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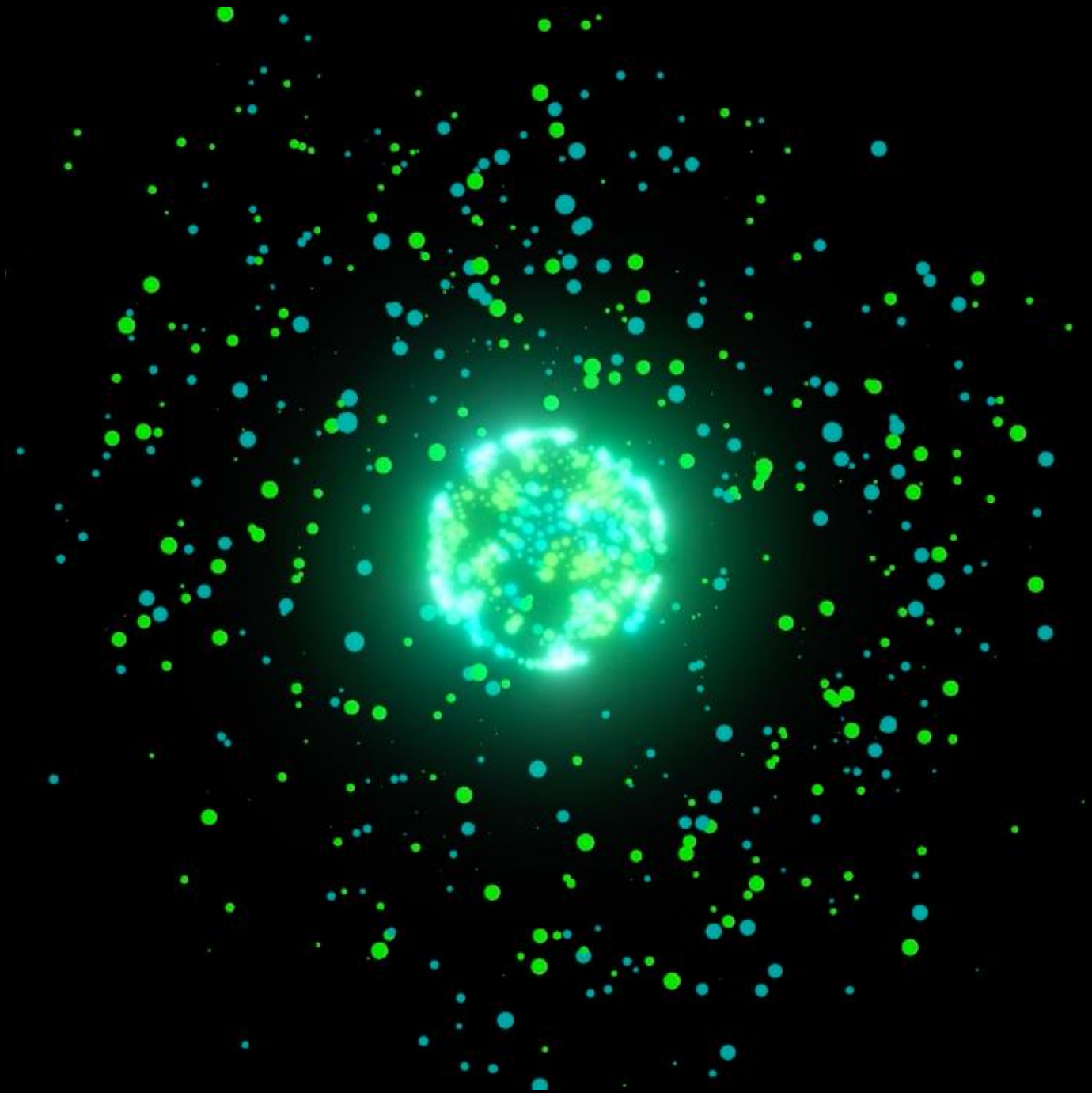

Major Programmes

Ready To Operate

December 2023

“Operational Readiness isn’t a final check, it shapes how and what the Programme delivers”

