Deloitte.

RESPOND

RECOVER

THRIVE

Virtual enablement through high performing virtual 'team of teams'

COVID-19

175

MAKING AN
IMPACT THAT
MATTERS
since 1845

COVID-19 has transformed the nature of work – the type of work we do, how we do it, where we do it, and how we lead.

As we are getting into the groove of this 'next normal' where nothing feels like 'normal' and everything is constantly in flux, organisations need to start to provide direction and confidence towards the roadmap to recovery so that we can chart the course to move forward.

We should not be under any illusion that this course will be predictable, certain and not subject to change. In fact, it is this ongoing need to be able to pivot, adapt and respond that will make organisations resilient and sustainable.

We have jumped feet first into the 'virtual' deep end with the most generationally diverse workforce, in the most uncertain economic climate. We must embrace not only the vulnerability of our businesses but also the solving of systematic delivery challenges to re-imagine how to deliver work in the future in a way that allows us to test, learn and evolve over this turbulent time.

Organisations need to reflect, reimagine and reinvent the nature of work and make those changes systematic to survive, and thrive.

As noted in our previous the Deloitte publication, High Performing Virtual Teams and Leaders, ways of working disruption is here. Setting up and enabling high performing virtual teams and leaders is critical to any recovery plan as they are an organisation's engine for delivering on its strategic outcomes and business critical activities.

As business and government leaders are now embracing this 'next normal' in the recovery phase, it is time to shift the thinking and focus towards incrementally re-wiring the organisation to become more adaptable. By adopting a more adaptable operating model and work patterns, the organisation will be better positioned to execute on its strategy.

Adaptable organisations move faster, pivot to customer and market demands, and maximise productivity and value through an engaging environment.

The past few months have created many 'proof points' in organisations that they are able to change, and in ways that take days rather than years to execute. However, many of these changes have been forced upon organisations as the only choice has been to act. These changes have been executed by putting the organisation's 'rule book' aside in order to achieve the required speed.

Existing processes and structures such as functional reporting lines, performance management and incentives, risk management, and portfolio management typically have not been adjusted to execute the changes from the past few months. Moving forward, creating the right environment to make iterative, informed decisions on where the organisation invests its scarce money and talent, and how the organisation executes on those decisions, is going to be what sets organisations apart. Decisions need to be made with both speed and control moving forward.

We have seen this firsthand in working with an organisation over the past few months. Their enterprise-wide ways-of-working 'transformation' journey was put on pause when COVID first hit. The focus shifted to achieving immediate business outcomes through standing up two business critical agile teams composed of multi-disciplinary individuals from across the organisation. With servant leadership, these teams were able to deliver competitive customer propositions in a matter of weeks (not months), relieving some of their short-term commercial pressures. Although these teams were able to achieve speed to market, minimise re-work, and increase employee engagement, this way of working will not be sustainable until further and incremental changes are made to the organisation's operating model.
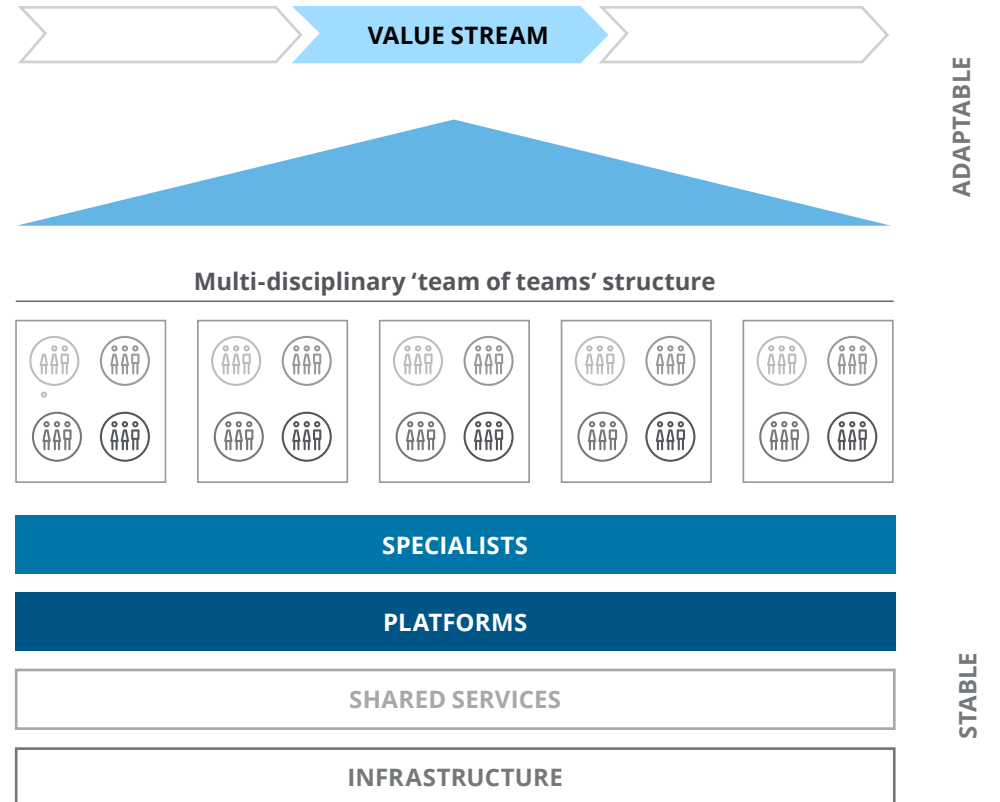
Virtual enablement through high performing virtual 'team of teams'

