Designing Enterprise Operating Models — A Simple Approach to Design & Deliver Enterprise Operating Models

Marcus Blosch
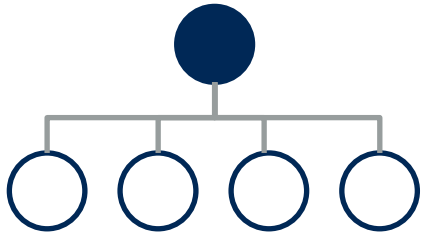
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3 Eras of Enterprise Operating Models

Centralized

Mainframe

Federated
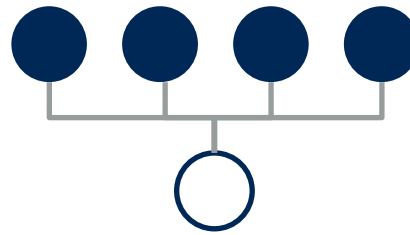
Desktop

Networked

Smartphone

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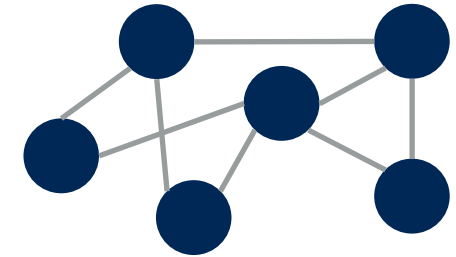
AI Accelerates the Move to the Networked Enterprise Operating Model

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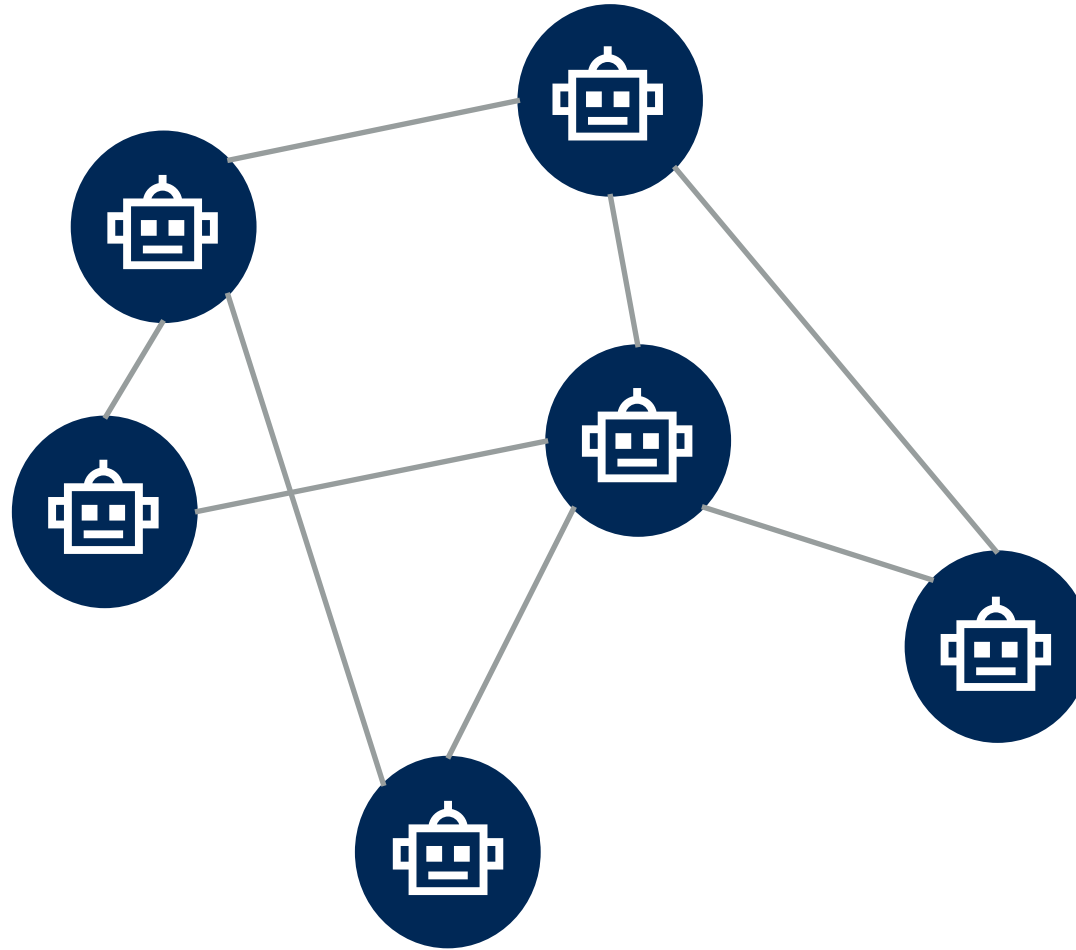
How Do We Design the Right Enterprise Operating Model?

- Smartphones
- Cloud Computing
- Remote Working
- AI
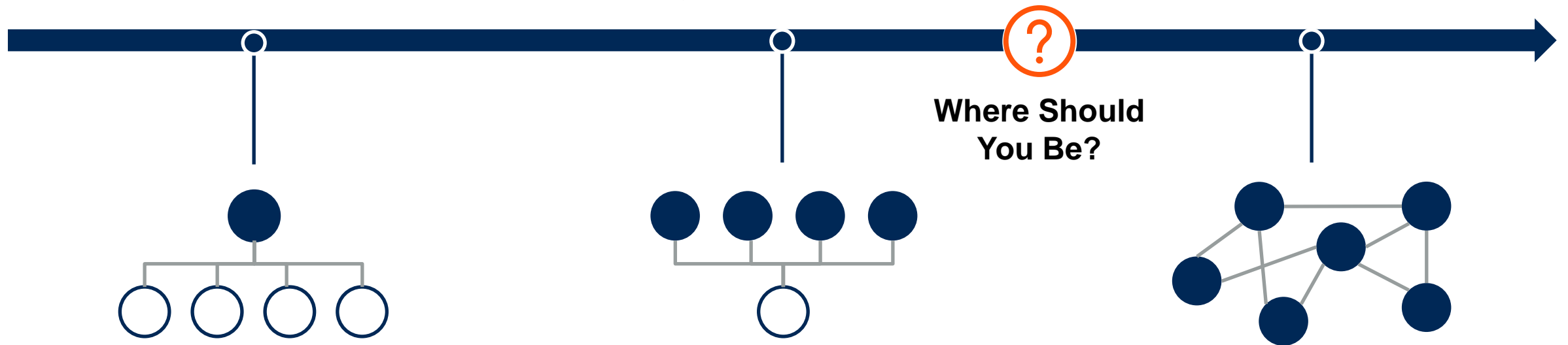
Where Should You Be?

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Key Issues

1. What is an enterprise operating model?

2. What are digital enterprise operating models?

3. How do you design an enterprise operating model?

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Key Issues

1. What is an enterprise operating model?

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An Example ...

Restaurants

Delivery

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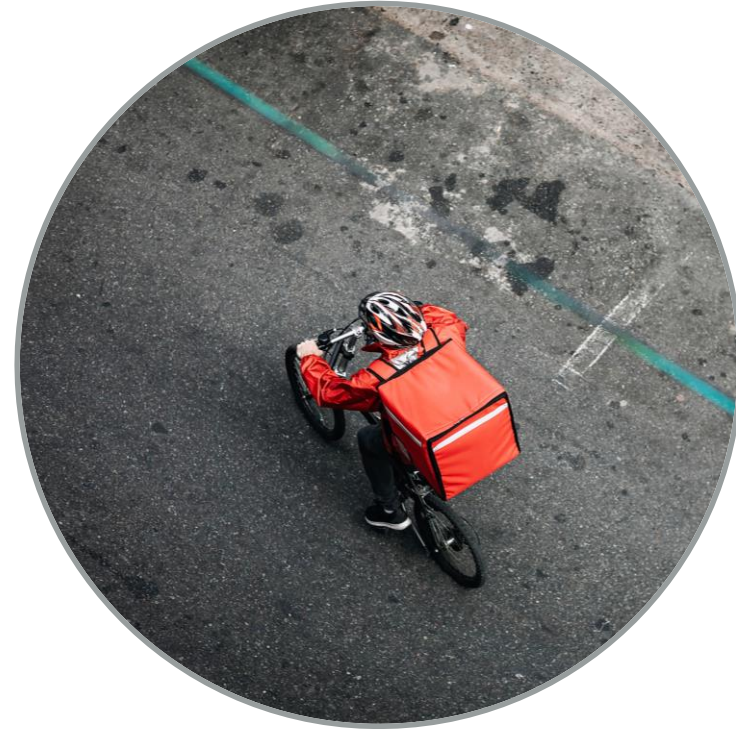
The Business Model Defines How We Make Money (or Deliver a Service)
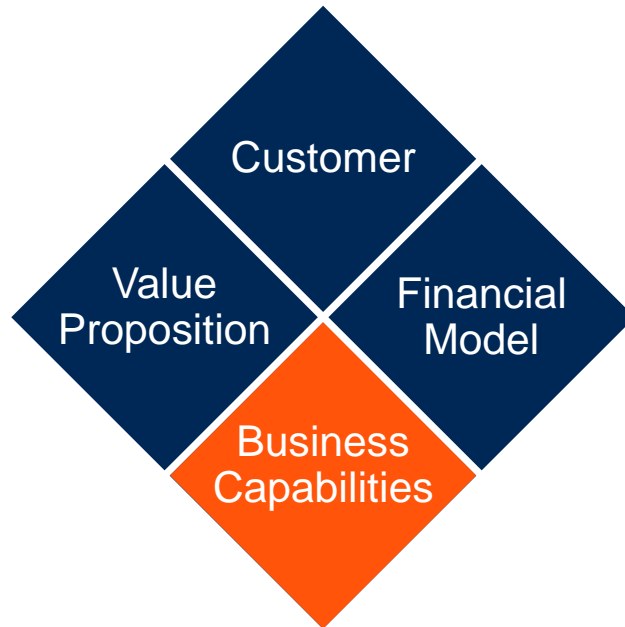
Customer

