

# ORGANIZATIONAL TRANSFORMATIONAL INITIATIVE: HOW ORGANIZATIONAL TRANSFORMATION IN TELECOM SECTOR ALONG WITH OPERATING MODEL & NEW ORGANIZATIONAL BLUEPRINT HELPS TO ACHIEVE THE REQUIRED CHANGE

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**Abstract--**The telecommunication sector around the world has gone through the dramatic changes since 1980 due to various technological advancement and consumers now understand this as both product and services. Apart from voice and SMS, it has also a wide range of products like mobile money, virtual payment, digital commerce, over the top (OTT) social networking applications, virtual credit card, live video streaming, etc. The new 5G implementations will bring faster data ingestion and the streaming data flow will contribute to huge data growth by 2020. The Telecom Cloud adoption will help companies to stay connected to the world with minimal hardware cost. Also, nowadays almost similar price plans are offered by the telecom service providers and as a result, it cannot be the only differentiator when ARPU is declining and subscriber growth is slowing down.



**Figure 1:** (\*source - The Indian Telecom Services Performance Indicators January – March 2019)

Different research in Industry reveals that although many transformation programs have undertaken in different service organizations across the globe but the benefits are low as compared to the expectations. This paper tries to clarify why despite being taken all the necessary steps the expected change is still elusive in the telecom service organization. The proposed theory is how and what parameters are required to design a proper target operating model with new organizational blueprint to run the change to get the full potential of the transformational program. It also consider what factors are important to achieve the goal for a service delivery organization.

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## I. INTRODUCTION

Transformation or more specifically digital transformation is the keyword for the last decade which most of the organizations in the world have tried in some way or other, the objective is to re-invent the organizations to stay afloat in the market or be the market leader.

Although lot of resources have been used to do these, or so much have been talked so far, yet the result is very meagre. Organizational Transformation brings along with change which employees not only resist but most of the time try to undermine. According to Mckinsey report [1], only in 26% cases the transformation is successful and almost in all the cases, employee empowerment is the key to be successful rather than the top management mandate.

This leads to many questions like:

1. How the transformations are perceived inside the organization?
2. What are the main factors to make a transformation program successful?
3. How the benefits can be realized?
4. What are the underlined operational processes needs to be developed?
5. How Organizational mapping will play a significant role?

It is evident that any business aspiring to leg up for the high competition would likely be in strategically advantageous position. Achieving the expected business benefit out of the transformational program needs the change to be successfully deployed with the right operating model, that is conducive to the desired change.

