Capability-Based Approach to Strategic Transformational Initiatives

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Big Change: Nothing is Stable

* Vague Scope
* Large Number of Stakeholders
* High Complexity
* Unknown Interdependencies
* Compressed Timelines
Big Challenges: Context is Everything

- Need scope, PLUS how it fits into the organizational, technical, and business process context
- “Bottom up” approach assumes every process has a defined owner and no cross divisional requirements
- Organizing by division, project, or technology often results in unidentified dependencies
- Dividing work into projects without up-front analysis yields incomplete scope and missing stakeholders

You Can’t Manage What You Can’t See
Big View: WHAT Our Business Does

Capability Map

**Big Thinking: State the Impact**

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Objective</th>
<th>Level 2 Capability: Account Information Management</th>
<th>Level 2 Capability: Account Payment Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOX Compliance</td>
<td>Highly Current, Accurate Financial Information</td>
<td>Account balances and delinquency need to be readily available to managers</td>
<td>Payments need to be processed promptly and posted to appropriate accounting systems</td>
</tr>
<tr>
<td>Cash Flow Enhancements</td>
<td>Increase cash flow</td>
<td>N/A</td>
<td>Payments need to be processed quickly and need customers to pay promptly</td>
</tr>
</tbody>
</table>

* Describe nature and severity of impact
* “Impacted” means a change needs to occur in the capability
### Account Payment Management

<table>
<thead>
<tr>
<th>Impact Statements</th>
<th>Change Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments need to be processed promptly and posted to appropriate accounting systems</td>
<td>Payments will be processed within 24 hours. Accounting systems will be updated nightly.</td>
</tr>
<tr>
<td>Payments need to be processed quickly and need customers to pay promptly</td>
<td>A 5% discount will be offered to account holders who pay invoices within 7 business days of receiving an invoice.</td>
</tr>
<tr>
<td></td>
<td>No orders will be processed for accounts with over $5,000 in past due invoices until the balance is paid off.</td>
</tr>
</tbody>
</table>
Big Opportunities: Addressing the Whole

- Plan projects and releases by looking at everything required to transform the capability
- Illustrate how the capability will evolve
- Identify interfaces and actively manage them
- Maintain traceability from objectives to requirements
Don’t assume everyone has a common understanding of our business

Establish a shared language

Acknowledge and accept the complexity and interconnectedness of business