Value Proposition

Financial Model

Business Capabilities

A business model reflects why and what value the entity will create and deliver to its customers.

Business capabilities provide a common language for the required activities an entity executes to achieve its objectives.

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The Operating Model Is How the Business Model Appears in the Real World
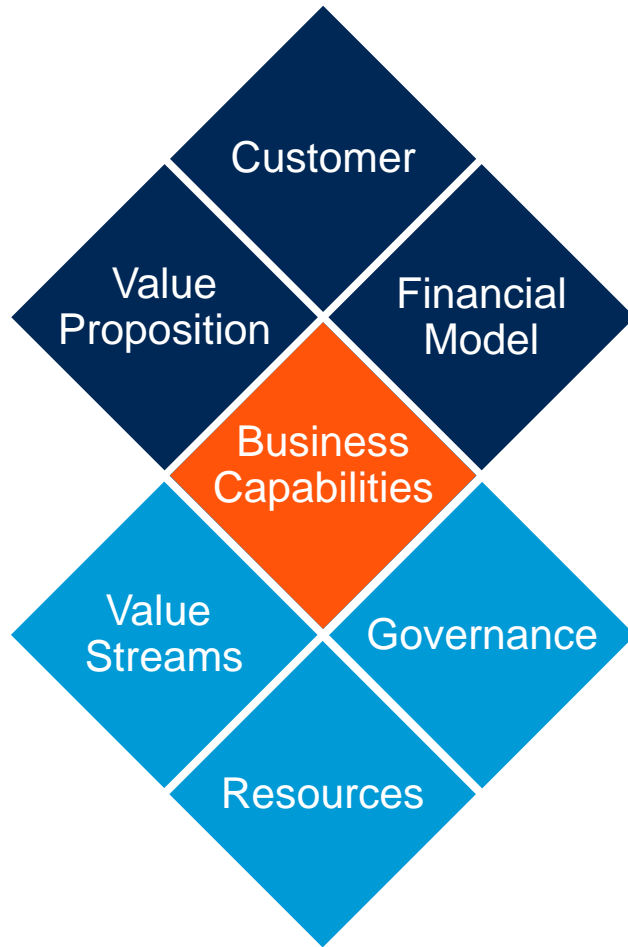
A business model reflects why and what value the entity will create and deliver to its customers.

Business capabilities provide a common language for the required activities an entity executes to achieve its objectives.

An enterprise operating model reflects how the entity delivers the targeted value.

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Value Streams Define the Enterprise Operating Model

The value stream is the top level of the operating model

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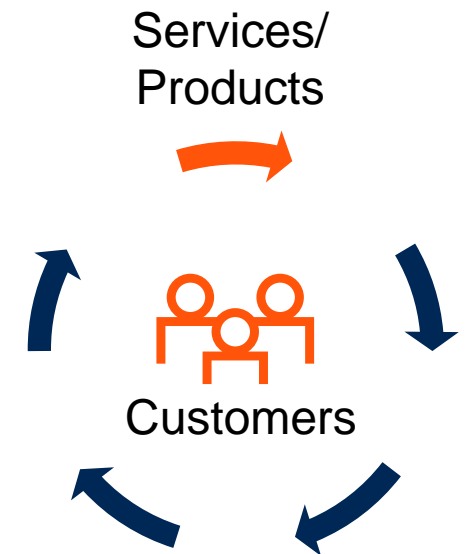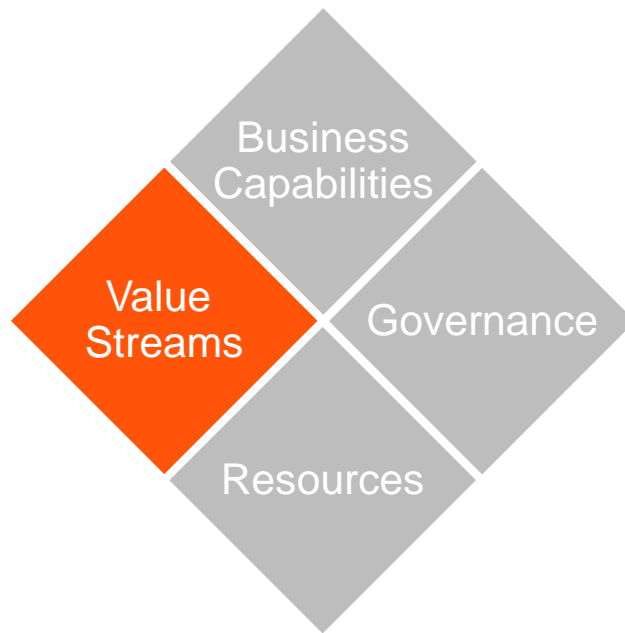
Value Streams Are Composed of Business Capabilities

Business Capabilities:
What we need to be able to do
to support the value stream

Business Capabilities

Value Streams

Governance

Resources

Value Streams

Business Capabilities

Services/ Products

Customers

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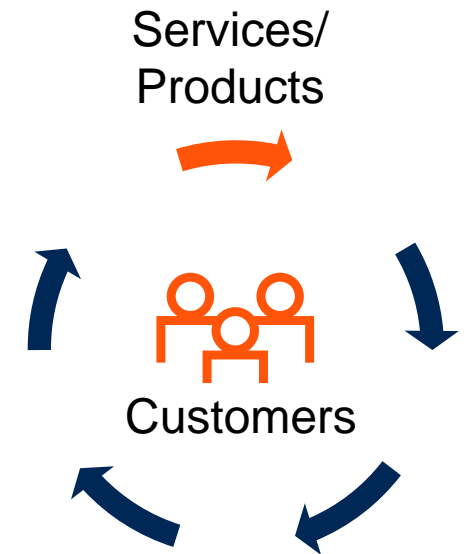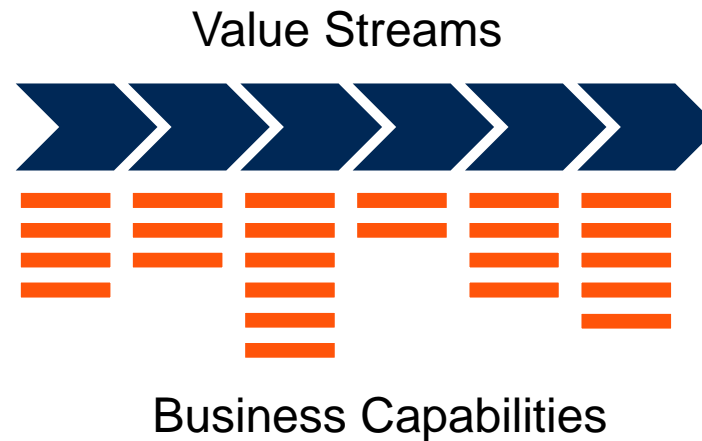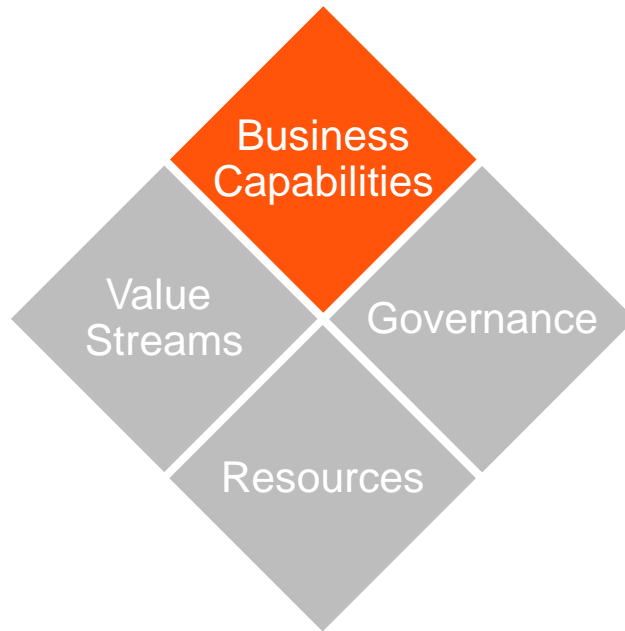
Business Capabilities Define the Building Blocks

