Gaining Essential Awareness of Your Organization Through Business Architecture

Linda Finley

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DAMA MN
Presentation Focus

- The current state of business architecture, available resources, and activities.
- The definition and practical value of business architecture; including a high level discussion of the key elements of business modeling, strategy mapping, organization mapping, capability mapping, and information mapping.
- A general overview and discussion, we’ll discuss linkage to information mapping; and the principles, and alignment within business architecture concepts in some detail.
Definition

- Business Architecture is defining and creating your business and operations to enable and enhance your purpose.
- It enables you to understand and optimize your organization.
- It links business and technology...current and future.
- It is the discipline to align current and future business goals with people, process, and tools, and convey current and future business opportunities to the organization.
The Business Architecture

“A blueprint of the enterprise that provides a common understanding of the organization and is used to align strategic objectives and tactical demands.”
Business Architecture Tools

Business Architecture "Knowledgebase"

Blueprints Built on Common Foundation

- Organization Models
- Value Chain Models
- Process / Value Stream Aggregation & Decomposition
- Operational Models
- Dashboards
- Balanced Scorecard
- Supply Chain Models
- Capability Map
- Business / Domain Mappings

Leadership Advantage Proprietary 2013.
A Brief History of Business Architecture

- 1995 – The Open Group Architectural Framework (TOGAF)
- 2010 – Business Architecture Guild Formation & subsequent publication of the BIZBOK (Business Architecture Body of Knowledge)
- 2010 -- Twin Cities Business Architecture Forum Launch
- Today – Business Architecture Certificate Program
- Tomorrow -- TBD
A Guide to the Business Architecture Body of Knowledge (BIZBOK™) 3.O. The content is released to practitioner members for review and feedback. It is written with the input of the organization’s authors, advisory board and members.

www.BusinessArchitectureGuild.org

Business Model Generation is a book which will give you deep insight into the nature of business models.

www.businessmodelgeneration.org
Additional Resources

TOGAF®, an Open Group Standard, is a proven enterprise architecture methodology and framework used by the world’s leading organizations to improve business efficiency. [http://www.opengroup.org/togaf/](http://www.opengroup.org/togaf/)

The Twin Cities Business Architecture Forum (TCBAF) is a Minnesota-based organization dedicated to the understanding and advancement of the role and professional practice of Business Architecture.
Twin Cities Business Architecture Forum

Charter

Create a Minnesota-based organization dedicated to the understanding and advancement of the role and professional practice of Business Architecture to promote common definition and standards, share ideas, and connect like-minded professionals and networking through meetings, activities, presentations and educational development at the local level.

Mission

The Twin Cities Business Architecture Forum is an association of local Business Architecture professionals dedicated to understanding, documenting and implementing improvements for Business Architecture in all forms. We explore the risks and benefits of key frameworks and standards, learn from and share with each other and support the practice of Business Architecture in the Twin Cities and surrounding area.
Business Architecture Certificate Program

Introduction to Business Architecture
- Business Modeling—Start with Why
- Introduction to Business Capabilities
- Defining Business Capability Maps
- Applying the Concepts in your Organization
- Process Mapping
- Value Streams
- Aligning People & Technology

Identifying Current State
- Discerning Strategy
- Business Capabilities Maturity Assessment
- Linking to Strategy
- Process Mapping
- People, Technology & Roadmap Introduction
- Sven and Olof’s Swedish Bakery - Roadmap
- Financial Services Case Study
- Financial Services -- Roadmap
- Applying the Concepts in your Organization

Defining Future State
- Consulting Skills
- Leading and Launching Business Architecture
- Closing Celebration

“Being” a Business Architect

Leadership Advantage Proprietary 2013.
The notion that IT is separate from business has faded into antiquity. Upper management recognizes that technology is not just integral to success, but actually drives the way companies pursue their business goals.

"Business architecture is about making sure the whole business holds together," "It's a role built around business planning, pointing out opportunities to utilize IT more effectively" in sales, customer service, and other key areas.

