

# Examples...

## ... of operating model change

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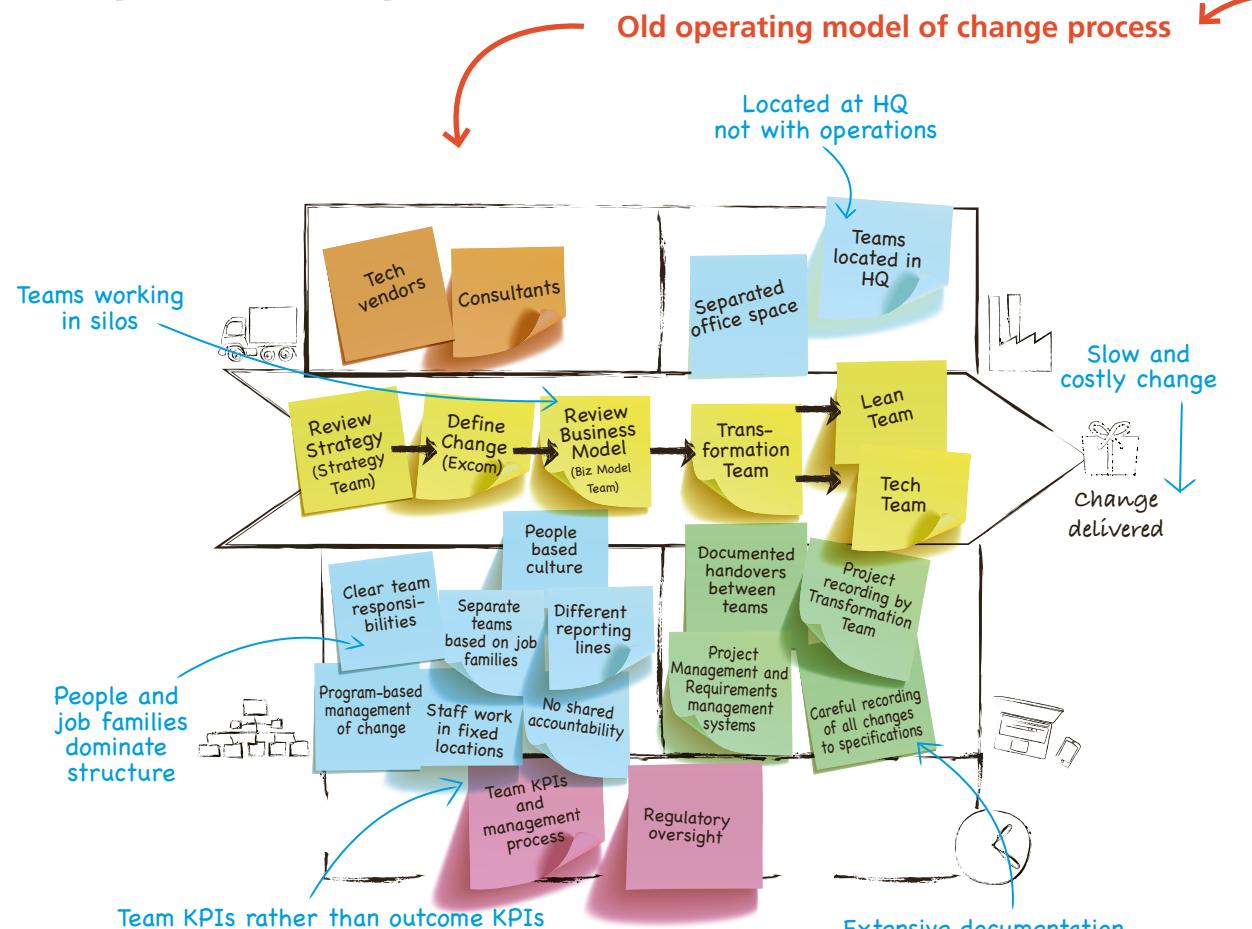
# Strategic change management ...

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A large Life and Pensions company wanted to improve its ability to respond to change. At the time there were separate teams for each area of expertise: strategy, business model, transformation, lean and technology. As change projects moved from one team to the next, there was significant documentation, signing-off processes and hand-over requirements. Because change took so long, adjustments were needed to the original plan as circumstances changed, creating extensive re-work and re-documentation. The result was slow and expensive change.