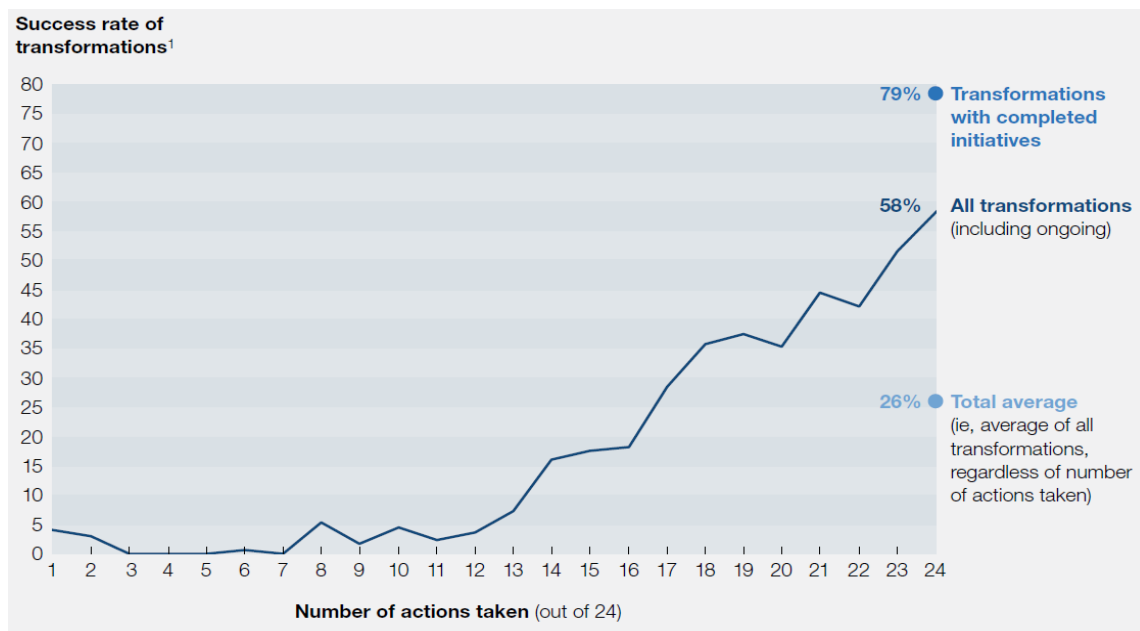


Figure 2: [\*source: Mckinsey Report]

### 1. New challenges in the horizon with the new technological evolution

Telecommunication sector has been undergoing a major change in the recent years with the rise of ever evolving technologies, architecture of communication networks, associated delivery and data platform and of

course the adjacent business complexity. The exposure to the internet world and expansion of transmission media from traditional copper wire to microwave, terrestrial wireless, satellite, coaxial cable, hybrid fiber, and broadband fiber, the telecom world is getting much more data and expecting exponential jump in future. The accelerating cloud adaption, herald of high speed 5G adoption, IOT etc., has been making the business so complex and ever changing that even the transformation programs undertaken facing difficulties to cope with the pace.

With the new technologies being implemented everywhere, the change is faster than ever before. Automation with Artificial Intelligence makes the human job redundant with zero error in regular operational work, no downtime required, no break etc., which make the changes even less adaptable within the employees. Today most of the telecom operators have already started their journey to have a zero-touch operation center where the legacy operation center will replace at least 35% of their workforce by machines [6].

As the traditional management tasks being more automated and the operational network nodes becomes more intelligent, the system can predict the operation failure before it occurs and can act upon which reduces the probability of future operational breakdown. This all leads to more business generating tasks and less human intervention.

The Problem	The Squabble	The Elucidation
Why so many transformations failed to achieve the target or are partially successful? Is it the wrong strategy from the very beginning or the incomplete strategy?	Generally, the strategies are drawn at the beginning of the program and based on current industry conditions and guess estimation of the future market potential. The competitor landscape also be drawn to understand what is expected in future. However, other than some cases the internal service delivery organization is somewhat neglected as most of the time the focus to outwards.	We expect the change but again, we neglect the means to bring it. We identify the processes to run the show, but we don't prepare ourselves to adopt the changes. We don't think through in details how to overcome the inertia and how to make the organizations more agile, more flexible and more business centric. With every transformation program, which generally is a very big program for any organization, the organization structure also needs to be revamped. A proper cohesion is required at every level with clear demarcation of the tasks and activities. So, to generate the return on investment (ROI) the need is to have an operating model with

As the new technology digitally disrupts the business and generating a new model of transformation along with automation, it also generates the need of a target operating model with new organizational blueprint. The target

		transformed organization blueprint.
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operating model can define how the next generation processes generated from the transformation will act and collaborate with each other, who are responsible or accountable for tasks to be performed, how the performance of each of the new organizations or activities be measured, how the new ecosystems will work seamlessly etc. The organizational blueprint helps to define the new organizational structure mostly the division of work and reporting structure.

## II. Idea in Brief: The Problem Statement, The Squabble, The Elucidation

### *Identifying Key Steps to reach the resolution:*

Before the methodologies would define on the Target Operating Model (TOM), the following points needs to be addressed-

**What** is TOM - Target Operating Model is an operating model is actually an abstract representation of how an organization operates across process, organization and technological domains in order to deliver value defined by the organization in the transformation scope. Where does it fit – TOM's fitment answers the following:

- What does my department blueprint look like?
- What do I do to function as a cohesive force within the overall organization?
- What do I need to build in as operational capability to deliver the desired results?
- What does it take to look as an integrated end-2-end operational function?