Unlike the traditional enterprise architect, whose role is to organize technology to meet business goals, the business architect is a member of the business organization, reporting to the CEO and fashioning high-level company strategy with technology in mind. The successful business architect has a deeper knowledge of the company's business model and workflow than the average enterprise architect. Think MBA with an IT focus.

...the need for enterprise architects who are glorified implementers will wane. The job of the business architect is to arm managers with the knowledge they need to choose wisely.

Alex Cullen, Forrester
Featured in The Six Hottest New Jobs in IT www.InfoWorld.com
Meet the New Business Architect

- **Create new insight and perspective.** Business executives are data rich and information poor. Business architects play an important role by combining information in ways that create new insights and **perspectives on operational effectiveness as well as future business opportunities.**

- **Clarify and illuminate strategic intent.** In theory, a company’s senior executives develop strategy, which then filters down through the organization to **create aligned action.**

- **Align business strategy and action.** Once executives have defined a set of strategies, business architects **define a set of processes, models, and metrics to help management ensure that business units across the organization are working together** to attain the company’s strategic vision and goals.

- **Clarify high-level business operations.** Most organizations have large amounts of detailed documentation for low-level business operational views such as workflow and procedural guidelines, but most do not have an **operational view appropriate for executives.**

- **Identify synergistic opportunities and dependencies.** As multiple organizations pursue fulfilling the enterprise’s strategy, opportunities emerge for organizations to share ideas, approaches, and detailed solutions.

Jeff Scott, (while at) Forrester Research
What’s the Difference?

Business Architecture
“A blueprint of the enterprise that provides a common understanding of the organization and is used to align strategic objectives and tactical demands.”


Enterprise Architecture
"Architecture is a set of descriptive representations that are relevant for describing something you intend to create and that constitute the baseline for changing an instance of that thing once you have created it. Therefore, Enterprise Architecture is the set of descriptive representations relevant for describing an Enterprise and that constitutes the baseline for changing the Enterprise once it is created.“

Source: John Zachman, taken from interview with Roger Sessions, Editor-in-Chief: Perspectives of the International Association of Software Architects
Foundation

- Multi disciplinary
  - Differing perspectives
    - IT
    - Business
    - Executives
- Arose out of a need
Connection to Architectural Principles

- Design for purpose
- Integrates various components to leverage synergies
- Aligns efforts toward a common goal
- External, Internal, Site, Structure & Systems
The Business Architecture

- Business Purpose
- Capabilities
- Enablers/Performance
Perspective

Strategy

1. Business Purpose
2. Enablers
3. Capabilities
4. Current State
5. Future State
6. Continuous Improvement

Leadership Advantage Proprietary 2013.
To achieve alignment, we must first:

- Understand the factors that motivate the business
- Extract and drive additional detail into elements of the business plan
- Clearly articulate the Ends – things that the business wishes to achieve
- Clearly articulate the Means – things that the business will employ to achieve those Ends

In this way, the business plan becomes the foundation for connecting solutions, indeed the entire operating model, to the business intent.
The Business Architecture

Business Purpose

Why

Capabilities

Enablers/Performance
Start with “Why”…

The Difference We Make

- Vision
- Purpose
- Mission
- Value Proposition
- Business Model

- Who are we?
- What is our organization’s *purpose*?
- Who do we serve?
- What is the Value Proposition we offer?
- Why do we exist?
- What makes us special—how do we differentiate ourselves?
- Why do we matter to the marketplace…and to the world?
Assessment Methodology

- Gather existing relevant documents/data
- Conduct interviews of key stakeholders
- Hold Workshops on (Strategic) “Ends”
- Hold Workshops on (Strategic) “Means”
- Draw and Model the resulting Roadmap:
  - Goals
  - Objectives
  - Timeline
  - Metrics
  - Strategies
  - Tactics

You can use several methods to engage the business leadership in confirming the business strategy.
### Business Model Example

**Key Partners**
The key partnerships describe the network of suppliers and partners than make the business model work.

**Key Activities**
What are the key activities required to make the business model work?

**Value Proposition**
What value do we deliver to the customer?
Which of our customer’s problems are we helping to solve?

