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The Strategy Execution Metanoia

A New Approach for Translating Strategy into Action with Business Architecture

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Content

The Strategy Execution Metanoia

Audience

This white paper is designed for anyone who plays a significant role across the strategy execution life cycle including direction setting, design, planning, capital allocation, execution and governance. This includes roles such as business and IT leaders, strategists, customer experience leaders, product managers, business and IT architects, portfolio managers, planners, program / project managers and other roles who would like to gain a new vision for strategy execution.

At a Glance

The current approach to strategy execution is not working.

In a time where moving business direction into action has never been more important, the current approach to strategy execution that is siloed and fragmented impacts every single area of an organization, from delivering sub-optimal customer experiences, to creating expensive redundancy, to increasing time to market and reducing competitiveness.

A new vision for strategy execution is necessary and possible.

The potential for good strategy execution is not only to produce better results, but to provide competitive advantage because it improves an organization's ability to adapt and realize business direction. What if strategy execution were approached from an enterprise perspective instead of in silos? What if business direction was collectively architected, prioritized and planned from a business-driven and top-down approach instead of bottom-up? What if

strategy execution itself was made a priority, with deliberate design, transparency and ownership from end-to-end?

However, achieving this vision requires commitment and change.

Achieving the vision requires organizational commitment from top to bottom, change management and education, an enterprise mindset, business architecture as the bridge between strategy and execution, a cohesive enterprise strategy execution approach, and potentially changes to enterprise structure and governance mechanisms.

This is a journey of transformation.

While not necessarily easy, shifting to an enterprise approach for strategy execution has been done and is possible to attain by taking one step at a time. With a new mindset, new results are possible which will ultimately produce better outcomes for an organization and all of its stakeholders.

Effective Strategy Execution is Now a Necessity

The ability for organizations to successfully execute strategy is an escalating concern. We have become almost desensitized to the statistics and the harmful impacts that poor strategy execution has on our organizations. In fact, out of necessity many good people have just accepted that this is how organizations work and have become adept at working within the realities.

95% Employees that do not understand their organization's strategy.

66% HR and IT organizations that develop strategic plans that are not linked to the enterprise strategy.

60% Organizations that do not link their strategic priorities to their budget.

61% Survey respondents who acknowledge that their firms often struggle to bridge the gap between strategy formulation and day-to-day implementation.

2% Leaders who are confident that they will achieve 80-100% of their strategy's objectives. [1]

Regardless of the data or the symptoms that manifest, most organizations are not seriously, comprehensively or methodically focused on assessing or improving their strategy execution life cycle from end-to-end. One could argue though that they invest more resources in less critical processes, disciplines and solutions which have nowhere near as much bearing on their survival. Where there is investment, it is frequently focused on optimizing the downstream aspects of execution and often from an IT perspective. For example, there has been heavy investment in various requirement methodologies. However, according to the Standish Group, the success rate of projects still remains low (in 2015, 29% reported succeeding), reflecting barely any change from the four years prior. [2] This statistic along with others points to the fact that our current approaches to improving strategy execution are not working. It is time for a different and more holistic approach.

Good strategy execution—the ability to move business direction into action quickly and effectively— has never been more important than it is now. It ensures that organizations can adapt in order to survive and compete. Constant change is now the new normal for every organization. Many are investing heavily in digital transformation and other change initiatives, but even once implemented, change does not stop there. There will be new customer expectations, new competition from within and outside of one's industry, new technologies and innovations, new regulations and governance. Organizations

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[1] Five of 94 statistics from "94 Mind Blowing Strategy Execution Stats," Hasse Jansen, October 5, 2016,
https://boardview.io/blog/strategy-execution-stats/

[2] From "Standish Group 2015 Chaos Report - Q&A with Jennifer Lynch," October 4, 2015, https://www.infoq.com/articles/standish-chaos-2015.

can no longer afford to have inefficient strategy execution. It may have worked up to this point, but the pace of change requires business direction to be executed with speed and coordination. Even organizations that are currently executing strategy well could benefit from enhancing their approach for greater success.

