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What is Business Architecture

ENKI, LLC

Article – Summary of Client Case Studies

ENKI LLC's CEO coined the term Business Architecture in 1999 to cover the work required to create a new business around the Internet and Ecommerce. As originally defined, there are ten components of a sound Business Architecture. These are required to understand the strategic intent and the business operating model needed to achieve the intent.

Organizational Change Management (OCM)

The first component of Business Architecture must address the **HOW.** If all of the deliverables in a Business Architecture effort are delivered in a traditional approach with only project deliverables, you will miss an opportunity to align people across silos and you will not achieve the business transformation goals. The **HOW** you do this work leads to a purposeful culture. A culture that is transformed and cross functional. An innovative and energized culture. The **HOW** is call **Organizational Change Management (OCM)**.

Business Strategy

The Business Strategy is the first deliverable (output) that must exist as it is the pillar for all other subcomponents and deliverables of the Business Architecture. Without the Business Strategy, nothing else will work. Most employees will not fully understand or care about a Business Strategy at this stage since it does not appear to impact them directly. However, this view will change as you use OCM to drive communications and employee engagement to rollout of the Business Strategy. This is where and when employees will understand that the Business Strategy is defined and is beginning to be rolled out. OCM makes the Business Strategy real to employees. OCM helps explain the impact and WIIFM (What's In

It For Me) to their everyday activities. Employees will start to see that what they do and don't do has a direct impact on achieving or not achieving the business strategy goals and objectives.

Revenue Strategy

Without revenue the company will not survive. This is thought of as a sales process but it is not. There are two steps in this component with the first being the development of the Revenue Strategy. The second step is using OCM to roll it out. OCM here is different since the OCM leader will be engaging stakeholders directly to define, design, and deploy the Revenue Strategy. Since all the stakeholders will be engaged early and often and they will help create what will be rolled out, there is always a high level of employee engagement when done correctly. This is the start of developing a Purposeful Culture.

Process Engineering

Process Engineering as performed by other consulting firms typically follows the following path: firm sells that they have industry standard processes and they will hold workshops to get everyone educated on and on-board with these processes while also learning what exceptions may exist. They also promise they can do this quickly since they have been doing it for years and they have the standards (best practice?) process models to implement. ENKI has noticed that these firms lack a few key areas required for their success in the process engineering effort. These areas are missed in small, medium, and large companies and they include Activity Modeling, internal and external Business Analysis, and Role Engineer. However, these are only deliverables and none of them will work if OCM is not leveraged to engage the employees in the engineering of the processes. ENKI's team has industry standard and best practice processes just like any other firm because we can buy them too. However, having them and knowing how to implement them at different companies with different cultures and different business models in different industries is not the same thing. So, if you do not believe your culture or business model is different from anyone else in your industry, we would encourage you to engage one of the really big and expensive consulting firms who will gladly assist you in wasting your time and money.

ENKI's team has been doing process engineering since the early 1990s and has trained employees at GE, Dow, DuPont, Chevron, and many other companies. Our CEO actually trained GE employees in how to do process engineering, which predates the concept of six sigma.

Relationship Architecture

The fifth element is Relationship Architecture (Stakeholder Engagement). The community mapping coupled with knowing what information has to be shared at a

community level vs. personal level can help speed up communications and hence increase business flexibility. Clear roles and responsibilities help improve the work of people considering the Organizational Design and Information Security. Role mapping complete with data access rights and privileges when done correctly help your entire organization understand and adhere to the National Institute of Standards and Technology (NIST) role-based access control standard. As this information is gathered and confirmed it should be done so with OCM techniques to engage employees in the process so they know why and what is being done. This helps with communications but also any future organizational design adjustments recommended by the groups performing process engineering work.

Organizational Design

Organization Design (OD) is often an outcome of Process Engineering and Role Engineering work. Yet, having the OCM experts drive this effort with HR team members and Project Managers helps in a number of different areas. HR can confirm that employee movements meet company policies (minimum requirements) and can ensure a balanced and equitable group of people at each level of the target state organization. Project Managers (PMs) can help with aligning and defining roles to specific responsibilities and cross reference them with the process(s) needs to make sure areas are fully covered. The PMs can engage the Business Analysts to help develop this work/role relationship model. The OCM leader or team manages the entire process around OD to ensure stakeholders are engaged along the way for each area being impacted. The OCM team works with the PMs on timing and the work/role relationship model while also working with the HR team members on role reporting, responsibility, and requirements to ensure each process area is covered with HR.