**Customer Relationship**
What type of relationship have we established with each of our customer types/segments?

**Customer Segments**
For whom are we creating value?
Who are our most important customers?

**Key Resources**
The key resources required by the value proposition--distribution channel; customers, revenue streams, etc.

**Channels**
What bundle of products and services are we offering to each customer segment?
How are we reaching our buyers now?

**Cost Structure**
The cost structure describes all the costs incurred to operate the business model.
Think about the most important costs inherent in our business model.

**Revenue Streams**
A revenue stream represents the cash we generate from each customer segment.
What are the revenue streams generated by each customer segment? How much does each revenue stream contribute to overall revenues.

[www.businessmodelgeneration.com](http://www.businessmodelgeneration.com)
Business Model Example

THE BUSINESS MODEL FRAMEWORK

Our business model framework defines the types of assets a company sells and the rights it grants customers to use those assets. We classified all of the companies listed on U.S. exchanges into the framework by identifying the percentage of their revenues generated through one or more of the business models.

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Financial</th>
<th>Physical</th>
<th>Intangible</th>
<th>Human</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creator</td>
<td>0%</td>
<td>57%</td>
<td>0%</td>
<td>N/A*</td>
</tr>
<tr>
<td>Distributor</td>
<td>Financial</td>
<td>Wholesale/</td>
<td>Intangible</td>
<td>N/A*</td>
</tr>
<tr>
<td></td>
<td>Trader</td>
<td>Retail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landlord</td>
<td>Financial</td>
<td>Physical</td>
<td>IP</td>
<td>Contractor</td>
</tr>
<tr>
<td></td>
<td>Landlord</td>
<td>Landlord</td>
<td>Landlord</td>
<td>8%</td>
</tr>
<tr>
<td>Broker</td>
<td>Financial</td>
<td>Physical</td>
<td></td>
<td>~0%</td>
</tr>
</tbody>
</table>

Share of Total Revenue of U.S.-Listed Firms

- 9% for Creator
- 81% for Distributor
- 2% for Landlord
- 8% for Broker

*not a legal business model
The Business Architecture

- Business Purpose
- Capabilities
- Enablers/Performance

What
Understand the “What”...

**Capabilities Defined...**
- People
  - Skills and Competencies
- Process **Definition**
  - Activities
  - Information Flow
  - Business Rules
  - Value Chains
- Tools
  - Models
  - Maps
  - Charts
  - Diagrams
- Information Assets

**What must we do to deliver our business’ purpose?**
**What redundancies exist in the organization?**
**What are we good at?**
**Where are our opportunities in the future?**
**What do we need to improve?**

*Do our investments and our attention align with our purpose?*
*How do we measure our achievements and our success?*
Business Capabilities:

- Represent “what” we do as a business to consistently deliver an expected result to the marketplace
- Defined by people, process, technology (including data)
- Capability modeling and analysis pictorially shows how functions are organized to deliver the business purpose

Business Capability Planning:

- Encourages and facilitates cross-organizational discussions
- Provides a common framework and language for defining, aligning and optimizing our business purpose, monitoring and planning investments, and achieving operational effectiveness
- Identifies redundancy, synergies and reuse opportunities across the enterprise
Capability Map

- Strategy & Planning
- Marketing
- Sales
- Channel Management
- Customer Service
- Customer Relationship Management
- Product Development
- Account Management
- Delivery Management
- Business Management
- Finance
- Regulatory & Risk Management
- Human Resource Management
- Facilities Services
- Technology
The Business Architecture

- Business Purpose
- Capabilities
- Enablers/Performance
- How
Enabling the “How”…

Behaving and Performing
- Organization Design
- Change Management
- Organizational Networks
- Decision-making Models
- Metrics and Measurement
- Engagement Models
- Leadership
- Culture
- Roles and Responsibilities
- Staff Competency and Maturity

- What is enabling or inhibiting our ability to deliver our business’ purpose?
- How can we more successful?
- When and how do we show up? What do we bring? What do we leave behind?
- Is our culture supporting our people, process and tools?
- How do we anticipate and manage change?
- How are our leaders equipped to lead the organization?
Enabling Strategy

Strategy = Action towards...

