

The key to a business vision delivering real and relevant change – the glue called an operating strategy

How do you make a business strategy real and avoid such an output from gathering dust in a Chief Executive's in-tray? How do you connect an overall vision with practical operational change at the coal-face and ensure individual contributors to your capability landscape recognise and are explicitly linked to the underlying measures of success? And how do you maintain robust change control throughout the lifecycle of a business strategy when market changes or opportunities for growth avail themselves to you?

Show me the Glue

How do you make a business strategy real and avoid such an output from gathering dust in a Chief Executive's in-tray? How do you connect an overall vision with practical operational change at the coal-face and ensure individual contributors to your capability landscape recognise and are explicitly linked to the underlying measures of success? And how do you maintain robust change control throughout the lifecycle of a business strategy when market changes or opportunities for growth avail themselves to you?

The importance of an operating strategy as the glue between a business vision and operational outcomes is the primary mechanism for creating real outcome-driven change in an organisation. And in a market place where competencies can be provided from multiple sources and create clear differentiation between you and your competition, it has never been more critical to show clear relationships between a competency-provider and your original vision and benefits case.

Tom Peters coined the phrase “stick to the knitting” in the 90s – I suspect he never envisaged the addictive wave of capability outsourcing that would dominate the operational change landscape in the overwhelming majority of businesses today. Whilst his simple philosophy was to encourage a business to focus on where their value and competitive advantage lay, the temptation to land the apparent pot of gold associated with labour and location arbitrage led to the flurry of large-scale, long term outsourcing contracts in evidence today.

And where is the audit trail from the business vision and the operating model that resulted? When a business wants to secure an x% market share with market-leading propositions, what determined the role of the operation in contributing to that outcome? And in the context of a significant strategic partnership with an outsourcing provider, how were they explicitly tied to these outcomes? Experience shows a worrying void – a lack of glue

What is an Operating Strategy?

An operating strategy connects the “what” with the “how” – it formalises how each part of the organisation and the underlying capabilities and competencies need to be re-modeled to deliver the change required. It challenges existing organisation structures and abilities to answer the question “Can we do this?” And if not, what do we need to build (buy or rent?) to bridge the capability gap? There a number of common themes to a well articulated operational strategy



- **Simple** – often the best operating models can be described on one page: one page that the business sponsor can use to remind everyone what the business is doing and how they are doing it. It makes it real. People can see how they were going to do this
- **Objective** – an operating model is not an organisation structure – it is a map of capabilities into components of process, skills and IT. It describes how we the organisation will execute and to what standard. It describes the gap between where we are now and where we need to be. And by focusing on components rather than individuals and structures it stays objective
- **Capability not Culpability** – change is forever challenging to an individual's comfort zones; it becomes personal. That is why it is often better to delay putting names in the boxes on an operating model – this makes people focus on what is trying to be achieved and making sure everyone agrees why it is important. Delegation and accountability can be decided later
- **Action-Oriented** – by describing capabilities we can visualise what needs to be done – we can describe how our call centre agents will interact differently with our customers, we can visualise how invoices will be settled more accurately and how our salespeople will be more consistent in understanding our customers' needs. It is what we need to go and do

What is a Sourcing Strategy?

In the old days, everything would get built here. Organisations spent millions mobilising design and specification teams to translate requirements into solutions. And nothing got built until we had completely agreed the design. Requirements documents had bigger change request sections than the main body And IT departments would patiently wait and wait and wait

An operating strategy quickly and objectively sets the target for change, the benchmark required to deliver the vision. It also enables the business to quickly identify where new strategic partnerships will be required and again, why. And it also gives the procurement team time enough to secure the right relationship. Too many times we see a change programme concluding a priority capability requirement and leaving insufficient time to make it happen. It is the "build, buy or rent" decision process – if you end up with too many "rent" outcomes you probably spent too much time deciding what you needed and you're up against a deadline. And being an integral part of the operational strategy definition process, all parties can visualise the intention of the contractual arrangement – we want to be this, we need this to make that happen, and you will need to be able to provide this service to this level of capability to be consistent with our vision. And that makes you a strategic partner – and when we're in this vision together we usually work better towards delivering it.

Applying your Glue

There are usually four key components to a change programme in its initial stages: the Proposition (what we intend to deliver), the Business Case (what the benefits of delivering the Proposition), the Operating Model (the logical and physical architecture of an operational strategy – the how) and the Route Map (when). The Operating Strategy glues the programme outputs to the original business vision.

There is nothing more frustrating than process errors destroying a business vision. The urgency for change can often overwhelm a change programme infrastructure and expose the governance holes. Investing effort in the glue pays back so what are some of the key components to facilitate the right change outcomes from a business vision? :

- **Strategic Principles** – a bible of 5-10 statements of intent to help visualise "what we need to do round here". These ultimately translate into the change programme's set of key design principles. The first page of an operational strategy



- **Key Design Decisions** – a process for identifying and presenting a case for change to the underlying design principles and most importantly, a mechanism for making a decision. The appendix of an operational strategy
- **Design Authority** – the person or body accountable for the design that delivers the strategy and agreeing the solution for delivering the design. Other than the Business Sponsor, the single most important role in a complex change programme.
- **Scope** – a clear set of boundaries across all the relevant dimensions of a business (product, channel, function etc.). A clear reminder of how far we are going with this programme – the second page of an operational strategy
- **Capability Statements** – how we are going to do what we said we want to do. People, process and IT change required across the scope of the change programme – the body of an operational strategy
- **Sourcing Strategy** – the conclusion of the build, buy and rent discussions often influenced by
- **Route Map** – when we need to deliver how we need to operationally – the speed by which we are committed to go live operationally with the change we have committed to.

Conclusion

Regardless of the pressure to change and the compelling nature of the proposition outlined in the business vision, the absence of a well articulated Operational Strategy creates at best uncertainty and at worst outright confusion when an organisation mobilises a change programme. And when a business needs to form strategic alliances with outsourcing partners to deliver capabilities essential to the success of the vision, a failure to articulate the link between their responsibilities and the original vision, then the change programme can become unstuck. Investing in the glue and the people who can apply the glue is a critical part of the change process



About the Author

Lee Brooke-Pearce is a Director with Elix-IRR helping clients with business change involving complex operational change and strategic sourcing decisions