

A young man with dark hair, smiling, is sitting at a desk and working on a laptop. He is wearing a grey jacket over a white t-shirt. The background shows a blurred office environment with shelves and books. A purple and pink gradient graphic element curves across the image, framing the text on the left.

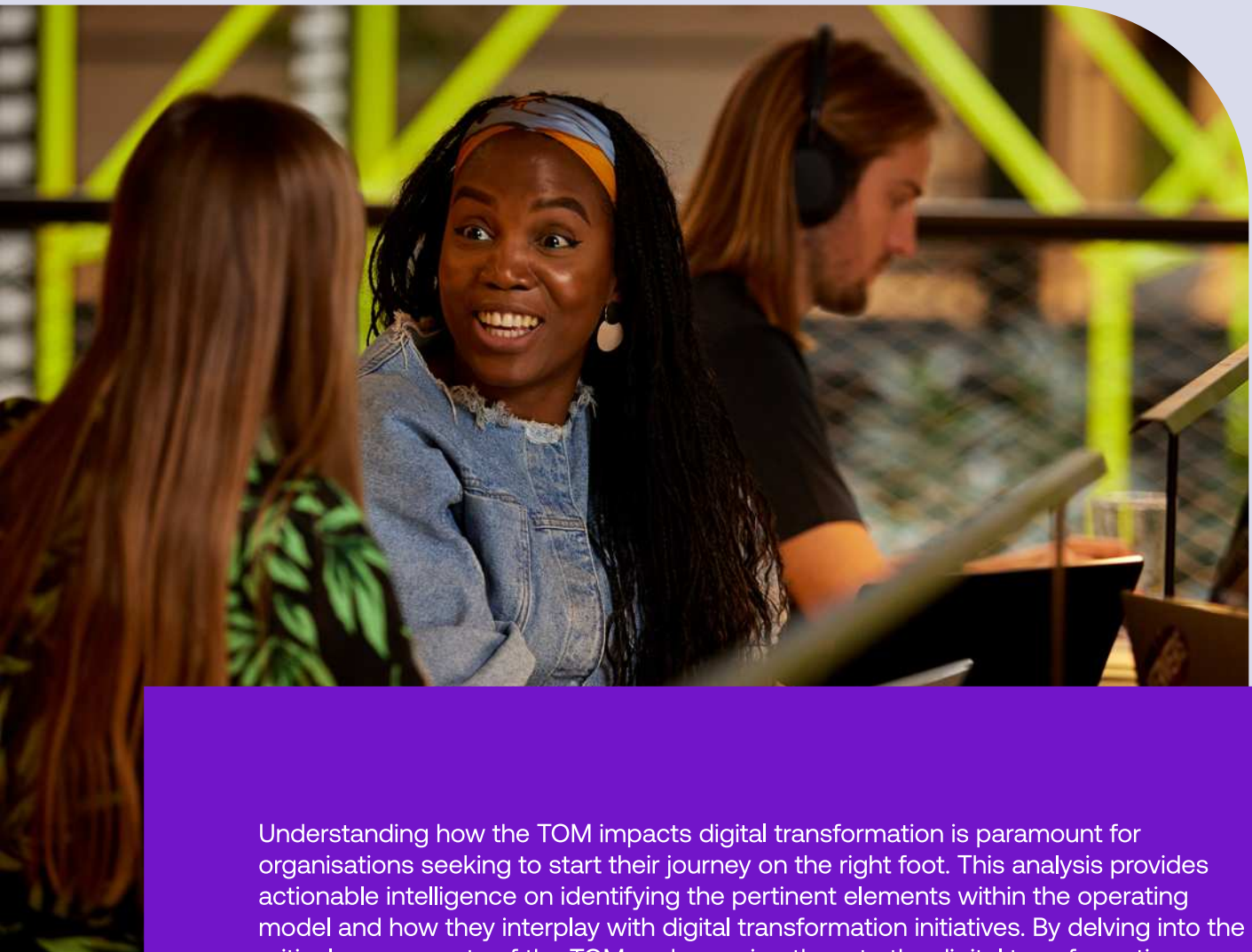
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The Crucial Link

Aligning the Target
Operating Model (TOM)
with Digital Transformation.

Introduction

In today's rapidly evolving business landscape, the crucial link between digital transformation and the Target Operating Model (TOM) has become an imperative for organisations seeking to remain competitive and future-proof. However, embarking on a successful digital transformation journey requires a strategic approach that aligns with the organisation's TOM. The operating model defines how the organisation operates, encompassing its structure, processes, technology, culture, and capabilities.



Understanding how the TOM impacts digital transformation is paramount for organisations seeking to start their journey on the right foot. This analysis provides actionable intelligence on identifying the pertinent elements within the operating model and how they interplay with digital transformation initiatives. By delving into the critical components of the TOM and mapping them to the digital transformation process, organisations can create a comprehensive roadmap for a successful transformational journey.