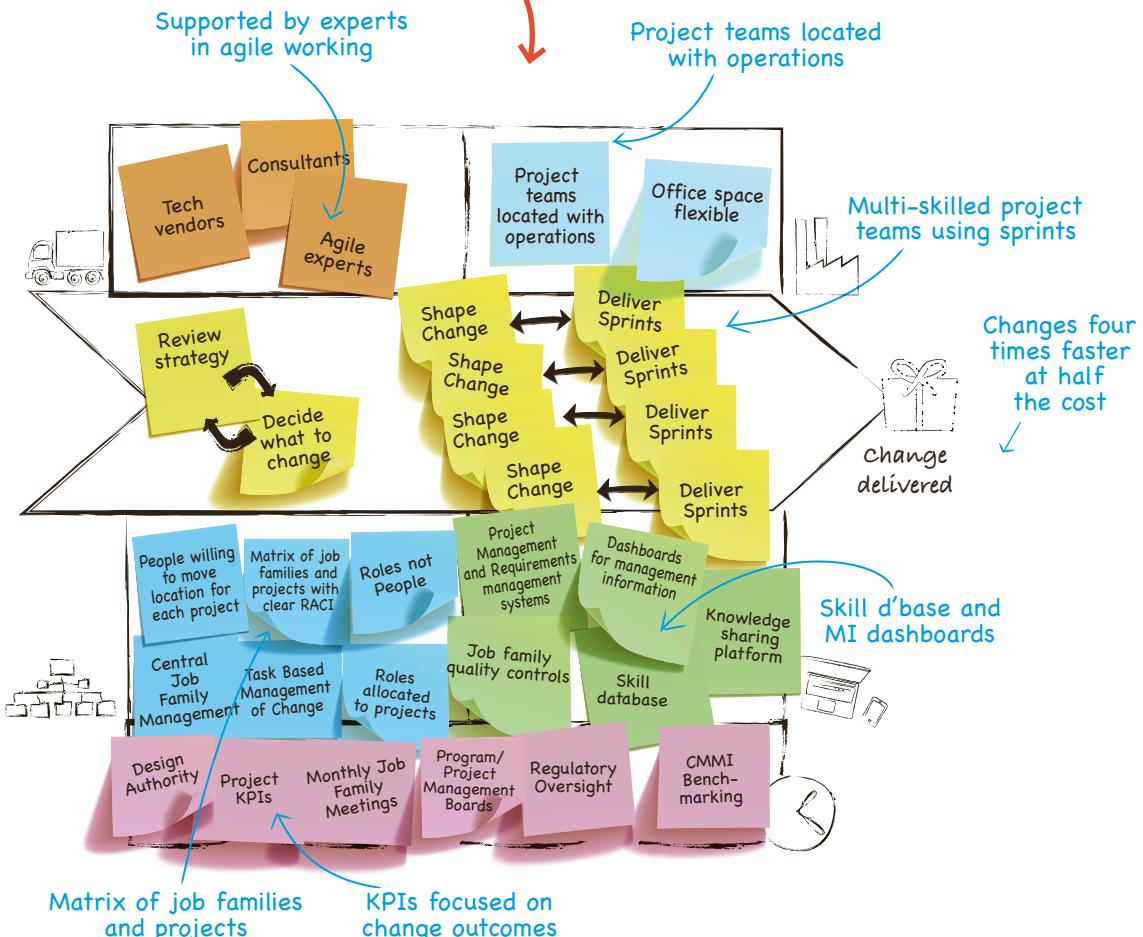
The organization identified some design principles:

- ▶ Provide a faster and more responsive change capability;
- ▶ Move from a philosophy of doing everything 100% correct to delivering quick functionality;
- ▶ Deliver change in "sprints" to allow for changing requirements;
- ▶ Reduce time spent on documentation;
- ▶ Share skills across teams.



# ... in an insurance company

## New operating model



## Processes

Moved from functional silos, with documented hand-offs, to multi-skilled teams focused on change projects using agile methods.

## Organization

A matrix structure with functions acting as job family leaders and Transformation leading day-to-day management of projects.

Transformation is accountable for change outcomes; functions for competence and people development. Career path based on professional competencies, values and willingness to work in multiple roles and locations. Some people not suitable so counseled out of the organization.

## Locations

Projects now co-located with the business area concerned. Function heads co-located at HQ to promote process development and collaboration.

## Information

Skills database, project-based information system and knowledge platform, all open access.

## Suppliers

Suppliers that have a proven record in Agile working.

## Management processes

Design Authority to ensure that multiple projects advance the overall organizational development.

Project-based KPIs.

Strong regulatory oversight.

Benchmarking of capabilities with CMMI.

