Formicio Insights
On business operations, technology, people and change

How clear is your Operating Model?

Attempts to improve organisational clarity typically meet with limited success. The familiar refrain, "We need better communications!" speaks to the symptoms, but not to the underlying causal factors.

I have found that organisational confusion is often a result of a lack of Operating Model clarity, where it is hard to get straight answers to questions like: who is accountable for what; who is working on what; and what are our rules of engagement?

Traditional approaches to establishing clarity often result in numerous PowerPoint slides, Word documents and Excel spreadsheets that collectively attempt to define the different facets of an Operating Model (eg processes, services, governance, structure, metrics). While these often bring clarity to the people who created them, they rarely become part of the organisational fabric and quickly become out of date.

Furthermore, this documentation is typically created through a series of workshops involving representatives from different parts of the organisation. Often those who are expected to bring the newly defined Operating Models to life don't get exposure to the work until relatively late and, as they have not been involved in the creation process, it's not surprising that they are slow to understand and embrace it.

There is a better way
An alternative approach is to use the capabilities that are emerging from Web 2.0 technologies, specifically a new type of collaboration tool called the Semantic Wiki. Using such an approach enables broader and deeper participation by staff at all levels, and leaves behind a 'living, breathing' definition of the Operating Model that is captured as a set of editable and easily accessible wiki pages. These pages are developed collaboratively, so the act of development and deployment essentially becomes concurrent. Furthermore, the Semantic Wiki has the ability to accommodate the complexities and fluidity inherent in contemporary Operating Models, thereby enabling collaborative continuous improvement.

Semantic Wikis guide definition and clarity
While traditional wikis have structured text and hyperlinks, a Semantic Wiki captures and

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The need to map multinational operations at the activity level

Developing and maintaining an Operating Model can be a messy project for any multinational firm, say Andreas Birnik and Richard Moat in their recent *Business Strategy Review* article.

They assert that multinational firms need to develop an Operating Model at the activity level, thereby enabling managers to identify inconsistencies and develop coherent operations across local subsidiaries, the corporate centre and outsourcing partners.

Furthermore, they argue that without a link to the activity level, there is a clear risk that nothing will happen after the conclusion of the strategy process, and the strategy becomes all talk and no action.

To read their full article, click here.

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Putting organisational complexity in its place

In a recent *McKinsey Quarterly* article Julian Birkinshaw and Suzanne Heywood argue that few executives have a realistic understanding of how complexity affects their companies.

When pressed, many leaders cite *institutional* manifestations of complexity, for example the number of countries their company operates in, the number of brands or the number of people they manage. By contrast, relatively few consider the forms of *individual* complexity that the vast majority of their employees face – for example poor processes, confusing role definitions or unclear accountabilities.

Furthermore, they argue that a focus on reducing institutional complexity at the expense of the individual kind can lead to wasted effort or even organisational damage.

To read their full article, click here.

identifies information about the data within its pages and the relationships between pages. For example, you can declare the underlying semantic properties of an Operating Model, such as:

- **Processes** require people taking on specific **roles**
- **Roles** point to specific **competencies** people must have to fill them
- **Competencies** comprise specific **knowledge**, **skills** and **behaviours**
- **Metrics** define **process** performance.

Having these semantic properties explicitly defined enables wiki governance rules and workflows. For example, someone defining a new process will be prompted to define the associated competencies needed for that process, and an appropriate template can be automatically loaded for defining those competencies, thereby encouraging consistency and quality.

Fortunately, today's leading wiki platforms with their semantic extensions offer a single, integrated solution to driving organisational clarity.

If you would like to read my full article, click here.

I welcome your thoughts.

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Optimising your HR Operating Model

For over a decade organisations have been transforming, developing and refining their HR Operating Models. While some are satisfied with the outcome, many feel that a new approach is required if they are to truly optimise quality, performance and cost.

If you would like to explore this important topic with peers from other organisations, we would like to hear from you. More details can be found on our website.

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Making IT organisations truly service centric

Next month we will begin a project to explore what it takes for an IT organisation to be truly service centric. It will run for six months and details can be found on our website.

If getting your IT organisation more service centric is important to you and you would like to explore this topic with peers from a small number of organisations, we would like to hear from you.

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Parting thought

"More important than the quest for certainty is the quest for clarity."

Francois Gautier
French Writer 1950 -