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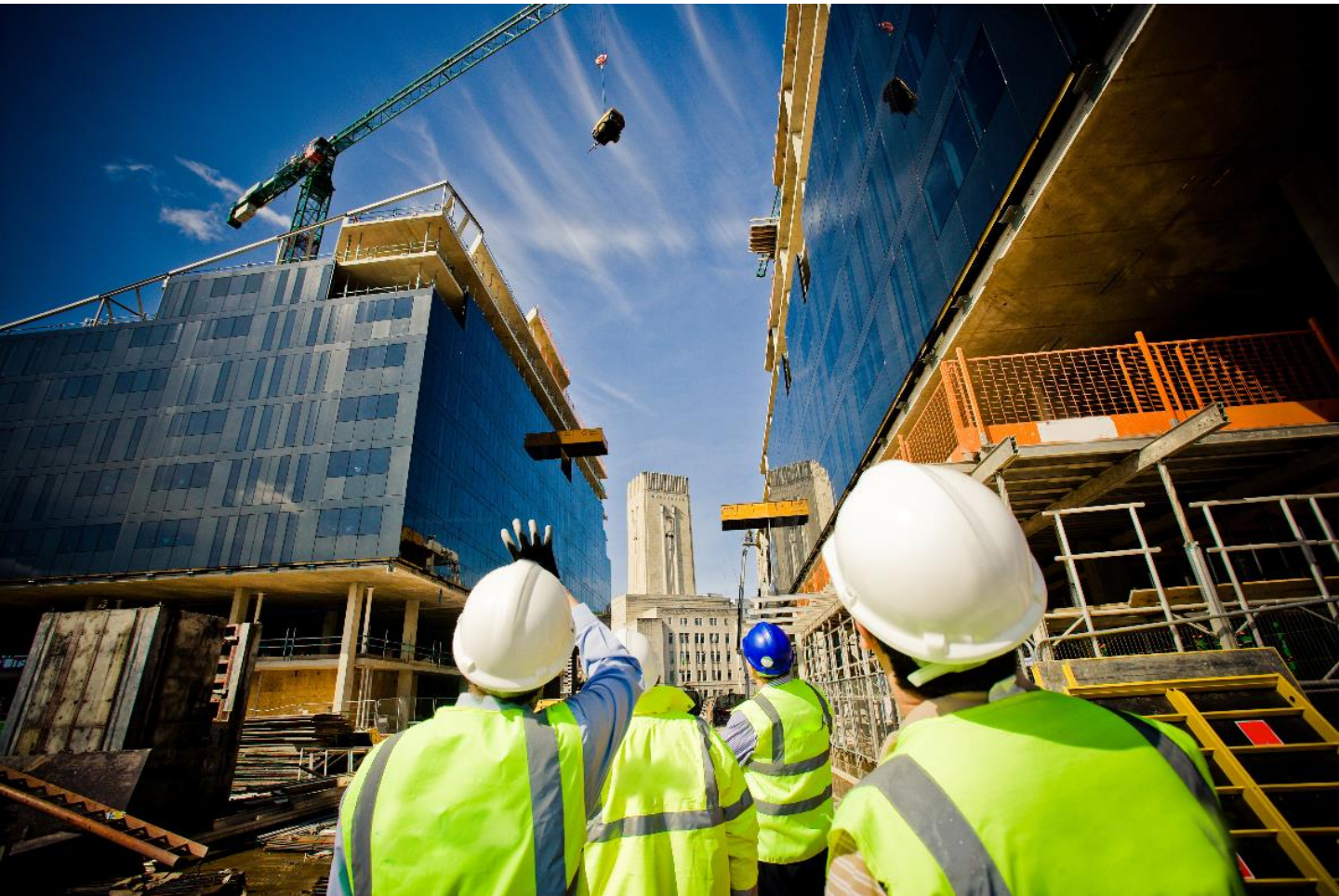
The Case for Operational Readiness

Are you ready?