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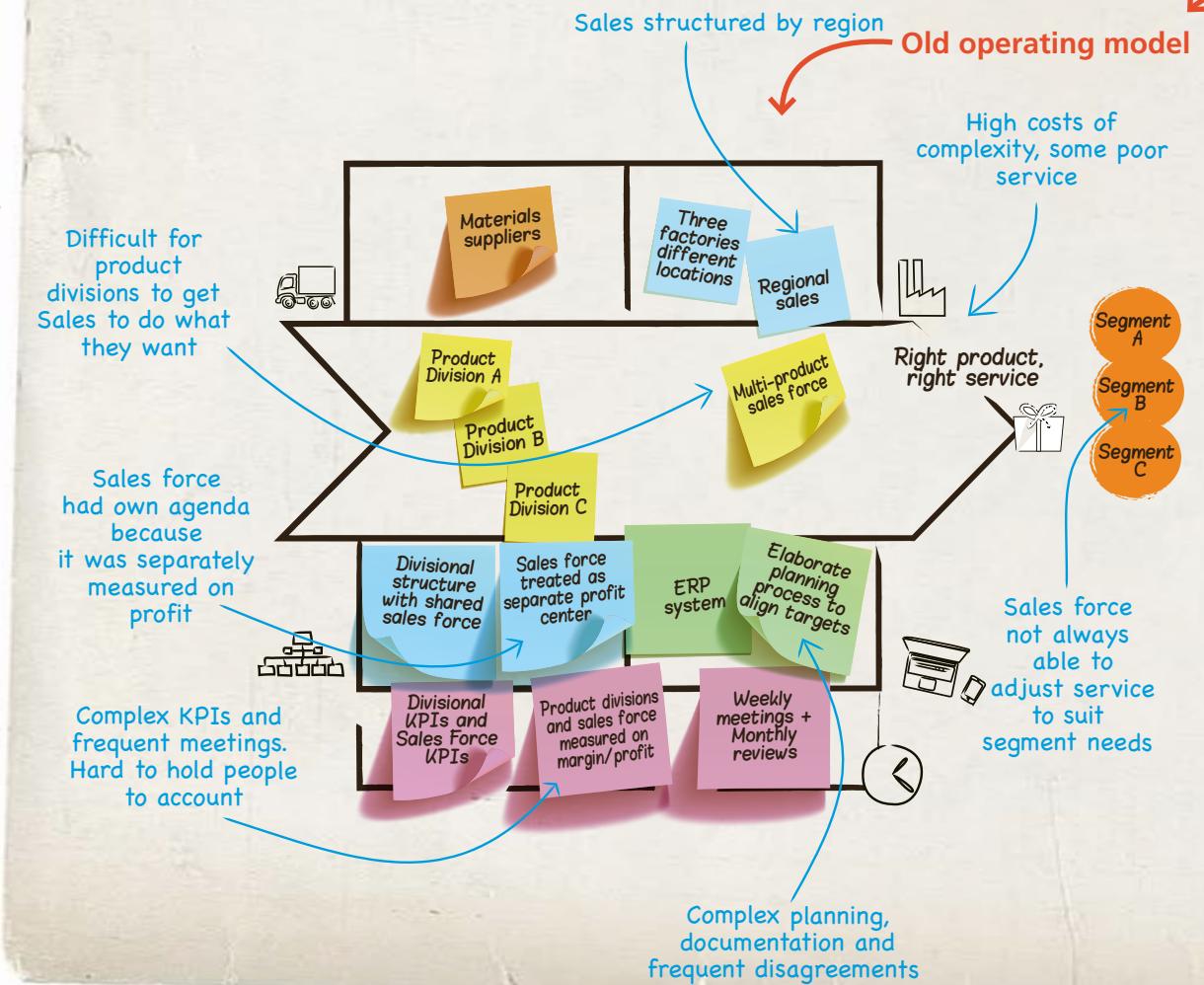
# Addressing complexity caused by...

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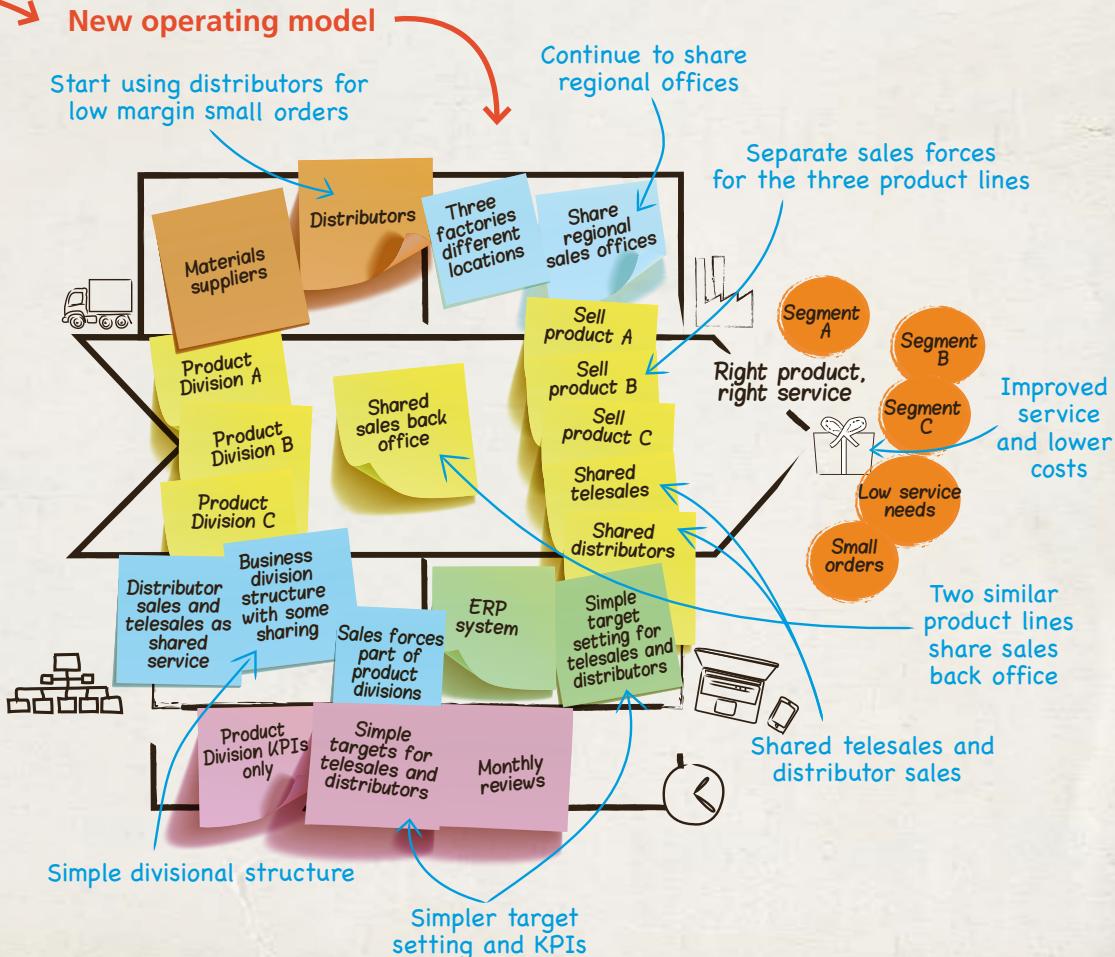
A US company with three product divisions was suffering from some performance issues. Certain segments were not being well served. The product divisions were slow to react to market changes. Margins were not increasing despite rising volumes.