To drive systematic adaptability, organisations need to optimise how their people and their work are organised, and how the work gets done. They also need to optimise their enterprise systems to amplify the value they can get from high performing 'team of teams.'

Unlocking the power of the network of high performing, multi-disciplinary teams whose goals are aligned to deliver customer experiences or parts of the value chain will provide the required flexibility to respond and adapt in an ever changing business landscape.

How to organise a network of high performing teams

An illustrative example

VALUE STREAM

ADAPTABLE

Multi-disciplinary 'team of teams' structure

SPECIALISTS

PLATFORMS

SHARED SERVICES

INFRASTRUCTURE

STABLE

Virtual enablement through high performing virtual 'team of teams'

A 'team of teams' structure
is only effective when it is delivering
the 'right work' in the 'right way.'
An iterative system of work
is driven by the organisation's
sensing and shaping capability
as it defines the strategic objectives
for the organisation and these
objectives are aligned down
to team level execution. It supports
the delivery of all required
outcomes (BAU, change, etc.)
and will enable a change in mindset
that is enabled by continuous
customer feedback, measurement
and insights.

How to organise a system of work to maximise flow

1 | Strategy

Annually/Quarterly

Sense, shape and seize to develop strategic objectives and outcomes.

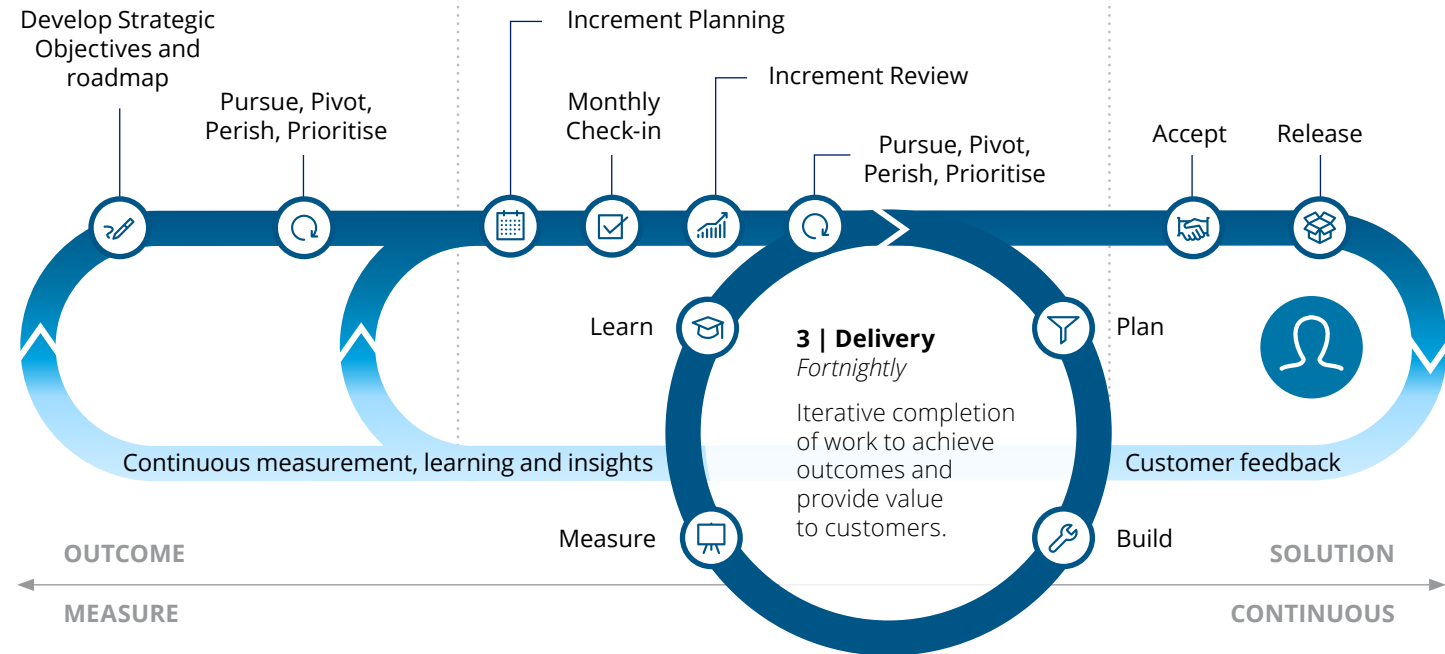Develop Strategic Objectives and roadmap

Pursue, Pivot, Perish, Prioritise

2 | Alignment

Quarterly

Planning and coordination of outcomes and alignment of the work to team.

Increment Planning

Increment Review

Monthly Check-in

Pursue, Pivot, Perish, Prioritise

4| Customer launch

Continuous

Solutions made available to the customer when ready.

Accept

Release

Learn

3 | Delivery
Fortnightly

Iterative completion of work to achieve outcomes and provide value to customers.