This whitepaper is intended for anyone tasked with researching how to start with digital transformation.

Understanding the Target Operating Model (TOM)

What Is a Target Operating Model?

A Target Operating Model (TOM) is much more than a diagram or a strategy document. It's your organisation's blueprint for how to run smarter, move faster, and deliver more impact. At its core, a TOM defines how the organisation should operate to meet its goals clearly, efficiently, and with purpose. It brings every part of the business into alignment, from structure and processes to technology, culture, and people. Think of it as the “how” behind delivering your business strategy.

With a strong TOM in place, leaders can make faster, more informed decisions. Teams work better together, resources are used more effectively, and the entire organisation becomes more resilient and adaptable in a changing world.

There's no one-size-fits-all model when it comes to a TOM. It doesn't have to look a certain way or follow a fixed format. That flexibility can be confusing at first, but it also means your TOM can be shaped around your unique business, goals, and transformation journey.

If you're focusing on digital transformation, there are specific TOM elements that become especially important—like the right processes, technologies, and skillsets to power change. Knowing what to look for makes the discovery process easier and a lot more actionable. Ultimately, a well-defined and implemented target operating model empowers the organisation to work cohesively, adapt to challenges, and achieve its strategic objectives with greater agility and long-term success.



Most relevant TOM elements



Vision, Mission & Objectives

These elements provide the organisation with a clear sense of direction and purpose. The vision articulates the desired future state, while the mission defines the organisation's core purpose. Objectives set specific, measurable goals to achieve alignment and focus efforts on strategic outcomes.



Geographies & Organisational Structure

Your geographies define the regions and communities you serve, shaping service delivery and local decision-making power. Meanwhile, your organisational structure lays out the roles, teams, and reporting lines that drive performance. Both aspects help determine how resources are allocated, decision-making processes, and the level of autonomy within different units.



Operational Processes

Your operational processes are the engine of your organisation. When they're streamlined, consistent, and aligned to strategy, everything runs smoother teams are more productive, issues get resolved faster, and value is delivered more efficiently. Understanding which processes are core to your purpose (and which are not) helps sharpen your focus and allocate resources where they matter most.



Technology

The right digital tools and platforms help your teams work smarter, collaborate more easily, and serve customers better. Whether it's automating manual tasks, connecting insights across different systems, or supporting a remote workforce, technology is the foundation for delivering change and driving long-term support.



Organisational Culture

It's the values people carry, the way teams interact, the everyday behaviours that shape your workplace. A positive, inclusive, and purpose-driven culture empowers employees to collaborate, innovate, and stay committed to your goals.



People, Capabilities & Skills

Employees are the driving force behind any TOM's success. Identifying and developing the right capabilities and skills in your workforce ensures that they are equipped to deliver on strategic objectives. Investing in employee development and training leads to higher performance and supports the overall organisational goals.

Understanding Digital Transformation & its implications

What is Digital Transformation?

Digital transformation, also called digital-led business transformation isn't just about using new technology. It's about taking a step back and rethinking how your entire organisation works.

It's a full-picture look at your people, processes, data, and tools, with the goal of moving from isolated mindset and manual working to fully integrated and intelligent systems. The primary goal of digital transformation is to elevate your ways of working from their current maturity level to interconnected and integrated processes across the board; all powered by the right technology.

A Journey Toward Organisational Maturity

In today's world, staying competitive means evolving quickly. If your teams are bogged down by repetitive tasks, disconnected systems, and hard-to-find data, it's a sign your organisation is still operating at a low level of digital maturity.

That's exactly where digital transformation changes the game.

By embracing modern tools, automating inefficient processes, and eliminating manual work, you free up your people to do what they do best; think creatively, act strategically, and deliver better outcomes. By integrating innovative technologies, streamlining processes, and empowering employees with modern tools, organisations can enhance productivity, boost customer satisfaction, and position themselves as industry leaders.

It's Not Just Tech, it's a New Way of Thinking

True digital transformation isn't just about rolling out new apps or systems. It's about adopting a digital-first mindset; one built on agility, collaboration, and continuous improvement. This shift creates a culture where data drives decisions, teams break down silos, and change becomes a normal part of growth. Organisations that get this right move faster, make smarter choices, and stay one step ahead of the competition.

In short, digital transformation is your opportunity to future-proof your business and build a stronger, more connected organisation ready for whatever comes next.



Aligning Digital Transformation with the TOM

If your organisation is setting out on a digital transformation journey, having a clearly defined Target Operating Model (TOM) is essential.