**Business Capabilities:
Define the resources**

Business Capabilities

Value Streams

Governance

Resources

Manage Customer Experience

Organizational Model

Information Architecture

Technology Architecture

Business Processes

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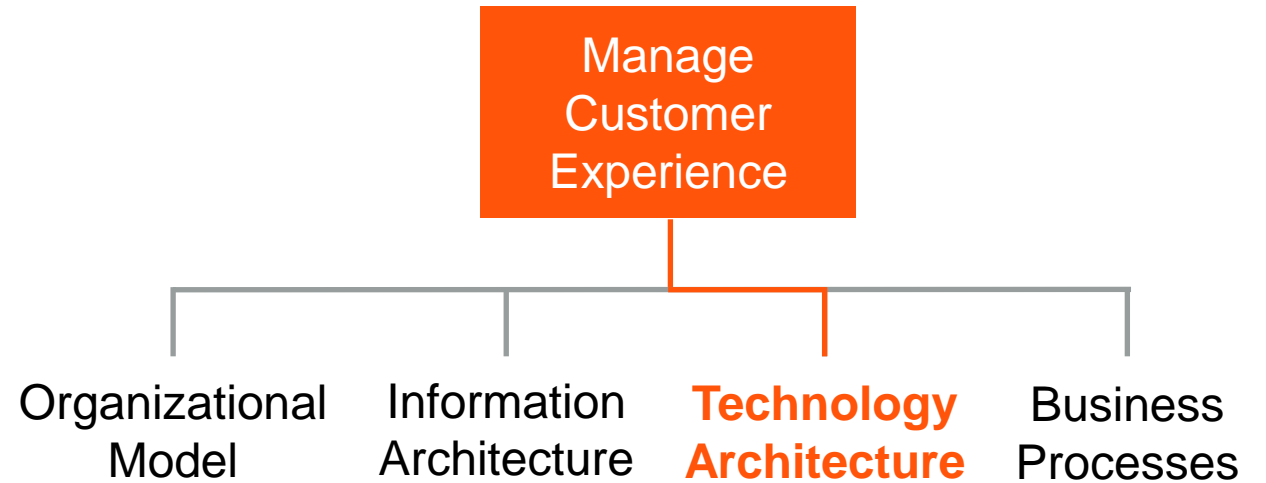
Governance Helps Us Collaborate

Governance is about how we play together as a team
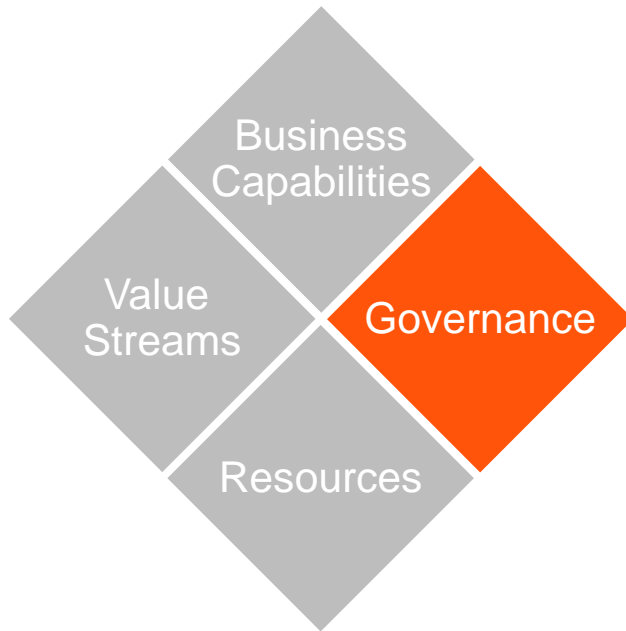
✓ What are our key decisions

✓ How we decide

✓ How do we enact those decisions

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Several Factors Influence the Design of the Operating Model

Customers and Markets

The nature and location of your customer base and market access.

Revenue and Tax

Where revenue is recognized and the tax environment (and incentives).

Legal and Compliance

The legal and compliance environment.

Access to Resources

Where key resources come from (including employees).

Economies of Scale

The cost base, and nature and source of economies of scale.

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Key Take-Away:

The "operating model" shows how work gets done.

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Key Issues

1. What is an enterprise operating model?

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Our Business Has Expanded

Restaurants

Delivery

Hotel

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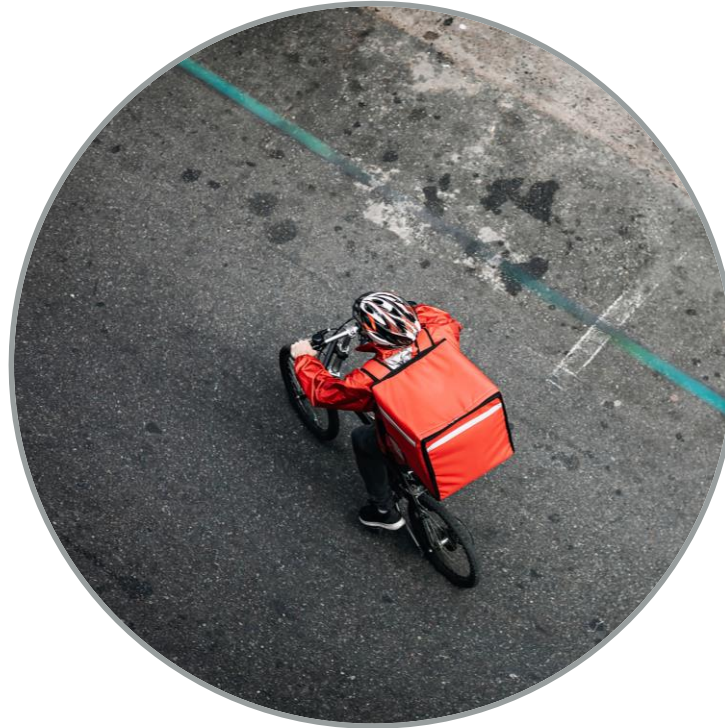
Trends Affecting Operating Models

Democratization
Shift of digital strategy and innovation into the business.

Digitization
CEO is looking to accelerate their digital pace of change.

Agility
Need to be flexible and adaptive, with a strong customer focus.

Cost
Economic headwinds put a focus on cost and investment.

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We Take What Is Shared and Move It Into the "Platform"

Business Domain

Restaurant | Delivery | Hotel

Platform

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We Take What Is Shared and Move It Into the "Platform"