Plan

Measure

Build

Continuous measurement, learning and insights

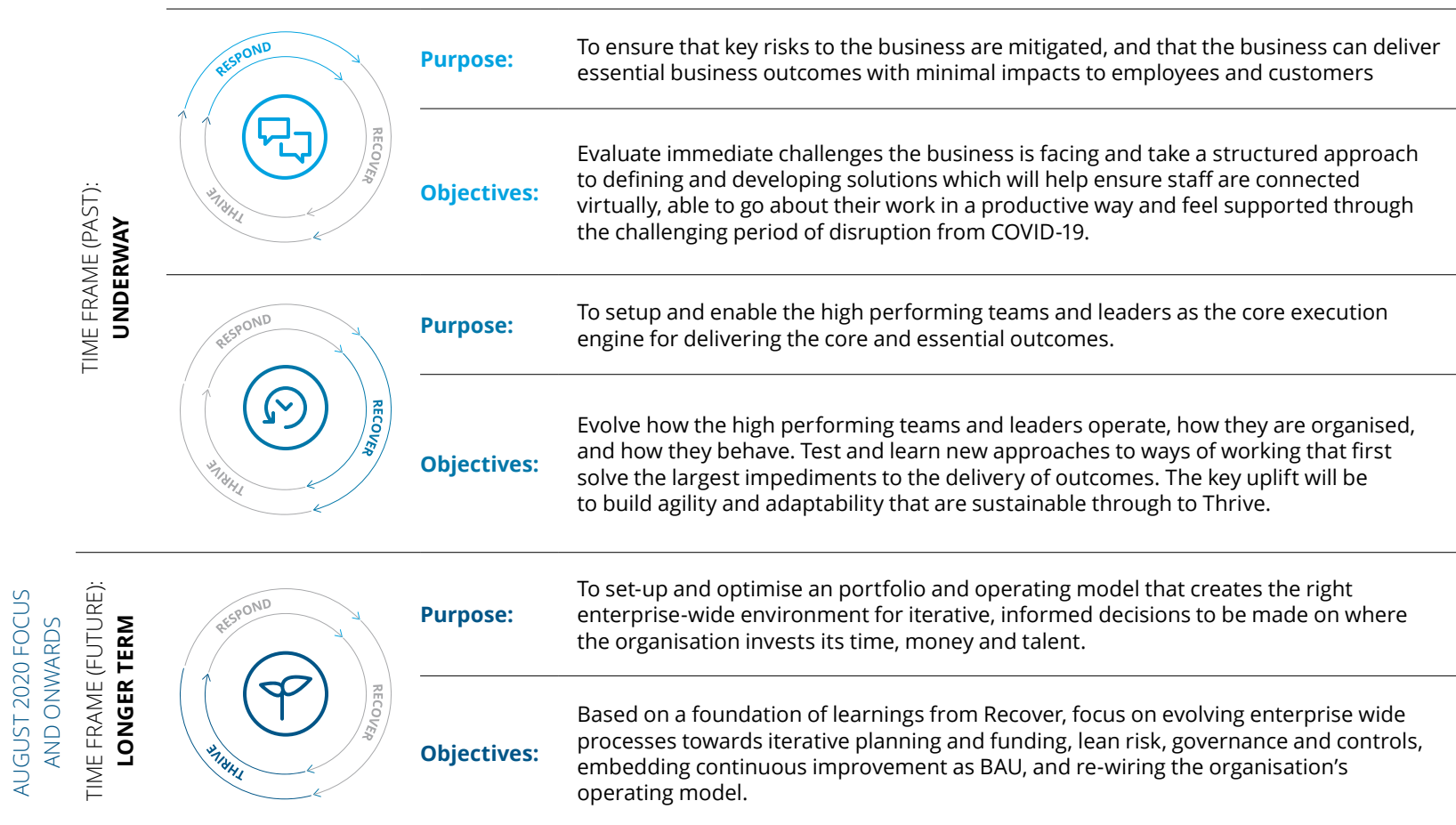Customer feedback

OUTCOME

SOLUTION

MEASURE

CONTINUOUS

This will help to establish a more agile environment for the high performing virtual teams and leaders to thrive in and yield longer term benefits for the organisation; benefits which include increased speed to market, improved bottom line results, elimination of waste, boosted customer satisfaction, increased productivity and more engaged employees.

Look to set-up your organisation to thrive in the 'next normal' – the time to experiment with ways of working is now.

Whilst maintaining a focus on the immediate challenges presented by COVID-19, businesses need to develop a 'test and learn' approach to recovery that allows them to re-invent themselves through iterative and incremental changes to their ways of working. To drive adaptability, organisations need to optimise how their people and their work are organised, and how the work gets done.

TIME FRAME (PAST): UNDERWAY

Purpose: To ensure that key risks to the business are mitigated, and that the business can deliver essential business outcomes with minimal impacts to employees and customers

Objectives: Evaluate immediate challenges the business is facing and take a structured approach to defining and developing solutions which will help ensure staff are connected virtually, able to go about their work in a productive way and feel supported through the challenging period of disruption from COVID-19.

Purpose: To setup and enable the high performing teams and leaders as the core execution engine for delivering the core and essential outcomes.

Objectives: Evolve how the high performing teams and leaders operate, how they are organised, and how they behave. Test and learn new approaches to ways of working that first solve the largest impediments to the delivery of outcomes. The key uplift will be to build agility and adaptability that are sustainable through to Thrive.

AUGUST 2020 FOCUS AND ONWARDS

TIME FRAME (FUTURE): LONGER TERM

Purpose: To set-up and optimise an portfolio and operating model that creates the right enterprise-wide environment for iterative, informed decisions to be made on where the organisation invests its time, money and talent.

Objectives: Based on a foundation of learnings from Recover, focus on evolving enterprise wide processes towards iterative planning and funding, lean risk, governance and controls, embedding continuous improvement as BAU, and re-wiring the organisation's operating model.

Virtual enablement through high performing virtual 'team of teams'

It is critical for organisations
to focus on how their virtual
high performing 'team of teams'
are organised, operate and
how they behave to deliver on
the 'right' work in the 'right' way.

