BPTrends COLUMN

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Essentials of Business Architecture Roger Burlton

'The Business Architecture Concept Model: Strategic Context Phase'

A few years ago, I started writing this quarterly set of Columns on the topic of Business Architecture. I knew at the time it would be, like any complex topic, a difficult undertaking since there are many aspects to sort through. There are several points of view in the field, each accompanied by strong opinions from focused camps and professionals, each with its own opinion of what a Business Architecture should cover. My perspective at the time was to strive to take a business value and performance lens, not one that focuses on any one sub topic, such as enabling technologies in isolation of the other essential domains. I posed that a Business Architecture is a model, perhaps the most complex one we could imagine in business, since it should cover all aspects of the whole business, including how it runs day to day as well as what must be changed to remain relevant. I cited Joe H. Ward and Earl Jennings who said in 1973 that '*models are idealized in the sense that they are less complicated than reality and hence easier to use*'. I also referred to George Box, who in 1987 said that '*All models are wrong but some are useful*'. That was to become the focus of this Column. The ideas was to be comprehensive while remaining as pragmatic as possible, bringing useful experiences and insights gained from over 100 business-oriented efforts that I have been involved with that provided some key lessons about business design and architecture.

That was then, and now I can look back and say that, for the most part, the advice I have given has been well received and affirmed in many real-life situations where it has been adapted for particular use. Yet at the same time, I too have learned a lot since the start of the series and have updated the models based upon lessons learned, new insights and emergent practices.

When I was starting my career, a mentor said that to do work successfully you should learn how to talk about it with others, since it forces you to surface the essence of what you know and having to describe it makes it better. Then he said that if you talk about it you should also apply what you are talking about to make sure that your advice is worth taking. This dance between tacit and explicit knowledge is a fundamental pattern that drives iteration, learning, innovation and knowledge management. I have been fortunate to have the opportunity to conduct many engagements in a variety industries and business situations and have always had to adjust the documented approaches to make them practical enough to achieve results. Often times, these adaptations have found their way back into my writing as well as the training classes I have continuously updated and delivered to practitioners. I am confident in saying that my practice has improved, my training evolved and my writing has become more realistic. What that means is that the earlier Columns would contain some additional and renewed approaches if written

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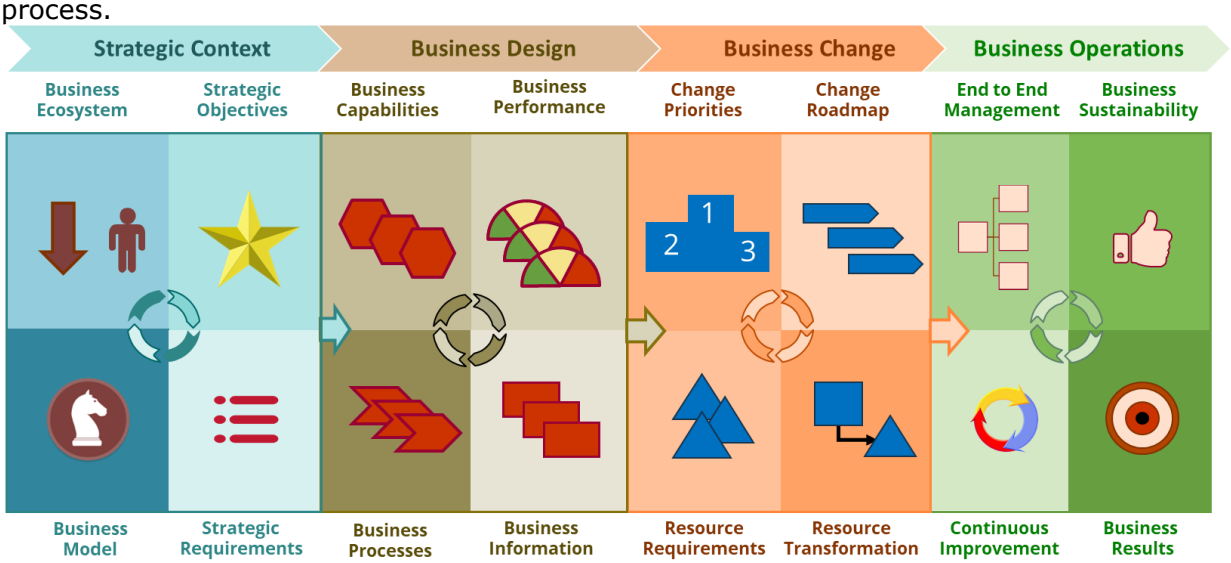
today. I would expect the same in three years from now since I believe we never can stop improving as experience gives us new insights based on practice itself. In my case and that of my associates in Process Renewal Group, we have an additional thirty projects under our belt since then and have conducted more than thirty-five in depth workshops on six continents, to teach and share our experiences with passionate business architects and analysts in all industries. I will take the net result and synthesize some key llessons as a set of semantic models over the next three Columns and tackle the strategic, structural and transformational aspects of Business Architecture and will expose some of the knowledge relationships of Business Architecture itself.