Restaurant

Delivery

Hotel

The platform provides IT "services" delivered as a value stream

Platform

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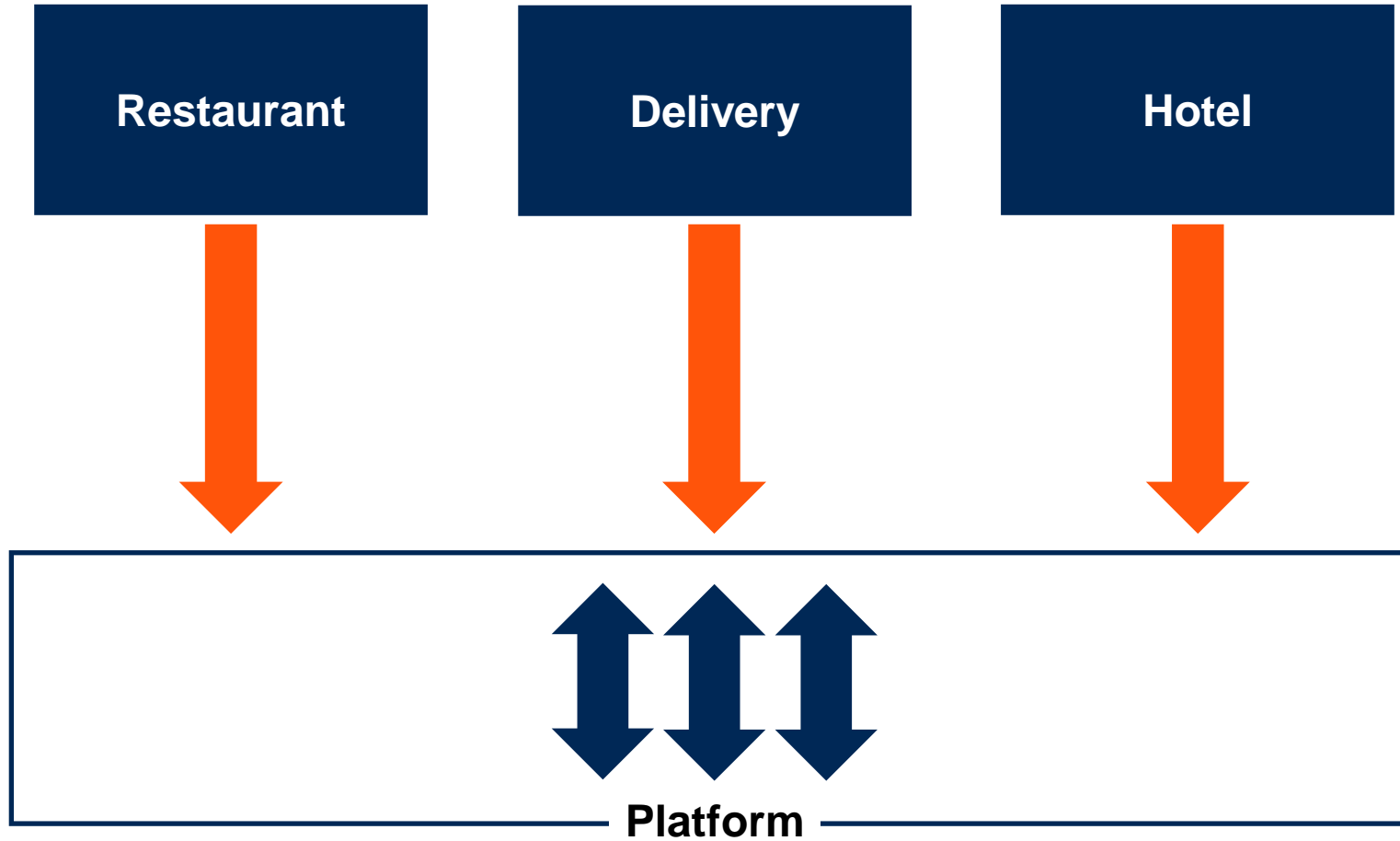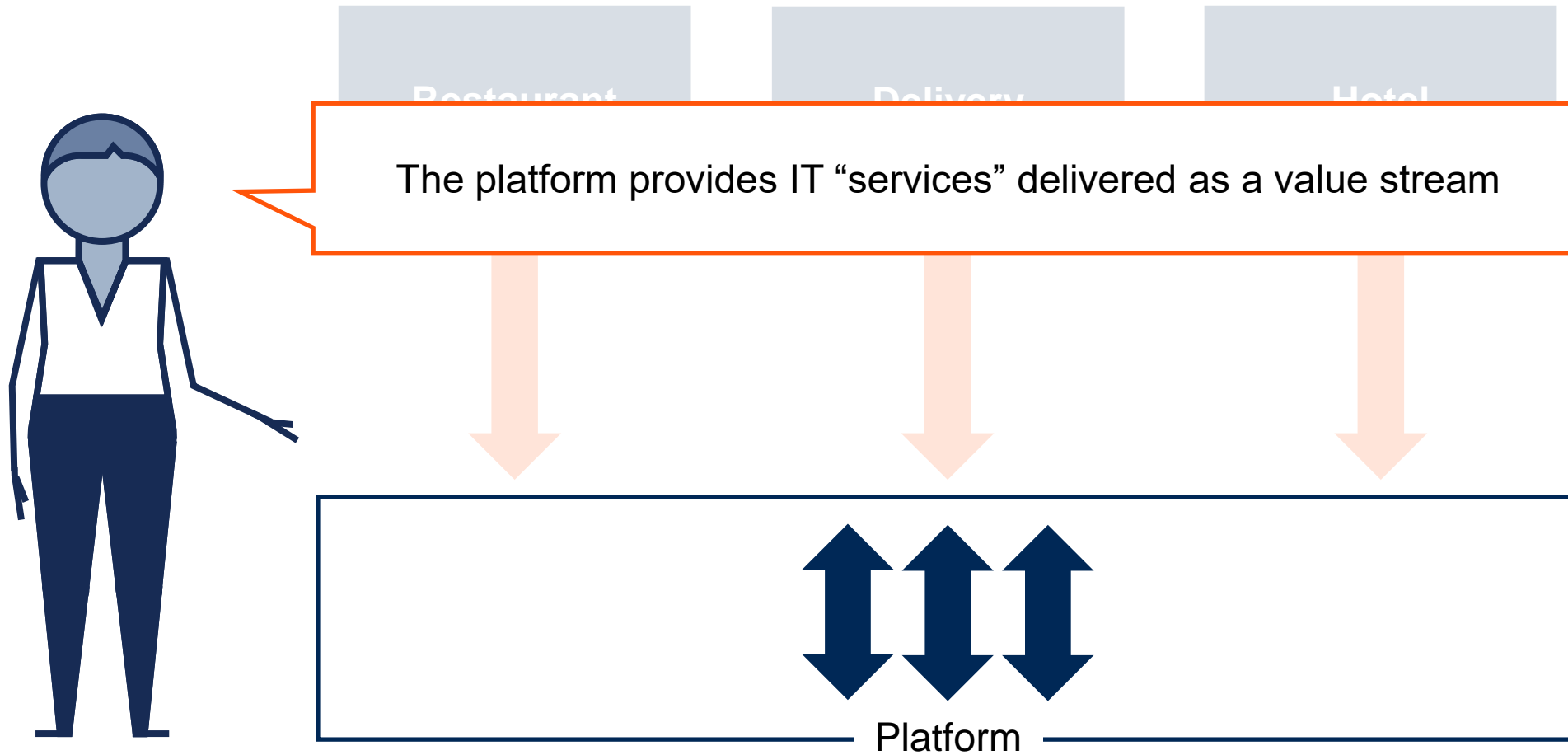
We Identify Business Domains and Their Value Streams

Business Domains

Value Streams

Restaurant

Delivery

Hotel

Platform

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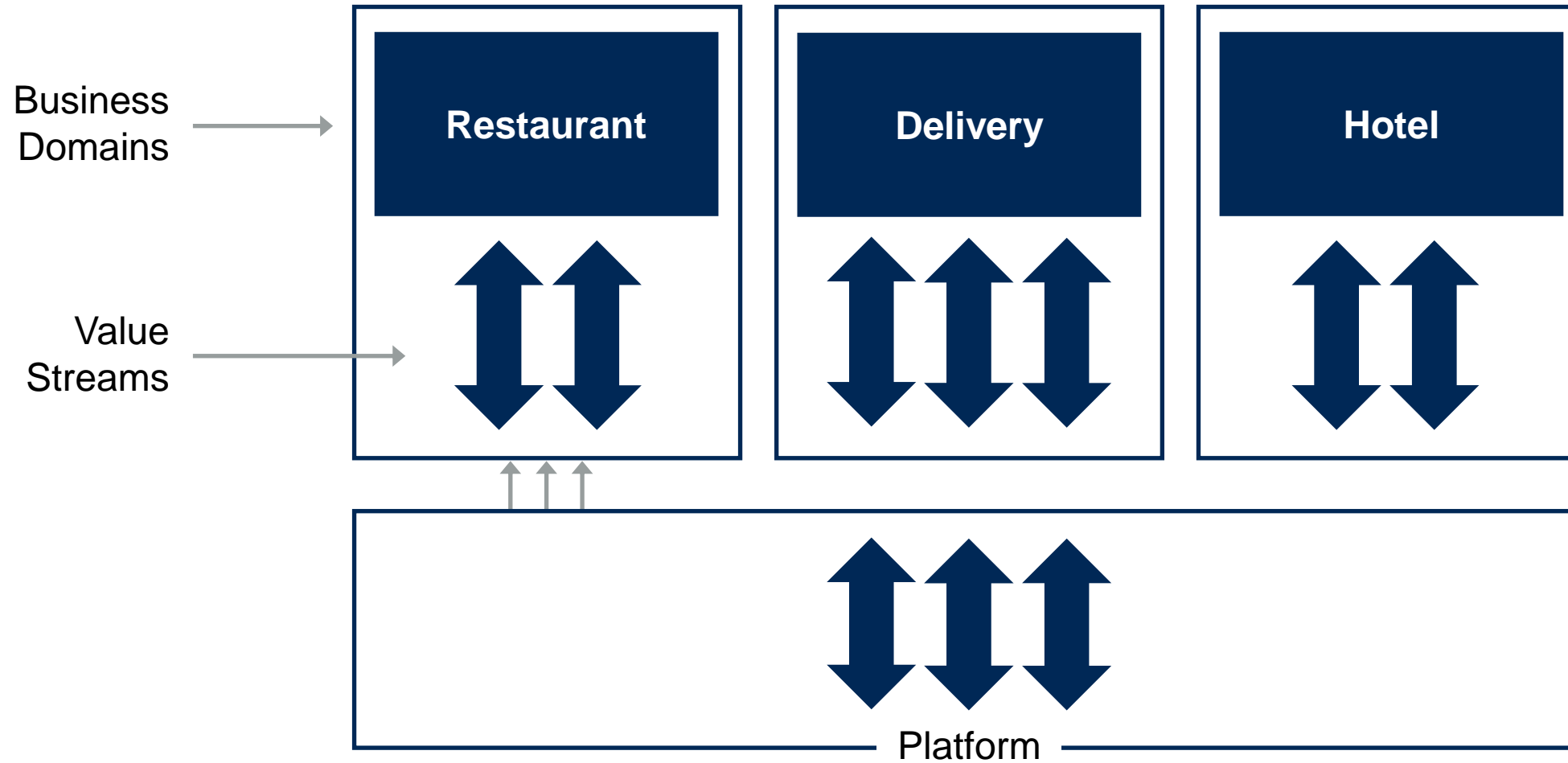
Support Domains Provide Services to Business Domains