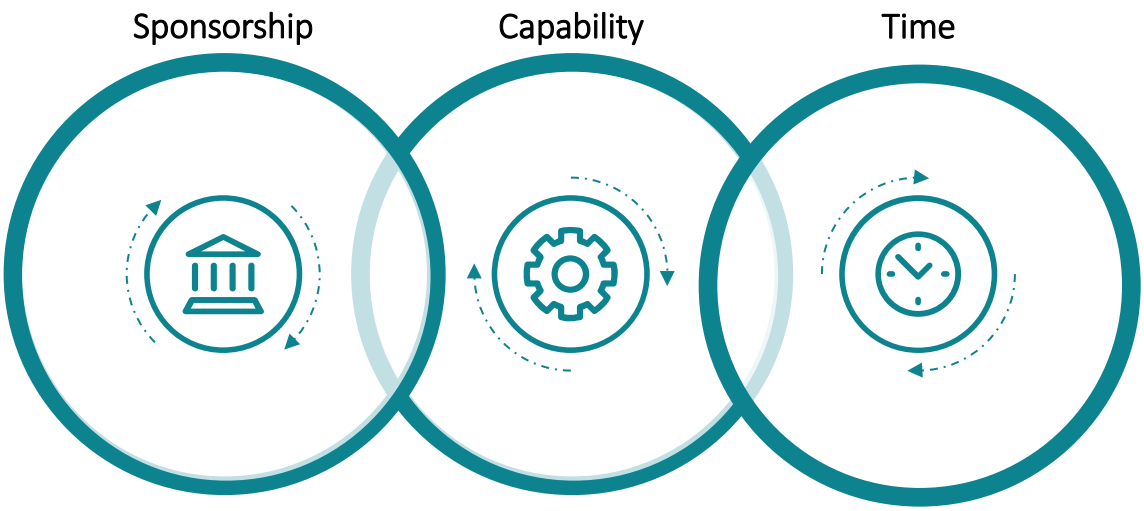
Societies today face a growing set of complex environmental, economic and social challenges which require major national and global programmes to engineer significant change. These programmes interface and are integrated into increasingly complex ecosystems which are inherently difficult to operate, control and evolve. The UK government for example, sets out in its 2022/2023 GMPP (Government Major Programmes Portfolio) annual report a portfolio of programmes that will have a whole life cost of £805bn and aims to deliver £758bn of monetised benefits.[1] This perspective focusses specifically on an underestimated part of the benefits delivery equation, operational readiness. Our view is that a more proactive and purposeful approach is needed to successfully navigate the increasing complexity of launching major programmes in rapidly evolving ecosystems. In doing so, you will increase the likelihood of realising targeted benefits and managing the inherent risks of the programme. For wider insights on how to deliver major programmes see our Programme Aerodynamics approach.



Core principles

All too often, major programmes have elements of failure hard coded into them right from the outset. Programmes that fail to recognise the importance of operational readiness often expose themselves to increased initial spend, on-going operational cost, unnecessary burdens on their people and damaged stakeholder confidence. For example, Crossrail had an additional £4bn in project cost and £1.25bn in lost operational revenue[2] and Heathrow Terminal 5's opening failure reportedly cost British Airways £16mn[3] in the opening week and significantly damaged their reputation. Programmes that embed operational readiness from the outset typically identify risks earlier, mitigate design issues when they are less costly to resolve, and build highly capable teams.

Through our major programmes experience we believe three core principles are critical to successful operational readiness.



Without clear sponsorship to set the direction and enforce the importance, **readiness is often an afterthought**. Effective sponsorship is key to:

- defining what readiness looks like
- consistently pushing the agenda
- managing and aligning incentives

Being operationally ready requires **a dedicated readiness capability** within the programme. This capability needs to be based on the experience and insights of those who have operated the output before, and brings together the necessary governance, process, skills and data in a deliberate way.

Timing, as they say, is everything. Readiness can't be something left to the final days of the delivery programme. Effective Readiness is considered, resourced, and planned for, from the outset, and evolves over the life of the programme.