The New Business Architecture Landscape

The Process Renewal Group model was first presented in Column 1. Since that time, it has evolved to be more helpful as a basis for the methods of Business Architecture. It incorporates the best of the emerging approaches so far, combined with other ideas that have stood the test of time. Within the past year, it has been updated to connect traditional and new ideas into a comprehensive Business Architecture framework and methodology as depicted in the latest version shown in the figure below. The diagram shows the main logic of the discovery and design process.



The Process Renewal Group Business Architecture Landscape

This diagram represents the main phases of the logic of the Business Architecture journey. It is not practical to think of this as a waterfall effort that requires the entirety of a particular phase to have been completed in order to conduct the next. Instead, each major phase is itself subject to an iterative and agile learning style that requires progress on each item to inform and validate the others. In fact, no phase will ever be completed but will evolve over time as the business and its ecosystem continue to move. It should also be clear that the entire set of phases are always in flux and in play. There is a logic among the pieces but not a fixed flow. We will use this as the basis to add more knowledge as it's gained. Each Phase of 'Strategic Context', 'Business Design', 'Business Change' and 'Business Operations have a distinct focus but should support one another. In this and the next Columns I will expand on what we have to know in each and reinforce some of the messages delivered in other Columns in the series to date. In this Column, I will tackle the 'Strategic Context' phase.

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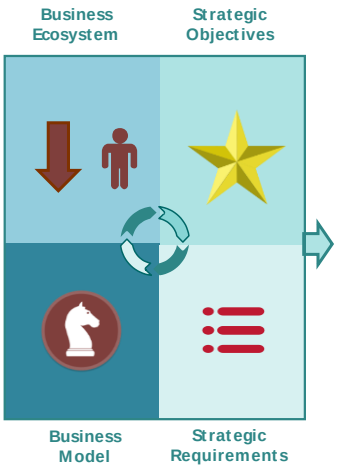
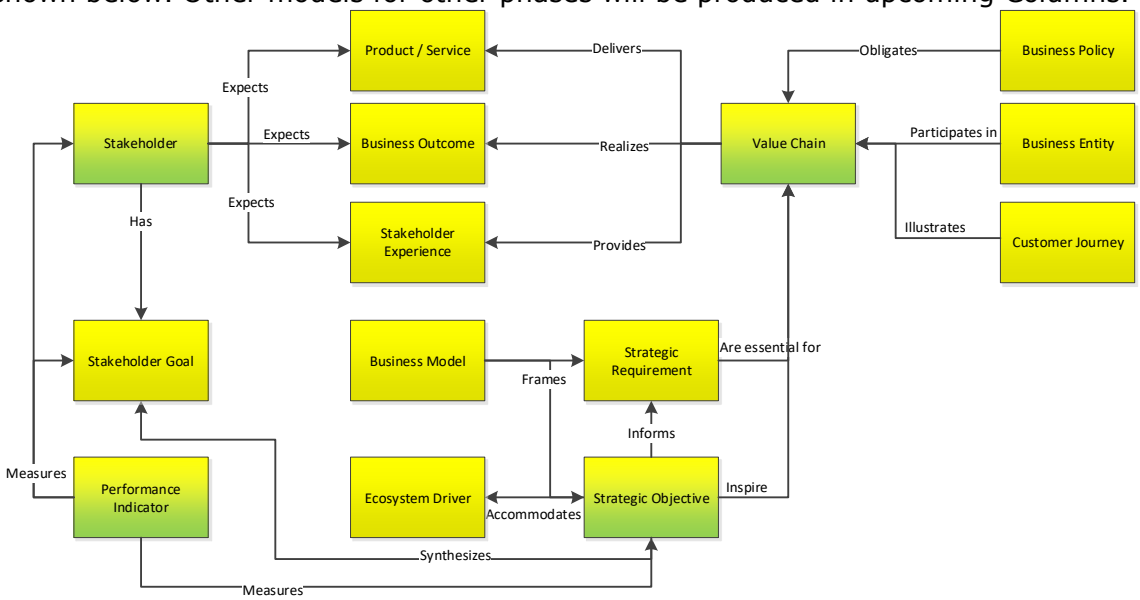
The Strategic Context Phase