There are also often supporting domains

Restaurant

Delivery

Platform

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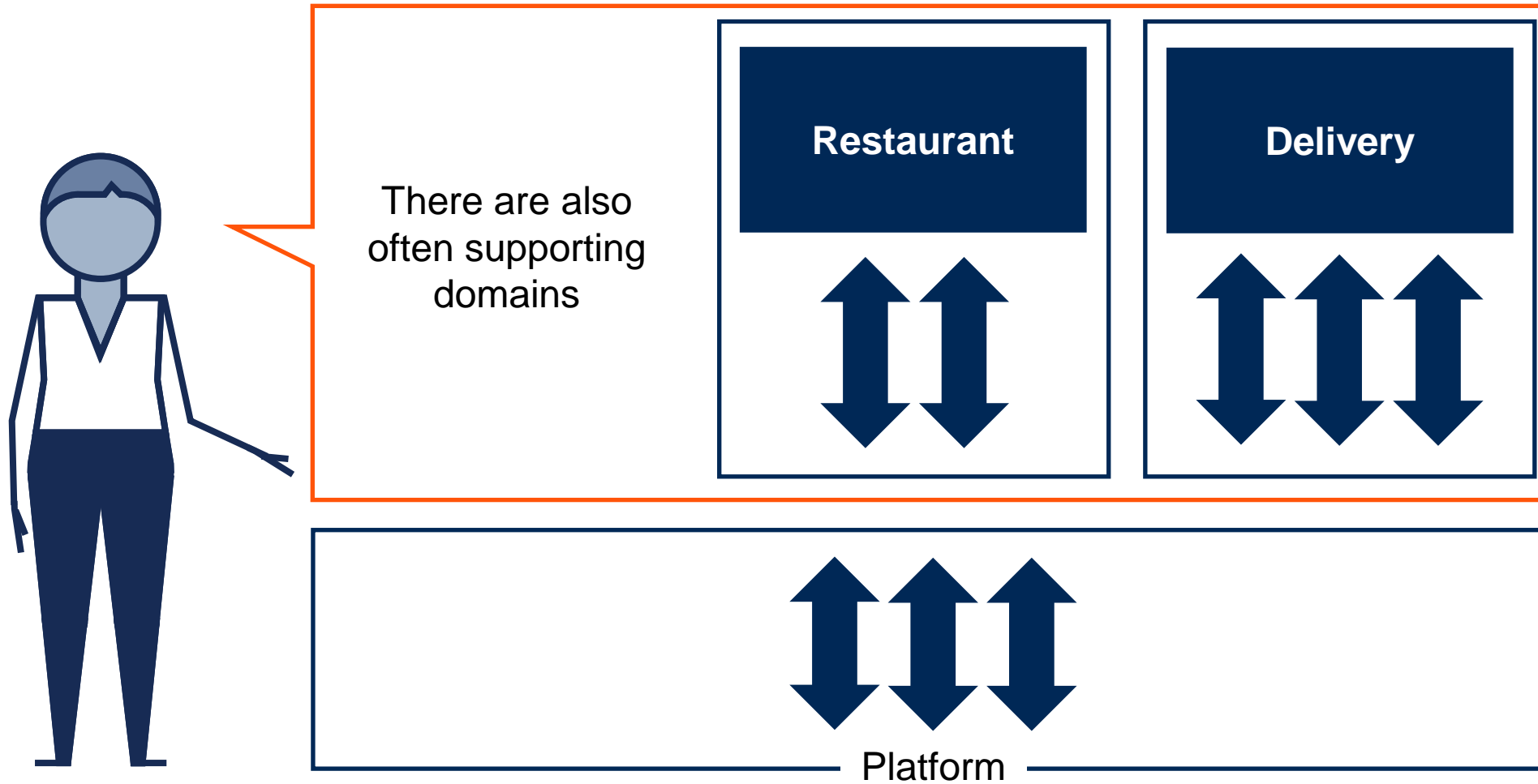
We Organize Around Fusion Teams

Fusion teams support value streams

Business Domain

Delivery

Hotel

Platform

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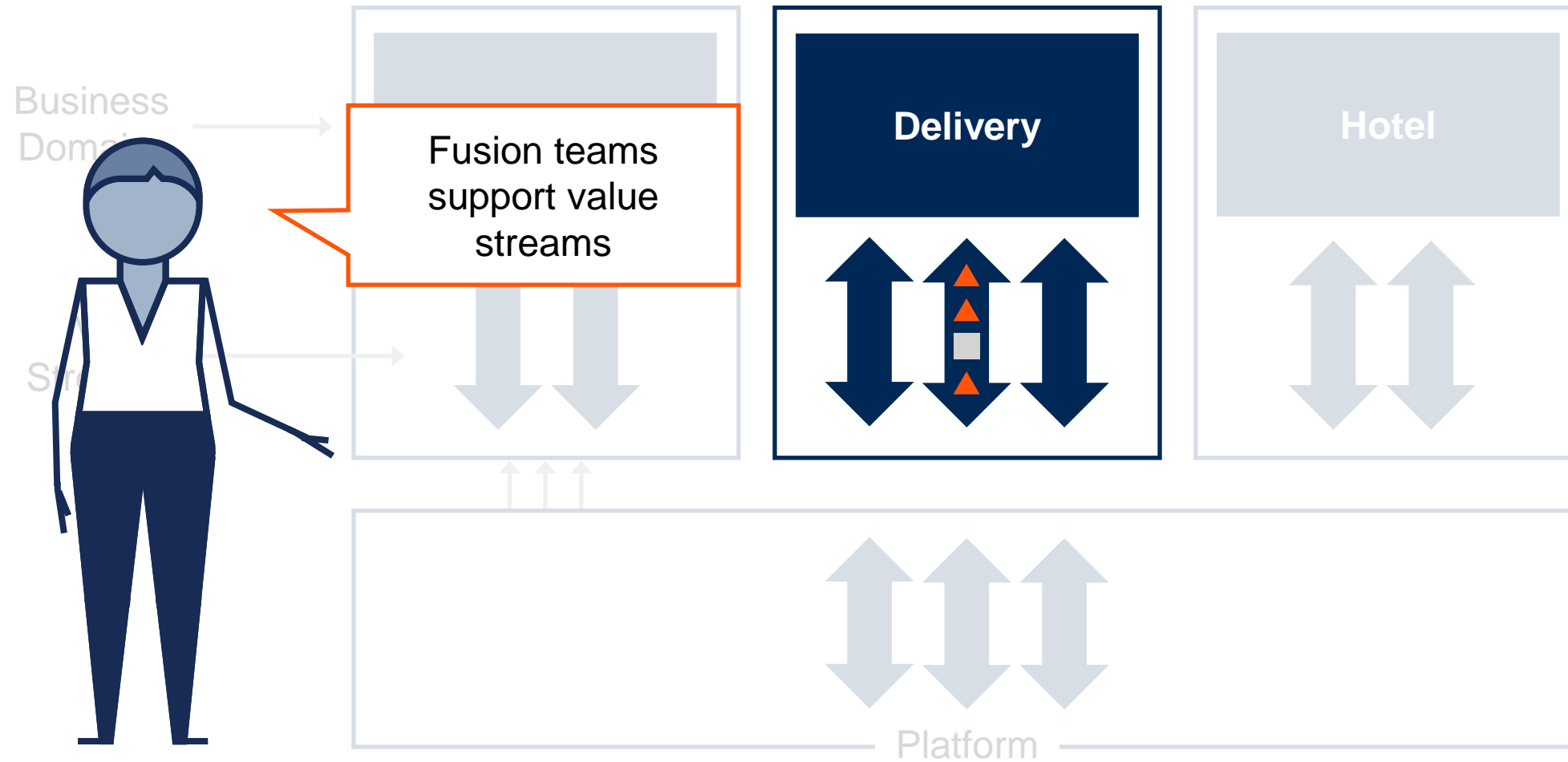
3 Layers of Governance Are Needed

