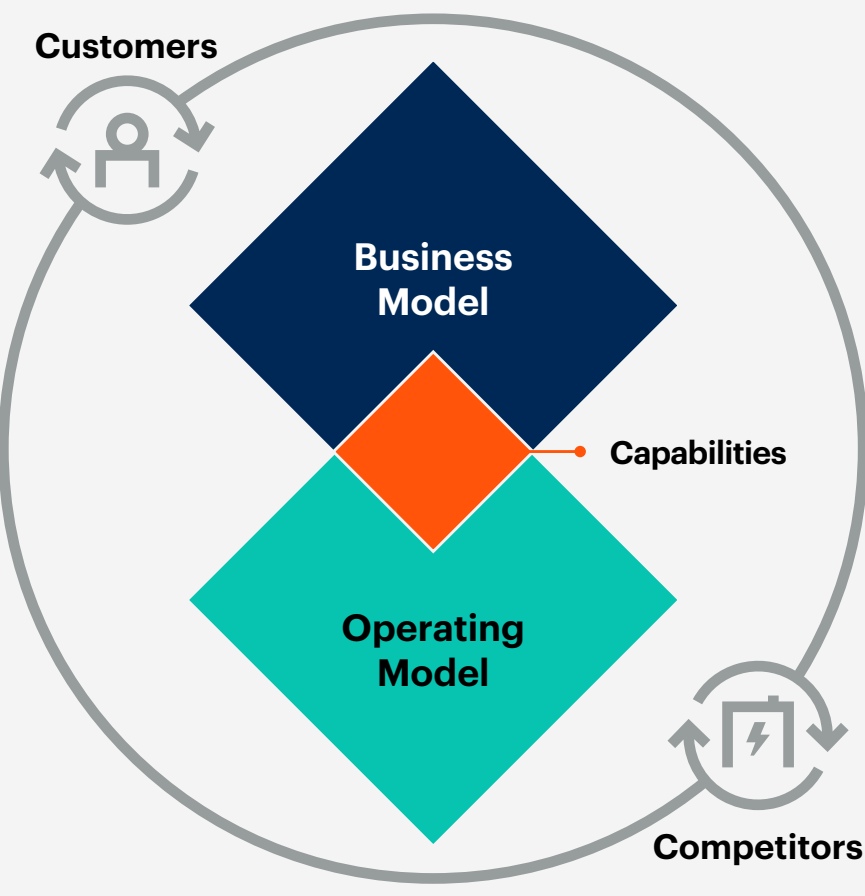


# Grow Business Through Modular Redesign of the Enterprise Operating Model

A modular enterprise operating model (EOM) enables executive leaders to proactively steer their businesses toward growth opportunities despite ongoing market uncertainty. Executive leaders should identify business capabilities that need to frequently change to keep pace with shifting market demand.



It's the operating model that **slows us**

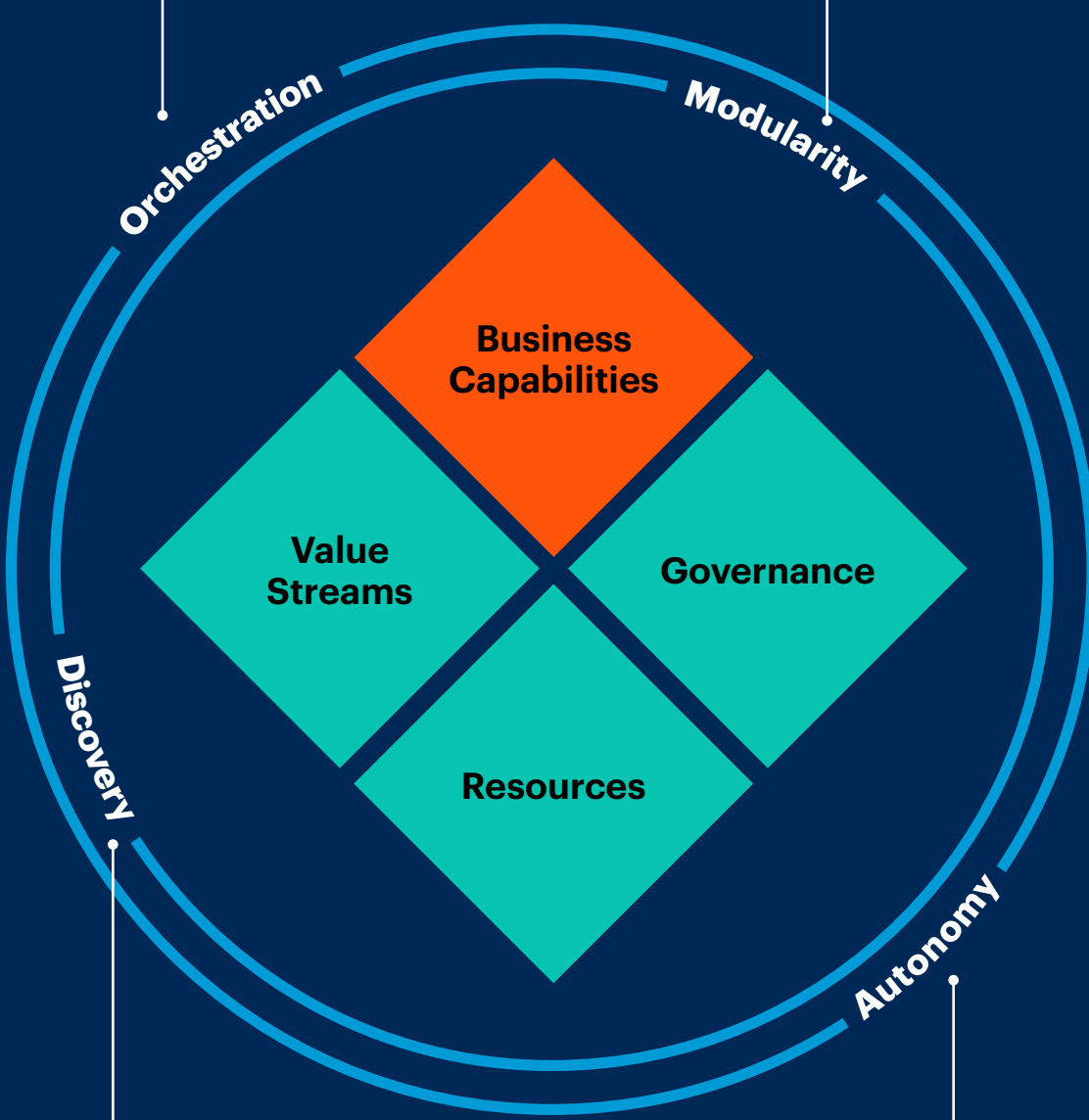
**62%** of strategy leaders surveyed find an **overburdened legacy operating model** supporting current and future business models makes it **more difficult** to develop capabilities at the speed needed.<sup>1</sup>