However, this requires a shift in mindset. Strategy execution must be approached from an end-to-end perspective, and it must include coordination across business units. The siloed approach typically taken to strategy execution is one of the significant root causes contributing to many of the resulting issues. Thirty percent of organizations cite failure to coordinate across units as the single greatest challenge to executing their company's strategy. [3] We are conditioned—even incented—to break our worlds into smaller parts, but it prevents our ability to effectively see and act as a whole.

The quality and quantity of strategies and ideas is typically not the challenge, but rather the execution of them is. Whether an organization is for profit, non-profit or government, they have finite resources, including time, people and funding, and the key is to focus those resources on the most important things in the most effective way. Shareholders, beneficiaries, constituents and other stakeholders expect and deserve nothing less. [4]

This white paper will discuss common challenges across the strategy execution life cycle and the results they produce. It will introduce a new vision for strategy execution, including some of the key elements necessary to make it a reality. One of these elements is business architecture [5], which will be of particular focus in this paper because it is the often missing but critical bridge between strategy and its successful execution.

"However hard it is to devise a smart strategy, it's ten times harder to get people to execute on that strategy. And a poorly executed strategy, no matter how clever, is worthless. In other words, your organization's biggest strategic challenge isn't strategic thinking—it's strategic acting." [6]

An Enterprise Strategy Perspective

Figure 1 provides a perspective to define the scope of strategy execution and frame the discussion contrasting the current and potential approaches. Any type of business direction can flow through the value stream depicted in Figure 1, such as strategies, business transformations, innovation ideas, mergers and acquisitions, regulatory changes or other major operational changes, and at any level of detail, from enterprise level to business unit level. One can think of multiple "instances" of this value stream occurring at one time.

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[3] Five of 94 statistics from "94 Mind Blowing Strategy Execution Stats," Hasse Jansen, October 5, 2016, https://boardview.io/blog/strategy-execution-stats/

[4] This white paper will generally use the terms "strategy" or "business direction." While these terms are typically more relevant to a for profit organization, the concepts described here equally apply to any type of an organization, such as a non-profit organization carrying out its mission or a governmental organization carrying out policy.

[5] While the focus of this white paper is business architecture, the concepts equally apply to enterprise architecture as a whole. In fact, the collection of enterprise architecture disciplines including business architecture, application architecture, data architecture and technical architecture are all necessary to achieve the results described here.

[6] "Execution Is a People Problem, Not a Strategy Problem," Peter Bregman, January 4, 2017, *Harvard Business Review*.

The value stream starts when business direction is formulated (including new direction or changes to existing direction) in the *Develop Goals & Strategy* stage and ends after the success of the corresponding business and IT solutions are measured in the *Measure Success* stage. However, not all business direction may reach the *Measure Success* stage, for example, if it is determined not to be a priority in the *Plan Initiatives* stage. The necessary business and IT changes resulting from the business direction are identified and architected in the *Architect Changes* stage, the initiatives necessary to implement the changes are selected and funded in the *Plan Initiatives* stage, and the changes are actually operationalized through people, process and technology in the *Execute Solutions* stage. A more detailed discussion of this value stream is provided later in this paper.