Business Domains → Restaurant | Delivery | Hotel — Oversight

Value Streams → — Teams

Platform — Platform

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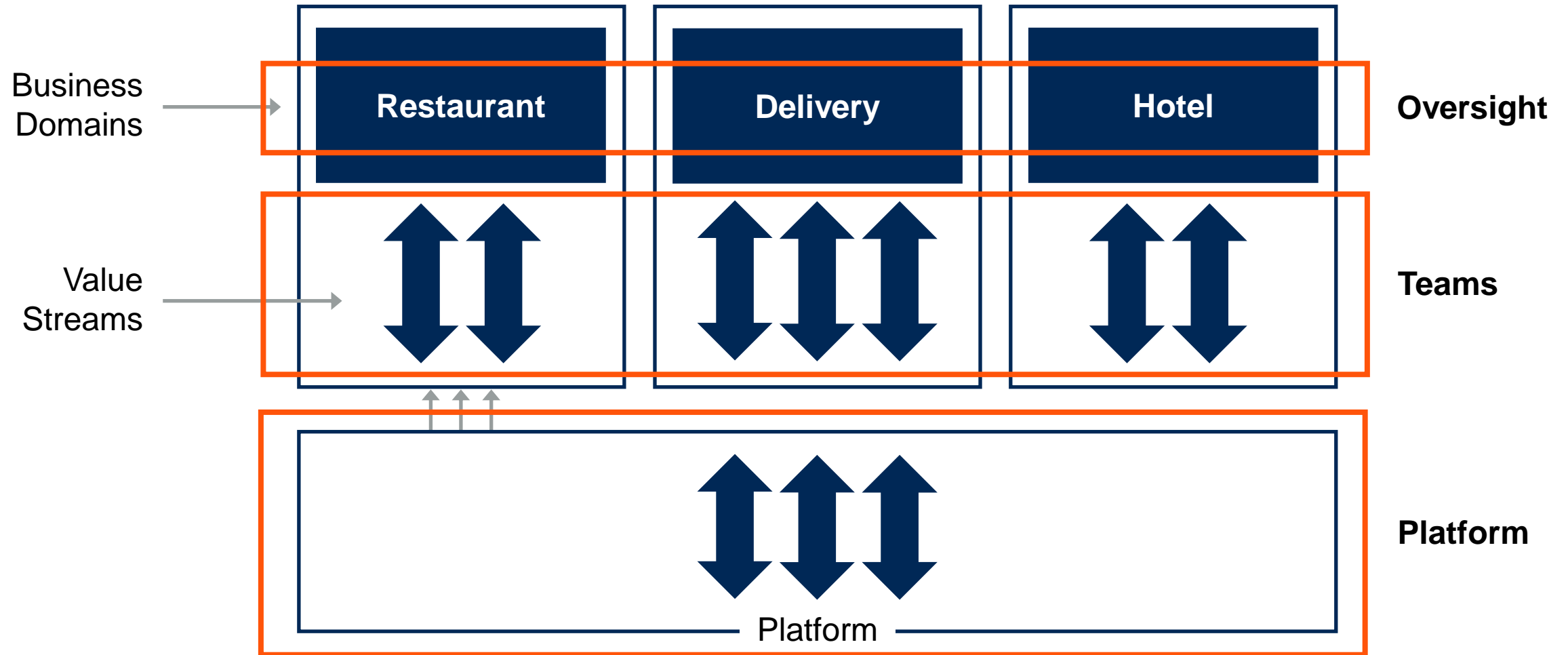
Key Take-Away:

Federated, platform-based enterprise operating models are increasingly common to support digital.

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Key Issues

1. What is an enterprise operating model?

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How Do We Design the Right Enterprise Operating Model?
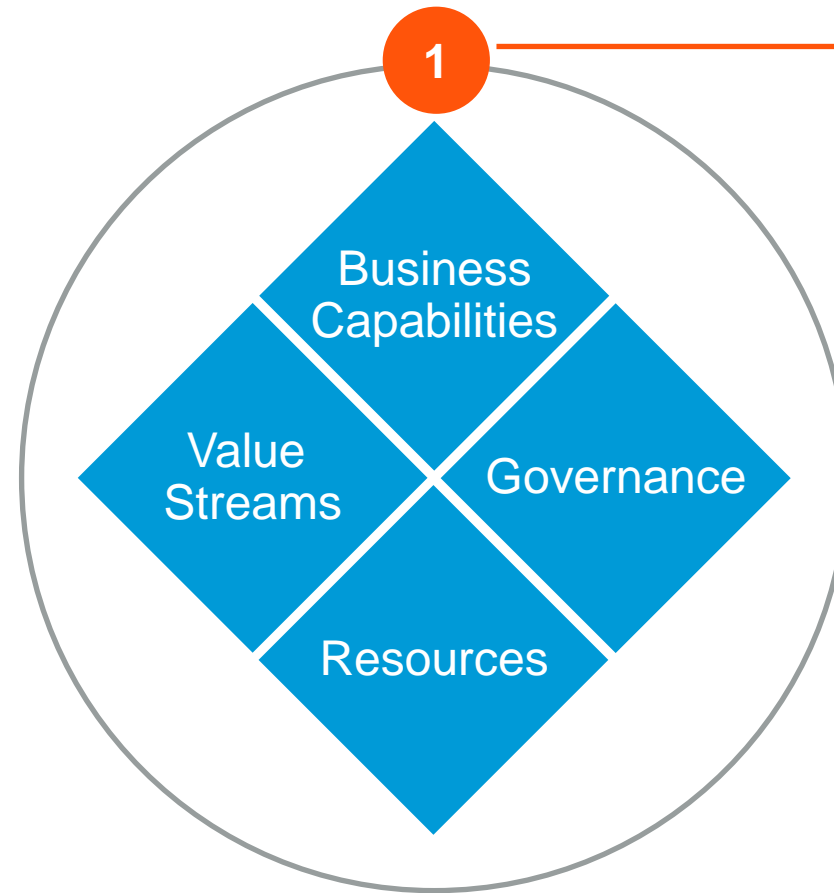
1 — **Define Your Business Strategy and Outcomes**

