Introduction to Business Architecture For Business Analysts

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Leadership Advantage
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Presentation Focus

- 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 application mapping.

- The current state of business architecture, available resources, and activities.

- A general overview and discussion, we’ll discuss linkage to business analysis; and the principles and alignment within business architecture concepts in some detail.
A Brief History of Business Architecture

- **1995** – The Open Group Architectural Framework (TOGAF)
- **2007** – Object Management Group (OMG) Business Architecture Special Interest Group (BASIG) and Business Architecture Working Group (BAWG)
- **2010** – Business Architecture Guild Formation & subsequent publication of the BIZBOK Guide™ Business Architecture Body of Knowledge
- **2010** – Twin Cities Business Architecture Forum Community of Practice is launched
- **2012** – The Business Architecture Institute is established
- **2012** – Metro State Business Architecture Certificate is created
- **2016** – The Business Architecture Summit
- **2017** – IIBA PDD collaboration with TCBAF **September 20th!**
- **2017** – The 2nd annual Business Architecture Summit **December 7th!**
- Tomorrow--TBD
What it is and What it isn’t

- Business architecture is not a buzzword or a quick fix solution for a broken process, a computer system, or a single project or business unit.

- It is a holistic discipline (indeed, style of thinking) that is most effective when applied across business units, practices, disciplines, and stakeholders.
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’s capabilities and competencies.

- It links business and technology...current and future.

- It is the discipline to align current and future business goals with people, process, tools, and information.

- It helps us visualize and convey current and future business opportunities to the organization.
Business Architecture provides context and understanding for leaders and to organizational environments.

It enables you to understand and optimize your organization from the “top down” and “bottom up”.

It enables you to define and create your organization to enable and enhance your purpose.

The scope of business architecture is the scope of the business.
A Business Architecture Framework

Identify and describe each aspect within the business architecture framework.
Business Architecture scope

“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"

- Customers, Partners & Competitors
- Policies, Rules, Regulations
- Capabilities
- Vision, Strategies & Tactics
- Organization
- Information
- Value Streams
- Initiatives & Projects
- Products & Services
- Metrics & Measures
- Decisions & Events

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.
Foundation

- Multi disciplinary
  - Differing perspectives
    - IT
    - Business
    - Executives

- Arose out of a need

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 directly enables 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 all other 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 Role

The successful business architect has a deeper knowledge of the company's business, business model and workflows than a typical enterprise architect. Think “MBA with an IT focus”....the need for enterprise architects who are glorified implementers is waning.

The job of the business architect is to arm leaders with the knowledge they need to choose wisely.
Connected to Architectural Principles

- Design for purpose
- Integrate various components to leverage synergies
- Align efforts toward a common goal
- Create framework for cross-organizational mapping
- Encompass external, Internal, Site, Structure & Systems
Business architecture building blocks are combined based on different business scenarios in order to provide executive management with the information it needs to make strategic decisions. Scenarios where business architecture has been and can be used include:

- Investment Analysis
- Shift to a Customer Centric Business Model
- Merger and Acquisition Analysis
- New Product/Service Roll Out
- Globalization
- Business Capability Outsourcing
- Supply Chain Streamlining
- Divestiture
- Regulatory Compliance/Impact
- Change Management
- Operational Cost Reduction
- Joint Venture Deployment

Different business architecture views are combined to support different business scenarios.
Analysis Triggers

**Economy**

- Trade, Jobs, and Tax Revenues
- Economic Growth, Laws, Regulations, Taxes, and Incentives

**Market**

- Supply of Products & Services, and Earnings
- Demand, Competition, and Revenues

**Enterprise**

- Work Products and Costs

**Intra-prise**

- Work Assignments and Resources
The Business Architecture

- Purpose
- Capabilities
- Performance
The Business Architecture

1. Purpose
2. Capabilities
3. Performance

Why
Start with “Why”...