What might we be? What could we become?

Current State

Future State

Leverage and Grow

Improve

Business Purpose

Capabilities

Enablers/Performance

Business Purpose

Capabilities

Enablers/Performance

Leadership Advantage Proprietary 2013.
The Business Architecture Value Stream

Figure 1.4: The Business Architecture Value Stream
The Business Architecture

- Links and solidifies the Why, What and How
- Ensures that the operating model can deliver the business purpose
- Provides mechanism to “connect the dots” throughout the organization to drive delivery
- Identifies common cross-organizational needs and captures synergies for collaborative investment decisions
- Used to help the organization focus on the highest impact capabilities through analysis and prioritization
- Is used to identify redundancies, reuse and improvement opportunities…and strategy
### Most Organizations With Formal BA And IA Practices Link Their Architectures

November 2011  "**Integrated BA And IA Artifacts Are Valuable — And Hard To Find**"

Most Organizations With Formal BA And IA Practices Link Their Architectures

"Which of these statements best reflects your approach to developing and integrating your information architecture (IA) and business architecture (BA)?"

<table>
<thead>
<tr>
<th>Approach</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>We do not have a formal IA effort</td>
<td>16%</td>
</tr>
<tr>
<td>We do not have linkage or integration between IA and BA</td>
<td>12%</td>
</tr>
<tr>
<td>We develop IA and BA separately but link them around high-level data domains</td>
<td>37%</td>
</tr>
<tr>
<td>We develop IA and BA separately but then fully integrate them</td>
<td>11%</td>
</tr>
<tr>
<td>We base our IA on our BA</td>
<td>25%</td>
</tr>
</tbody>
</table>

Base: 262 IT professionals  
(Percentages do not total 100 because of rounding)

Source: Q2 2011 Global Current State Of Business Architecture Online Survey

Leadership Advantage Proprietary 2013.
Principles for Business and Data Architecture Alignment

- Information is a business concept defined and owned by the business.
- The business value of information can be derived from the business architecture, especially the linkages between information, value streams, and capabilities. This business value is enhanced by data management practices that make the information explicit, shareable, and of sufficient quality.
- Information may be explicit or implicit but is most easily shared and used in automation processes when it is made explicit. Explicit information can be turned into data. A key objective of business information mapping is to identify ways to make valuable, implicit information explicit. The corresponding key objective of data management is to acquire, manage, and share the explicit information.
- Business information mapping and data management provide the best value to the business when they actively collaborate.
- Business capabilities impose a point of view on the business information they use. These points of view must be maintained by data management with respect to the corresponding data items.
- Value streams and their associated capabilities impose a lifecycle on business information. This lifecycle must be respected by data management.
- The quality of the data associated with business information is jointly stipulated and monitored by the business architect and the data architect.
- The feasibility, cost, and performance of managed data is determined by the data architect and will have a strong influence on the business architect.
There will be three kinds of information items in a basic information map:

- **Classes** – these items represent categories of business entities such as revenues, stock on hand, managers, and CEOs.

- **Individuals** – these items represent identifiable unique business entities such as the sales revenue from invoice 12345, a particular sheet of steel, John Smith the manager, and Tom Jones the CEO.

- **Roles** – these items represent relationships between Classes and between Individuals. A unique Role, "Member", represents the relationship between Individuals and Classes. For example, John Smith is a member of the class of Employees.
The Information Map

The information map is a representation of the business entities and relationships that are required to manage or participate in the activities of the capabilities.

- The representation consists of Classes, Individuals, and Roles.
- The representation may be a diagram, a spreadsheet or a computer database contents.
- These information items are labeled with terms commonly used in business language to evoke the corresponding concepts.

The concepts represented in the basic information map should be of primary importance to the business.
Questions
Contact Information

- Linda Finley
- finleylinda@gmail.com
- 763.639.6564