



## Your Operating Model—The Business Playbook

By Renate Rooney

Over the last few years many companies have experienced significant changes—market conditions, new legislation and regulations, changes in technology, increased financial pressures, mergers—that have compelled them to re-evaluate and often change their operating models. Many companies revised their operating models by simply cutting costs, often times in silos, and consequently impacted employees and customers negatively. Yet, more forward-thinking companies used this evolving environment as an opportunity to transform their organizations into better functioning entities. They strategically redefined their operating models instead of just making swift, short-sighted changes.

So what is an operating model? It's a term that is bandied about in many contexts. We define an operating model as the way an organization's people, processes and technology interact to achieve a common, enterprise-wide objective. Most importantly, an operating model imbues a common strategy within all facets of an organization. An effective operating model details how an entire organization functions to best realize critical goals. It's the business equivalent of a carefully formulated playbook.

A good operating model is:

- **Strategy Based**—The context is defined by the organization's strategy.
- **Customer Centric**—It is based on providing value to the customer.
- **End-To-End Value Chain**—It is developed from an enterprise perspective.
- **Competency Based**—It identifies the skills, knowledge, and behaviors employees must possess in order to do their jobs effectively.

### Client Story: A New Operating Mode

RCR Associates recently worked with a client that had previously undertaken reengineering efforts. The client had made incremental changes at department and functional levels. Unfortunately, the changes weren't customer centric, but rather inward facing. Even after the client implemented these initial changes the company continued to miss deadlines and experienced high employee turnover. Employees and customers alike were discontent and both were leaving at alarming rates. Budgets were continually squandered. Critical business processes were sub-optimal because they had evolved in a segregated fashion. There was little cohesion—little cross-department cooperation—when the changes were instituted.

To correct the situation, we worked with the client to develop a new operating model with the stated goals of improving customer service and reducing costs. The implementation of the new model wasn't always easy, but once in place, it brought measurable improvement. Core processes were streamlined. Overhead costs were reduced. Redundancy in roles and responsibilities was eliminated. Employee accountability—at all levels—was reestablished. As a result, employee satisfaction increased and the "turnover tide" was stemmed. Operating more efficiently and with a new focus on customers, the organization saw a marked improvement in customer retention and new business.

How did the client know they were successful? With our help, they continually analyzed their progress toward their two established goals. After six months of working under the new operating model, the company had in fact improved customer service and reduced costs.

*Renate Rooney is the president and CEO of Renate Chisholm Rooney Associates, LLC, a management and operations consulting firm. She works with business leaders to transform their vision into reality. Renate can be reached at 978-456-7377, [rrooney@rcr-associates.com](mailto:rrooney@rcr-associates.com), or [www.rcr-associates.com](http://www.rcr-associates.com).*