving away from something that is purely owned and managed by the C-Suite. Empowering your people to truly understand the enterprise and the elements of the operating model that they both impact and are impacted by.
Identify the dependencies and gaps 	Between each element of the operating model e.g. if you make changes to a particular technology system, which processes are impacted and which roles need to be retrained?
Build a culture 	Of data-driven decision making, stopping the cycle of personality-driven investment which is born out of regular leadership change
Strategic alignment 	Allowing you to perceive operating model dependencies to achieve strategic objectives, and just as importantly, which parts of the operation are not.
Customer and key stakeholder alignment 	Are areas of operating model weakness impacting the customer or is the knock-on effect of internally recognised issues negligible to customer sentiment?

Having such information, in one place, at the click of a finger, enables organisations to quickly adapt to change and truly understand the areas of their business that require transformation, removing the need for weeks of upfront analysis to understand the current state and associated pain points. This live view of the organisation at any point enables both incremental improvements and broad-scale transformation.

So why is it important that we possess a digital version of our operating model?

A digital operating model is an organisation's most strategic asset – it contains the Intellectual Property of what the business does and how it runs. In most organisations that knowledge sits within the heads of their people and presents as one of the largest unrecognised risk, a risk that is amplified by the move to increased virtual working. As soon as those individuals leave the organisation, they take that knowledge of the operating model with them.

Again, a digital asset can provide equitable access to this information. For too long, this information has been available to a distinct few and a move to a digitised version promotes greater transparency and shared ownership. It ultimately is a powerful comms tool, enabling your people to see the organisation through a whole new dimension that helps them understand how the processes they execute and the technology they use is brought together to deliver services to customers.

Lastly, the sharing of this information to date and discussion around an organisations processes, procedures or organisational design have traditionally been had using brown paper, post-it notes or some smart powerpoint slides. Using a digital tool allows you to scenario plan live, understanding the impact of certain decisions on the organisation at the click of a button.



Figure 1: An example in Capsifi of an organisation's Service Blueprint showing alignment of internal and external perspectives of value delivery

How can I move my organisation towards creating this?

Creating a digitised version of the operating model is ultimately a journey. However, it starts with understanding the quality of the existing architectural elements. Regardless of the strength of the technology, without high quality data as an input, a digitised operating model would struggle to be classed as a true asset. With this in mind, some of the key questions we would typically ask to ascertain this are as follows:

1 Do you possess a capability model that reflects how your strategy will be implemented?	2 Are your processes documented? Are they knitted together with a process architecture?
3 How do you store and refresh your Organisation Design? Do you possess clear RACIs for processes and activities?	4 Do you have a clear understanding of the technology systems and the applications possessed across the entire organisation that underpin your processes?

Now this is not an exhaustive list, but once this type of knowledge is clearly articulated, the next step is to begin consolidating and aligning your collective understanding of the business across all domains of the operating model. This is a journey that has to be collaborative, engaging people across the organisation to build this view that then possesses collective ownership across functions.

So why should I invest in this journey?

If done strategically, an investment in developing a digital operating model, will be a significant risk mitigator against unexpected change (take the pandemic for example). Not only in enabling a single transformation, but by developing the transformation muscle that will allow your business to pivot far more easily in the future. A digital operating model enables organisations to move into the modern era, leveraging the latest technology to build a visual and engaging asset that can be easily understood by the C-Suite all the way down to the apprentice. It not only has the potential to unlock significant transformation efficiencies but creates a long-lasting blueprint that reduces the risk of any loss of operational knowledge.



Contact us for more information:



Email:

Ryan.I.johnson@pwc.com

Contact:

+447841787382



Email:

RGold@Capsifi.com

Contact:

+61 411 797 148

Ryan Johnson

People Centred Change Manager, PwC

Rachelle Gold

Director of Services and Coaching, Capsifi