**Responding to uncertainty with virtual
high performing team of teams**
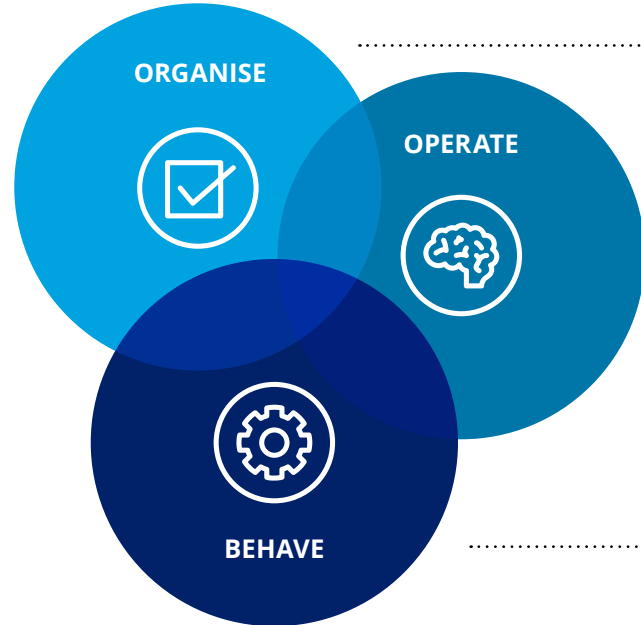
One of the barriers to increasing agility are the traditional functional silos and reporting lines. Organisations need to organise their high performing teams in line with how work actually gets delivered and aligned to the customer.

Capabilities and operating model
- Identify and address obsolete structures, capabilities, roles, processes, technology, and organisational culture.
- Shift towards a more adaptable operating model by breaking down functional silos to create multi-disciplinary 'team of teams'.

Outcome-based portfolio
- Coordinate a portfolio of work that is outcome-based rather than output-based for the 'team of teams' to deliver value.
- Quarterly planning cycles are essential to coordinate across the enterprise portfolio of work and to make decisions to 'pursue, pivot, perish or prioritise'.

Organisations need to focus on changing how they operate. Shifting to a continuous flow of value rather than funding projects and initiatives. Approach to risk management needs to shift from what could go wrong to what must go right.

Iterative planning and funding
- Plan and prioritise outcomes based on the value it brings to customers on a regular, iterative basis.
- Allocate funding to the most valuable work, not what work is currently in flight, and align your available capacity to suit.

Lean governance, risk and controls
- Encourage decisions at the appropriate level for speed and control, with 'just enough' information.
- Approach risk with 'what must go right' instead of 'what could go wrong'.
- Develop an effective and efficient control environment by reassessing the principles that your organisation follows.

An adaptable organisation is one that learns. Apply the principles of 'inspect and adapt' to both your products and ways of working with prioritised and regular feedback.

Continuous improvement
- Invest in small, regular changes that enable your workforce and allow your customers to shape and grow with you.
- Recognise and reward behaviours over unscalable one-off wins.

Test and learn mindset with feedback loops
- Establish a culture of seeking feedback to quickly validate current actions and support decisions.
- Encourage leaders to seek out issues and teams to speak out early to help create psychological safety.

To unlock enterprise value from the network of high performing virtual 'team of teams', we have put together a set of guiding principles and practical tips.

Capabilities and operating model

Global crises make organisations aware of challenges in their operating models. Many organisations make short term cuts to achieve immediate cost reductions through restructuring often overlooking the opportunities to redesign for optimised value delivery, revenue growth, and/or market share in a sustainable manner. The focus should be instead to keep the operating model 'fit and in shape' through addressing obsolete structures, capabilities, roles, processes, technology, and organisational culture. This should become an evolutionary, ongoing practice, not a short-term goal.

Shifting towards an adaptable operating model

Effectively balancing a **stable core** (that is efficiency driven) with a network of **flexible teams** to respond fast to change requires a dual operating model.

Relentless **focus on value delivery**, moving beyond an impact that returns only profit to one that is purposeful and demonstrates the social enterprise.

Keeping capabilities updated requires **continuous effort in developing T-shaped profiles** and team development, as well flexible talent contracting models (including flex, contractors, gig workers).

Shifting capacities requires **new roles**, like a Head of Remote Workforce (see the example at Github), appointed to coordinate and connect remote and on-site workers, and ensure they have the right tools and skills to connect and get work done.

Adaptable sourcing strategies, reducing dependencies on a limited number of suppliers/partners.

