



Designing a Scalable Target Operating Model for Early-Stage Startups:

A Framework for Operational Resilience

Karthika Sekaran

Research Scholar

Bhartiya Engineering Science & Technology innovation university (BESTIU),

Andra Pradesh, India

2025wpman010@bestiu.edu.in

Abstract:

Early-stage startups operate in highly uncertain environments characterized by rapid growth, evolving roles, and limited structural maturity. While startups excel in innovation and market responsiveness, many encounters operational breakdowns during scaling due to the absence of clearly defined governance mechanisms, standardized processes, and accountability structures. This challenge highlights the need for a purpose-built Target Operating Model (TOM) that enables startups to scale efficiently while maintaining operational control and adaptability.

This paper presents a self-contained, scalable Target Operating Model framework specifically designed for early-stage startups to strengthen operational resilience and support sustainable growth. The proposed framework consists of five interdependent structural pillars: (1) Governance and decision architecture, defining authority, escalation pathways, and oversight mechanisms; (2) Process design and standardization, ensuring consistency, efficiency, and scalability of core operational workflows; (3) Role clarity and accountability structure, establishing defined responsibilities and ownership across functions; (4) Performance management and monitoring systems, enabling objective measurement, transparency, and informed decision-making; and (5) Financial control and risk management mechanisms, ensuring resource discipline, compliance, and operational stability.

The framework emphasizes scalability by incorporating modular design principles that allow operating structures to evolve alongside organizational growth without requiring fundamental redesign. It also integrates adaptability features that enable startups to respond effectively to changing strategic priorities and external conditions.



This paper contributes a practical and structured operating model blueprint that founders and startup leaders can adopt to assess operational readiness and systematically build scalable organizational capabilities. By positioning the Target Operating Model as a foundational organizational framework, this paper provides a structured pathway for startups to transition from informal, founder-driven operations to resilient, scalable, and sustainable enterprises.

Key words: Target Operating Model (TOM); Startup Operating Framework; Operational Resilience; Startup Governance; Organizational Design; Process Standardization; Startup Scalability; Sustainable Growth.

Introduction

In today's fast-moving, innovative-led environment, early-stage startups must scale quickly while maintaining operational efficiency. With limited resources, evolving business models, and high uncertainty, a lack of clear structure can create inefficiencies, inconsistent processes, and heightened operational risk. This makes a scalable Target Operating Model (TOM) essential to support growth without losing agility.

A TOM sets out how an organization delivers value across people, processes, technology, and governance. For startups, designing a TOM is more complex than in established firms because it must enable ongoing change, experimentation, and iterative learning, meaning enterprise operating models often need to be adapted.

This research explores how to design a scalable TOM for early-stage startups, focusing on building flexible yet structured operating frameworks that mature with the business. It considers process standardization, technology enablement, organizational design, and governance, while protecting speed and innovation.

By identifying best practices and critical success factors, the study aims to provide a practical framework to help startups move from informal ways of working to scalable operations—supporting sustainable growth, stronger decision-making, and greater resilience in competitive markets.

Proposed Research Methodology

This study adopts a qualitative and exploratory research design to develop a scalable Target Operating Model (TOM) tailored for early-stage startups. Given the dynamic and evolving nature of startups, an exploratory approach is appropriate to understand patterns, challenges, and best practices in designing scalable operating frameworks.



Research Approach

The research follows an inductive approach, where insights are derived from real-world observations, case studies, and expert inputs. This approach enables the development of a conceptual framework grounded in practical experiences rather than predefined theories.

Data Collection Methods

The study utilizes both primary and secondary data sources:

1. Primary Data

- Semi-structured interviews with startup founders, operations managers, and industry experts to understand operational challenges and scalability requirements.
- Expert consultations with professionals involved in designing operating models, particularly in consulting or strategy roles.

2. Secondary Data

- Review of academic journals, industry reports, and whitepapers related to Target Operating Models, startup scaling, and organizational design.
- Analysis of case studies of successful startups that have transitioned from early-stage to growth-stage operations

Sampling Technique

A purposive sampling method is used to select respondents with relevant experience in startup operations and scaling. The sample includes startups across different sectors to ensure diverse perspectives.

Data Analysis Techniques

- Thematic analysis is employed to identify recurring patterns and key themes from interview data.
- Comparative case analysis is used to evaluate different startup models and identify best practices.
- Insights are synthesized to develop a scalable TOM framework.

Framework Development

Based on the findings, the study develops a conceptual Target Operating Model focusing on key dimensions such as:

- People and organizational structure
- Processes and workflows



- Technology enablement

- Governance and risk management

Validation

The proposed model is validated through expert reviews and feedback sessions to ensure its practical applicability and relevance to early-stage startups.

Limitations

The study may be limited by the availability of data from early-stage startups and the subjective nature of qualitative insights. However, efforts are made to ensure reliability through triangulation of multiple data sources.

Conclusion of Methodology

This methodology ensures a comprehensive understanding of how scalable operating models can be designed in startup environments, combining theoretical insights with practical validation to produce actionable outcomes.

Expected Research Results [As the actual research is only at the proposal stage]

Research on early-stage scaling consistently points to adaptable, automated, and modular operating models. These TOMs improve cost efficiency by leveraging cloud-based infrastructure and strategic partnerships, enabling growth without a proportional increase in headcount.