1. Sponsorship

In our experience, successful major programmes embed operational readiness from the outset, and that this is enabled by clearly appointing **sponsorship** for operational readiness at the Executive level. This provides the consistent golden thread running from set up, through delivery, to completion and transition. Having an Executive sponsor helps in three important ways:

1. **Culture, expectations & approach:** The executive sponsor sets the culture, expectations and overall approach for readiness activities on the programme, providing clarity on the vision and principles for delivery. For example, following the failure to successfully launch an expansion of the rail network (see case study below), the CEO stepped in as the executive sponsor for readiness, setting a clear culture around its importance and the expectations he had on each member of the Executive team.
2. **Consistent, senior advocate:** During delivery of major programmes, Executive agendas will have constantly competing priorities. Operational readiness will often be the poor cousin to short term delivery challenges. Having a consistent, senior advocate that can navigate those conflicts and challenge decision making through the lens of operational readiness is a critical success factor of major programmes.
3. **Incentives:** Incentives drive behaviours and where they are poorly aligned often create sub-optimal outcomes. Understanding this in a major programmes context is really important. A classic example is where teams sit outside of the programme but are critical to its success e.g. operations teams who have safety critical day jobs to manage. Identifying and managing this conflict is a top priority and will require Executive level authority to help manage and address.

CASE STUDY: Vertically integrated rail company: *The failure to successfully launch expansion of the rail network led to a Commission of Enquiry that recommended a fundamental transformation of how the organisation approached operational readiness. The programme needed to determine how best to recover to pre-crisis service levels whilst also supporting a major global event during the recovery period.*

CHALLENGE

- **No structured or consistent approach** to operational readiness assessments
- Used **multiple scheduling systems,** with no single, integrated data sets
- Projects **operated in silos** without consideration of impacted business functions
- **Risks and issues** were not effectively escalated to Executives

APPROACH

- CEO stepped in as **executive sponsor**
- Developed **enterprise-wide operational readiness framework**, (incl. processes, toolkits and governance)
- Established a dedicated **Portfolio Operational Readiness team**
- Defined **universally understood data sets** to monitor and measure readiness

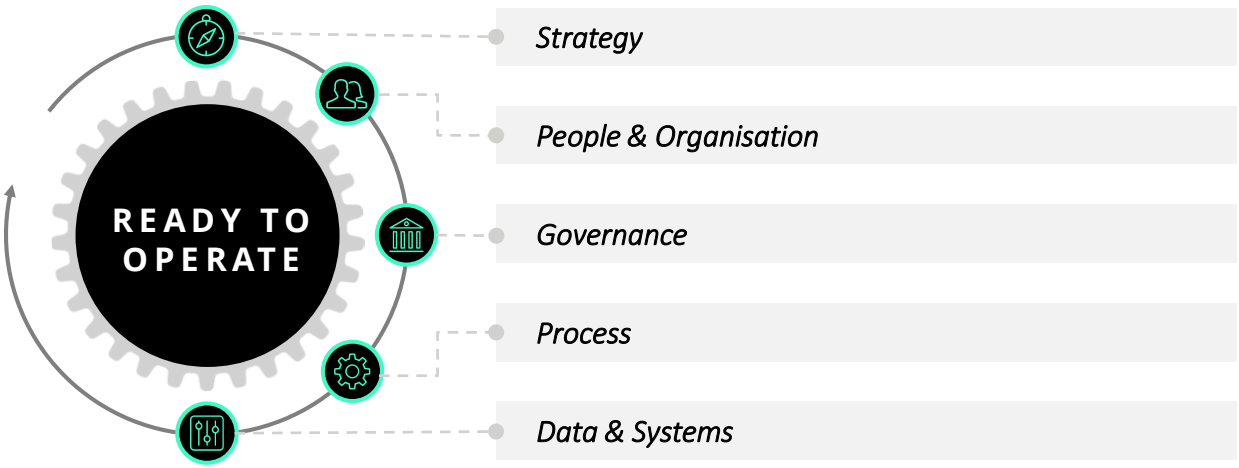
OUTCOMES

- **Successful return** of service levels
- Embedded **enterprise operational readiness framework** and culture
- Established an **integrated operational planning** function to drive readiness focus
- Leadership Team able to make **informed decisions** to **reduce portfolio risk**
- Executive alignment driven by **CEO support**

