LISTEN SHAPE COLLABORATE DELIVER

Partners in Change

agile Target Operating Model (aTOM)

My aim for this Webinar

- Shared view of the basics of Agile/Agility and PIC's Target Operating Model Framework
- Depict a way in which we can combine these established approaches
- Through real life examples/experiences, show the value of aTOM

In 2024 Op Model Transformation is critical!

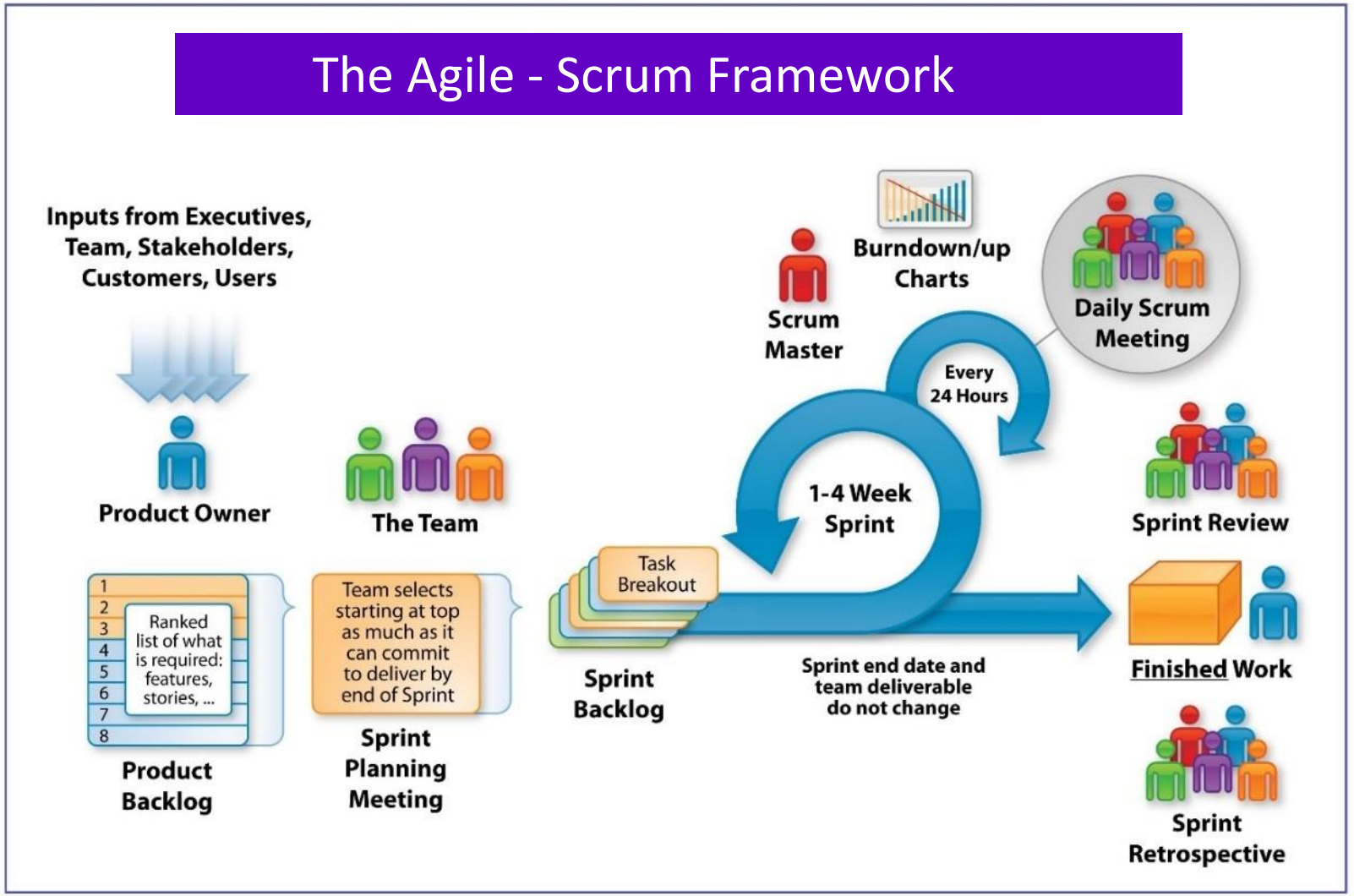
Five key failings generally explain why poor Op Models disappoint....

- Poor understanding and articulation of the vision & purpose
- Immature culture, leadership and behaviours
- Historic/Entrenched ways of working
- Insufficient capacity in the capability areas we need
- Technology/Infrastructure is blocking us

Our Operating Model Framework

Framework is central to Operating Model Activity.....

Agile (teaching you to suck eggs..)