A few years earlier, to save costs, the company had created a multi-product sales function, across its three product divisions. As the product divisions grew, managers had been complaining that the complexities created by this shared sales force were slowing down decisions, increasing costs and making it hard for product divisions to keep in touch with their customers. The managers in sales were critical of slow product development in product Divisions, unclear objectives and exhausting planning and target-setting processes.

The chief executive decided to review the operating model because he wanted to accelerate growth and profits.



# ... a shared sales force



## Processes

Moved from shared sales force to sales forces aligned with product divisions, but retained some overhead sharing as well as shared telesales for customers with low service needs and shared distributors for small orders.

## Organization

Simplify the organization so that the product divisions are fully accountable. Shared elements are 'shared services'.

## Locations

No location changes.

## Information

Reduce the coordination needed across products lines.

## Suppliers

Use distributors for small orders.

## Management processes

Simplified accountabilities.  
Decisions made by product divisions  
Shared elements set up as cost centers.  
Monthly rather than weekly management meetings.

# Speeding up the custom design ...

A company was losing market share and profitability in its custom design business. Competitors were faster at designing products for their customers and appeared to have lower design costs.

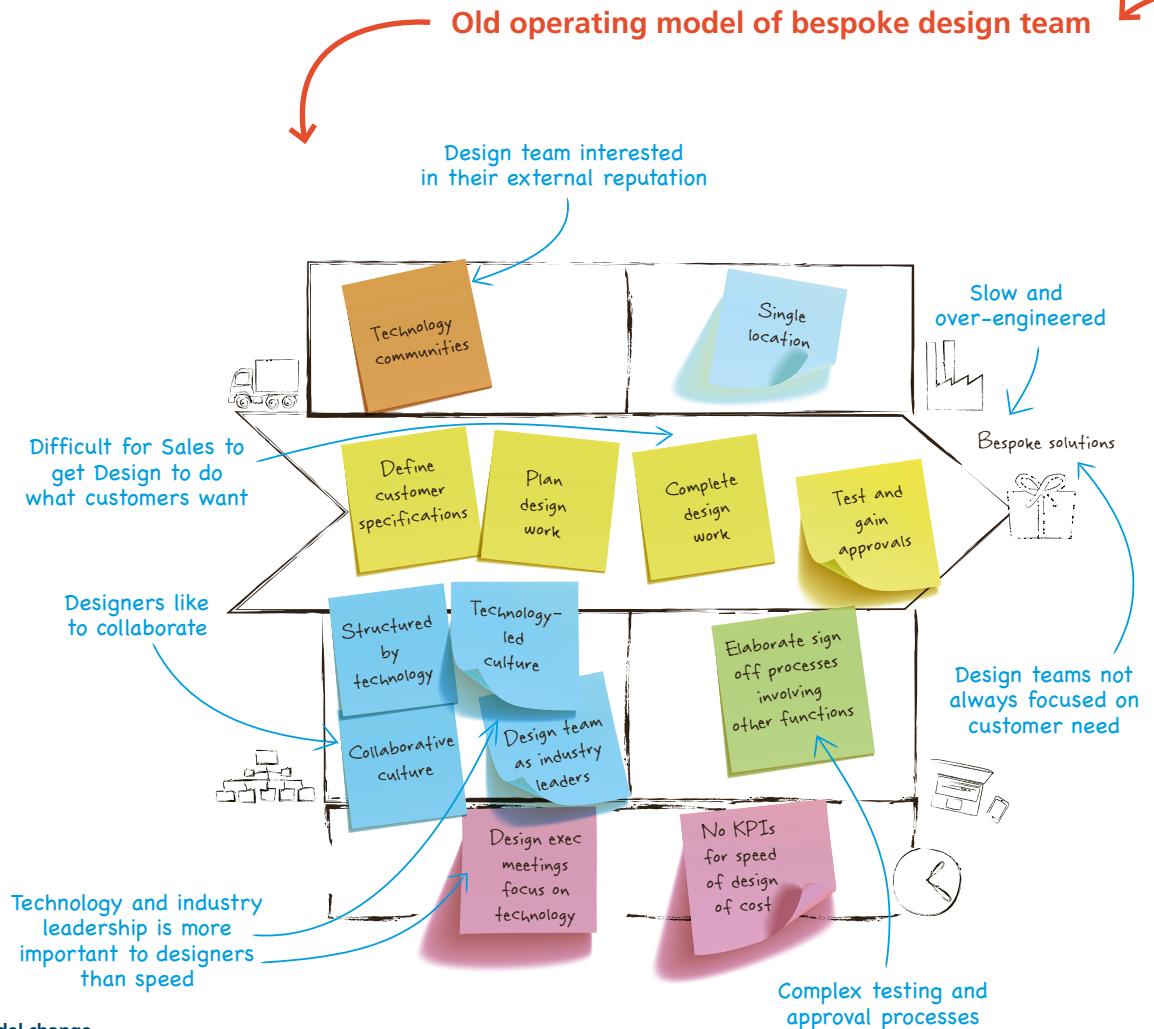
The company was confident that it had good designers and leading technology. It was also proud of its robust design process that ensured designs were fully compliant and tested before they were offered to the customer.

