

Building an Effective Business Architecture & Metrics Capability

*Building an effective business architecture capability is fundamentally about organisational change management. A siloed business architecture capability is no capability at all. This is a conversation starter by **Matthew De George** to help ensure your initiative gets off to a good start.*

The benefits of the business architecture & metrics team (BAAM team) cannot be met without some impact on the way strategic information is shared, certain teams are managed, the way business units are measured and funded, and the way major projects are planned (and their benefits tracked).

However, like all 'architecture' efforts, it could be said that the *as-is* business architecture already exists, is influencing decisions every day, is giving the organisation the results it deserves, and is encoded in the assumptions we make when our strategies are formulated. Business architectures must be discovered as well as created.

This 'current' architecture is also likely to be very unevenly understood by those who need to understand it. The most successful product owner or business unit leader may understand it best. Or perhaps the sales manager who resigned last month understood it more than most.

What framework should we use?

This question can be the worst place to start when engaging business leaders about your business architecture initiative.

To take a cynical view:

A **process** is something you think somebody else should use whereas if faced with the same problem you would use your experience and intuition.

A **framework** is something you think somebody needs to understand for you to do your own job effectively.

This is why effective processes are those that coordinate the activities of multiple people for the benefit of both. It's also why frameworks need to be treated with caution when planning the initial change management activities required to implement your BAAM team.

Business architecture frameworks can be helpful if you know how to use them. Unfortunately, we sometimes forget that the purpose of a framework is to set the terms of reference for collaboration. This means that the framework won't work unless everybody collaborating knows the framework and has some say in customising it.

When frameworks are specialised, such as the business architecture elements of an overall enterprise architecture framework, this means

that non-enterprise architects will never know – nor need to know – the entire framework.

These frameworks therefore run the risk of only facilitating communication with other enterprise architects - only helping architects collaborate amongst themselves.

In order to marshal all stakeholders the early artefacts and discussions should be generic when describing the structure of knowledge & specific when describing the organisation.

After the first 90 days a greater percentage of the discussion should be about the capabilities of the business – rather than the scope or structure of the framework.

Where are the business architects?

It's natural to assume that a business architecture team would gather all of the business architects in the organisation. However, the business architect role is likely to be only a secondary role for 90% of the people working on business architecture artifacts.

Business architects exist – they just aren't called business architects. These are the people who develop financial and planning models. Beyond that, there are also business architects in the true sense of those who architect businesses: the business founders, the innovators of new business models, the entrepreneurs, the so-called leaders who went that one step further and created an enduring legacy in the organisation or the cause that they created.

In short, business architects are hard to find if you look in the wrong place. You won't find a business architect if you look at your IT team or if you look at a team of architects. Business architects are more likely to be found architecting businesses. The only issue may be that those architects may not be sharing in a systematic way. We must take the step of turning the successes of these people into systematic success.

Starting with what we all [might] agree on

Because you will necessarily be engaging with multiple stakeholders who may or may not agree on the business architecture, it is important to always

start with a context for your firm on which some basic agreements can be made.

Common ground is best established through the terms and frameworks that govern business management and customer relationships.

- **Competitive position:-** The specific differentiations of the organisation, both those explicitly referred in communication to shareholders, and discussed internally. Business unit managers will agree on the position of the organisation as a whole if not on individual responsibilities.
- **Customer groups:-** It's likely that customers are grouped into real or imagined segments. Not all customers will have clearly defined owners in the organisation, nor will there be explicitly managed customer processes for all customer types. It will be important to be able to differentiate customer groups when facilitating sessions with multiple stakeholders and when identifying customer management gaps.
- **Customer life-cycles:-** Customers are not interacting with the organisation 24-hours a day. It will be important to be able to understand the footprint of the organisation within the life-cycles of each customer type when discussing product and customer retention strategies with stakeholders.
- **Partners:-** Partners will need to be clearly differentiated between resellers, service-managed providers of operational capabilities, and preferred partners for service introduction.
- **Capability engineering:-** Working with new