Decision Rights

ENKI using the Harvard Business Review's (HBR) "Who Has The D" model to help build a client's understanding of how decisions should be made and by whom. ENKI has developed a Framework from the HBR model to help clients quickly understand and implement a Decision Rights capability. This helps speed up all of the components of Business Architecture because the lack of decisions or a culture use to not accepting decisions, actively or passively, is slow and can cost companies' competitive advantage.

Enterprise Business Information Model (EBIM)

Many Chief Information Officers may think that this should be created by their IT department or an Enterprise Technical Architect. That approach has caused numerous issues the have lasted decades because IT people do not know the questions needed to build this model. IT people (or person) needs to be engaged in the team to perform this work as do people from operations, finance, HR, sales, marketing, customer service, and the CEO's staff. Each functional area will have different insights and perspectives that need to be gathered and

consolidated. This work is best performed with 2 people – an Enterprise Business Architect and an OCM leader (because you are engaging stakeholders). ENKI has a starting point for all EBIM work but we have yet to see two companies come out with exactly the same model. Standards and starting points help speed up the work and help employees see an example but nobody can say they are “your” solution during a sales pitch without being a liar.

Enterprise Program/Project Portfolio Development & Management

This is sometimes called the Enterprise Project Portfolio Governance model. It includes the project intake process, development of the Business Case or ROI, clearly defines the project tiering criteria, how capital investment will be managed, and how/what metrics will be baselined and measured. What is lacking at this level is how each functional area will managing their specific functional projects, in detail. This work is focused on making sure that enterprise projects are well understood and there are no duplications, which would result in wasted investment dollars. Once projects are defined and improved for investment, they are usually turned over to the functional group(s) to execute and for them to follow the governing rules (baseline, measure, provide feedback during the project, perform a retrospective at the end for improvement recommendations).

Functional Areas’ Strategy and Business Alignment

This includes the IT Strategy Development and Alignment as one of the Functional Areas’ Strategy. Yes, it is our experience that the IT Strategy needs to be part of the Business Architecture work. In fact, we believe that all functional areas should have a strategy that aligns with the enterprise strategy and they are all part of the overall enterprise business architecture. A Business Architecture must consider how each functional area will enable all the components of the Business Architecture or how it will inhibit achieving the business strategy in the short-term. This is required to understand what objectives and goals are achievable and when will they realistically be achievable. The strategy alignment work will highlight any technical gaps, skill gaps, internal process gaps, and any business security model gaps. Business Security Modeling is in Business Architecture but runs through several of the components mentioned above. The cross-enterprise alignment of the business area security needs is a key deliverable from this section of the Business Architecture. IT is hard to perform this work correctly as there are interdependencies on Role Engineering and Information Engineering to align roles’ access rights to specific data elements. In IT this is often referred to as developing a CRUD Matrix (Create, Read, Update, Delete). This work is usually done at an application level but often fall short on enterprise level security as a result. If performed at the enterprise level, a CRUD Matrix done early in a transformation effort helps business and IT leaders understand what data is required to perform a given role in the company. Over time, data security can be enhanced to limit role access to data that roles do not need to use or see. It might be faster and

cheaper to perform this analysis at an application level for the first and second application but there would be a need to redo it for each application and to then cross reference the CRUD matrix implemented at each application across all the other applications. So, this becomes a factorial equation of rework for each added application. This usually results in having to “refactor” or fix previously built application security implementations to account for new information or newly understood security requirements that all subsequent applications and processes introduce. Many people have referred to this type of work as “Technical Debt” because we knew how to do it right but we cut corners to meet a project budget and now it is exponentially more expensive to fix it.