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Analysis of the custom design team, suggested that the problem could be the large number of designers involved in each project. Data showed that the more designers involved, the longer the design work took.

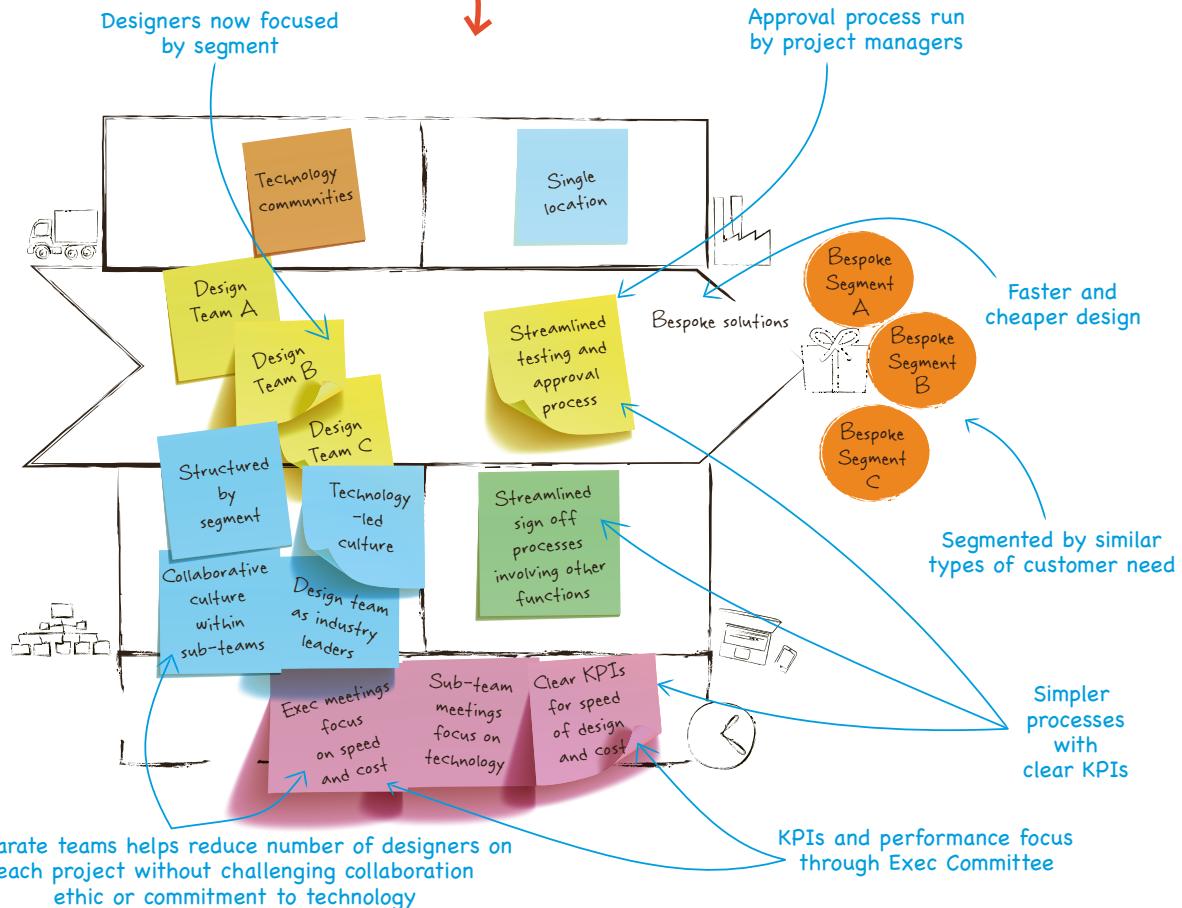
In addition, customers suggested that the products were sometimes over-engineered. They contained features and technologies that were not needed by the customer.

Another problem was the number of approval steps required before a design could be offered to the customer. Bottlenecks were causing delays.



# ... team for bespoke products

## New operating model



### Processes

No change in design process steps but fewer designers involved by limiting team size. Streamlined approval process.

### Organization

No change in people model. Create smaller teams focused on different segments. Create separate team responsible for approvals.

### Locations

No location changes.

### Information

Streamlined links with other functions.

### Suppliers

No changes.

### Management Processes

Two levels of meeting allow for a focus on both technology and performance.

Clear KPIs create a focus on speed and cost.

Some team comparisons help motivate more attention to speed and cost.

