Why your operating model is more important than your business model

Business

Almost four years ago, I founded Egypt's first online courier service and I'm now launching my new startup So, as someone who has created businesses, pitched to investors, scaled my services, and more importantly, operated a growing company every day for the past four years, I am here to tell you that if you have a valid business model, an awesome pitch deck and a great team, your idea means nothing if you don't have an operating model.

What is an operating model?

Simply put, an operating model is the operational design that facilitates owners (and more importantly, employees) to deliver all aspects of the In simpler terms, if you have no operating model, how do you plan on delivering on all the milestones of your business model? How are you going to scale? Here are eight reasons why you need an operating model for your business:

1. An operating model puts your idea into gear

It gets things going. Your operational design will make it easier for you to break down roles, milestones, KPIs and deliverables for each and every day.

2. It helps track problems and enable their fixes on the spot

The operating model will define, explain and fix every potential scenario, issue and complaint related to your services/product.

3. It enables the creation of one restoration point

Ever had a problem with your laptop, and then wish to revert to your restoration point so as to get it to work as soon as possible with minimal

loss? That is why you need the to have clear points on how every aspect of your company functions.

4. It enables the *real* spirit of the company

Yes, you can have meetings, brainstorming sessions, team building outings and gatherings every single day- but nothing unifies a team like having a fully designed and straight-to-the-point operating model.

5. It allows you to take care of your clients , employees , services and products better

Yes, your team will have no problem aiding a client, because they have a detailed explanation on what to say or do when they face a certain issue or complaint. Every crisis is averted before it even becomes a crisis.

6. An operating model helps you scale

Every business model I have created or read has a detailed explanation on how the business plans to scale, but how do you scale if you don't know how to operate the business?

7. It helps prevent operational hiccups that can render your business model useless

This is self-explanatory. How do you plan to exit at some point, if you can't transfer your operating model to the shareholders?

8. It helps prevent false promises or over-promises

You have an active sales team and a team, but if they don't have a complete run-through of your complete operations manual step by step, they can easily over-promise on a certain aspect that your company just can't or will not do. Imagine how that looks when the deal is signed, and your company can't hold its end of the bargain.

Why do I need an operating model?

I bet you're now thinking: " No one ever told me I need an operating model!" Don't blame yourself- we weren't told because no one ever talks about the importance of an operating model. Entrepreneurs seem to forget it mainly because of ego problems- they often feel invincible and are driven by passion so much so that they want to launch their businesses as soon as possible. They want a live website or application, they want a title for themselves, they want a business card- and they want it all right now, and leave operations on the backburner until they need to, well, operate.

While I understand the rush behind seeing one's business going live and the desire to announce it to the world right now, I also feel that the ecosystem forgets about operating models and designs, although those are the things that can truly make or break a business. In fact, I dream of an ecosystem where ask for your pitch deck, operating model and your business model all at once.

From my experience, I truly know that even your revenue projections don't matter as much as your operating model, because again, how do you scale or franchise if you don't have a full manual on how to operate that business. If you plan to scale or franchise your business, your operating model is as

important as your brand and team, simply because when someone buys a franchise from you, they don't just buy your logo, they buy the way you operate every aspect of your business every minute of every day.

How do I create an operating model for my business ?
So the big question now is: how do you go about designing an operating model for your business?

I believethat the key to an effective and process is to design it before you need it, and then grow into it.

First of all, if you are still in the launch phase, dedicate some time to researching successful operating models around the world, especially in the FAQ center of your competitors. (Now, don't say you don't have a competitor, because every business on earth has some sort of competitor out there.)

The easiest way for building and designing an operating model is to look around, talk to the team, have a brainstorming session on the lifecycle of your product/service, and start writing down potential questions, scenarios, issues and complaints. Don't wait for them to happen; create solutions and processes for them from the beginning.

1. Document it

Document every aspect. Make sure the wording is short, clear and to the point. Don't leave room for interpretation by your team members, it should read easy and be applied even easier.

2. Collaborate

Ask people in your business community, ask your investors, early adopters-jot down everything you hear, it will serve you better.

3. Don't panic

Building this takes time, it takes practice, and it takes a village to pull it off, and that is okay.

4. Think scale

Don't think about your current small team: think like McDonalds, a chain that opens a new branch every minute.

5. Re-examine periodically

Take a look at the operations manual every month when you start operations, take new scenarios into account, encourage new team members to read it and add to it, and create something new with it.

6. It is your business ' go-to source

Explain its creation to the team this way: if the founders disappear off the earth, the business needs to be still running, and the operating model is where they should go to at every aspect of running the daily operations of the business.

7. Make ittechnology-supported

If you have any aspect of your operations that can be supported by technology, go for it! From automated email replies to automation to " to-do" listing tools, if any part can be sent to an online tool, invest in it. Your aim is to make the cycle shorter and to the point.

8. Follow it through

Some team members might become reluctant and feel offended if you ask them to stick to the operating model of the business. This is when you need to explain to them that it is about a process, not their personalities or character. For an example: some clients might call and request a certain person, because that person " solves their problems quicker and better." But that is not a great thing for the company. The company is one unified entity, and everyone should be serving the greater good of the business and not their individual brands. And the only way for that to happen is for all team members to stick to the operating model.

9. Outsource it if you can

There are special operations experts out there who can be hired to design an operating model, but if you do go down this route, just make sure they have relevant experience in the industry you are in. For an example, if your business is in hire an operations design consultant with previous F&B operations experience.

My last bit of advice to you is this: don't launch your business, if you don't have at least a skeleton of your operations model ready. Time will prove that it is more important than your business model. Good luck and happy launch!