Figure 1: Enterprise-Level Strategy Execution Perspective

A Common (and Ineffective) Approach to Strategy Execution

While some organizations are highly effective at strategy execution, some or all aspects of the current approach described below, and the challenges that result, are all too common for many others.
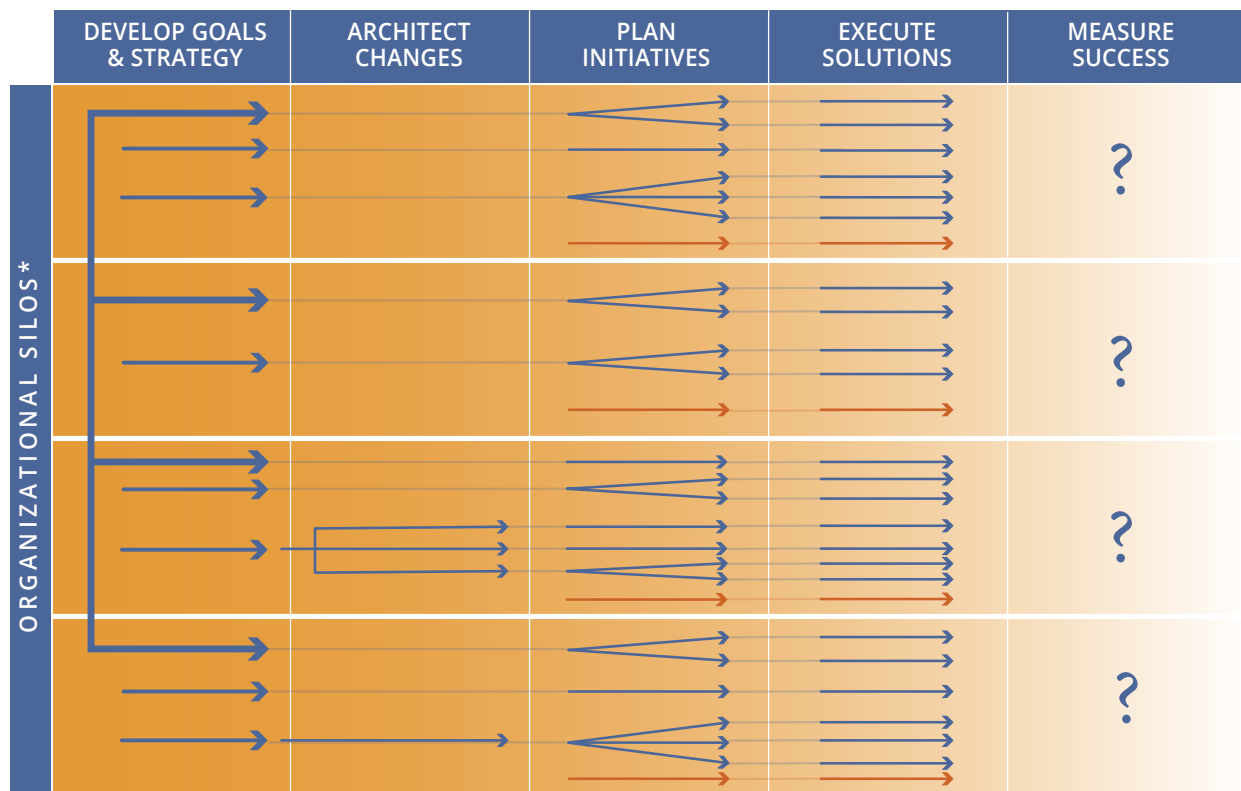
The Current Approach

The current approach for many organizations is to approach strategy execution in silos (business unit, product, portfolio or otherwise), and with a fairly fragmented set of functions and teams across the life cycle. It is a rare case where there is visibility and ownership for strategy execution from an end-to-end enterprise perspective.

As represented in Figure 2, a common approach is for business direction to be formulated and interpreted in individual silos, even when interpreting the impacts of enterprise-level strategic priorities. Of course collaboration can and does occur across these silos, but leaders may still be driven to act based on their own teams, priorities and budgets. There is typically a big gap across the organization in understanding what all of the business direction actually means, let alone how each team and individual should act upon it. In most cases, there is a lack of methodical and comprehensive assessment of how the business and IT environment will need to change to carry out the direction as well as a lack of intentional architecture and design. A comprehensive, common vision of how business direction will be achieved in concrete terms rarely exists. Some changes are architected, but often from an IT perspective only. Instead, many organizations skip the Architect Changes stage entirely and start defining initiatives, with limited visibility to other potential initiatives being defined at the same time. This behavior may be reinforced by years

of ingrained process, protocol, tools and culture where the creators of business direction, from strategy teams to customer experience leaders to product managers, are even expected to define initiatives.

These potential initiatives are now fed into initiative prioritization and planning in the Plan Initiatives stage, along with any other initiative proposals such as for business or IT operations and maintenance. Even though they have been primarily defined bottom-up, and may have been prioritized with a limited context, the collection of funded initiatives are expected to come together, without redundancy or conflict, and achieve the full set of business direction defined.