Creating **creative space for experimentation** and innovation as part of the 'BAU' way of working to embed it and continue to delight customers.
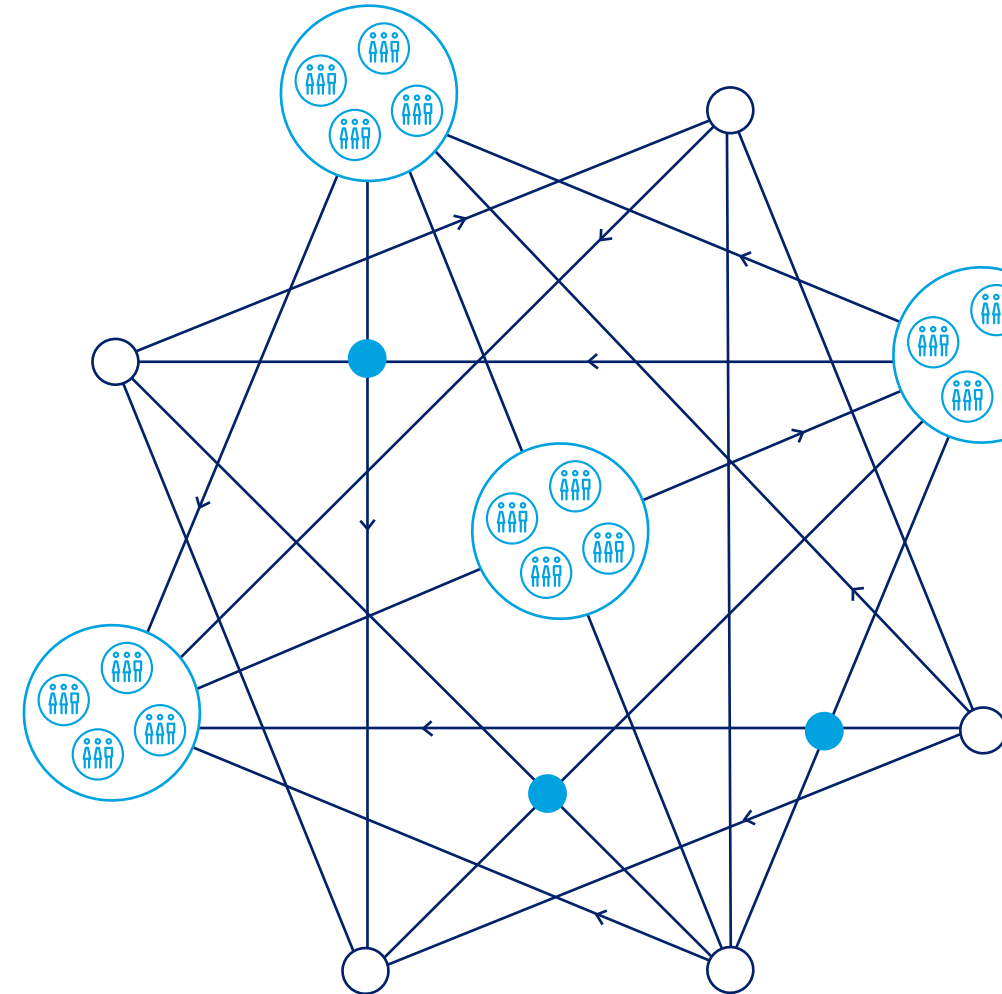
Outcome-based portfolio

As empowered virtual teams scale, organisations require portfolio coordination to ensure that the network of teams are doing work that aligns with the organisation's strategic objectives and that the investment made for the work is worthwhile. Portfolio coordination can be practiced by establishing an outcome-based portfolio where the outcomes are prioritised and sequenced in an iterative rhythm to achieve the overarching goals. The organisation then needs a rolling planning cycle that reviews how the outcomes have been achieved and provides direction to the teams moving forward.

How an outcome-based portfolio *may* look

VISION

STRATEGIC OBJECTIVE (MULTI-YEAR)

PORTFOLIO OBJECTIVE (<3 YEARS)	PORTFOLIO OBJECTIVE (<3 YEARS)

Annual Objectives (<12 months) | **Annual Objectives (<12 months)** | **Annual Objectives (<12 months)**

Q1 Q2 Q1 Q2 Q1 Q2

REGULAR CADENCE

Teams plan their work

Continual planning, refinement and exploration of outcomes

QBR process to coordinate portfolio

Continuous execution of work

Principles for working in an outcome-based portfolio:

- ✓ Allocate the work to the **team with the expertise**
- ✓ Work is **time-bound**
- ✓ Working on **the highest value item** that aligns with the strategic objective
- ✓ Learning to say no and delivering **the most value with your team's capacity**
- ✓ Stop starting, and **start finishing work**

💼 = Business solutions

💡 = Ideas, data and insights

8

Iterative planning and funding

Lean portfolio planning aims to drive the realisation of strategic ambitions by prioritising outcomes based on the value they bring to stakeholders on a quarterly basis. Funding is allocated to 'sticky and stable' teams for iterations of work based on capacity needed to deliver better value, sooner, safer and for happier customers and employees.