The Difference We Make

- Purpose
- Vision
- 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?
Confirm the Context

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.
## Business Model Canvas

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Proposition</th>
<th>Customer Relationship</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>The key partnerships describe the network of suppliers and partners that make the business model work.</td>
<td>What are the key activities required to make the business model work?</td>
<td>What value do we deliver to the customer?</td>
<td>What type of relationship have we established with each of our customer types/segments?</td>
<td>For whom are we creating value?</td>
</tr>
<tr>
<td>Key Resources</td>
<td></td>
<td>Which of our customer's problems are we helping to solve?</td>
<td></td>
<td>Who are our most important customers?</td>
</tr>
<tr>
<td>The key resources required by the value proposition--distribution channel; customers; revenue streams, etc.</td>
<td>Which customer needs are we satisfying?</td>
<td>What bundle of products and services are we offering to each customer segment?</td>
<td>Channels</td>
<td>Remember – Proper segmentation either enables or inhibits differentiation.</td>
</tr>
<tr>
<td>Cost Structure</td>
<td></td>
<td>How are we reaching our buyers now?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The cost structure describes all the costs incurred to operate the business model.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Think about the most important costs inherent in our business model.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue Streams</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A revenue stream represents the cash we generate from each customer segment.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What are the revenue streams generated by each customer segment? How much does each revenue stream contribute to overall revenues.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

www.businessmodelgeneration.com
# The 9 block framework

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<tr>
<td>Key Resources</td>
<td>Channels</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Cost Structures**
- **Revenue Streams**

- **efficiency**
- **value**

[www.businessmodelgeneration.com](http://www.businessmodelgeneration.com)
The Business Architecture

- Purpose
- Capabilities
- Performance

What
Understand the “What”...

Capabilities Defined...

- People
  - Skills and Competencies
- Process
  - Value Streams
  - Information Flow
  - Business Rules
- Tools
  - Models
  - Maps
  - Charts
  - Diagrams
- Information Assets

- What must we do to deliver our business’ purpose?
- What do we need to deliver our why?
- What redundancies exist in the organization?
- Where are our opportunities in the future?
- Do our investments and our attention align with our purpose?
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
Capability Map
Business capabilities and process

HOW?

WHAT?

Business processes CAN be encapsulated within capabilities.
Value streams

Business "processes" link capabilities together

Value Stream

Business Capabilities orchestrated together in a specific sequence to deliver customer value.
The Business Architecture

- Purpose
- Capabilities
- Performance

How
How Well…

Behaving and Performing

- Capability Maturity
- Assessments
- Competency
- Organizational inhibitors
- Change Management
- Decision-making Models
- Metrics and Measurement
- Leadership
- Culture
- Roadmaps
- Roles and Responsibilities

- What is enabling or inhibiting our ability to deliver our business’ purpose?
- How can we more successful?
- How do we measure our achievements and our success?
- Is our culture supporting our people, process and tools?
- How do we anticipate and manage change?
- How well is our “what” delivering our “why”?
Business capabilities and competencies

- **Business Capabilities**
  - Business Capabilities that the organization does, but not consistently well (effectively or efficiently).
  - Business Capabilities that the organization consistently does well (effectively and efficiently).
  - Competencies that by their performance become strategic differentiators for the organization.

**BUSINESS CAPABILITY FRAMEWORK**

- **Core Competencies**
- **Competencies**
- **Baseline**
Maturity report

Level 2
- 2.1 – Product Management
- 2.2 – Price Management
- 2.3 – Campaign Management
- 2.4 – Distribution Management

Level 3
- 2.1.1 – Product Strategy Creation
- 2.1.2 – Business Plan Development
- 2.1.3 – Market Solution Design
- 2.1.4 – Product Rollout

Level 4
- 2.1.1.1 – Product Portfolio Management
- 2.1.2.1 – Product Innovation Management
- 2.1.3.1 – Buyer and User Persona Definition
- 2.1.4.1 – Product Launch Planning
- 2.1.1.2 – Product Roadmap Definition
- 2.1.2.2 – Product Development Approach Planning
- 2.1.3.2 – Buying Process Design
- 2.1.4.2 – Channel Partner Education
- 2.1.1.3 – Channel Distribution Definition
- 2.1.2.3 – Channel Partner Strategy Creation
- 2.1.3.3 – Product Positioning Analysis
- 2.1.4.3 – Product Effectiveness Evaluation

REMEMBER:
“Parent” business capabilities inherit from their “children”.

A common method to report results is to use a Heat Map concept.

REMEMBER:
“Parent” business capabilities inherit from their “children”.