# Remodeling the HR function ...

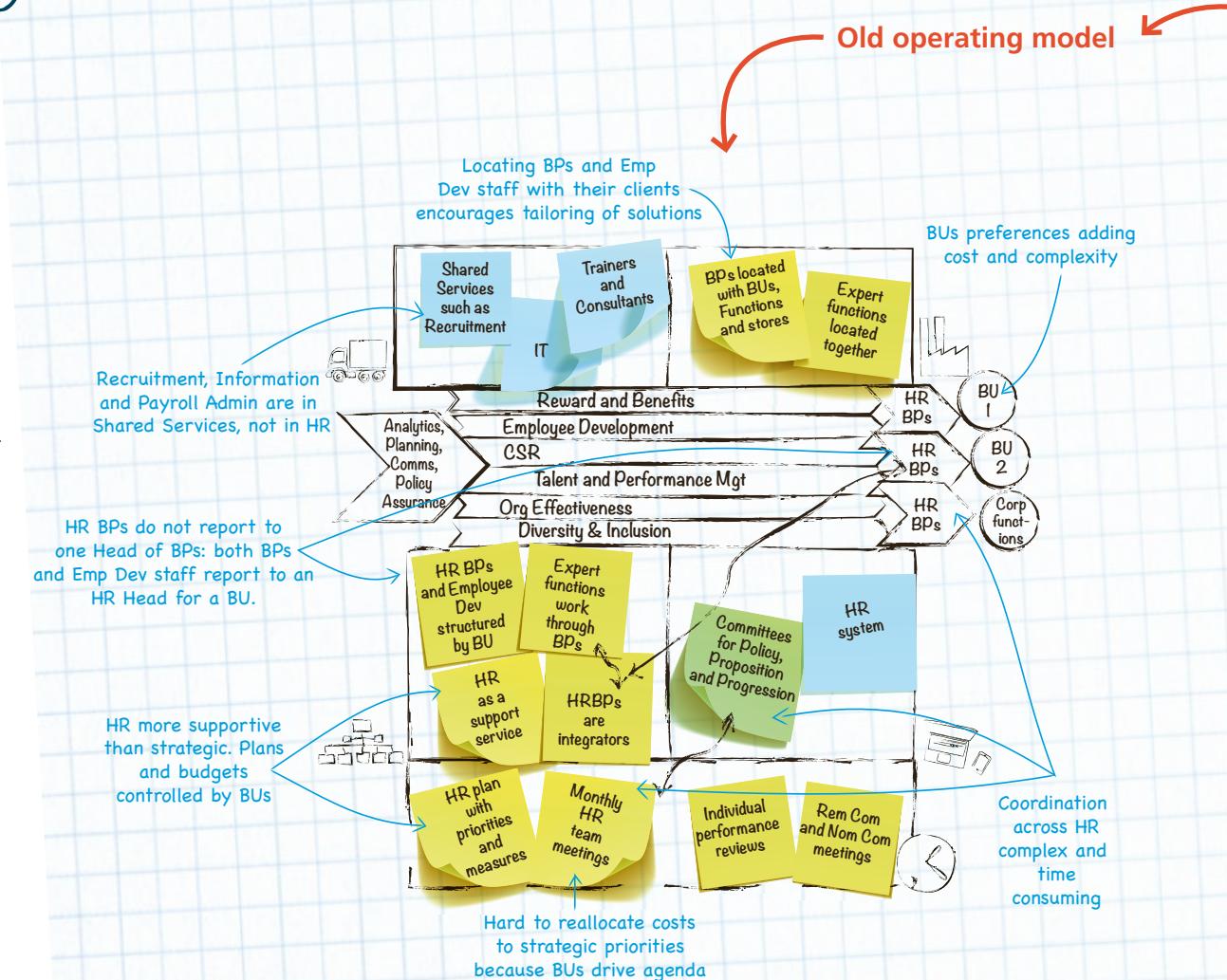
The company has two retailing brands: a grocery business unit and a fashion and homewares business unit. Both BUs have online businesses.

The culture is paternalistic and supportive of employees, resulting in a large HR function involved in employee development, benefits management, talent, corporate social responsibility and other areas.

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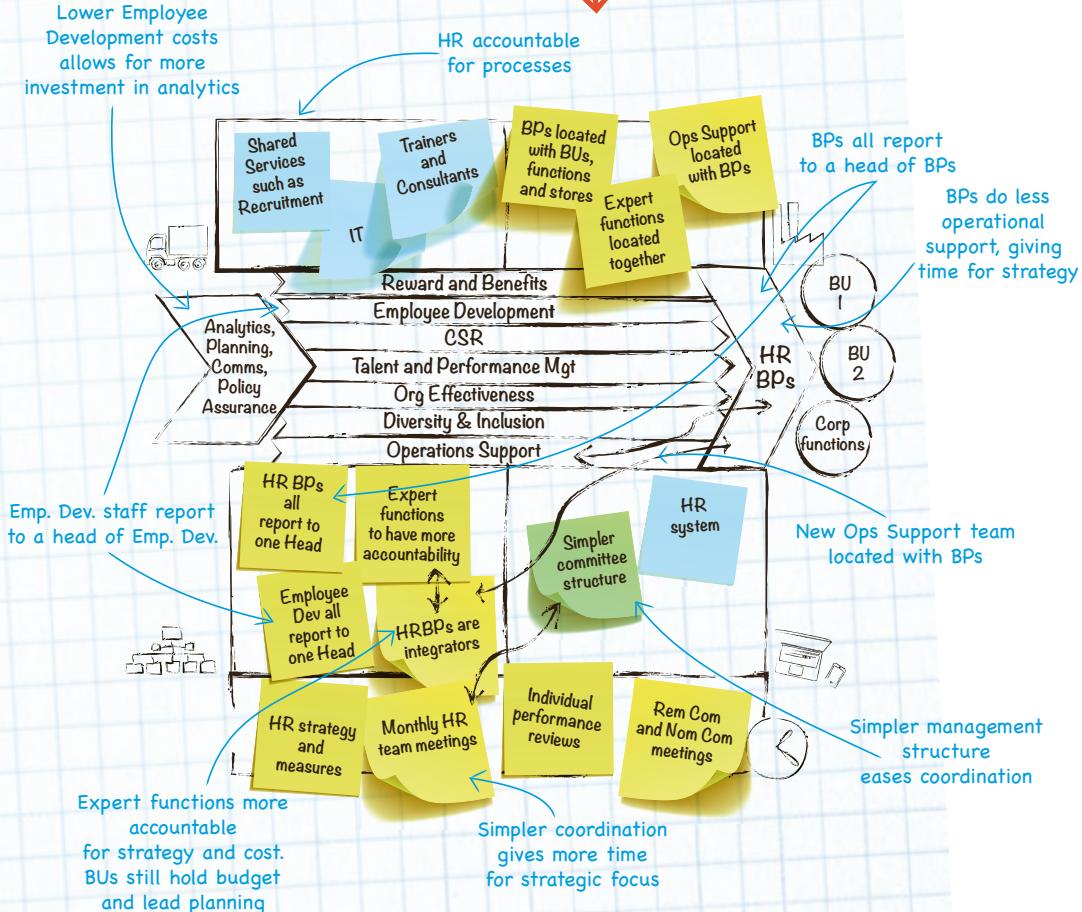
The problem was multi-dimensional. The HR function was perceived to be too costly, so there was a desire to simplify and cut costs, especially in the management structure of HR and in the cost of employee development. Because each division had different views, training programmes were often being redesigned at significant expense to accommodate minor preferences.