In the Execute Solutions stage, this is often just what happens. Redundant, conflicting and non-integrated solutions are built from both a business and IT perspective involving multiple teams, processes and system applications that have to be created and maintained. Finally, in the Measure Success stage, it is difficult to measure the results delivered by initiatives due to a lack of traceability back to objectives. Many organizations default to measuring whether initiatives are on time and on budget and other attainable indicators because nothing else is possible

* Rows indicate silos, which may be business units, product lines, or other organizational constructs.

DEVELOP GOALS & STRATEGY	ARCHITECT CHANGES	PLAN INITIATIVES	EXECUTE SOLUTIONS	MEASURE SUCCESS
Enterprise and business unit direction is interpreted and designed in silos	Few changes are architected and typically they have an IT focus	Initiatives are selected and planned primary bottom up and in silos	Solutions are commonly redundant and non-interrelated	Traceability from initiative back to objective is commonly lost

Figure 2: A Representation of Common (and Ineffective) Strategy Execution

The Current Challenges

Common challenges that result from the current approach to strategy execution are summarized below.

Develop Goals & Strategy	The collective set of business direction may not lead to the intended business results (e.g. for competition or improvement). • Business direction may overlap, conflict with each other or leave gaps. Business direction is difficult for teams and individuals to understand. • Dilution of business direction occurs due to thinly described documentation and poor communication as it cascades down all levels of the organization. • Decomposing business direction, for example, from high level objectives into more specific ones, can be difficult, leading to only a conceptual connection between them.
Architect Changes	Business direction is difficult for teams and individuals to act upon. • Teams and individuals do not have a comprehensive, common vision of what the organization is working towards to implement the collection of business direction. • Teams and individuals do not understand the specific aspects of the business and IT environment within their areas of responsibility that need to change or how. There is a large leap to "translate" business direction. The translation of business direction is fragmented and even if formulated correctly, when implemented it may not lead to the intended results. • Teams translate business direction in silos, leading to overlaps, conflicts and gaps in business and IT architecture and design. They may coordinate across silos, but it is usually based on individual knowledge versus identified methodically. If coordination occurs too late, it may require rework. • Many teams skip the Architect Changes stage entirely and instead define individual initiatives, further increasing the fragmentation, duplication and conflicts in the resulting business and IT solutions. • Where changes are architected and planned, they may have a heavy focus on IT. Business solutions such as people and process changes may be an afterthought during initiatives and as a result may also be implemented in a fragmented way. • There is no big picture for execution teams, such as those following iterative requirements methodologies, to work towards and organize by.
Plan Initiatives	Funded initiatives do not align with the organization's highest priorities. From the perspective of an individual business unit or product, an investment may make perfect sense. However, from an enterprise perspective, considering that resources are finite, the same investment might not be considered a priority. • Proposed initiatives may or may not directly tie back to a business objectives(s) and metric(s). • Proposed initiatives may not be evaluated against each other within or across portfolios. • Prioritization decision-making may favor pet projects, "squeaky wheel" requests and a set of tacit criteria on what is a priority. • There is no enterprise-wide view of business needs and gaps along with how and when they are being addressed.