Think of the TOM as your strategic compass. It aligns your transformation efforts with your business goals and brings clarity to how all parts of your organisation like your people, processes, data, and technology need to work together to make that transformation a success.

A strong TOM creates a cohesive, organisation-wide approach, helping you move from siloed or inconsistent ways of working to a more connected, integrated future. It creates a clear picture of where you're headed and identifies how to get there.

Example:

A manufacturing company has production capability across multiple geographies, but the finance function is centralised to a single shared service centre.

For reporting purposes, the usual geographic split of the world is altered with the UK being reported alongside the US and Canada

The marketing function is not seen as core activity and will be outsourced over the next 2-year period. Each of these examples will impact on the future digital technology landscape and architecture, altering which components are available to benefit from a transformation agenda.

Why TOM Matters: A Real-World Perspective



In some organisations, the existing operating model can get in the way of transformation. For example, if different business units or regions have too much independence in how they choose and adopt tech, it becomes difficult to build connected systems and standardised processes.

On the flip side, organisations with a unified culture and clear leadership vision tend to see much bigger benefits. When process improvement goes hand-in-hand with smart technology choices, teams can break down barriers and move faster together—leading to major improvements in performance, agility, and customer experience.

The message is clear: digital transformation needs a joined-up approach, not a patchwork of disconnected efforts.

Building on What You Already Have

Digital transformation doesn't mean starting from scratch. In fact, one of the smartest moves you can make is to leverage the strengths and capabilities already in your organisation.

By exploring the existing capabilities within the organisation, leaders can harness strengths to facilitate digital transformation and advance their journey. The target operating model serves as a guiding vision for an organisation, representing the desired future state. In some cases, the business may currently lack specific capabilities to immediately embark on a full-fledged digital transformation. However, digital transformation is fundamentally a people-driven agenda, and it is crucial to explore existing capabilities that can be harnessed to support this journey.

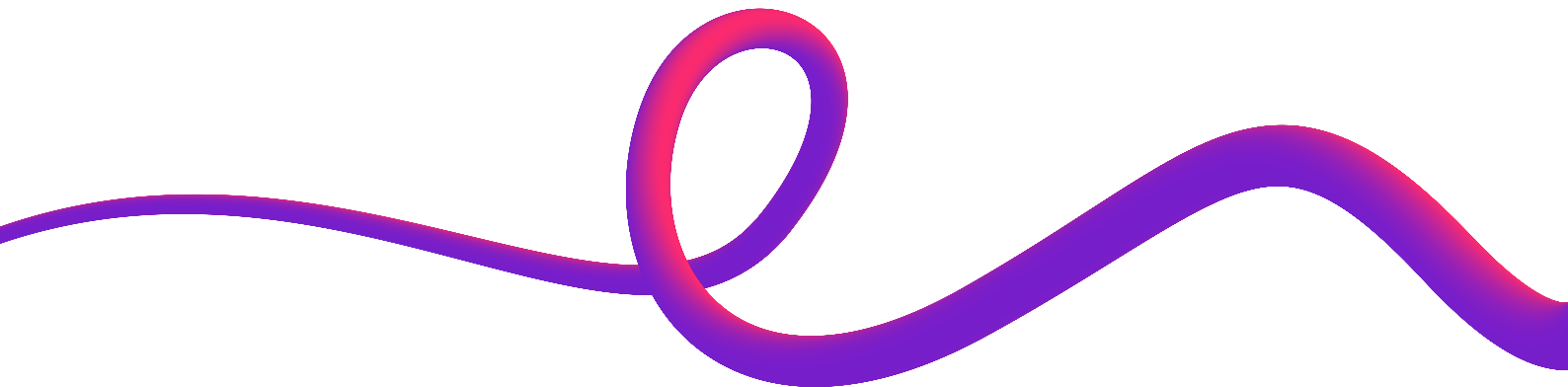
By looking across the organisation, leaders can identify areas where current capabilities can be utilised to facilitate digital transformation. For instance, workforce expertise in certain domains, innovative problem-solving skills, or a culture of adaptability can serve as strong foundations for technological integration. Embracing these existing strengths and aligning them strategically with the transformational vision empowers the organisation to take incremental steps towards its digital aspirations. As digital transformation is an ongoing process, recognising and leveraging existing capabilities can set the stage for a more seamless and successful transition.

In our technology led transformation discussions, we have found:

A CEO looking for a way to streamline the business operation but stuck on how to achieve this alongside servicing existing client needs.

A Sales team that are keen on revitalising internal processes to improve the service to the customer, with downstream departments unwilling to change long standing ways of working.

Innovative software solutions unable to capitalise on first mover advantage due to legacy back-office systems. Each of these examples represents an island of capability which can be effectively brought into a digital transformation project to accelerate adoption and change.



