STA GROUP

Five Core Principles of Successful Business Architecture

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Executive Summary

This whitepaper will provide readers with important principles and insights on business architecture compiled from the authors' 10 plus years of experience working on business architecture programs with a wide variety of companies in multiple industries.

The whitepaper explores five core principles of business architecture. It provides important facts about business architecture that are valuable to know before beginning, or when evaluating an internal business architecture program.

Authors

Whynde Melaragno, Business Architecture Practice Director, STA Group
Greg Suddreth, former Business Architecture Practice Director, STA Group

Illustrations by: James Jones

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Introduction

At one time or another, every business leader has heard the promises of the latest business trend.

‣ Your business will be proactive and agile.

‣ Everyone will operate from the same clearly defined mission statement.

‣ IT will align and collaborate with the business side.

‣ You will have a clear understanding of business requirements.

In reality, how many of these promises have actually come true for business leaders in the last twenty years?

Despite the massive efforts undertaken in many organizations, these promises have often failed to come to fruition. It hasn't been due to lack of effort, smart people, software tools, new ideas, or new approaches. It has been due to the lack of a holistic, business-centric approach to solving the complex challenges within a company. This approach is business architecture.

There's just one major problem. Business leaders have been given a false premise: that there is one fix – and a quick one at that – for every organization. Organizations that focus only on the "quick wins" are often disappointed when they only find failure and undelivered promises. True change gets to the core of an organization's operations and addresses systemic problems, and true change takes time.

Business architecture is built on the pragmatic realization that there is no "quick win". The problems that can be resolved through business architecture were not created overnight. The "fix" for many organizations is a process that requires business architects who are skilled and effective at defining and instituting long-term change. Success requires discipline and rigor.

This white paper will provide you with some of the most important insights and lessons that we have learned working with companies on business architecture programs during the last decade. The information represents a collection of the questions we are most frequently asked, and the best answers we have developed by working with our clients.

The Big Five: Core Principles of Business Architecture

Business architecture is based on a core set of principles that guide the understanding and use of business architecture to solve business problems.

1. **Business architecture is about the business.** Many business efforts lead to an IT execution as part of solutions architecture, but business architecture cannot be focused on IT execution. When business architecture is focused on IT, it often becomes intertwined with technology and loses its business focus. Once this starts to happen, business people lose interest and do not take ownership of the business architecture.

2. **Business architecture is not prescriptive.** There are no two organizations or business situations that are exactly alike. This means that the same business architecture deliverables and techniques cannot be employed in every situation. If you are looking for a cookbook that explains how to solve every problem the same way, business architecture is not for you.

3. **Business architecture is iterative**. Business architecture is not a waterfall approach. Each iteration provides more insight into a business problem, and the potential solutions for addressing it become progressively more detailed over time. As a result, with business architecture, one does not need to know everything about everything to move ideas forward, but just enough to make the next decision.

4. **Business architecture is reusable.** Business architecture is not a one-time analysis of a business environment. Rather it provides a foundation for future analysis and decision-making. Unless an organization has fundamentally changed (e.g. through acquisition), the existing business architecture description and deliverables should be used as the starting point for future efforts.

5. **Business architecture is not only about the deliverables.** The deliverables that are created and how they are delivered is of critical importance, but don't focus only on the generation of a specific deliverable and forget about the process of business architecture. When business architecture becomes only about developing deliverables, it loses its power and creativity. Remember the reason you are doing business architecture: to drive consensus, bring people together, achieve clarity, and solve problems.

The Other Big Five: Things You Must Know About Business Architecture

There are also a number of key concepts about business architecture that many organizations struggle to understand.

1. **There are multiple components that make up business architecture.** Business architecture comprises multiple components and organizations should adopt those that are most relevant. Each component depicts a different type of information and provides a different type of value. It is not only important to understand the components, but also how they relate to each other.

   Generally, there is not one single component, which is more important than another. However, depending upon what the business situation or problem dictates, certain components may provide more value than others. It is critical for a business architect to understand that the same component cannot be used to solve every business problem, but rather each problem is unique and the techniques needed to solve it are unique.

   Business architecture is not just about the strategy, or the business process, or the business capabilities, or the data; it's about putting the pieces of the puzzle together in order to get a complete view of a business problem. The whole is greater than the sum of its parts.

Figure 1: Components of Business Architecture

2. **There are multiple stages of business architecture.**
   One core principle is that business architecture is iterative. This means that the right components are developed at the right level of detail based upon the appropriate stage in the problem you are trying to solve. We have found there to be three distinct stages that guide the development of business architecture.