How the benefit can be realized - The Operating Model derived needs to be quantitatively and qualitatively mapped to the drivers which would help identify the tangible benefits, both in terms of revenue and cost for the organization

Following is the TOM context and the big picture

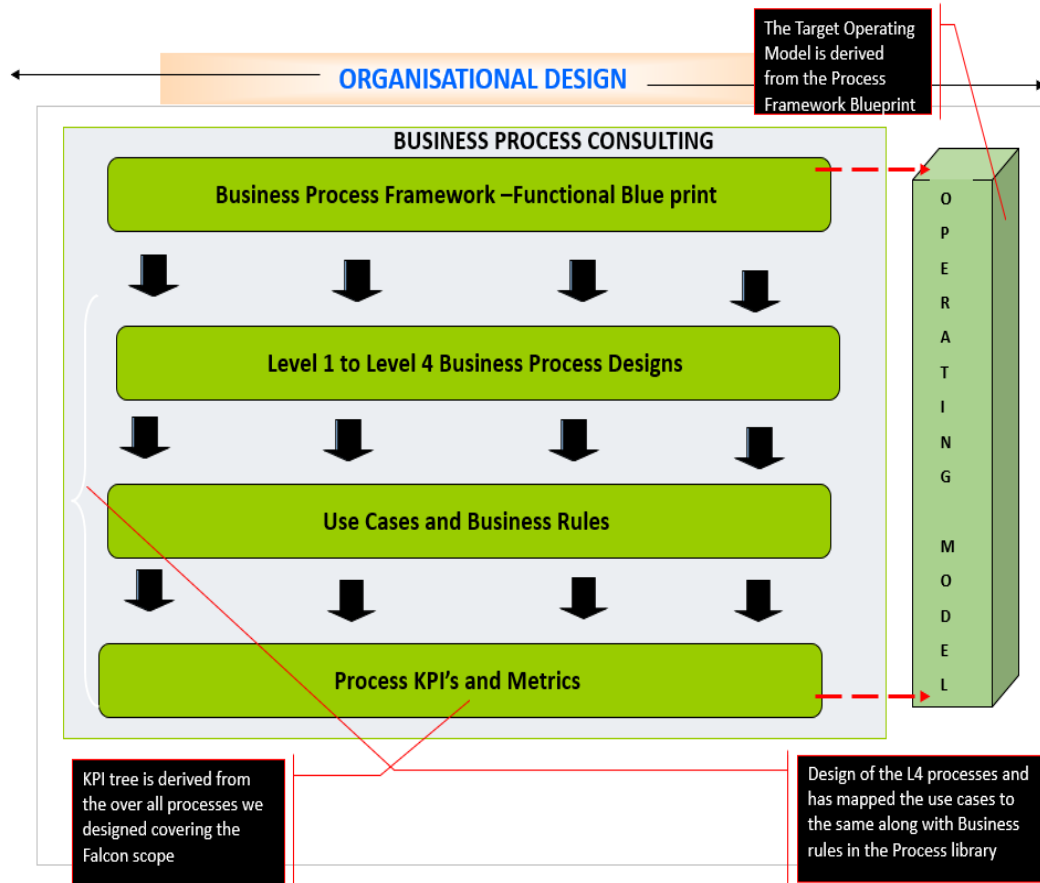


Figure 3: Organisational design

*The seven main parameters of target operating model are the following:*

- i. Partners & Alliances - The Partners & Alliances capability defines, which activities will be performed within the organization, by other parts of the parent groups, outsource partners, and by external parties such as service suppliers
- ii. Asset - The Assets locations & resources capability defines, which activities are executed where, the assets used to execute the services, and the resources used to include data, and information
- iii. System/Technology - The System/Technology capability outlines the services, applications and infrastructure supporting the business process, and place requirements on data and information
- iv. Process - The Process capability shows how various functions and locations interact, how work is executed, where hand-offs occur
- v. Performance metrics - The Performance Metrics capability shows the key metrics and measurement processes required to ensure that the Operating Model is effective and is delivering benefits
- vi. Organizational Structure - The Organization capability outlines the organizational structure, locations of where activities occur, the sourcing of activities (external vs. internal) and how changes to the model will be managed
- vii. People - The People Competency Skills capability outlines the people implications in terms of skills and behaviours required, the expected role distribution and the change implications

The target operating model design starts with the transformation program, begins with the understanding of the as-is or the current scenario of the service organization to to-be or future scenario definition.