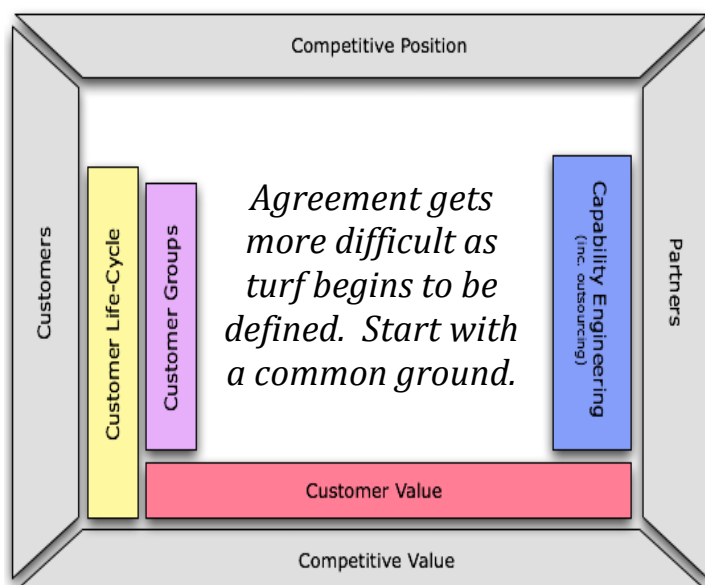


Figure 1: Start with business management terms

partners and other service improvement initiatives represent forms of 'capability engineering'. BAAM will need to understand how new capabilities are introduced & what current initiatives there are in this area.

Although these can be thought of as a sub-set of business architecture this complicates the discussion and unnecessarily introduces *framework* and *turf* issues into each discussion. Again, knowing and overarching framework doesn't help at this stage.

The BAAM team may never be experts in any area of the business – but to earn a seat at table with multiple stakeholders they will need to show a solid understanding of these fundamentals of the business. Starting the conversation with these areas also builds the knowledge of the BAAM team at the same time as it forms the basis for agreement between the stakeholders.

Grounding in business capabilities

Business architectures will ultimately be organised around business capabilities. A business capability map should be developed for each segment of the business. Business capability maps should contain a placeholder, in business-friendly terms for each of the following:

- Any *overarching, capital intensive processes that coordinate the organisation*
- Any *business processes* that are explicitly used to ensure effective asset utilisation (i.e. yield management)
- Any *shared information* that is used across a majority of business units for capacity planning, business unit performance management, or synchronisation of operational processes
- A clear breakdown of the managed *customer experience touch-points*
- Each *business capability* or '*level 1*' process by which the organisation delivers value. This

is effectively *value-chain modelling* and specialised terminology may be employed for the organisation if it is in an industry what that is appropriate.

- *Tier-1 service partners* who either provide operational capabilities or are preferred partners for introducing new service-based capabilities
- The key areas of interest to the CEO's Office (usual common across an industry)

Although not shown explicitly in the diagram, there are also reminders to maintain details of the following for each segment:

- Customer types
- Industry-level service providers, aggregators, or reporting agencies
- Regulatory agencies
- Events which coordinate across business capabilities
- Infrastructure that manages access to shared information at the latency required by business capabilities

This 'core diagram' is the starting point for all discussions regarding the business architecture of the segment. If it is accurate it won't change except via an explicit business transformation initiative; however, it will take a number of iterations to stabilise.

The process of uncovering business capabilities and representing them cohesively may require specialised facilitation. A good introduction to this approach to business architecture is also available in "Enterprise Architecture as Strategy" (Ross, 2006).

Why business capabilities?

The need to explicitly talk about 'business capabilities' comes from the origins of many business architecture frameworks within overall enterprise architecture frameworks (themselves coming from IT disciplines).