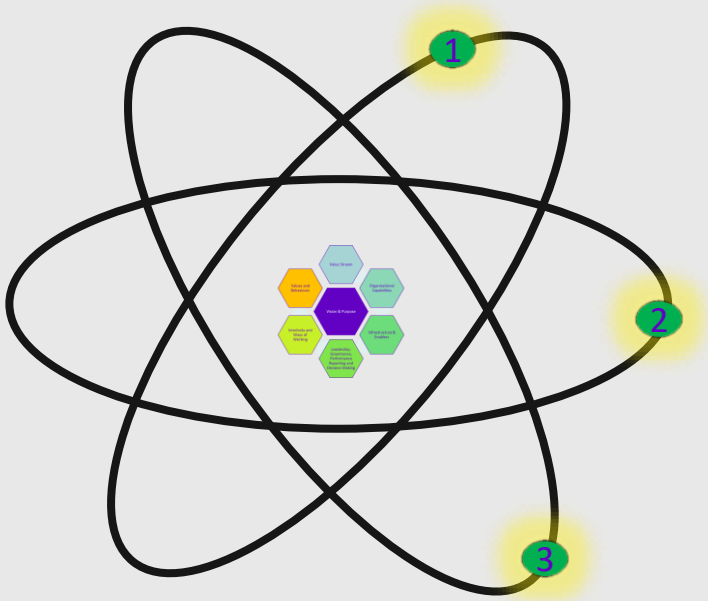


aTOM vs. traditional design approach

Traditional/Phased approach

Early Diagnostic → Understand/ Discovery → High Level Target Operating Model → Detailed Design of the Op Model → Shaping the Roadmap/Journey

aTOM approach



1
- **Diagnose and understand** cross organisational issues
- Create **top-level iterations** of the Op Model
- Implement changes to **start the transformation via 'Epics'**

2
- For each Epic, design the Op Model to the **level needed to start the transformation** and
- **Iteratively change** as you implement & learn

3
- Leave the detail (ie: Job Specs, detailed processes) till last.
- **Focus on the broad changes** needed, **enable & trust teams**
- **Circle back to the top-level** iteration of the **design to knit together** the different elements at each level

Examples where aTOM should work better …

Example 1 – Cost Reduction:

- Cost Reduction, due to removal of a region from the sales side of the organisation that builds, distributes & supports laptops for SMEs
- Impact may also extend to central operations
- There is no need to design a full transformation and the approach needs to align with legal/HR controls

Example 2 – Entire Transformation / Breaking Down Silos:

- Transform service delivery, breaking down silos to free up the organisation to get change to deliver. Full organisation transformation, to re-align to vision, purpose and strategy
- There may be impact on individuals' jobs in limited areas of organisation
- There is no cost cutting/redundancy expectation and the drive is about better support to the end customer/member journey

Example 3 – Transforming an Op Model, in parallel with a major Technology/Infrastructure change and BAU

- The organisation needs to transform, implementing material step changes in core infrastructure/technology and alongside BAU - the right Op Model is key to its success
- It is critical to balance the needs of the Value Created for Customers, Transformation outcomes and establishing the right culture to achieve the vision

...and one where it wouldn't!

Example 4 – Safety Standards & Controls :

- **The organisation that needs to transform is safety critical (ie: power plant) and the changes need to adhere to very exact safety standards**

In detail: Example 1: Cost reduction

How aTOM differs

- Avoid focussing on complete/total design up front
- Initial iteration should focus on identifying the areas that need cost reduction and ensuring the case for change/rationale is clear
- Then build your Epics/backlog on the areas that are most impacted
- Ensure you work closely with HR/CIPD to align on when crystallisation happens and when the consultation phase of transformation needs to start
- This approach is especially helpful, where voluntary redundancy options are available.

Benefits of using aTOM:

- Less time spent in a hidden room, creating the “perfect design”
- Quicker to get to through the “difficult” journey of consultation process
- Within the constraints of HR/legal guidance – more of an opportunity to engage and co-create

Risks of using aTOM:

- Must align with appropriate HR/legal and potentially union recognition processes
- Must avoid accidently triggering crystallising and start of consultant, when not ready.

Example 2: Entire Transformation / Breaking Down Silos

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How aTOM differs

- Avoid spending a long time to complete the design ahead of changing the organisation
- Initially - focus on understanding the Value Stream and identifying the broad change areas (EPICs)
- Design, Engage, Implement, Learn – via feedback loop that works for iterative improvements
- There could be multiple squads improving different parts of the Operating Model in parallel
- It is critical that there is coordination oversight and appropriate “knitting sessions” to ensure the whole Op Model solution comes together

Benefits of using aTOM for this example:

- Less time spent in a hidden room, creating the “perfect design”
- Quicker focus on where the improvements would provide the most value
- Faster changes implemented and therefore benefits realised
- Much easier to get engagement and co-creation, thereby increasing commitment to change.

Risks of using aTOM:

- Some of the changes may need to be cross-organisation/step changes across the enterprise
- Communication and coordination of multiple changes may confuse and could require overhead effort
- Design authority will need a proportionately tighter control over major decisions.