   Stage 1: Strategic Architecture
   The first stage is Strategic Architecture. It has an enterprise focus and answers questions such as "Where are we?" and "Where are we going?" within the context of a business problem. It is used to understand strategy and goals, inform leadership, visualize the impacts of decisions, and subsequently provide a feedback loop to the strategy and decision-making process. This stage is conceptual and high level. The business architecture components are used to provide clarity and direction, but not necessarily specific input to solutions

development. The components in this stage are really used to help better inform executives about the implications of decisions and direction.

The components typically used within this stage include strategy, goals, value streams, and business capabilities. They usually manifest themselves in deliverables like enterprise strategy maps, guiding principles, current state and future state diagrams, and business capability-based target architectures.

Stage 2: Planning Architecture

The second stage is Planning Architecture. It takes the architecture developed from the first stage and answers questions such as "Now that I know where I am and where I'm going, how do I best get there?" It forces priorities to be set within the business problem and provides solution options. It is used to determine how much will be spent and the speed of execution. During this stage, an organization needs to manage the tradeoffs in prioritizing this problem against the other organizational priorities.

The business architecture within the Planning Stage moves out of the high-level and conceptual and is developed at a level of detail that could be used to inform high-level estimates of cost, time, and resources. Additional components typically used within this stage include business process, business data, and metrics/Key Performance Indicators. These components usually manifest themselves in deliverables such as a strategy alignment models, business capability roadmaps, and gap analyses. Even though enterprise IT architects were involved during the first stage, Stage 2 becomes dependent upon their engagement to create IT-specific deliverables such as high-level solution designs.

Stage 3: Execution Architecture

The third stage is Execution Architecture. It focuses on preparing a solution to be delivered. This stage is not the software development life cycle for IT, but is getting close. The details required for construction of the business and IT solutions are specified and the business architecture begins to become "physicalized."

Additional components may be used based upon the scope and depth of the business problem being solved. In addition, any deliverables created previously are developed to their most detailed level, and detailed deliverables such as workflows and business use cases are developed as well.
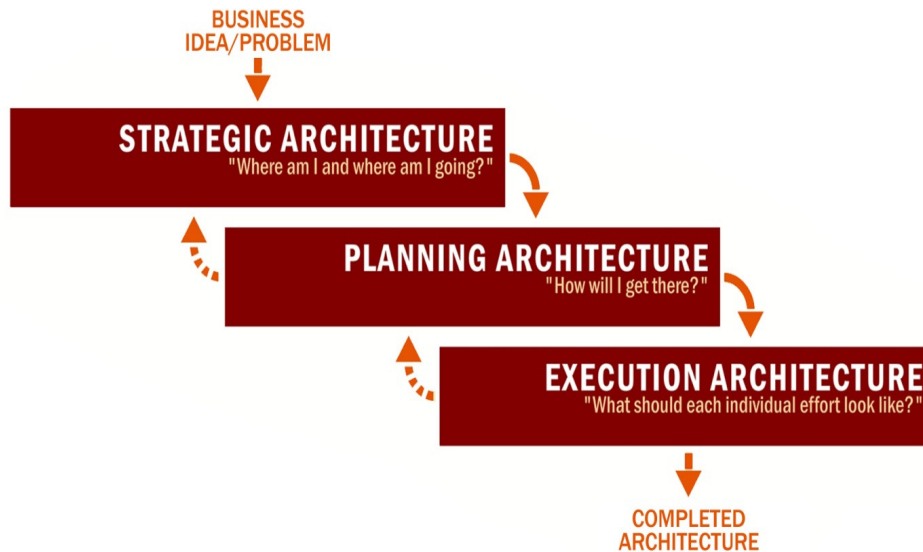
Figure 2: Multiple Stages of Business Architecture

3. **Business Architecture does not directly feed software development.**
   We have seen many organizations attempt to integrate business architecture deliverables directly into the coding phase of software development. Not surprisingly, these organizations have often failed in their attempts. Why? Because business architecture was not meant to be a replacement for the analysis and design deliverables that precede software development. Confusion is furthered by the fact that business architecture deliverables are sometimes created at a level of detail that looks like other business analysis deliverables and also by the fact that software vendors are pushing tools into the business architecture space that were created to support the software development life cycle.

If business architecture is not detailed enough to allow you to code from, then what is its value to IT? Business architecture provides the foundation for discussion and understanding between the business and IT. When business architecture is successfully paired with components of an IT/application architecture, the vision and clarity for software development begins to unfold. One of our favorite quotes from an IT manager was that business architecture made the business actually think about what they needed instead of "kicking off a two million dollar effort from a one-line email." This manager's organization historically initiated all development efforts in this fashion and, as a result, IT performed poorly. We often hear the business side make comments such as "Why is IT so slow?" or "There is no point using our IT department; they never get it right anyway." Our favorite is "Our IT department is just getting too expensive." But this wasn't IT's problem; the problem started in the business.