n = 131

## Apply the principles of modularity to guide the EOM redesign ...

Prescribe and negotiate interaction styles between business capabilities — your critical activities — to enable flexible processes.

Redesign business capabilities for modularity to change and scale, while minimizing risks.



Create sensing mechanisms to discover and understand new market opportunities.

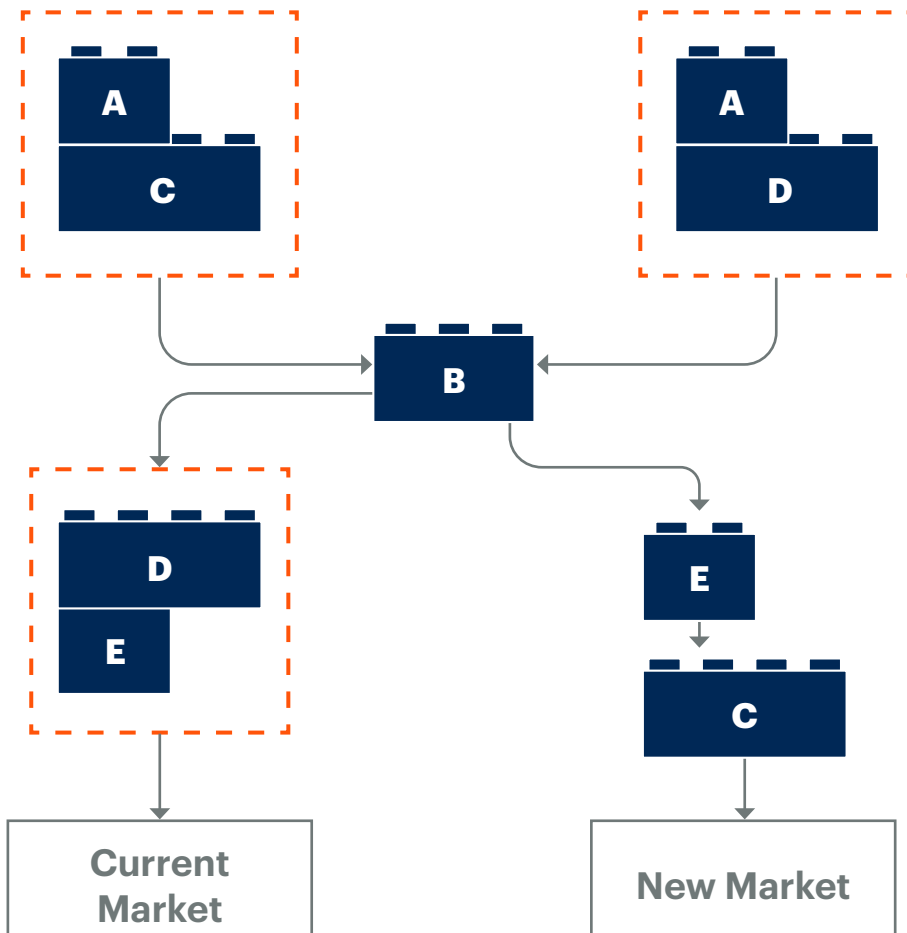
Minimize interdependencies across components of business capabilities to maintain the integrity of a change.

... to **decouple business capabilities** from standardized processes and enable **new routes** to new markets.

Redesign **business capabilities** for modularity

Implement business capabilities as contributing **components**

Reassemble components to create new value or **new routes to new markets**



## Critical success factors for your modular EOM

| Business Capabilities                                                           | Value Streams                                                           | Governance                                                       | Resources                                              |
|---------------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------|
| Assign <b>ownership of all business capabilities</b> across the leadership team | Increase <b>process flexibility</b> , especially in market-facing areas | Assign <b>decision rights for reassembling</b> flows             | Embrace <b>adaptive resource management</b>            |
| Adopt <b>adaptive strategy</b>                                                  | Develop <b>adaptive financial practices</b>                             | Shift from rule-driven to data-driven <b>adaptive governance</b> | Shift from specialists to <b>versatilists</b>          |
|                                                                                 |                                                                         |                                                                  | Reduce organizational silos with <b>matrixed teams</b> |

<sup>1</sup>Source: 2021 Gartner Strategy Capability Development Survey  
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