Example 3: Transforming an Op Model, in parallel with a major Technology/Infrastructure change and BAU

How aTOM differs

- A perfect example of where there is a need to bring agility into an ever changing world
- Iterative approach will be needed, through appropriate groupings (Epics) of op model change – that can create direct value and is aligned with the Transformation Programme and BAU
- Design, Engage, Implement, Learn – ensuring there is a feedback loop that works for iterative improvements – again, where possible, through multiple squads
- It is critical that there is coordination oversight and appropriate "knitting sessions" to ensure the whole Op Model solution comes together

Benefits of using aTOM for this example:

- Almost impossible to create a theoretical Op Model design (ie: the "perfect design") in such an ever changing world. aTOM is the only option in a fast changing world.
- Must have strong focus on where the improvements would provide the most value to the Transformation and/or BAU
- Much easier to shape and evolve the solution, as things evolve.

Risks of using aTOM:

- Some of the changes may need to be cross-organisation/step changes across the enterprise
- Communication and coordination of multiple changes may confuse and could require overhead effort
- Design authority will need a proportionately tighter control over major decisions.

Example 4: Safety Critical Environment

Why I would not use aTOM

- **Agility and agile ways of working have not been deemed appropriate in the past, within Safety Critical environments**

- **Trial and error is not often seen as an appropriate approach**

- **But perhaps, one day there can be a method that finds the balance of agility and safety critical controls….**

Take aways…

Why aTOM is new …… and it isn't

- **Brings together two great concepts (Op Model framework and Agile/Agility)**

- **Builds engagement, trust, empowerment of teams**

- **Avoids up front delays – waiting for that perfect design and gets to the change/transformation quickly**

BUT … if there is one thing I would always do (whether agile or traditional approaches)

START WITH DIAGNOSIS!

How our diagnostic can help

We typically use our diagnostic tool as a key input into an analysis

Toolbox - Partners In Change (picconsulting.co.uk)

A free survey-based diagnostic tool, designed to:

Help assess your organisation or function's readiness to successfully adopt a new operating model.

Serve as both a checklist and as a maturity review helping you understand which TOM components require early attention.

THANK YOU

Appendix A - Our Framework – the detail

Element	Typical Questions
Vision and Purpose	• Is the Vision and Purpose of the organisation **clear**? • Is there a need for a **Strategy Refresh**? • To what extent is the current **Operating Model aligned** with the Vision & Purpose? • Does the TOM journey support the vision and **strategic objectives** ? • What are the **guard rails** that can help ensure the transformation remains on track • Who or what is at the **centre of the operating model**?
Value Stream	• What are the **services and outcomes** needed by **clients/customers**? • Where is the **differentiator** for the organisation? • How does your model enable you to **get work done** that **adds value** to your customers and/or service users? • Is there a need/gap to map detailed processes and complete an Activity Based Cost (ABC) analysis? How **autonomous** are your teams?
Organisational Capabilities	• How do your teams, functions & services **support the customer**? What is the **knowledge & experience** you need? Are there key **roles/employees** that are needed? Are there **key gaps**? • What are the **competencies** needed to support the roles and jobs? • Which **capabilities** need to be **internal, outsources, procured**?
Infrastructure & Enablers	• What **information** / **data** exists and is needed to understand and support flow across the value stream? • What **technologies** and **digital capabilities** are needed to support the organisation? • Do you have the right **office and network infrastructure** to support the balance of **hybrid working** needed for the organisation to perform and feel joined up? • Is the **balance of enabling and core/value stream** facing capabilities right?
Leadership, Governance, Reporting and Decision Making	• Does your **governance** and **reporting structure** align with you vision and strategic objectives? Is the **cadence** of reporting and meetings aligned too? • Do **measures and indicators** align to your strategic objectives? • Does the organisation have the **time/foresight to make decisions** needed – with time to understand the **options and implications**. • Do **decisions stick** and are they **communicated**, **understood** and **implemented**? • Is the **ratio of escalations** appropriate and effective in getting help from leaders • Do you have the right **Span of Control/Number of Layers** in the organisation?
Interlocks and Ways of Working	• Are there **silos and divisions/teams** in your organisation? • Do organisational divisions **cut across value streams** and **core processes**? • Are the **interfaces and handoffs** understood and documented? • Is there appropriate **communication and feedback** between teams/divisions?
Values and Behaviours	• Does the **cultural and behaviours** align with what is needed to support the Vision? • Is there a **learning culture** within the organisation and do people feel there is **psychological safety**? • Are **Leaders exemplifying** the values and behaviours they expect of others? • Do people **live by the Values** and support/can call each other out – when behaviours do not align with what is expected?

Appendix B - The traditional proposed approach

Our proposal is that the Operating Model is developed alongside and aligned with the Strategic Vision and the detailed process/value stream transformation.