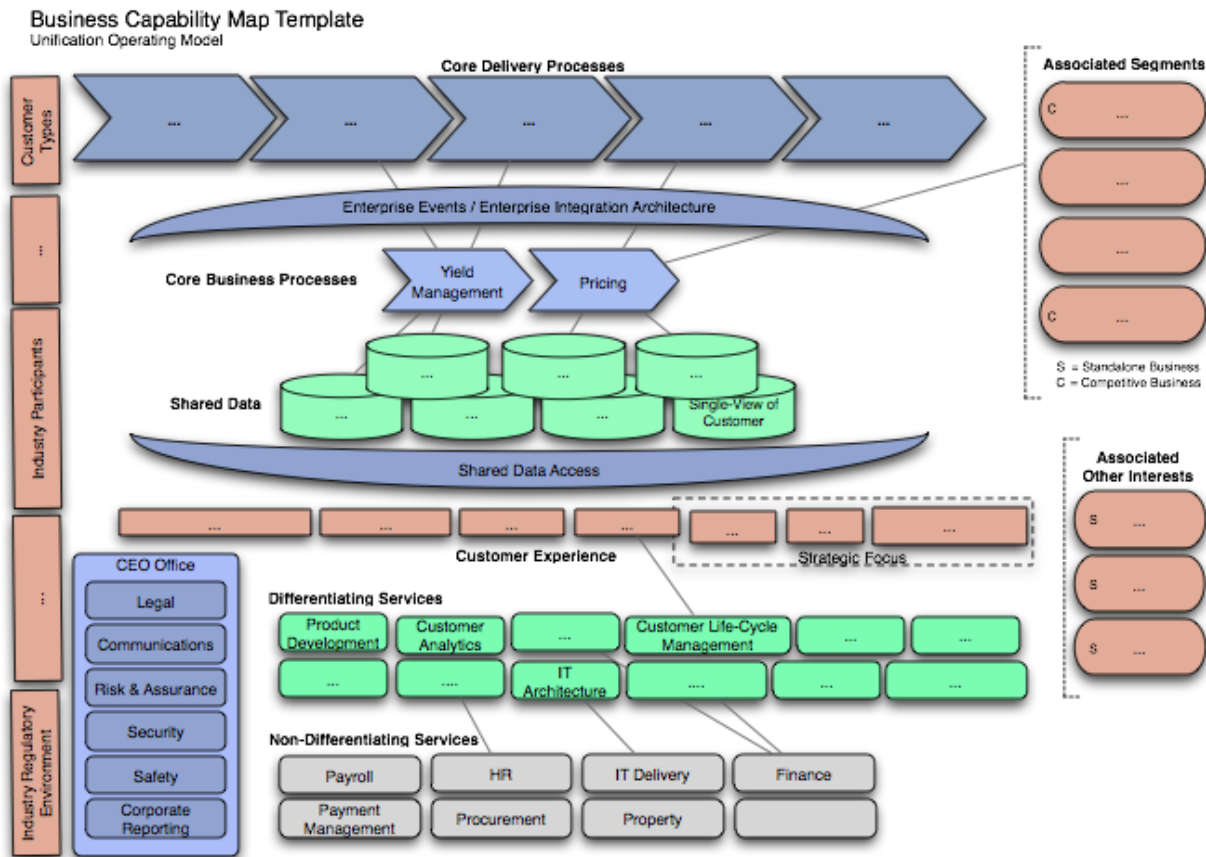


Figure 2: Ground the formal BAAM artifacts in a core diagram of business capabilities

Enterprise architecture frameworks tend to assume businesses exist only to run technology. They often demand an elaborate definition of business motivations but then utilise that information only as an input into the 'requirements' of IT infrastructure and applications.

While this is improving, the improvement ultimately comes at the price of greater dependence on understanding the overall framework.

A simple view based on business capabilities should be adopted because:

- business capabilities are the natural language stakeholders will use and can be mined from other documentation, if required
- business capabilities, or groups of capabilities, are ultimately what are measured or performance managed
- where shorthand communication is used – such as referring to 'Steve's department' or the name of a service partner – a simple question can often clarify 'what is the actual business capability being delivered?'

- business transformation initiatives impact the organisation at the business capability level

It is common to think in terms of 'people, technology, and process' when trying to define an organisation. While this represents a workable scope it doesn't help with classification of information in the business architecture.

It is in fact each business capability that has an associated set of people, technology, and process. End-to-end views of people, process, or technology – without mapping to business capabilities - are rarely helpful for performance management.

Also, as the business architecture formalises the people, process, and technology dimensions will become inadequate as each business capability will also have:

- a metrics plan
- a defined transformation agenda
- a roll-up risk profile that incorporate inputs from separate risk management processes that cover each of people,

technology, process, and also readiness assessment for specific scenarios

As each business capability is more completely represented in the business architecture, comparisons can be made across business capabilities. This will further accelerate adoption of the frameworks that are eventually introduced.

Value realisation models

Business capability maps attempt to show a complete picture of the capabilities of the organisation. This view must ultimately be supplemented with specific value chains.

It is important to be able to model how the capabilities interact in order to deliver services. While much of the detail will already be modelled, an important role of business architecture is to bring these models together.

Example value realisation models might include:

- **Customer types linked to business capabilities:-** showing each business capability that is required to service each customer type
- **Customer life-cycles linked to customer experience touch-points** and/or business capabilities:- showing, for a particular customer type, where the organisation services that customer within the customer life-cycle
- **Products linked to business capabilities:-** for product focused analysis this view will ultimately influence pricing models
- **Technology-services and infrastructure recharge mapped to business capabilities:-** building a complete view of each business capability, including

technology components, will ultimately ready the organisation for 'Cloud', 'BPO', or other service-based trends.

In each case it's important to show gaps as well as where capabilities exist. A model that clearly shows elements of the customer life-cycle *not* covered by the organisation will be a catalyst for business transformation ideas.

BAAM artefacts

Collaboration across multiple business units, and management of a business architecture that will ultimately be updated by a variety of teams, requires strong *configuration management* of BAAM artifacts.

The configuration management processes will need to be robust enough to handle distributed updates, long-review cycles, issue management, project-level check-in/check-out, and complex own/manage/influence responsibilities.

Update cycles for artefacts

It is important to maintain a balance between supporting program delivery & ensuring major programs support the continuous maintenance of the business architecture.