A common method to report results is to use a Heat Map concept.
Capabilities aligned to strategy

Business strategy

Grow the Business

Objective

Partner with Grocery Store Chain

Required Business Capabilities
**STRATEGY MAP**

**Strategic objective:** Partner with Grocery Store Chain to successfully expand product into a new market.

<table>
<thead>
<tr>
<th>Financial Perspective</th>
<th>Product Pricing</th>
<th>Credit Card Processing</th>
<th>Revenue Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash Management</td>
<td>Accounts Payable Management</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Perspective</th>
<th>Facility Management</th>
<th>Publicity Management</th>
<th>Brand Management</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Market Research</td>
<td>Product Delivery</td>
<td>Customer Service Management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Internal Process Perspective</th>
<th>Bakery Production</th>
<th>Inventory Management</th>
<th>Workforce Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Receiving</td>
<td>Talent Acquisition Management</td>
<td>Recipe Management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Learning &amp; Growth Perspective</th>
<th>Education &amp; Training Management</th>
<th>Regulatory Management</th>
</tr>
</thead>
</table>

**Legend:**
- Limited
- Emerging
- Competitive
- Leading
- Strategic Differentiator
- Not Assessed
Figure 1.4: The Business Architecture Value Stream
Business Analysis Tools

- Stakeholder Influence Analysis
- Stakeholder Role Analysis
- Interviews
- Process Decomposition
- Communications Requirements Analysis
- Variance Analysis
- Root Cause Analysis
- Lessons Learned Process
- Prototyping
- Requirements Workshop (JADs/JARs)
- Survey/Questionnaire
- Data Modeling
- Event and State Modeling
- Indicators, Metrics, and Reporting Review
- Organizational Modeling
- Scenarios
- Use Cases
- Process Modeling
- Brainstorming
- Focus Group
- Interface Identification
- Interview
- Observation / Job Shadowing
### BABOK: Enterprise Analysis

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Purpose</th>
<th>Inputs</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify Business Need</td>
<td>• Evaluate the internal and external environment  &lt;br&gt; ◦ Internal:  &lt;br&gt; → Define/refine current/future business architecture  &lt;br&gt; → Assess the current state of technology (infrastructure and applications)  &lt;br&gt; ◦ External:  &lt;br&gt; → Benchmark analysis  &lt;br&gt; → Competitive studies  &lt;br&gt; → Fully define business problem/opportunity</td>
<td>• Business Architecture  &lt;br&gt; • Business Goal(s)</td>
<td>• Defined Business Problem/Opportunity</td>
</tr>
<tr>
<td>Determine Solution Approach</td>
<td>• Identify potential solutions  &lt;br&gt; • Analyze feasibility of options  &lt;br&gt; • Recommend viable business solution  &lt;br&gt; • Validate with decision makers</td>
<td>• Business Architecture  &lt;br&gt; • Defined Business Problem/Opportunity</td>
<td>• Solution Approach</td>
</tr>
<tr>
<td>Define Solution Scope</td>
<td>• Context diagram  &lt;br&gt; • Product Breakdown Structure</td>
<td>• Business Architecture  &lt;br&gt; • Defined Business Problem/Opportunity</td>
<td>• Solution Scope</td>
</tr>
<tr>
<td>Develop the Business Case</td>
<td>• Define project objectives and expected business benefits  &lt;br&gt; • Develop project scope  &lt;br&gt; • Estimate time, cost, resources  &lt;br&gt; • Analyze cost vs. benefit  &lt;br&gt; • Evaluate risk</td>
<td>• Business Architecture  &lt;br&gt; • Business Goal(s)  &lt;br&gt; • Defined Business Problem/Opportunity</td>
<td>• Business Case  &lt;br&gt; • Solution Scope</td>
</tr>
</tbody>
</table>
Enabling Strategy

Strategy = Action towards...

Current State

Future State

What might we be?
What could we become?

Leverage and Grow

Improve

Capabilities

Performance

Purpose

Purpose

Leadership Advantage Proprietary 2013.
The Business Architecture

- Links and solidifies the Why, What and How well
- Identifies the highest level of business requirements
- Ensures that the operating model can deliver the business purpose
- Provides mechanisms to “connect the dots” throughout the organization to define and 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
References

A Guide to the Business Architecture Body of Knowledge (BIZBOK™) . 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
Resources

Business Architecture Institute
A peer to peer exchange for business architecture professionals
http://www.bainstitute.org/

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.
www.tcbaf.org
The Twin Cities
Business Architecture Forum

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December 7, 2017

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Questions
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