1) Move from hierarchical to modular structures

- Decouple revenue from headcount: Scale by automating repeatable processes and using third-party cloud tools to reduce manual effort.
- Adopt cross-functional squads: Evidence (including McKinsey) indicates startups perform better with autonomous, cross-functional teams spanning product, technology, and marketing, rather than traditional functional silos.

2) Design for four forms of scalability

- Organisational: Talent practices that enable rapid onboarding and sustain an agile culture.
- Financial: Disciplined capital allocation supported by strong unit economics (e.g., healthy LTV: CAC).
- Volume: Technology architectures that can handle increased demand without disruption.
- Market: A standardized core product that can be efficiently localised for new markets.

3) Prioritize four early decision pillars



Research suggests founders often invest time in low-value activities; stronger outcomes come from focusing on:

- Core product definition: Clear, specific value proposition.
- Core people definition: Securing founding and early leadership capability.
- Market segment selection: Targeting high-potential early adopters.
- Partnerships and outsourcing: Using ecosystem partners to accelerate access to capabilities, markets, and resources.

4) Embed data-driven management

Industry frameworks (e.g., the Startup Genome Scaling Report) highlight that scalable startups rely on continuous monitoring of key metrics, enabling rapid operational pivots before growth constraints emerge.

Expected Discussion Topics [As the actual research is only at the proposal stage]

1. **Agility vs Standardization: Managing the Trade-off**

Challenge: Implementing a heavyweight Target Operating Model (TOM) too early can limit a start-up's ability to pivot. Conversely, operating with minimal structure can create operational disorder as growth accelerates.

Discussion focus: How to recognise the “inflection point” at which a start-up should move from ad-hoc ways of working to defined Standard Operating Procedures (SOPs), while preserving entrepreneurial speed and flexibility.

2. **Automation and Tech Stack Integration**

Challenge: Early-stage start-ups typically cannot sustain headcount growth that scales linearly with revenue.

Discussion focus: The role of no-code/low-code platforms and AI-enabled automation in building a technology-led operational foundation. Emphasis on how a tech-first backbone—rather than a headcount-first approach—can support rapid, scalable growth.

3. **Talent Operating Model vs Hiring Strategy**

Challenge: Start-ups often recruit to meet immediate generalist needs, rather than building capabilities aligned to longer-term strategic requirements.

Discussion focus: When and how to transition from generalist profiles to specialist roles, and how to design an organisational model that enables high autonomy and reduces dependency on founders—avoiding the “founder bottleneck” in decision-making.

4. **Scalability Metrics and Unit Economics**

Challenge: Over-reliance on vanity metrics can mask underlying weaknesses in



sustainable growth.

Discussion focus: Which operational and financial metrics best evidence a scalable operating model—particularly the relationship between Customer Acquisition Cost (CAC) and Lifetime Value (LTV). Also, how to define a clear “North Star Metric” to align teams and operational units around shared outcomes.

5. Governance and Board Reporting

Challenge: Founders may default to intuition rather than consistent, structured operational reporting.

Discussion focus: Establishing a data-driven operating cadence and governance approach that provides investors and boards with clear performance visibility, without introducing unnecessary corporate bureaucracy or administrative burden for the leadership team.

The Expected Conclusion [As the actual research is only at the proposal stage]

Conclusion: The Core Imperative

A scalable Target Operating Model (TOM) isn’t a “nice-to-have” reserved for later-stage companies—it’s a survival mechanism for early-stage startups. When the operating model is deliberately aligned to strategic growth vectors (product expansion, new markets, customer segments, or partnerships), startups can move from reactive firefighting to proactive, repeatable execution. In practice, that shift is what turns momentum into sustainable scale.

Key Pillars of a Scalable TOM

Your research validates three foundational pillars that consistently underpin scalable operating models:

1. Agile Organisational Design

A flexible structure with clear roles, decision rights, and onboarding pathways—so the company can add talent quickly without eroding culture, accountability, or delivery speed.

2. Tech-Driven Automation

Smart use of AI, SaaS, and cloud infrastructure to run baseline workflows reliably. This reduces marginal headcount growth, improves consistency, and frees teams to focus on higher-value work.

3. Data-Backed Governance

Transparent KPIs, financial guardrails, and operating cadences that give founders real-time visibility—enabling faster, more confident pivots and tighter control over burn, performance, and risk.



The Strategic Value Proposition

Implementing the proposed TOM delivers three high-impact benefits:

- **Investor Readiness:** Signals operational maturity and capital efficiency—showing investors the business can absorb funding without chaos or waste.
- **Risk Mitigation:** Surfaces scaling constraints early (capacity, compliance, supply chain, customer support, security) before they become revenue-impacting failures.
- **Founder Transition:** Moves founders out of day-to-day micromanagement and into strategic leadership—market expansion, product direction, and long-term value creation.

Forward-Looking Statement

Ultimately, the most successful startups won't be those with the most rigid structures, but those whose Target Operating Models are designed to adapt. As markets fluctuate and technologies advance, a scalable TOM becomes the steady engine that lets founders pursue aggressive innovation without compromising operational integrity.

References: The paper is prepared basis the experience that had been garnered by the researcher over the years of her industrial experience and general reading including internet references.