Following are the activities performed:

- Analyze the entire business process Life cycle in the organization with the RACI (R=Responsible, A=Accountable, C=Consulted, I=Informed) defined and the organization associate with these
  - All initiatives identified by the business have to be mapped back to pain points and root causes which are further analyzed to complete the end-2-end impact analysis for specific domain
  - Business Analysis has to be done for the business process life cycle to show impact correlation along with Organization strategy & structure
  - Impact analysis will further lead to analysis of potential operating model for the future
  - Propose solution identification and proposition for creation of Business Analysis and Requirements Management function across Business and IT organization of the service organization
  - Process Governance Model to be proposed in the business process domain with the people / process / technology mapped into it.
  - Business Process design for the domain/s; both proactive and reactive scenarios
  - Assets are properly mapped with each of the business process domains
  - The Partner and Alliances eco-system properly mapped with the functional domains
  - Define Performance Metrics for each process area
  - Recommend and kick-off a roadmap for process automation
  - Propose changes and recommend new organization chart

Dimensions	EVA	OM	Combined EVA & OM
Goal	Maximization of shareholder value	Building Organizational Capabilities	A mid path to satisfy both economic value & org. capabilities
People	Minimum no# of employees to run the operation	Up & cross skilling the employee to make them usable	Set the no# of employees after up & cross skilling
Process	Industry Best practices	Experiment & evolve	Best & Next practices
Performance Metrics	Mostly external performances & bottom line	Operational excellence	Healthy mix of CAPEX & OPEX
Organization	Top-down approach	Empowerment of employees	Set the direction from the top and engage people underneath
System/Technology	Emphasize infra / technology to stay to the competition	Build up the change culture and behaviors towards technology	Use of latest technology and mindset of the employees to use the maximum of those

Reward systems	Payout handsome incentives on achievement	Motivation through commitment – use pay as a fair exchange	Incentive can be used to reinforce change but not the driver
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- Trial/Test Processes whilst providing OJT (on job training) and classroom training

Following are the key benefits realized from TOM:

- i. Defines the most efficient and effective design of the key capabilities required to execute and achieve strategic goals.
- ii. Provides a complete end 2 end and integrated picture of the “End or Target state” that is used by the Transformation Program “Design Authority”
- iii. Creates the target vision identifying each capability that needs to “Transform” and the goal, where the most important areas of change will be, and what specific challenges are addressed

Each transformational objective is to achieve the target strategy and the benefits perceived. This can be achievable with the new organizational structure with the new operating model as to achieve the changes required. My research on the topic suggests the two archetypes EVA (economic value added) and OM (organization maturity) to explain the target operating model & transformation initiative.

Theory EVA is for the hardliners where the economic value is the most important thing like maximizing the shareholder’s value and this is the main objective whereas, theory OM is more for the soft-liners, where economic value weighs same with the organizational value.

EVA strategies usually involve downsizing the redundant assets, drastic layoffs in case business does not justify the number, identification of low performers and put them in personal improvement program, payout of heavy incentives for the executioners etc., whereas, OM is equally looking towards building the organization, like imbibing the proper culture, changing to right behaviors & attitudes, up-skilling & cross-skilling of employees, commitment to the organization etc. Research shows telecommunication service providers in Asia & Europe are more prone to OM culture while North America is more towards EVA culture.

Research on transformation shows that all transformations in the service provider scenario can be compared along the seven dimensions below. The following table outlines the differences of the EVA & OM archetypes and how an integrated approach might help to design a new organization blueprint with the value realized.

### III. CONCLUSION

Depending upon the market potential and competitor landscape the following can be concluded

- If the transformational objectives are not properly met, then the program can be considered as failure
- Most of the transformation programs failed due to incomplete strategy
  - The overall success of the transformational journey is dependent upon the target operating model which can drive the changes
  - While drawing the new organization blueprint the transformational dimension should always keep in mind

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