Plan Initiatives	Initiative scopes may be defined ineffectively, leading to sub-optimal solutions and results. • Initiatives are often defined in silos and without a common enterprise framework to reconcile what aspects they are working on (e.g. capabilities or value streams), which when implemented leads to duplicate, conflicting and non-integrated business and IT solutions. It is also difficult to understand what the collective impact of the solutions will be, positive or negative, on customers, associates and other stakeholders. • Initiatives may be sequenced inefficiently due to a lack of understanding of scopes and integration points up front. Additional integration points may be found downstream when it is more costly and time consuming to make changes. Replanning and reprioritizing initiatives based on a shift in business direction can be a significant challenge. • There is rarely a comprehensive, documented traceability from objectives through to the initiatives that implement them. As a result, it can be daunting and ineffective to try to assess all potential changes to the current set of initiatives when business direction changes.
Execute Solutions	The collection of business and IT solutions implemented may not lead to the intended results specified by the original business direction. • Duplicate, conflicting and non-integrated business and IT solutions are built (and must be maintained) because they were designed and planned as such. Initiatives are executed with inefficiency. While these challenges may be familiar, it is likely that their root causes begin further upstream than is typically discussed. Poor initiative results are the result of a bigger set of challenges, not just those related to project management, requirements management or agile delivery. • Initiative scopes change and may take longer to implement than expected, especially since extra time is required to do work that should have been done up front: defining the big picture goals and design, confirming scope, defining terminology and integrating with other initiatives. • Initiatives may not deliver what the business or other stakeholders envisioned.
Measure Success	It is difficult to tie initiative results back to business objectives. • Initiative success is typically measured by project management metrics (e.g. on time and on budget) and other attainable metrics versus an assessment of whether the original business objectives and metrics were actually met. • It is difficult to report initiative progress both throughout execution and upon completion not only because the traceability from objective to initiative is missing, but also because there is no business-focused, enterprise-level framework to provide the big picture context of progress. Typically progress is discussed at the individual initiative level, where its contribution to external and internal value can be hard to discern. • The set of initiative results delivered may fall short of actually meeting the intended collective business direction.

The Current Results

The impact resulting from all of these challenges can be quite serious. Considered together, it becomes clear how the poor strategy execution statistics frequently referenced can be true. The current siloed and fragmented approach impacts every measurable aspect of the organization from revenue to cost through:

- Poor, fragmented and inconsistent customer and associate experiences

- Increased time and cost to develop and maintain redundant and poorly integrated solutions

- Increased complexity of the business environment and increased complexity and technical debt of the IT environment

- Increased business risk and potential for non-compliance

- Increased brand and reputational risks

- Reduced quality in products and services as well as operations

- Inability for stakeholders to consume the changes implemented

- Decreased agility, slower time to market and increased cost when making future changes

- Decreased ability to deliver on organizational mission and remain competitive

The current approach many organizations take to strategy execution is siloed and fragmented across the life cycle. This negatively impacts every measurable aspect of the organization and ultimately reduces competitiveness.

A New Vision for Strategy Execution

There are a variety of factors that have led to the current approaches to strategy execution, and many of them are due to growth and success over the years. However, an awakening to the magnitude of the challenges coupled with the pace of change and transparency required by the external environment is now driving the need and desire for a new vision of strategy execution.

A New Approach

What if executing business direction was approached from an enterprise perspective instead of in silos? What if changes were architected, prioritized and planned from top-down instead of bottom-up? What if there was deliberate design, transparency and ownership of the end-to-end strategy execution value stream?

Figure 3 represents an approach to strategy execution that is business-driven, top-down, enterprise-focused, and comprehensively managed from end-to-end. All types and levels of business direction are still input to the Develop Goals & Strategy stage, but the direction and objectives are rationalized. Even when business direction is formulated in silos (where applicable), there is intentional collaboration, especially in cases where enterprise-level direction is being interpreted by multiple areas. In the vision, the Architect Changes stage always occurs where the collective impact of all the objectives on the business and IT environment are cataloged using enterprise capabilities, value streams and other business perspectives. Based on the highest priority objectives, the parts of the business and IT environments that need to be architected or rearchitected are done so collectively at an enterprise

level, not individually in silos. This stage also produces a common and actionable view(s) of the future (target business and IT architecture(s)) that can be communicated widely.

In the Plan Initiative stage, the business and IT changes necessary to achieve the target architecture(s) are organized into the most effective set of initiatives with mutually exclusive scopes, and are logically sequenced, reflective of dependencies and integration points. These initiatives are then introduced into the portfolio management process. During portfolio prioritization, only the highest priority initiatives will have been included from the Architect Changes stage, but if all other initiative proposals outside of that are also aligned to an enterprise set of capabilities and value streams, this provides a common reference point for portfolio managers to rationalize and prioritize all potential investments for decision-making within and across portfolios.