PRINCIPLES OF ITERATIVE PLANNING AND FUNDING

1. **Outcome/results driven** | Planning is based on Objectives and Key Results (OKRs) and achieving these through minimum viable solutions that contribute to long lived value streams and strategic objectives.

2. **Ownership for results and value delivery** | Every component of work, from strategic ambition to the team's work has defined owners, who define the expected outcomes and validate the results.

3. **Continuous monitoring and prioritisation** | Key roles within the value streams are empowered to monitor value delivery and manage changes in priorities based on customer demand and market events. This ensures that the teams are always focused on the highest priority work and changes to the plan are managed transparently.

4. **Funding 'sticky and stable' teams, not projects** | Funding is provided to a 'sticky and stable' teams based on the cost of running those teams and the type of outcomes the team should achieve. As organisations mature, they will be able to have a forward-looking roadmap of what the business needs are for the 'team of teams' and adjust capacity and resourcing accordingly.

GETTING STARTED – CREATING FOCUS AND OPTIMISING FLOW

Definition | Start by sensing, shaping and seizing opportunities through ideas, data and insights by creating your organisation's strategy in the form of OKRs

Sync – Do – Activate cycles | Ensure frequent review and changes in direction if needed

1. **Sync** – Quarterly cycles of planning of strategy-derived work and distribution to teams

2. **Do** – Fortnightly cycles where work enters a team backlog and is completed in iterations, with results made available to customers

3. **Activate** – Continuous delivery of solutions to customers when ready.

Lean governance, risk and controls

The approach to risk must change from **what could go wrong** to **what must go right**. To do this, adaptable organisations need to have a deep understanding of their risks and work towards developing a lean, efficient control environment, where they can operate safely, while still allowing themselves to move quickly.

Lean governance principles

WHO SHOULD MAKE THE DECISION?	HOW SHOULD I MAKE THE DECISION?
☐ Those closest to the work	☐ With just enough insights/data
☐ Centralise decisions that change direction	☐ Quickly within an agreed risk profile
☐ Decentralise decisions that decide action	☐ With the customer outcome at the forefront

Key principles for effective and efficient risk and controls

Minimum viable compliance (MVC). Effective control environments understand risk and focus on mitigation where it matters. For risky changes apply more compliance; apply less compliance for lower risk changes.

Don't do it all at once. Improve your control environment over time, focusing first on where you can have the greatest impact in reducing risk, while assisting delivery.

Understand different types of risk i.e. legal, information security, product, etc. Take a 'risk is everyone's job' approach by embedding mitigating guardrails into your teams and your delivery model.

Where possible, automate. Many standard risk mitigations can be automated to provide continuous compliance rather than validation after the fact.

Be clear on the non-negotiables. Set the organisation's risk profile and define how each outcome fits into this. Set minimum viable compliance requirements as non-negotiables.

Continuous improvement

The world is in constant change driven by a myriad of forces that organisations are no longer capable of keeping up with. Organisations today need to constantly respond through small improvement cycles, embedding change though fast learning and experimentation.

PLAN

DO

CHECK

ACT

Empowered teams
To establish trust between leaders and teams, clear guardrails and autonomy to make decisions based on their expertise and customer insights is essential.