Tackling Common Transformation Gaps and Challenges

Every organisation faces obstacles when moving from the current state to their target operating model. It's obvious there will be obstacles which will impede the transition. Most of these challenges can overcome with the right digital mindset and a bit of planning.

Legacy Systems & Outdated Technology

Existing legacy systems, outdated technology and 'burning platforms' are frequently the start of an organisation's journey to digital transformation. The tools in use at an organisation should be supporting organisational efficiency and growth and if they are not, they should be changed. Businesses in this position should:

- Consider developing a technology roadmap that's how's how legacy systems can be replaced or modernised.
- Look at collaboration between IT and business teams in joint decision making to ensure alignment on technology investment.
- Run pilot projects to demonstrate the value of new technologies to build support for further transformation.

Poor Data Governance & Data Quality

Most board level conversations are centred around data, the interpretation of data and the use of that interpretation to drive organisational behaviours. However, many organisations also suffer from poor data governance and data quality which can hinder practical data driven decision making. In these cases, we recommend:

- Establishing a data governance framework with clear roles and responsibilities for data management. Define data quality standards to drive data integrity.
- Invest in data cleaning and enrichment initiatives to improve the accuracy and reliability of data; Leverage data analytics, machine learning or robotic process automation to identify and address data quality issues.

Silos & Lack of Collaboration

Organisational silos can obstruct the flow of information and collaboration between departments, making it challenging to implement integrated digital solutions. For this, some options would be:

- Form cross functional teams on specific transformation projects to break down silos and encourage information sharing.
- Align performance metrics and incentives to encourage collaboration and cooperation between departments. Emphasise shared objectives that promote teamwork and cooperation.

Resistance to Change

A resistance to change among employees can impede the adoption of new technologies and innovative practices required for digital transformation. When faced with this situation, some approaches that help to mitigate are:

- Securing leadership buy in and active, vocal support for the digital transformation initiatives. The leaders should act as role models and openly endorse the change project.
- Communicate the rationale and expected benefits from digital transformation clearly and consistently throughout. Provide a platform for open dialogue to alleviate any fears and uncertainty in the workforce.
- Identify and empower individuals to act as change champions to advocate for transformation and support their peers in the process.

Digital Transformation Roadmap That Drives Real Change

To develop a digital transformation roadmap, we recommend a blended approach that incorporates top-down and bottom-up methodologies to ensure optimal organisational adoption and acceptance.

- The process begins with engaging the senior team to understand the company vision, mission, objectives, and what metrics they use to track the objectives.
- Identifying major pain points hindering the achievement of the target operating model and then evaluating their significance and complexity is crucial.
- Next, conducting workshops with the impacted operational teams allows for in-depth discussions on current processes, inefficiencies, and pain points.
- From these interactions, a map is created to prioritise business transformation efforts concerning process and system change.
- Simultaneously, assessing the role of technology and its potential impact on the organisation's digital maturity agenda is essential.
- Based on insights from business prioritisation and key deadlines or seasonality factors, a coherent roadmap is constructed, detailing when each technology component will be implemented.

This strategic roadmap aligns with the organisation's objectives, ensuring a seamless transformation journey that maximises the adoption and acceptance of digital initiatives.



Change Management & Communication: The Human Side of Transformation

Change management plays a pivotal role in the success of digital transformation initiatives. As organisations undergo fundamental shifts in processes, technology, and culture, it is essential to recognise that transformation goes beyond implementing new tools it involves people. A robust change management strategy ensures that employees understand the need for change, feel empowered to participate, and are equipped with the necessary skills to adapt.

Here's what that looks like in action:

- Address resistance proactively instead of reacting to it
- Create a culture that embraces innovation and change
- Support employees every step of the way with training, resources, and feedback loops

When done right, change management empowers your people to truly engage. They understand why the change matters, feel equipped to navigate it, and contribute to its success that only happens if leaders are communicating the vision clearly and consistently.

- Craft a strong narrative. Tell people where the organisation is going, why it matters, and what role each of them plays in getting there.
- Speak to different audiences from frontline teams to senior executives in a way that makes the message real and relevant for them.
- Use a mix of channels like town halls, workshops, intranet updates, and email to keep communication open and accessible.

When communication is genuine and consistent, it builds trust, momentum, and a shared sense of purpose. By making the vision tangible and relatable, organisations can inspire and create a shared commitment to driving the transformational journey forward.

Conclusion

In a world where change is constant and competition is fierce, standing still isn't an option. The organisations that thrive are the ones that embrace transformation, rethink how they operate, and put digital at the heart of everything they do.

This is about more than adopting new tech. It's about unlocking greater value, improving how you work, and setting your business up for long-term resilience and growth. When digital transformation is embedded in your culture and strategy, you create an organisation that isn't just ready for the future but is leading it.



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