Business Architecture Value: From Start-Up To Global Enterprise

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Agenda

• Why?
• The Tools
• Importance of Social Influences
• Business Architecture and the Startup
• Driving Business Transformation in the Growth Enterprise
• Business Architecture Value for the Global Enterprise
• Conclusion
Why?

For Business

- Business is moving faster
  - Customers want “it now!!” and the competition copies or substitutes much faster and at high quality.

- More interconnectedness
  - Foreign ideas can impact local customer expectations overnight

- Lean and mean is the name of the game
  - Cost and loss have to be kept to a minimum

- Agility is crucial
  - Fewer business models span multiple decades

- Good practice has to be built-in from day one
  - Changing from bad practice to best practice on the fly is very expensive

For Business Architecture

- Practice development needs involvement with business much earlier in the business lifecycle
  - Business Innovation thought leadership is coming more and more from startups

- Complex businesses global businesses have been around for a very long time
  - Business Architecture is emergent so understanding how the Business Architecture value proposition changes through the business lifecycle is crucial

- Business Architecture is about people
  - Capabilities are delivered through people, as the business grows so too do the people dynamics change
The Tools

• The Summarized Business Growth Model
• The Business Architecture Guild, BIZBOK™ v3.0
• Vayase Consulting, Business Architecture Compass
The Summarized Business Growth Model

- 6 Stages summarized to 3
- Business Startup combines Survival and Existence
- Business Growth combines Success Dis-engagement, Success Growth and Take off
- Business Maturity is represented by Resource Maturity
The Business Architecture Guild, Bizbok™ Guide v3.0

**AREAS FROM PART II**

Business Strategy Mapping
- Capability Mapping
- Organization Mapping
- Value Stream Mapping
- Information Mapping
- Initiative Mapping
- Product Mapping
- Stakeholder Mapping

**BIZBOK™ Core Concepts**

- Capabilities
- Organization
- Value Streams
- Information
Vayase Consulting Business Architecture Compass

• Visual Summary of Business Architecture Relationships

• Helps maintain Business Architecture Activity alignment with Executive Value

• Helps maintain separation of concerns for a Business Architect

• Facilitates communication with Executives i.e. helps you to explain what you’re doing and why in brief

• Consists of four key focus quadrants
Business Architecture
Compass Focus Quadrants

- **Value** - Strategy, Frontline Value Outputs, Value Streams
- **Technology** - Value Streams, Information, Stakeholders
- **People** - Stakeholders, Organization, Capabilities
- **Change** - Capabilities, Initiatives, Strategy
Social Influences

Business is always about relationships

POLITICS

Office Politics - “... By-product of working with multiple personalities, differing opinions and varying degrees of work ethics...”

Corporate Politics - “The informal, unwritten procedures for making things happen or not happen in an organization”

BUSINESS CULTURE

“The Model or style of business operations within a company. The business culture determines how different levels of staff communicate with one another as well as how employees deal with clients and customers.”
Business Architecture and the Startup

START UP REALITY

• “95% of enterprises in the EC are small firms (under 250 employees)”

• “90% of new products fail”

• 1 in 3 startups fail in the first three years of operation in the UK

• “20% of failed businesses would still be in business after 2.5 years if they had sought advice at the outset”
Challenges Facing Startups and Causes of Failure

TYPICAL CHALLENGES

• Customer Reach - how do we reach the customer?

• Effective Monetization - how do we get the customer to buy?

• People - how do we manage the team?

SOME COMMON CAUSES OF FAILURE

• Cash flow problems

• Poor business planning and management

• Poor human resource relations

• Failure to embrace new technologies and new developments
Critical Ways Business Architecture Can Help

Business Architecture accelerates growth by reducing the entrepreneurial Cost of Learning

- Use of Value streams can help improve understanding of monetization and hence help address cash-flow problems early avoiding serious losses
- Understanding Value Stream to Capability relationships helps business planning by deciding what is needed to operate and how best to organize the team to deliver it with a reduced focus on office politics
- Understanding the relationship between Stakeholders and Strategy can help keep the team aligned and motivated
The Mobile Shop Value Stream Example
Driving Business Transformation in the Growth Enterprise

GROWTH COMPANY FOCUS - How to sustainably capture the market quickly

• THE BUSINESS CHANGE

• Focus Shift
  • Process not people
  • Scalability, Repeatability, Reliability

• Enter professional management
• Enter the Business Unit Silos
• Enter Strategic Planning
• Enter Projects and Programmes
Growth Business Challenges

- Deciding a growth strategy
- Dealing with regulation thresholds
- Do you take the buy-out or keep growing
- Identifying the Onset of Business Maturity and what to do about it
Growing Better Capabilities With Business Architecture

- Using Capability based planning powered by Business Architecture can help reduce the impact of Business Silos and manage the effects of changing Business Culture and Politics.

- Understanding Capability and Value Stream Relationships helps determine the best type of Business Growth Strategy e.g. local or global, organic, acquisition or joint venture.

- Understanding of Capabilities can help deal with growing pains such as regulation and capacity thresholds in a more pro-active manner.
Understanding Business Maturity

- A mature business is defined as one that has maximized its ability to grow and reached its maximum market potential i.e. further business growth means loss of market share for competitors.

- The Challenges of Maturity in today’s world are:
  - Dead or rapidly dying Markets
  - Rapid changes in Market Direction
  - Rapid changes in capability definitions

- A Growth Stage Business has to understand the onset of Business Maturity so as to plan for business sustainability.

- The Business therefore needs to understand:
  - Capability Sufficiency – are existing capabilities sufficient to address the strategic market demand
  - Capability Agility – are existing capabilities sufficiently responsive to changing market direction and the need for possible market exit.
Identifying The Onset Of Maturity


- Business Architecture helps identify the onset of Business Maturity by showing when a business begins to over-invest in capabilities (Over-Sufficiency and Over-Agility) relative to the remaining “free” Market Potential for a given Market Direction.
Business Architecture Value For The Global Enterprise

• THE HAZARDS OF SUCCESS

• The business is usually overweight

• Loss of risk appetite - “Innovation or my career?” - the Executive choice

• Enter “kids in the garage” and “mom in the kitchen” - the greatest competitors the corporate world has ever seen

• Manage by the numbers - management sits somewhere out there

• Office politics graduate to Corporate politics - when “friends” become “allies”
Rationalize And Reduce With Business Architecture

- Executive Coalitions around business rationalization are more readily built when a Business Architecture view is used to surface and align Executive Interests.

- Business Architecture helps decide how to rationalize the business operating model by aligning Business Change with new ways Technology can be used.

- Business Architecture helps decide how to reduce costs by relating investment in Capabilities to Value Delivery.
Drive Innovation And Increase Revenues

- Business Architecture is effective in assisting innovation management by relating Product and Strategic Innovation to Value Streams and Capabilities.

- Using Business Architecture relationships, innovations can be managed in new ways to increase revenues e.g. Managed Product Cannibalism.
Conclusion

For the Startup
Business Architecture reduces the cost of learning helping accelerate growth and optimize value

For the Growth Business
Business Architecture helps to shift the mode of operation and identify business maturity

For the Global Enterprise
Business Architecture helps the Global Enterprise rationalize business, reduce costs and increase revenues through innovation while keeping Executives aligned
Questions