Identify Your Constraints
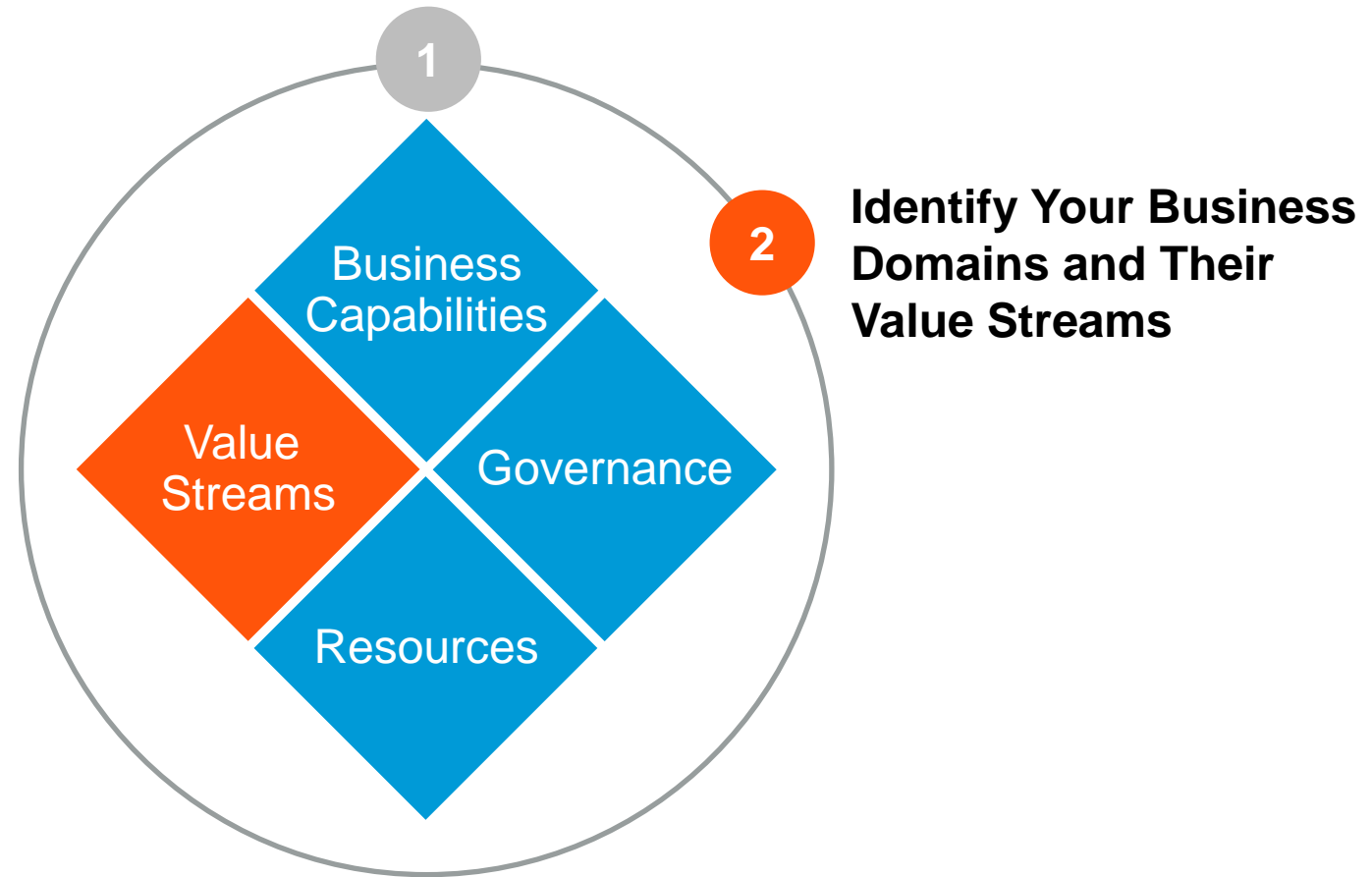
Business Capabilities

Value Streams

Governance

Resources

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How Do We Design the Right Enterprise Operating Model?

1

2 Identify Your Business Domains and Their Value Streams

Business Capabilities

Value Streams

Governance

Resources

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How Do We Design the Right Enterprise Operating Model?

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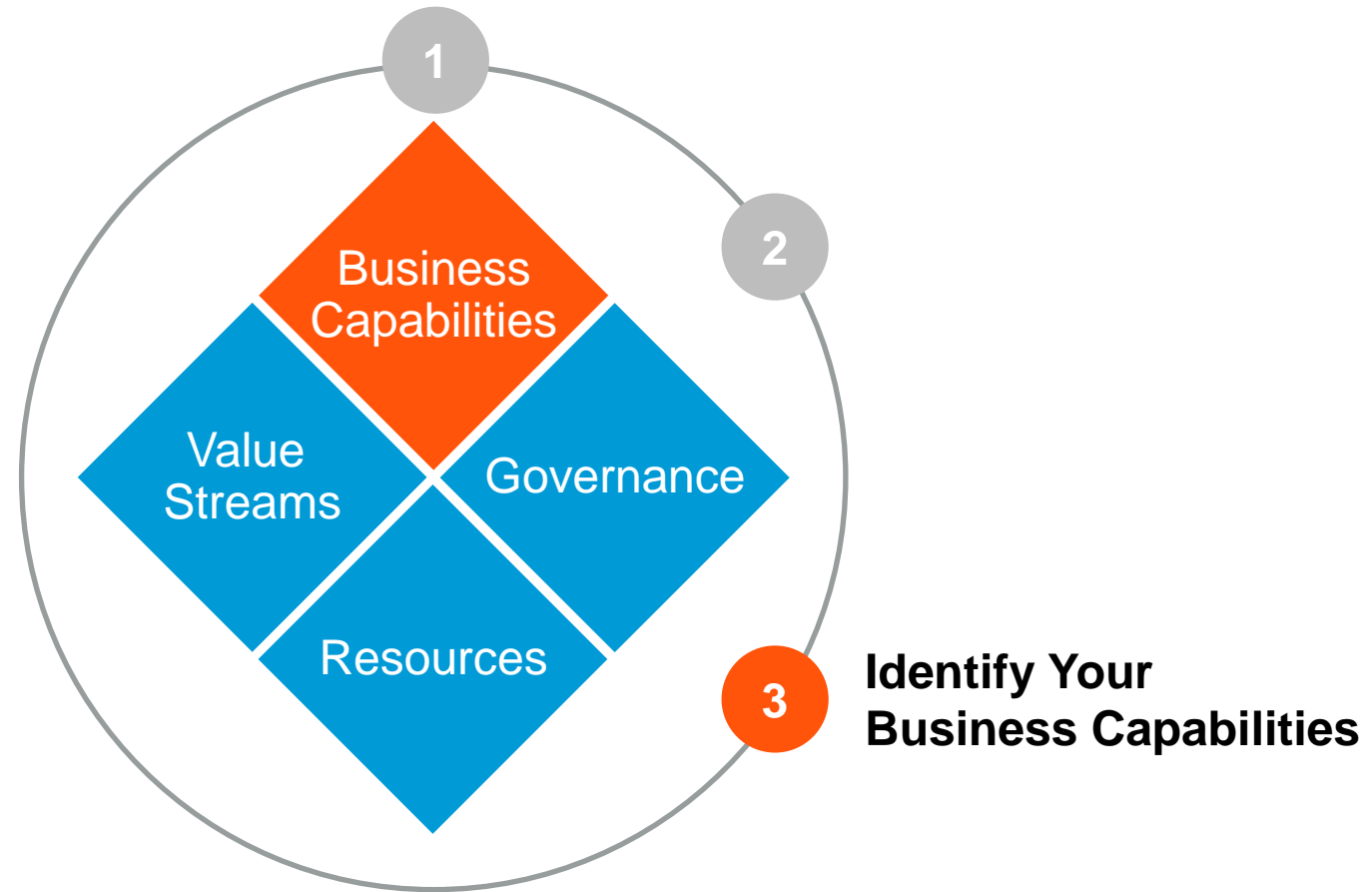
How Do We Design the Right Enterprise Operating Model?
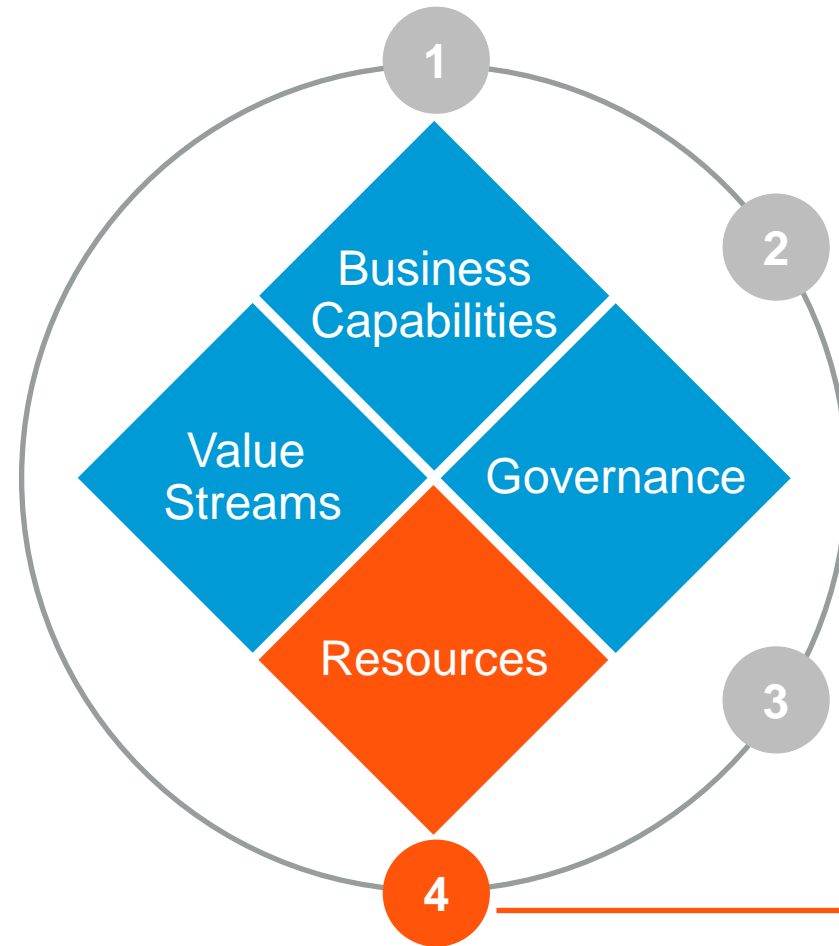
Identify Your Resources — People, Business Process, Technology and Information (and Any Other Resources Needed)

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How Do We Design the Right Enterprise Operating Model?