After initiatives are funded, the business and IT initiatives can begin implementing in the Execute Solutions stage, based on their defined scopes from the Plan Initiatives stage. The execution teams are accelerated by receiving the big picture context, a clear scope, defined terminology and a framework for identifying requirements. Finally, in the Measure Success stage, when initiatives are completed, their results can be compared back to the business objectives that were defined in the first stage, because the traceability from objectives through to initiatives remains intact.

It should be noted that there are aspects which require enterprise collaboration for architecture, planning and execution (e.g. when designing customer experiences that cross business units)—the "horizontal" perspective as shown in Figure 3—but there are also "vertical" aspects, which can be addressed in silos as long as they have been identified as a priority within an overall enterprise context.

Realizing a vision for strategy execution like the one described here does require a radical shift in mindset for many organizations and may have implications on structure, processes, and even culture and values. The transition from valuing, thinking and managing in silos to an enterprise perspective perhaps requires a new organizational "metanoia." As Peter Senge describes in his book *The Fifth Discipline*, a metanoia is "a fundamental movement or shift in mind," which requires "deep shifts in our orientation."

We are awakening to the need for a new vision of strategy execution as we fully comprehend the magnitude of our challenges and the pace of change and transparency required by the external environment. However, the transition from valuing, thinking and managing in silos to an enterprise perspective perhaps requires a new organizational metanoia—a "fundamental movement or shift in mind."
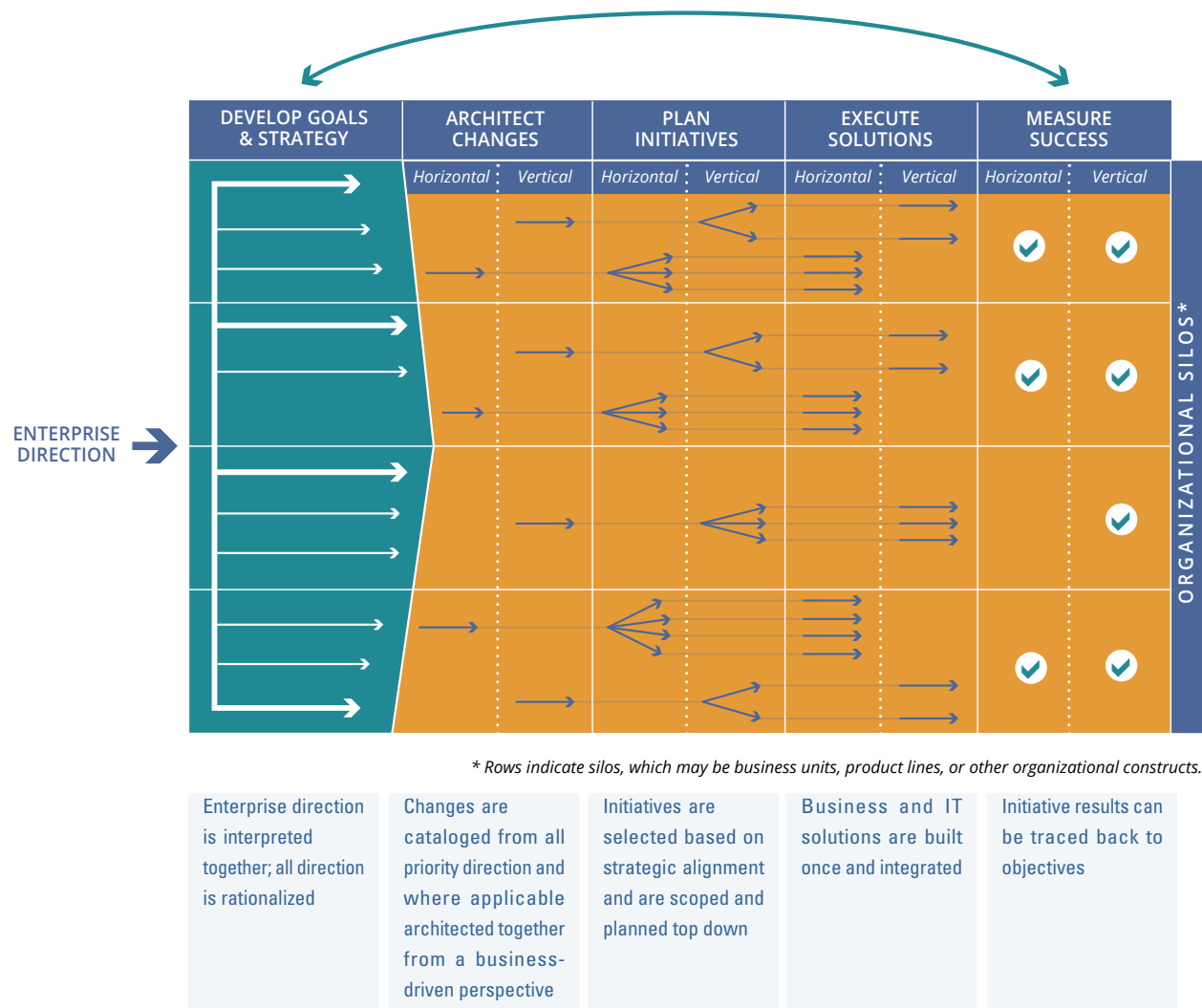
DEVELOP GOALS & STRATEGY	ARCHITECT CHANGES		PLAN INITIATIVES		EXECUTE SOLUTIONS		MEASURE SUCCESS	
	Horizontal	Vertical	Horizontal	Vertical	Horizontal	Vertical	Horizontal	Vertical