It is not the role of the Business Architect to develop the corporate strategy. The Architects can and should be involved because choices made can be a strategy choice, but that is not the architect's primary mandate. That is the job of the senior leadership. Without a simple, clearly articulated and well-formed strategic context, however, a sound business architecture is not possible. For business knowledge retention and guidance required for the structural architecture work, it is critical that the business architecture team ensures that the often fractured and incosistently organized strategic business knowledge can be represented as a well structured set of business concepts that are used for design and decision making purposes. Having strategy knowledge available in a consumable form is going to be required for lots of business design and resource allocation purposes later. The architect should do that as well as provide feedback on any business model or strategic gaps.

One of the key aspects of the Business Architecture method is the development of the business concept model of the value chains in scope. This was covered in Column 11 of this series. As it is an essential starting point for any business communication relating to the business, so we also must take our own advice and define our own concepts for the 'business' by defining the business context of the architecture. As a reminder, business concepts are about semantics, understanding and communication. They are not yet data definitions. The model pattern that depicts them is consistent with the standard as defined in SBVR (Semantics for Business Vocabulary and Rules) from the Object Managent Group. Moreover, the model does not have all the attributes of a meta-model required for Business Architecture tooling support but should help in picking the right tools to capture what you need to know. Our concept model for the Stragecic Context of the business in its ecosystem is shown below. Other models for other phases will be produced in upcoming Columns.



Concept Model for the Strategic Context Phase

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Please note that each concept is worded in the sungular although in realitythere is more than one instance of the concept . In the remainder of this Column, I will describe some of the insights that are evident based on this set of concepts. In the spirit of SBVR and the the wise tenacity of my friend and respected associate, Ronald G. Ross, I know that all terms should be defined. I will do that in the appendix.

Prime Concepts

The concepts that are highlighted as a combination of yellow and green, are, for me, the ones I can leverage most strongly in later phases of the method to make decisions and provide the main connections among the phases.

Value Chain: The Value Chain will define for us the scope of the architecture.Column 2 in the series describes, in depth, what we need to know about value chains. The main point is that we must be clear on what the boundaries of the architecture models are, whether these are for a single chain or multiple chains or for a functional portion of the business. The *Business Entities* participating in the *Value Chain* must also be clear to be sure that certain chains that require multimple organizations to collaborate for *Stakeholder* value creation are defined and involved. The *Value Chain* is also constrained by the *Business Policies* of the *Business Entities* involved. At the strategy level they will represent the 'BIG Rules" that govern the business and must be inherited by all of the other constraining concepts in later stages (such as *Business Decisions*). A *Customer Journey* map may be useful to illustrate the scope of all of the work that has to be performed within the *Value Chain*. The *Products / Services* are delivered and serviced through the Value Chain processes of course.

Stakeholder: The stakeholders of the *Value Chain* in scope will establish the source and desinations for the exchange (delivery and receipt) of *Products / Services* and for all Value Streams and Business Processes (discussed in the next Column) which are part of the *Value Chain* and also define their success criteria. Being of common mind about who they are is needed for establishing a shared purpose. The three aspects of the interaction that define value for stakeholders are: the *Products / Services, Business Outcomes* that provide the business benefit for the *Stakeholder* with the *Value Chain,* and the *Stakeholder Experience* perceived by them. It is up to the *Value Chain* to be successful on all three fronts to create full *Stakeholder* value and meet all expectations. Defined *Stakeholder Goals* need to be established to establish the degree of change from the delivery against current expectations.The *Stakeholder Goals* – requirements for future Stakeholder value - should be used to determine *Strategic Objectives*.