There was also a desire to reallocate some HR cost to areas such as 'analytics' and 'diversity and inclusion', as well as to be more strategic and less reactive.



# ... of a European retailer

## New operating model



### Processes

No change in process steps. Less cost in employee development due to standardization across BUs. More investment in diversity, analytics and strategy.

### Organization

Change in reporting structure for BPs and employee development. New operations support team to release BP time for strategic work. Fewer layers of BP management.

### Locations

Ops Support located close to businesses, like BPs.

### Information

Simpler coordination.

### Suppliers

HR now accountable for processes, including those performed by shared services.

### Management processes

Clearer HR strategy gives more accountability to expert functions. Simpler coordination means more time for strategic dialog.

### Result

Reduced costs. Other impacts not yet clear.

# Changing the operating model ...

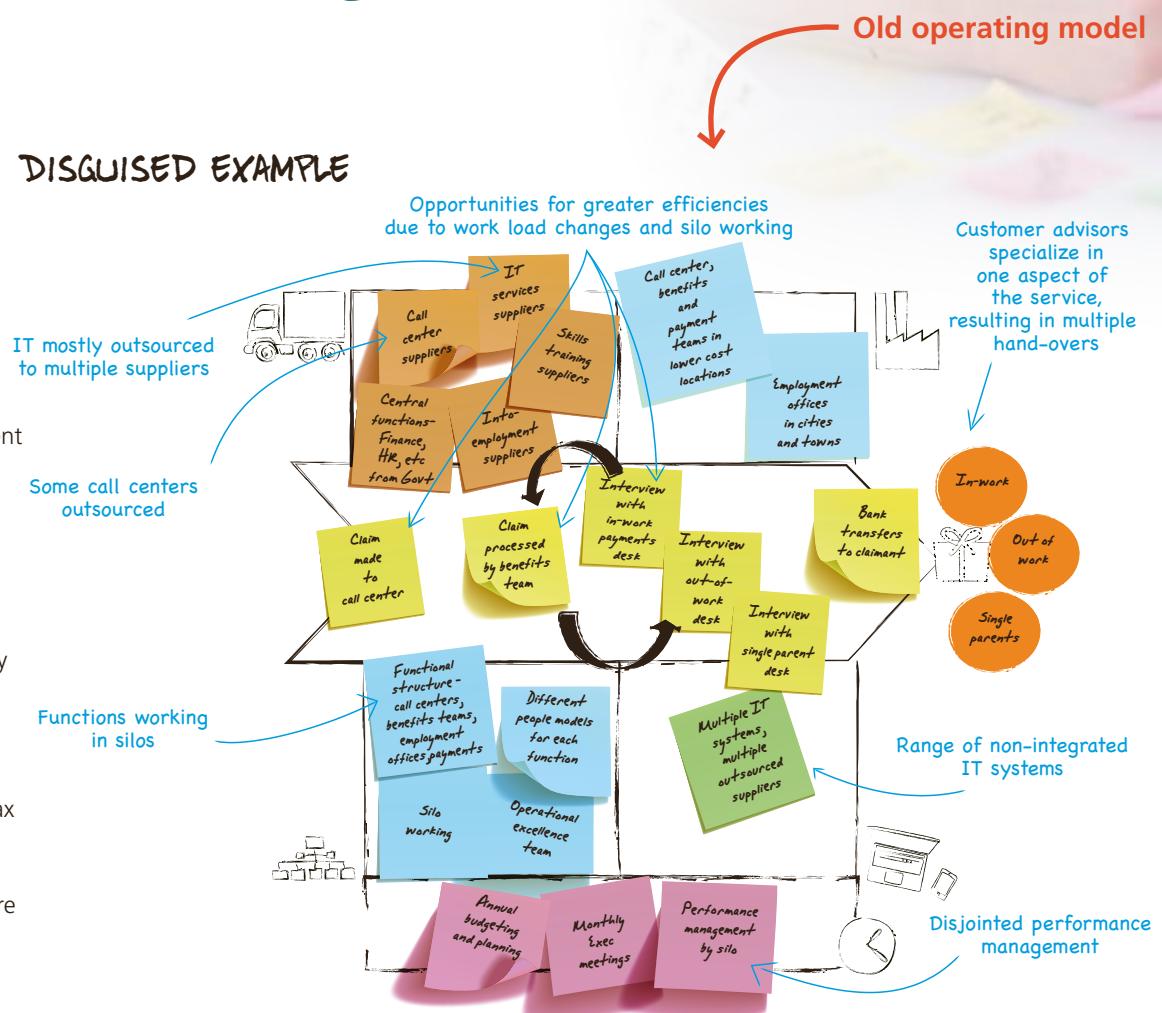
The organization is a department of government that provides unemployment benefits, such as out-of-work payments, in-work payments for low paid workers, and payments to single parents.