2. Capabilities

As detailed in our setting up for success approach, major programmes need to carefully consider the capabilities required to deliver its mandate. Whilst there are multiple models on how best to establish operational readiness e.g. insource vs outsource, our experience is that:

- the **model that most simply** brings together the different skills needed to execute the operational readiness should be used
- operational readiness capability is **most effective** when built around a team of people who have lived knowledge and experience of operating post-delivery
- operational readiness capability should be used to help manage not only the programme go-live but to support **programme inflection points** across the delivery lifecycle
- operational readiness capability needs to bring together **five core components** (see below) to be effective



Strategy - The purpose of the operations readiness capability, how it will operate, and what value it will deliver. The strategy is derived directly from and supports the programme's business case and objectives. This provides consistency and clarity for the programme, an alignment to the organisation's wider strategy, and helps balance the various and often competing priorities of different stakeholders and suppliers.

People & Organisation – The competencies, skills, location and structure within the programme. Our experience is that a core capability that combines lived experience and strong programmatic skills should be present for as long as is possible. This is then periodically supplemented with specific skills or individuals as and when required e.g. technical SME assurance, external partners.

Governance – the decision flow and information that drives informed and timely decision making. Governance set-up and pro-active co-ordination are important roles of the ops readiness team throughout the lifecycle of the programme. Early decisions often have major unintended downstream consequences that could have been avoided by applying a readiness lens.

Process - Clearly defined processes that enable requirements to be communicated, understood, tracked, and ultimately, met. They provide unambiguous structure to allow multiple groups of people working across unwieldly programmes to deliver readiness consistently.

Data & Systems – Major Programmes produce vast amounts of data, which can be utilised to plan and test readiness prior to go-live. For this to be effective however, it must be gathered, cleaned and organised through an appropriate systems architecture, so the right questions can be asked and answered. The foundations for good data management should be set from the outset, enabling effective planning and reaction to change throughout a Programme's lifecycle.

CASE STUDY: National Testing Programme: *As part of the Government's Covid-19 response, the UK needed to dramatically scale their lab capacity to handle growing testing demand, whilst causing no disruption to ongoing testing. The capability to rapidly identify and open new labs did not exist, and needed clear processes and the right skillsets in order for readiness to be met prior to go-live.*

CHALLENGE

- UK's Covid-19 testing capability was required to **rapidly expand from concept to realisation**
- Navigating a major capital construction programme with **global supply shortages** through peak of the Covid-19 pandemic
- Designing and building a major scientific facility in a **complex, highly regulated, and multi-stakeholder environment,** with significant **media and public scrutiny**
- **Limited coordination** across local authorities, academic partners, construction teams and **multiple supply chains**
- Intense time pressures required a **process of continuous go-lives while building additional capacity**