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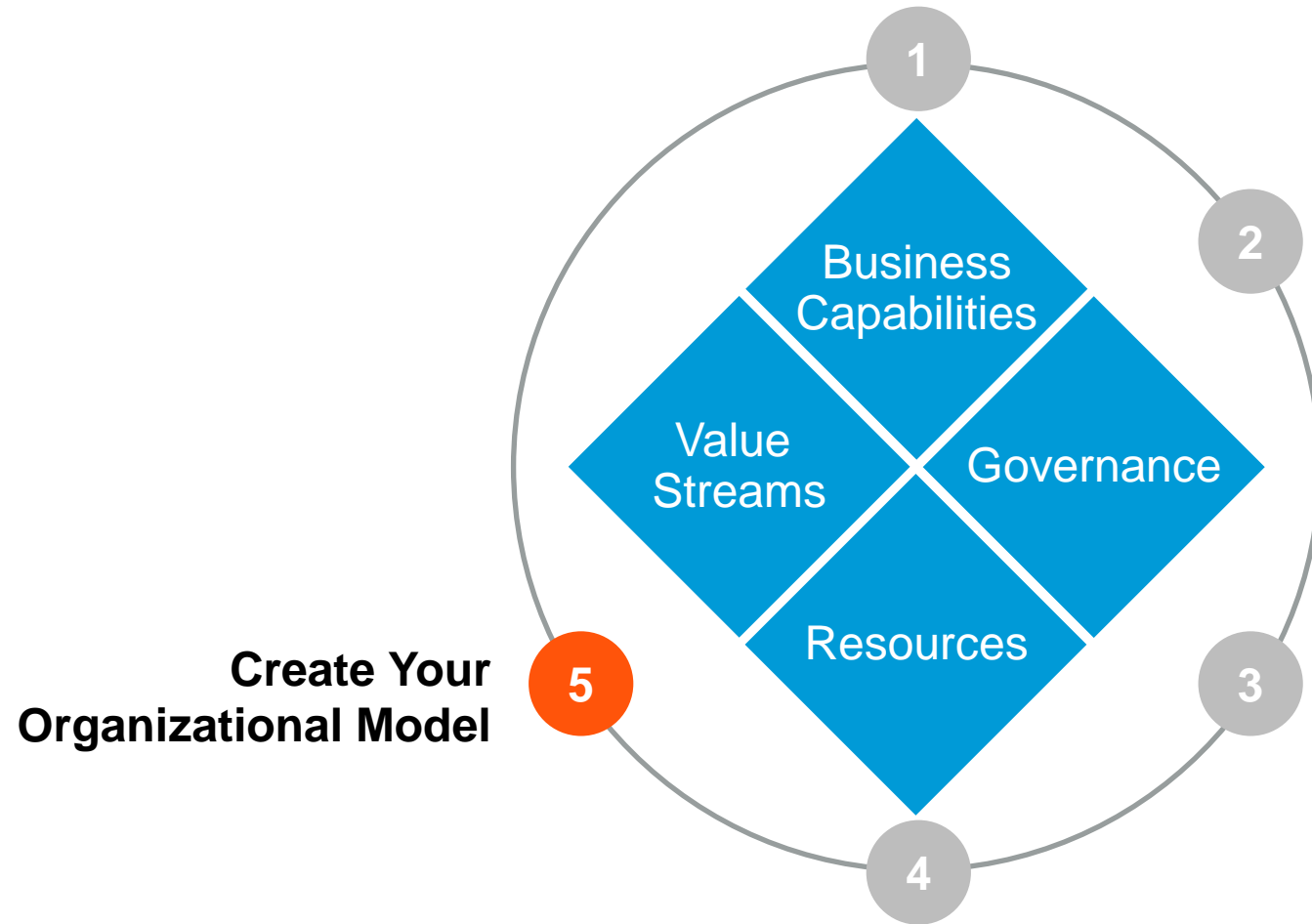
How Do We Design the Right Enterprise Operating Model?

Design and Implement Your Governance
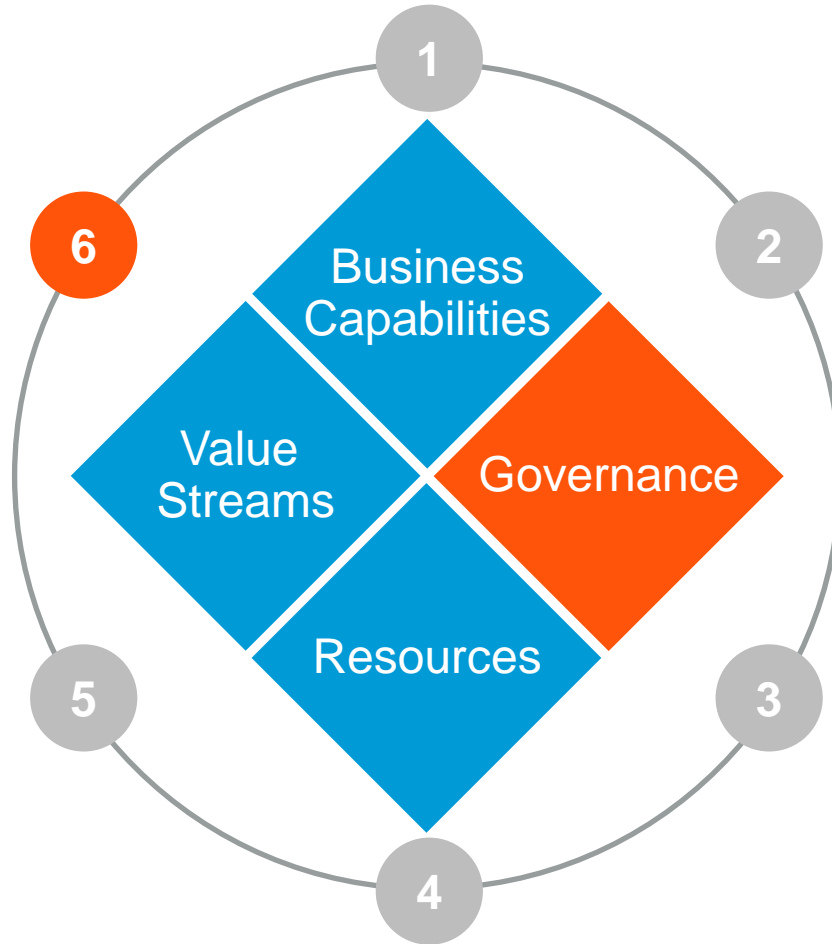
- 1
- 2
- 3
- 4
- 5
- 6

Business Capabilities

Governance

Value Streams

Resources

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Key Take-Away:

Enterprise operating model design begins with business domains and value streams — not the organization chart!

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Recommendations

- ✓ Familiarize yourself with the concept of an enterprise operating model and its components.

- ✓ Follow the steps outlined in this presentation to change and innovate enterprise operating models.

- ✓ Develop a common enterprise architecture (and in particular, business architecture) to support your design and execution.

- ✓ Use a "composable" approach in both businesses and technical architectures.

- ✓ Remember change management will be central to any new enterprise operating model.

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Recommended Gartner Research

🔍 **[8 Best Practices for Creating High-Impact Business Capability Models](#)**
Saul Brand and Marcus Blosch

🔍 **[Follow 5 Steps to Architect Your Enterprise Operating Model](#)**
Marcus Blosch, Saul Brand and Irving Tyler

🔍 **[Use Value Streams to Design Service and Operating Models and Enable Application Composability](#)**
Saul Brand, Marcus Blosch and Anne Thomas

🔍 **[Use Enterprise Architecture to Build Collaboration and Cooperation in Federated Organizations](#)**
Marcus Blosch, Saul Brand and Philip Allega

🔍 **[How to Structure I&T Into an Interconnected, Value-Optimized Organization](#)**
Monika Sinha, Donna Scott, Joanne Kopcho and Tomas Nielsen

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