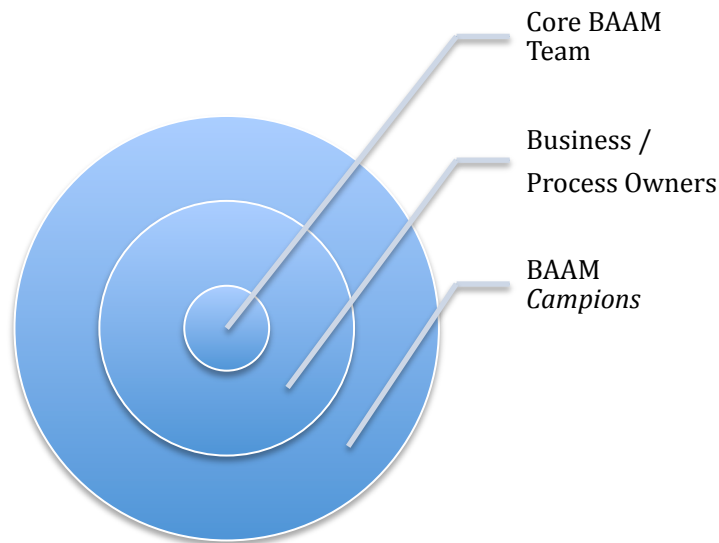
The first principle should be to update the organisation's standard project delivery approach to include activities and deliverables which ensure maintenance and enhancement of the business architecture.

The most important updates will include:

- 1) Assignment of a business architecture representative for each initiative
- 2) Review of the initiative against the business architecture during the *feasibility* phase
- 3) Explicit decisions on which BAAM

Artifact	Cardinality	Owner	Status
Business capability map	Per business segment	Business unit owner	Status includes measures for quality, completeness, review status, refresh status, standard template or proxy artifact, tractability status, etc
KPIs & Metrics Strategy	Per business segment	Business unit owner	
Metrics Plan	Per business capability	Business capability owner	
Customer type definitions	One	HO Marketing	
Product value realisation model	Per product	Product owner	
Customer life-cycle	Per customer type	Marketing segment owner	
Indicative list only – should be customized for organisation			

An indicative fragment of the artifact types



artefacts this project will create and/or refresh during delivery

- 4) Management of check-in/check-out
- 5) Incorporation of the review requirements (as specified by the BAAM team) in the project quality plan and schedules

Other update and refresh cycles – outside of major projects – should be coordinated with artefact owners directly.

BAAM Champions Network

In addition to the relationships maintained with business owners and other executives, it is important to recognise that major contributors to the business architecture will remain in other roles.

Business & financial analysts, key IT staff, formal and de facto process owners, key users, some members of Six Sigma or other improvement programs, etc, may be recruited into the *champions* network.

This type of ‘tagging’ is one of the key pillars that make initiatives like Six Sigma effective. That approach should be mirrored for BAAM.

Some roles will be a more natural fit for BAAM champions than others – and membership may shift over time. However, it’s important to manage this community and nurture it as a communication channel and continuous improvement mechanism.

Specifically, a champion should exist in each of the following types of organisational units:

- risk management team
- project management office
- business process team
- service improvement team
- community of practice
- front-line management communities
- reporting teams
- data warehouse teams
- enterprise architecture team
- workplace productivity or Enterprise 2.0 teams

Importantly, an effective business architecture will allow the organisation to take advantage of trends in employee mobility, productivity, and ‘Enterprise 2.0’.

Many groups attempting to make enterprise-wide changes without a formal analysis of the business architecture will fail to get sponsorship even when their ideas have merit. The mutual support between these types of teams should be cultivated.

Data Warehousing & Metrics

An effective data warehouse will be managed top-down using an approach based on business intelligence and performance management.

Your organisations data warehouse initiative may be minor, mature, or IT’s *problem child*. In

any case, you should not ignore it during your metric management initiative.

There are a few pointers here:

- 1) Establish a common ground with the data warehouse team to establish common 'dimensions of performance management'
- 2) Clearly identify the need for both performance management strategy and data warehouse requirements management
- 3) For each business segment approach the business as *one team* to establish the KPIs & Metrics Strategy, Metrics Plans, and common definitions of measures
- 4) Do not work around the data warehouse team. They will struggle already with multiple reporting platforms & localised solutions to enterprise-level reporting. Feed your metrics management and reporting requirements through the data warehouse team.
- 5) Build a joint approach to uncovering a business units performance management strategy and related requirements.
- 6) Ensure the data warehouse team can report on the quality and information risks relating to all measures used in metrics plans. Manage these data quality requirements; including verification, reporting, and risk management

Further details

This overview is intended as a conversation starter. Specific elements of the approach should be tailored to the organisation. Please contact Matthew De George if you would like to discuss further.