APPROACH

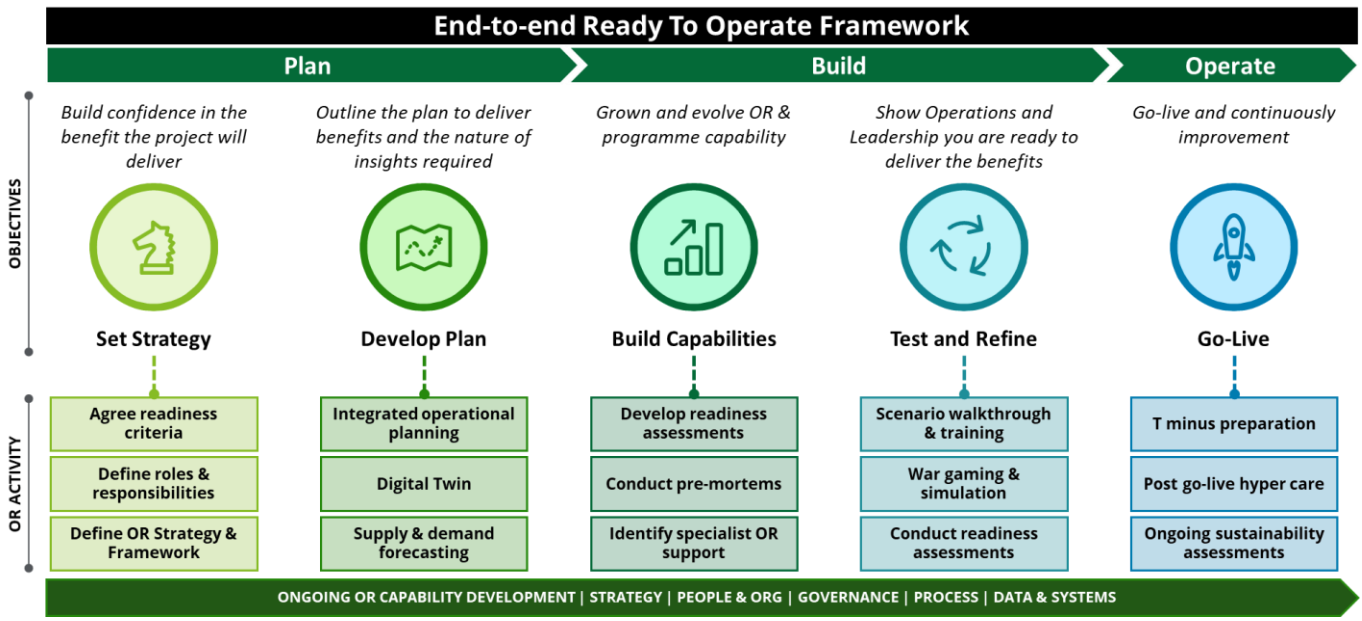
- Deployed a skilled team to **project manage and coordinate** across various business functions and workstreams
- **Established an operational readiness capability** to rapidly form and develop the senior leadership team and then assist them in transition to live operations
- **Governance was streamlined** earlier in the programme, with **rigour being built in** to match the scale as the programme matured
- **Operational staff were integrated** into the readiness capability to utilise their **lived experience** to inform the process during design and scaling

OUTCOMES

- Quickly delivered a capital infrastructure project from business case, design, build, through to **implementation of the lab, the operator,** and the **solution as a whole in half the traditional timeline** of this scale
- Formation of an **operator organisation,** and an **effective leadership team** and **workforce**
- Governance structure **enabled quick decision making** to meet the required timescales, with more control added to scale up
- The end-to-end process was trialled on a small scale, enabling issues to be mitigated and **improvements made prior to scaling up**

3. Time

Major programmes evolve over time, priorities change and therefore, the approach to operational readiness must keep pace. In our experience, specific activities are required across the programme lifecycle. The diagram below illustrates the types of activities we expect over a standard, linear programme lifecycle. In a more agile environment the same activities are needed but will vary to meet the size or nature of the go-live event.



1. Plan

Set Strategy: *Start as you mean to go on…*set the tone and expectations regarding readiness from the outset - readiness cannot be left as a last minute afterthought. Rather, readiness as a capability and focus area needs to be embedded throughout the delivery of the programme, and scale up and down dependent on the programme stage, need, and focus areas. Practically, for a transformation programme that might mean defining and agreeing readiness criteria for a major transition state, or for new infrastructure that might be a hard look at the complexities of turning on an asset before the programme roadmap is established.

Develop plan: *What information is needed when…*the nature of the change that is occurring i.e. complexity, risk, size, defines what operational readiness approach is needed. As an example, during the early stages of a major programme, data will be limited and so we specifically consider integrated operational planning needs and whether something more than the ordinary is needed to model the operational environment. This can range from long term supply and demand analytics to test the impacts on live operational environments, to digital twins needed to mimic a complex, brownfield environment, to simpler critical path assessments. All of these serve to establish a common dataset and language to use between parties and provide insight and in turn confidence. Giving careful consideration to the data needs over the programme lifecycle is a priority question for the operational readiness capability.

