White paper

Using Business Architecture to drive business transformation

Gain an overview of business architecture, when to use and how to get started.

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Investment management organisations operate in a complex, high-pressure environment. You need to contend with challenges such as:

market volatility	intensifying competition	changing customer expectations	changing customer expectations

Adapting the business to survive and thrive in this environment is hard. With so many demands, how do you sufficiently plan and prioritise change initiatives ensuring your team is working on the right things at the right time?

Introducing Business Architecture

We all understand "architecture". Architectures are the plans, blueprints, drawings or models used to build something. No plans or blueprints? Anything is possible, and probably not what you were expecting.

Business Architecture is a framework that helps organisations align operations and technology with their business strategy. It is a crucial element in planning for change. Every business is in an inevitable state of transformation to keep pace with the ecosystem that it operates in. Business Architecture is the key to providing a detailed understanding of the current state and understanding the path to get to the desired target state for the entire business.

A business architect will create plans or blueprints setting out the various components of your business (capabilities, value streams, processes, information concepts, organisational structure, information systems) and showing the connections between them. With this understanding of how your business works, you will be very well placed to break through the barriers between the distinct parts of your business and to drive toward a successful outcome.

“Business architecture represents holistic, multidimensional business views of: capabilities, end-to-end value delivery, information, and organisational structure; and the relationships among these business views and strategies, products, policies, initiatives, and stakeholders.”

- Definition of business architecture, provided by the Business Architecture Guild (Jan 2017).

By applying analytical thinking holistically at an enterprise level it ensures that initiatives being undertaken align to strategic objectives and there is no fragmentation, redundancy or misalignment, as well as ensuring that there is minimal disruption to existing business operations and supporting systems.

The artefacts produced through Business Architecture are great visuals for transformation efforts, but it's important to note they exist to serve a purpose, that being to enable meaningful conversations and to ensure everyone is on the same page.

Business Architecture provides a common language that can be used to communicate across different parts of the organisation.

By having these conversations, organisations can ensure that everyone is aligned on the goals and objectives of the transformation effort. This alignment is critical to the success of any transformation effort.

Whynde Kuehn, Founder and Managing Director at S2E Transformation, Co-Founder of the Business Architecture Guild and author of the book, "*Strategy to Reality: Making The Impossible Possible*," says:

"Business architecture provides a shared language, which facilitates understanding among stakeholders to align their common goals - a central piece needed for the creation of transformative experiences."

When to use Business Architecture

You may be surprised to read you're, most likely, already doing Business Architecture in some shape or form, but perhaps you didn't have a name for it. If you didn't have a name for it, then it's unlikely you're aware of best practices that have evolved in the industry over the last decade or so. Initiative investment planning, as above, is a common scenario for using Business Architecture, but here are some other key scenarios where we would recommend using formal Business Architecture methods to get the best outcome for your organisation:

Operational cost reduction:

When you are looking to identify areas in the business where spending can be reduced.

Merger and acquisition, or divesture:

Where you require analysis of overlaps between two businesses in terms of capabilities, value streams and relative maturity of these for M&A purposes, or need to understand the impacts of divesting a particular business line or subsidiary business.

Outsourcing:

When you want to analyse your various outsourcing partners across the business to determine the impact of switching or consolidating providers.

Globalisation:

Where you have a global business and are wanting to understand optimisation strategies.

How to get started with Business Architecture

When tackling something new its easiest to start small and with something meaningful. In the Business Architecture domain, a good way to start is with Initiative Investment Planning. Planning your pipeline of capital expenditure on projects for the year is an ongoing need and a common challenge to all investment management organisations. A great way to structure initiative investment planning is using a technique called Business Capability Planning (BCP).

8 Essential Steps in Business Capability Planning

01 **Identify Your Strategic Vision:** Start with understanding your core objectives, problems to be solved, or the opportunities you want to leverage. This acts as the foundation for any subsequent work activity.

02 **Determine Key Metrics:** The change initiative owner must pinpoint the metrics that truly matter. This is crucial and often overlooked in many planning methods.

03 **Uncover the Required Capabilities:** Know what capabilities you need to achieve your vision or to address the identified problems/opportunities.

04 **Assess Existing Capabilities:** Evaluate whether the necessary capabilities are already in place and, if they are, measure their current performance against the desired outcome.

05 **Prioritise Based on Resource Limitations:** Understand that not every capability needs to be developed to its fullest. Consider factors like the frequency of a process before deciding on improvements or automation.

06 **Identify Gaps and Prioritise Them:** After the capability assessment, if there are many gaps, determine their importance or impact. Focus primarily on the high-priority gaps.

07 **Assess Gaps and Analyse Work Items:** Break down the gaps into actionable items. Bucket these items on a matrix considering factors like cost, value, or any metric your organisation values. This step further refines your priorities.

08 **Develop and Endorse a Roadmap:** The final output is a comprehensive roadmap, which becomes the central artefact for your organisation. This roadmap not only guides the planning and execution process but also serves as a tool for internal discussions, progress tracking, and ongoing refinements.

Useful resources

The Business Architecture Guild: The Guild is considered the preeminent source for Business Architecture. Its primary purpose is to promote best practices and expand the knowledge base of the business architecture discipline.

Strategy to Reality: Making The Impossible Possible: A book by Whynde Kuehn, one of the founders of the Business Architecture Guild.

Getting started

Business Capability Planning is a great technique to use for your quarterly or annual initiative planning. The AlphaCert team regularly engage with organisations to assist with their strategic roadmap discussions and to assist with Business Capability Planning. We have the expertise and experience to help you with this.

Likewise, for any large-scale transformation efforts, by engaging with AlphaCert's Business Architects early in the process, you can make sure that the front, middle and back-office teams are all considered when making your plans. It is essential to consider the impacts and benefits of any change on all parts of your investment management business.

If this is something of interest to you, contact us now to talk about how we can help.

Contact us

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