The benefits are delivered through 'employment offices' located all round the country. Claimants go to an employment office or call a help line. Their claims are assessed before being passed to the 'benefits team'. The benefits team make a further assessment and issue preliminary benefit papers. The papers are sent to the local office where the claimant has an interview and further assessment. The papers then go back to the benefits team for finalization. There can be appeals and legal challenges. Payments are made by bank transfer.

Change was needed because unemployment benefits were to be combined with housing benefits and tax relief benefits into a single 'combined benefit' which would be administered through the 'employment offices'. There was also a need to achieve greater efficiency savings.

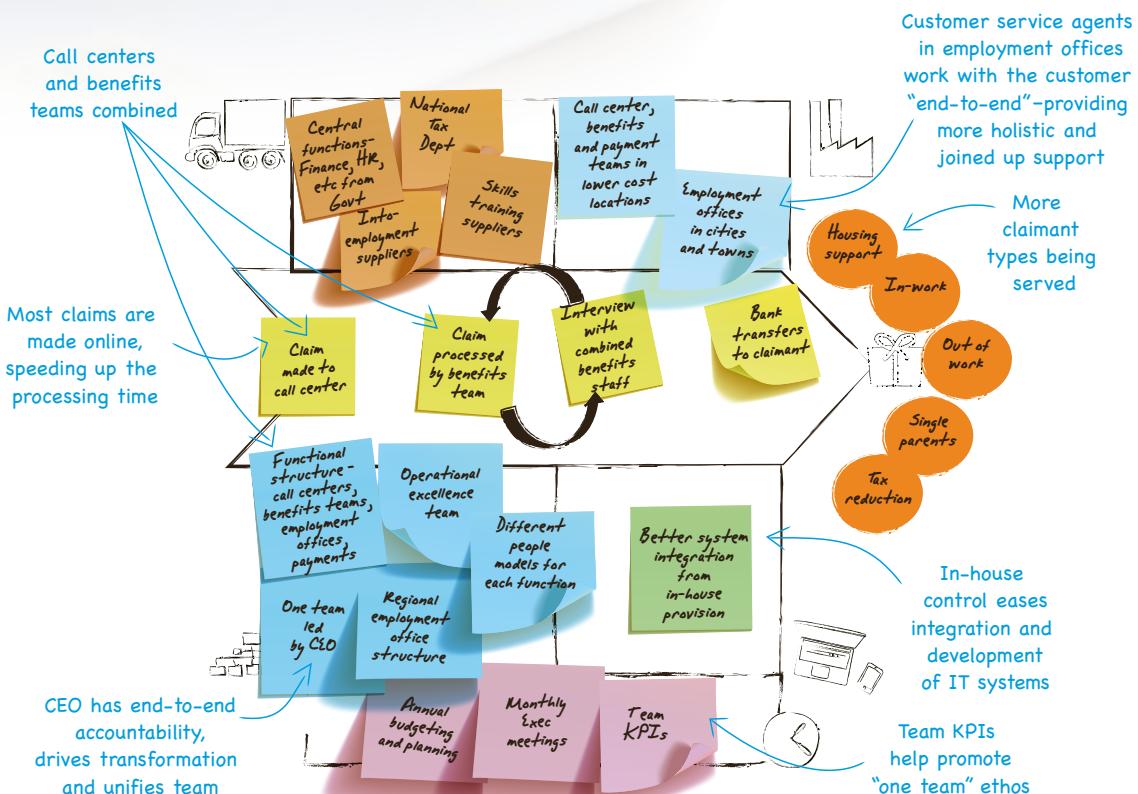
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## DISGUISED EXAMPLE



# ... for unemployment benefit

## New operating model



## Processes

The basic value chain stays the same, but the organization processes more types of claimant. Call centers and IT services in-sourced. Employment centers only have one 'desk'.

## Organization

Call centers and benefits team are combined to enable workload sharing. CEO appointed to provide a single point of accountability, to drive transformation and pull the team together.

## Locations

No change to locations.

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## Information

In-house provision makes integration and system development easier.

## Suppliers

National tax department provides income tax information.

## Management processes

Better performance management due to team KPIs.

## Result

Reduced costs, better outcomes for citizens and the taxpayer (more people into work and working longer hours).

# About the Authors

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