APPENDIX – BUSINESS ARCHITECTURE SUMMARY

Business Architecture

1. Organizational Change Management
    a. This is HOW we do Business Architecture
    b. This is engaging our clients' employees in the process of building, clarifying, and sometimes redefining the client's business model to where it needs to be to affect the change desired by the client.
    c. This is how every step below is implemented by us
2. Business Strategy
    a. Often given to us from the C-Suite or strategy consulting firm
    b. Can create through our Listen and Observe methodology
3. Revenue Strategy
    a. Can create this for the Chief Revenue/Sales Officer
    b. Can role this out to the organization using Organizational Change Management (OCM)
4. Process Design & Engineering
    a. **Activity Modeling**
        i. This is Lawrence Dillon's Secrete sauce to Service Oriented Architecture and Micro-Services for Agile and DevOps enablement
        ii. Once business "Activity" can be used in many different processes and should only be defined (and built in IT) one time.
        iii. Examples could be "Get Customer Data" or "Get Product Data"
    b. Business Analysis
        i. Junior folks can create value streams if desired – usually not valuable for an enterprise transformation effort and too much will change during implementation
        ii. This is where detailed business requirements are most often discussed and documented
        iii. This work is best done by ENKI in our Innovation Hub where we talk about the way the work is done with client team members, who may share systems they use, and where ENKI has our lead business architect facilitating the discussion with one of our enterprise technical architects for strategic IT questions and 1-2 Biz Analysis / developers taking notes to build out the Low/No code platform.
    c. Role Engineering
        i. To simplify the "Roles" in the organization. These are NOT job titles / descriptions (JDs) as 1 or more JDs will be needed for each role.
        ii. Example: Customer Service Representative (CSR) = 1 role
            1. New CSR has little if any authority (CSR Level 1) to access all data
            2. Seasoned CSR has some authority to make customer engagement decisions (CSR Level 2) such as regional data but not all data

3. Expert CSR has authority to reward customers, give refunds, etc. (CSR Level 3) and access to all data for the company's customers

5. Relationship Architecture (Stakeholder Engagement)
    a. Community Mapping
    b. Personalization of information and change journey (mapping)
    c. This is a map of every person / group and how they work
    d. If a person is mapped to a role, the role has to be reflected in the activity model and eventually in the Organizational Design (reporting relationship)
    e. This is also used to map the customer(s) relationship to the client
    f. Each relationship must have stated requirements. This means that each role in the company must be defined with all privileges for each role clearly documented. This also applies to customers and suppliers. This way the organization knows how to treat each relationship.
    g. This should confirm the activity model, role engineering, RACI and CRUD work
6. Organizational Design
7. Decision Rights (Who Has the "D")
8. Enterprise Business Information Model
    a. ID structure of the data items (master vs. reference vs. transaction) for each data component. Need to specifically state each data element(s) in each data component.
        i. One data component will consist of one or more data elements
        ii. Example: Customer Data is a component. Customer first name is 1 data element. Their last name is a 2nd data element and so on.
    b. ID interdependencies of Data Components
    c. ID business activity triggers
    d. Review and update information, data, policies
9. Enterprise Project Portfolio Development & Management
    a. Project Request Intake Management
    b. Project Submission Request (idea generation)
        i. First submission should be easy to document
        ii. Used first to get funding or a person to do a deep dive into the business case or ROI
        iii. Used to make sure this is a unique request
        iv. Eliminates duplication of projects and pet projects
    c. Business Case/ROI Development
    d. Project tiering (create the hierarchy of projects to get attention
        i. Must have each project uniquely numbered (NO duplicate numbers)
        ii. Eliminates confusion of what the top priorities are since there is one and only one #1 Project.
    e. Capital investment management
        i. Used to clearly layout how much money for a given year is available for project work
        ii. Approval is often at the C-Suite for investments (all investments)

f. Impact / value obtainment management
    i. Clear metrics must be defined and measured along the way
    ii. ROI must be captured after the launch of the project
    iii. MUST perform a Retrospective for each project
        1. Lessons Learned
        2. What went well
        3. Even better if
        4. Metrics to consider next time
        5. Rating of team members by other team members
        6. Rating of Project Leadership and Sponsors by team members
        7. Rating of communications

10. Functional Area Strategy and Alignment
    a. Skill gap analysis
    b. Requirements Engineering
    c. RACI
    d. Technology Enablement
    e. Detail out the Business Security Model (should get into CRUD) based on the EBIM, Process/Activity work (SIPOCs), and Role Engineering work. This drives information engineering, data design, databases, tables, underlying data access services (and façade services), and development of underlying data access services (micro-services)
        i. If an uninformed CIO takes the EBIM out of the Business Architecture scope, then a Business Security Model, RACI, and the Skill Gap Analysis are also not possible to have in scope.
        ii. If an uninformed C-Suite believes this section to be only about IT, than they will miss the cross functional business model insights and IT will miss all of the technology enablement needed to support the business area functional groups in their achievement of business objectives and goals. This will result in business leaders (CFO, COO, CHRO, CMO, CRO, etc.) in picking their own technology enablers and by-passing the IT organization.