4. **There are different levels in the business architect role.**
   Business architects typically hold one of several positions that range from junior to senior and from narrow focus to wide focus. The title of "business architect" is not the most important aspect of the role, but rather the collection of tasks performed by the person in the role. There are several areas of business architecture that should be divided between senior and junior architects: business modeler, vertical business architect, enterprise business architect, and chief business architect.

   The business modeler is one of the basic roles needed for business architecture because modeling creates imagery that can explain the "why" of the business. Often, business architects begin as business modelers, where they can really understand how the business operates. This position is usually filled by a fairly junior person, but the work is no less important than the strategy alignment being performed by more senior business architects. Because the process of business architecture begins in earnest with a snapshot of what the business is actually doing now, business modeling is crucial.

   The vertical business architect focuses on a single business area from top to bottom. They are the experts on the architecture and business models of a specific business area within their organization. They have a complete understanding of the entire business area's strategies, the business goals and metrics, and how business decisions impact the operational environment of a specific unit. They are often called solution architects, or domain architects.

   There are usually many vertical business architects in larger organizations, sometimes several within a business domain. Vertical business architects move beyond the focus of the business modeler to begin influencing strategy and operations. They use the business models as tools to perform the larger tasks of business architecture, such as aligning execution to strategy.

   The enterprise business architect, as the name implies, focuses on understanding the architecture of the organization as it relates to the overall corporate strategy, goals, and metrics. Breadth of the organization is more important than depth in a certain business area.

   The modeling done by these architects will involve multiple channels, business areas, and/or product lines and may focus on a specific enterprise problem such as customer experience. The enterprise business architect's job is not only to determine if each business area under their purview has a consistent understanding of strategy, but also to find opportunities for organizational improvement. They ask the questions that often fall outside the scope and responsibility of any single business area: Is there opportunity to eliminate organizational redundancy? How can we improve the end-to-end customer experience? Is each business area's execution upon the organizational strategy complementary to one another or competing against each other?

   The chief business architect is a future role that will probably have various titles within an organization depending on hierarchy and area of focus for the

architect. For example, the role could be called chief strategist or chief customer experience architect. Despite the title, it is critical that this role be considered a C-level role equal to the COO and CIO; otherwise the people in these positions will not carry the influence and respect necessary to a chief business architect role. The intent for the role is the same, no matter the title: Make sure the business is architecting out its future state as an organization. Much like the enterprise business architect, the chief business architect must make sure the various areas of the business are moving it in the same direction. When they aren't, the chief business architect makes the necessary recommendations for adjustments that will restore realignment. More importantly, they are armed with the information not just to influence the organization's strategy, but to be on the forefront of setting organizational strategy.

Figure 3: Different Roles of a Business Architect

5. **Show the value of business architecture, don't sell it.**

   All too often, organizations spend a majority of their time trying to sell the virtues and benefits of business architecture. These organizations usually fail in implementing business architecture. They lose focus on what business architecture is meant to do: provide value to the business. Once you get past introducing business architecture to the organization, there is only one way to sell it and that is to do it. Which is the better marketing approach, telling the story of how "competitor X solved a problem," or actually solving a complex, cross-organizational problem in your own organization?

Summary

As organizations start or continue to mature their business architecture capability, the need for direction, guidance and support will become critical from a larger business architecture community. This community is in the process of developing more standards and a definition that allows business architecture to differentiate itself from other practices and approaches. Regardless of the time it takes to institutionalize business architecture standards, organizations can succeed now with business architecture. By staying committed to the five core principles and the five key concepts outlined in this paper, organizations will not only find business architecture succeed in their environment, but flourish to a point where it is part of the corporate culture in problem solving.

About the Authors

Ms. Whynde Melaragno is the Business Architecture Practice Director at STA Group, LLC., and is responsible for executing and refining business architecture practices and techniques, as well as managing a comprehensive training curriculum. She works hands-on with companies to help them develop an enterprise business architecture and build their organization to support it. Ms. Melaragno also has expertise in the disciplines of project management and business intelligence/data warehousing. She has begun applying her holistic business architecture perspective to address the challenges of climate change and environmental sustainability.

Mr. Suddreth was the former Practice Director for STA's Business Architecture and Strategy consulting practice, where he focused on both defining new methods and practices for business architecture and overseeing their real-world application. He was the founder of the Business Architecture Community, a founding board member of the Business Architecture Institute and served on the Executive Council of the Business Architects Association.

Visit ba.stagrp.com to learn more about the STA Group Business Architecture Practice. Contact us at Tel: 312-768-7424 | Email: ba@stagrp.com.