Experiment and learn mindset
Improve through experimentation in small steps, with frequent validation with your customers (internal and external).
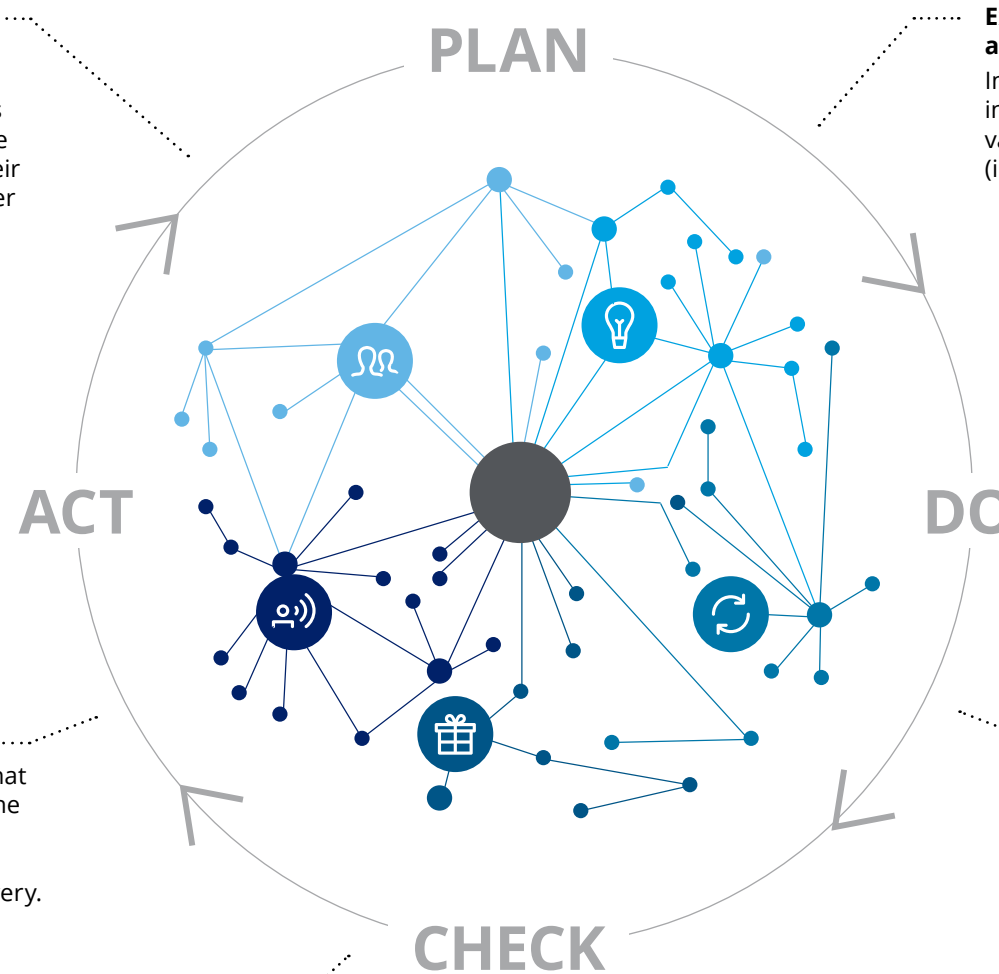
Customer insights
Provide teams input that helps them focus on the most valuable things to improve to ensure continuous value delivery.

Leaders remove barriers and impediments
Often the same barriers and impediments are experienced by multiple teams. To minimise waste, solving these barriers at the enterprise/system level is most efficient. This requires leaders to take ownership to address impediments that impact multiple teams or value streams.

Improving for impact
Any improvement starts with defining a measurable benefit that describes tangible outcomes.

Test and learn mindset with feedback loops

Actively seek out feedback to learn about problems and convert them into opportunities – this includes both customer problems and challenges in your ways of working. These insights should be injected into conversations between teams and leaders to guide more informed decision making and actions to test and learn what will work to resolve the problem.

Managing feedback

- **Clarify** what type of feedback you are seeking
- Establish **simple** and **safe** channels to obtain feedback
- Minimise the **delay** between the **source** to keep it **relevant** and **valuable**
- **Reward** those who to speak up or seek to identify problems and recognise the efforts to resolve such problems
- Close the **loop** only when the **underlying** root cause is identified and addressed.

Desired feedback traits

Leaders: I want to hear about the problems we're facing so that I can help the teams deliver better

Teams: I need to call out issues early so that they don't become too hard to resolve later

Teams: I need to listen to my customers so that I can build something of value

Underpinned by:

PSYCHOLOGICAL SAFETY	DATA-DRIVEN INSIGHTS	SERVANT LEADERSHIP	ITERATIVE AND EMPOWERED TEAMS

How you respond now will create a lasting impact on your organisation moving forward

Like never before, being able to respond with agility and adaptability is a ticket to play in this environment. It can be the difference between survival or suffering the fate of Blockbuster, Sears, RadioShack, or Kodak to name a few. With a focus on these building blocks and a growth mindset, we believe that we can be productive and thrive in this 'next normal'.

Virtual enablement through high performing virtual 'team of teams'

Want to know more?

Get in touch with your local leads, if you would like to know more about optimising the way your team and enterprise is organised, operates, and behaves.

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