2. Build

Build Capabilities: *Don't leave it until the last minute…*a programme will go through a series of inflection points throughout it's lifecycle, for which it will need a certain level of capability maturity. It is important to plan for these points and continually develop your capabilities in preparedness for them. Readiness Assessments can be used to determine the preparedness of a programme in the run up to an inflection point. These help to provide assurance to sponsors that the programme is on track, as well as identify gaps or high risk areas that are lacking in their readiness capabilities. This approach of consistent tracking provides the programme with the ability to course-correct and target specific capabilities for development before it is too late.

Test and Refine: *Simulate, its more than just a checklist*…the manner in which you pose and position questions to audiences has a large impact on the insights gained. We have found success in adopting more interactive methods to engage audiences and explore the risks that need to be effectively managed. For example, running pre-mortem exercises that explore a future scenario where the programme failed - why did it go wrong? Prior to the London Olympics, multiple test days were run to simulate as closely as possible a live event. During a hospital commissioning project, during the T-minus countdown period clinicians were required to run live simulations that enabled timely identification and resolution of problems and gaps before go live. The richness of this data, learning and insight, combined with structured process and governance, is an effective method to effectively manage the risks of a go live event. We also expect assessments to be run multiple times, becoming more and more detailed as we approach the go-live.

3. Operate

Go-live: *Don't stop providing insights…*following a successful go live there is often a period of hyper-care to pick up the snags post go-live. We have also found that the tools developed during the earlier stages e.g. integrated operational planning, have post go-live value. They can be used to help drive continuous improvement through the insights they bring, re-enforcing the value that investing in operational readiness can bring. For example, digital twins or supply and demand models can be used to continue to test scenarios for continuous improvement of future change.

"Operational Readiness" is a state that is moved toward incrementally by performing tasks and creating deliverables throughout the Project Life Cycle[4]

CASE STUDY: Crossrail, Operational Readiness Planning: At its time, Europe's largest civil engineering construction project. It was an immensely complex, regulated project with 14 miles of new 'twin' rail tunnels beneath London, connecting 41 stations across the capital, of which 10 were new Central London stations and the first wholly digital railway in the UK with multiple systems and innovative network infrastructure.

CHALLENGE

- The Programme was under a high level of **public and regulatory scrutiny** following significant delays to schedule and over budget
- **Competing priorities of end requirements created tension** between the Programme and Operator that had to be resolved to successfully deliver Readiness
- The **delivery strategy had to be completely redesigned** due to disruption from the Covid-19 pandemic, **impacting scope, sequence and configuration of the operational railway**
- **New sets of readiness requirements** had to be developed to reflect the **changes in the railway's scope, sequence and configuration**

APPROACH

- **Redesigned the Operational Readiness Strategy** focussing on **readiness configuration states** and the handover of the "build" into "operate"
- Assessed Crossrail's overall **Operational Readiness maturity** against an Operational Readiness Framework
- Established an independent "Readiness Board" to provide **strategic integration** and focus on **T-Minus Readiness Reviews** against a definitive set of **Operational Readiness requirements**
- Developed a schedule of **over 200 Operational exercises** to test and refine operations in the run up to go-live

OUTCOMES

- **Clear strategy and configuration states** enabled the programme and the operator to **understand and track readiness** requirements
- The newly established **independent Readiness Board** prioritised requirements over T-Minus 20 week periods enabling the Programme to maintain progress and **meet the revised post-pandemic schedule baseline**
- Clear **Operational Readiness requirements** across five opening phases of the Programme enabled the **improvement of ways of working** and mitigation risks to the programme through transparency and **alignment of shared milestones**

"Deloitte produces amazing, quality outputs. There is a theme of logic, structure and practicality that runs through everything" Mark Wild, CEO Crossrail.

Find out more

We would be delighted to discuss what our Ready To Operate framework could mean for your major programme. Our key contacts are below, who you can reach out to via email or LinkedIn.

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