





# Real assets: operating model review



The scale and complexity of capital projects has grown in recent years, resulting in heightened risks and an evolution in project contracts. Economic uncertainty further incentivizes public and private sector players to revise their strategies, roles and capital project delivery methods.

Thoughtful alignment between company strategy and key processes is required to overcome changes in the project delivery landscape. A robust operating model bridges strategy and day-to-day operations. Specific capabilities are required at different times in a real property asset’s lifecycle to allow employees to effectively deliver on their mandates.

## When should I consider an operating model review?

-  Scaling up or winding down the capital planning/delivery function
-  Shifting to a new contract/partnership/project delivery model
-  Embarking on a capital project that’s never been done before (e.g., scale, risk, location)
-  Changing the role of the organization (i.e., from an investor to a new role as a developer)






## An operating model is the bridge between strategy and operations



Capabilities underpinning the operating model span the real asset lifecycle, including strategy and developing business cases, planning and procurement, construction and project delivery, handover, asset management:

Sample capabilities		
Financial modelling & business casing	Strategy & planning	Reporting & monitoring
Stakeholder management	Real asset appraisal	Market analysis

# Our approach


Major steps to develop a target operating model	Outputs and benefits
<b>1. Refine strategy, KPIs and their alignment with roles/responsibilities</b> <ul style="list-style-type: none"><li>▸ Identify/confirm key stakeholders for the operating model review</li><li>▸ Validate stakeholders expectations, align roles/responsibilities with the strategy</li></ul>	 <b>1. Roles responsibilities are reviewed and aligned with the strategy, KPIs and stakeholder expectations</b>
<b>2. Develop capabilities framework</b> <ul style="list-style-type: none"><li>▸ Map roles/responsibilities to operational capabilities</li><li>▸ Develop and validate the capabilities framework through stakeholder consultations</li><li>▸ Define required capability maturity levels at the current vs. target state</li></ul>	 <b>2. Defined list of operational capabilities and their maturity levels to enable the real asset/capital project strategy</b>
<b>3. Define target operating model</b> <ul style="list-style-type: none"><li>▸ Validate the target operating model and define how the gaps in the capabilities could be bridged (i.e., new system implementation/hiring new resources/trainings/outourcing, etc.)</li><li>▸ Develop a functional chart to further inform governance framework and organizational design</li><li>▸ Set and refine key performance indicators (KPIs) aligned with the strategy</li></ul>	 <b>3. Clear view on the current vs. target operating model state and gaps to be addressed/defined functional chart/defined requirements and limitations for any governance changes</b>
<b>4. Develop organizational design</b> <ul style="list-style-type: none"><li>▸ Define organizational structure</li><li>▸ Draft job descriptions</li><li>▸ Develop personal / departmental KPIs</li></ul>	 <b>4. Defined management and reporting structure enabling the functional chart</b>
<b>5. Define implementation roadmap</b> <ul style="list-style-type: none"><li>▸ Define and prioritize major tasks by categories: people/processes/policies/tools</li><li>▸ Develop project charters for each task</li><li>▸ Define timelines and an implementation roadmap with consideration of other initiatives an organization is pursuing</li></ul>	 <b>5. Defined key steps and timeline in implementing enhanced accountability and clarity by defined project charters</b>

# Case studies

**Ontario municipality**

Ontario municipalities are transitioning their recycling programs towards an extended producer responsibility model. EY is supporting the municipality in developing a target operating model, implementation roadmap and change management plan for the complex transition of responsibility.

This represents a transformative change in the way the municipality delivers waste management services, and EY’s work will help navigate the complexity of shifting responsibility for recycling while continuing to collect and process other waste streams.

**Public development corporation**

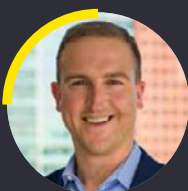
EY advised on the development of an operating model and governance structure for the corporation that will enable a mega redevelopment project in downtown Toronto.

The EY team worked collaboratively with all stakeholders, both public and private sector, to refine the strategy, needs, framework and required maturity across 20+ capabilities. The output was a revised functional chart, aligned view on the maturity levels across all capabilities, recommendations on the governance structure and outsourcing/ partnership opportunities.

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