

Aligning the Operating Model

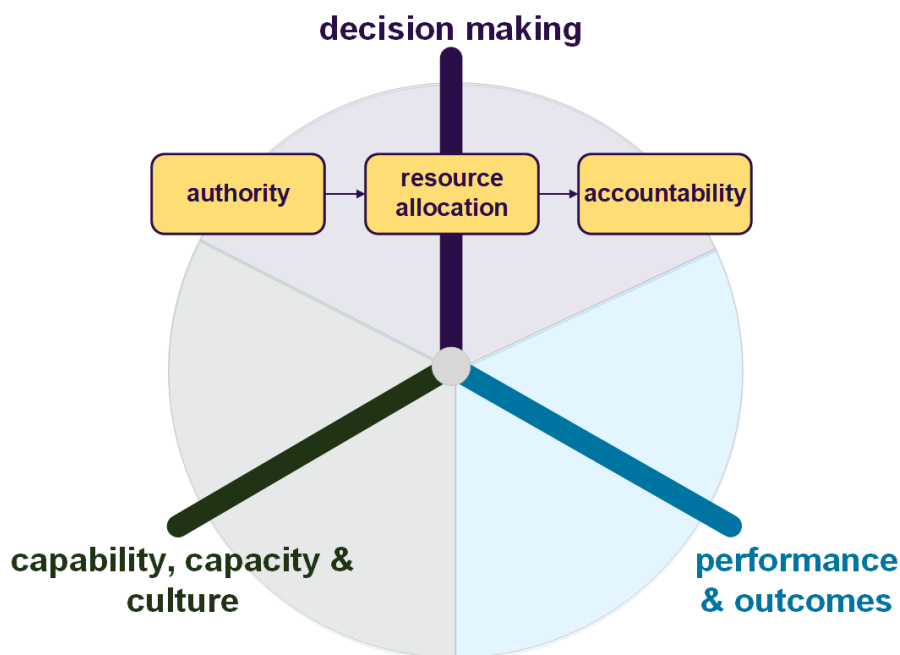
People in publicly funded organisations make decisions based on the information, incentives, and constraints visible to them. The consequences of decisions often look different from different perspectives, and complaining about decisions in other parts of an organisation is a lively tradition. The person best placed to deliver a desired outcome should have authority to act, including control of the necessary resources, and be held accountable.

We often find misalignment of authority, resource allocation, and accountability in publicly funded organisations. People with the authority to make a decision can send the bill to someone else, while someone else again gets the blame if it does not work.

This can be stressful and frustrating for everyone involved. Everyone uses the levers they can reach to manage their accountabilities as best they can, but the gaps and confusion mean that even well-intentioned efforts can create problems elsewhere in the organisation. This all leads to inefficiency, ineffectiveness, and a lot of organisational friction.

One way to reduce that friction is to find the best place for a decision to be made and to organise authority, allocation of resources, and accountability around that place. Where decision makers must actively consider all the costs and benefits of their decisions, they are less likely to discount or shift some of those costs.

An aligned operating model lines up authority, resources and accountability in the place best suited to deliver an optimal outcome. To work well, the model also needs systems to monitor and manage performance and outcomes, feeding this information back to decision makers in a usable form.



Consistent good outcomes require that individual decision makers have the capability to make good decisions. That includes the knowledge, skills, and experience to recognise and respond to decision triggers, understand the limits of authority, manage resources, interpret information, access support, and monitor and be accountable for outcomes.

Decision makers often need technical advice and support from experts. This kind of expertise is often shared across teams. As long as there is capacity in the system to support good decisions, local decision makers don't need to become experts in everything.

The way an operating model works is a function of organisational culture as much as hard rules about authority, resources, and accountability. A risk averse culture can discourage decision makers from properly exercising their authority, and overload senior decision makers who are much further from the action.

When authority, resources, and accountability are misaligned, incentives can be unbalanced. This can encourage decision makers to discount some costs, often eroding the public value created. Aligning the operating model means good people making rational decisions are more likely to achieve good outcomes.