Strategic Objective: In order to assess design options and prioritization choices later, it is essential that a set of decision criteria are established based on the synthesis of varying expectations and the rationalization of what is of value for, and what is expected by, the set of *Stakeholders* of the *Value Chain* – the *Stakeholder Goals*. In addition to these essential, yet potentially conflicting, goals, there has to be a check provided by the reality of the ecosystem within which the Value Chain will operate. These *Ecosystem Drivers* will provide either opportunities or threats for the *Value Chain.* The *Strategic Objectives* will form the basis for evaluating which *Strategic Requirements,* already apparent at this point, are critical to the success of the attainment of the *Strategic Objectives* of the *Value Chain.* We will use them to establish our affectionately named North Star or Southern Cross to guide our navigation in the Business Design and Change phases.

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Performance Indicator: Measurement is a required action for a value centric enterprise. It will show up at every level of detail and with every perspective we take in the world of Business Architecture. Starting with Strategic Context, we will derive *Performance Indicators* for the relationships with all types of *Stakeholders* through their *Strategic Goals* and also assure that we have clear *Performance Indicators* for the goals we are aspiring to for the *Value Chain.* This will be the beginning of the measurement stack that we will incrementally develop down the *Value Chain,* Value Stream and Business Process Hierarchy in the next Column.

Future Columns

The next two Columns will delve into the concepts applicable to the Business Design and Business Change phases. They will also address related concepts which are part of each of the other phases. I look forward to receiving your feedback on the concpets since structuring meaning can be one of the most challanging aspects of changing how work gets done and for defining what knowledge is sufficient to communicate to get sharing of approaches.
That's the way I see it.
Roger Burtlon

Author

Roger T Burlton, P.Eng., CMC, is the President of Process Renewal Group and co-founder of BPTrends Associates, the services arm of the BPM knowledge portal BPTrends.com. He is the author of the thought leading book 'Business Process Management: Profiting from Process'. He is considered the industry leader in the introduction of realistic ways of implementing enterprise BPM programs as well as innovative approaches for organizational and process change. He is the author of the 'Business Process Manifesto' which is now available in fourteen languages. He is regarded as a realistic practitioner, who delivers pragmatic solutions for his clients. He has helped over one hundred organizations implement BPM as a corporate strategy in many different industries, countries and cultures. An exceptional speaker, he has chaired over forty high profile conferences on Advanced Business Architecture and Process Management around the world. To date, he has conducted over seven hundred seminars and has presented to over sixty thousand professionals. His seminars have been translated for diverse audiences around the globe.

Appendix: Definition of the Usage of Terms

- **Business Entity**: An organization or group of organizations with the purpose of providing goods, information or services.
- **Business Model**: A description of how an organization creates, delivers, and captures value, in economic, social, cultural or other contexts.
- **Business Outcome**: the value that the business process produces of value for a *Stakeholder*
- Business Policy: A means that limits or establishes a degree of freedom for day to day business activity
- **Customer Journey**: the path of activities and interactions that a customer *Experiences* with a *Business Entity* and its *Product and Service*.

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- **Ecosystem Driver**: Pressures coming from an economic community supported by a foundation of interacting organizations and individuals that may represent opportunities or threats for the *Business Entity* in focus
- **Stakeholder Experience**: *Stakeholder*'s perceptions – both conscious and subconscious – of their relationship with your *Value Chain* or *Business Process* resulting from their interactions with you.
- **Performance Indicator**: A unit of measure evaluating how well an organization or business process delivers results
- **Product / Service**: The items or activities that are offered by a Business Entity to its customers
- **Stakeholder**: a person, group, organization or other party that affects or can be affected by one or more of an organization's activities in a Business Process.
- **Stakeholder Goas**: The qualitative results desired by the stakeholder devoid of time targets and measurement indicators.
- **Strategic Requirement**: the necessary capabilities that are needed and critical success factors that must be satisfied for an organization or a *Value Chain* to achieve its desired *Strategic Objectives*
- **Strategic Objectives**: The set of aspirations that a *Business Entity* aims to achieve that are measurable and targeted.
- **Value Chain**: A value chain defines all of the work required to conceive, plan, market, sell, deliver, optimize and manage a set of products or services that satisfy a given set of customers. All products or services servicing the same market are the result of a single value chain

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