* Rows indicate silos, which may be business units, product lines, or other organizational constructs.

Enterprise direction is interpreted together; all direction is rationalized	Changes are cataloged from all priority direction and where applicable architected together from a business-driven perspective	Initiatives are selected based on strategic alignment and are scoped and planned top down	Business and IT solutions are built once and integrated	Initiative results can be traced back to objectives

Figure 3: A Representation of a New Vision for Strategy Execution

The Critical Role of Business Architecture

Business architecture [7] is a critical—and typically missing—enabler to the top-down, enterprise approach to strategy execution. It is truly the bridge between strategy and execution both through the blueprints and deliverables it provides, which enable impact analysis, design and traceability, as well as the activities performed by business architects which connect teams across much of the life cycle. There are many techniques, which have been applied to improve strategy execution, and while they all have tremendous value in their own right, none can bridge the gap between ideas and action as architecture does. For example, balanced scorecard approaches are crucial to aligning and communicating business direction, but does not address the big gap required to "translate" it into a set of coordinated actions. Agile techniques can speed up the pace of execution, but if initiatives are focused on the wrong things,

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7 Business architecture is a documented view of an organization at a high level. According to the Federation of Enterprise Architecture Professional Organizations (FEAPO), business architecture "represents holistic, multidimensional business views of: capabilities, end-to-end value delivery, information, and organizational structure; and the relationships among these business views and strategies, products, policies, initiatives, and stakeholders." A solid understanding of what business architecture is as well as how it fits within a strategy execution contexts is helpful background for this white paper. See for example, "What is Business Architecture?" white paper by Whynde Kuehn, S2E Consulting Inc., March 2017.

they will only be delivered faster. Efforts to improve the effectiveness of people can improve the overall results, but again, if those people are working in silos and are focused on the wrong things, the strategy execution challenges will still persist. Business architecture is a relatively "new" discipline compared to others that have existed for decades, but its usage is rapidly expanding globally. As the world of constant change has collided with organizational complexity, the need for business architecture has never been greater to enable simplicity and a more effective approach to executing business direction.

"Today, if your firm cannot react appropriately to market, competitive, and environment shifts, there is no chance your firm will thrive. To survive, you need to make appropriate strategic choices, understanding the interplay of the environment and internal decisions. Successful firms are recognizing benefits from embedding business architecture into their strategic planning processes." [8]

A more detailed view of the Enterprise-Level Strategy Execution Perspective (value stream) from Figure 1 is shown in Figure 4, which highlights the role of business architecture[9] in each stage.
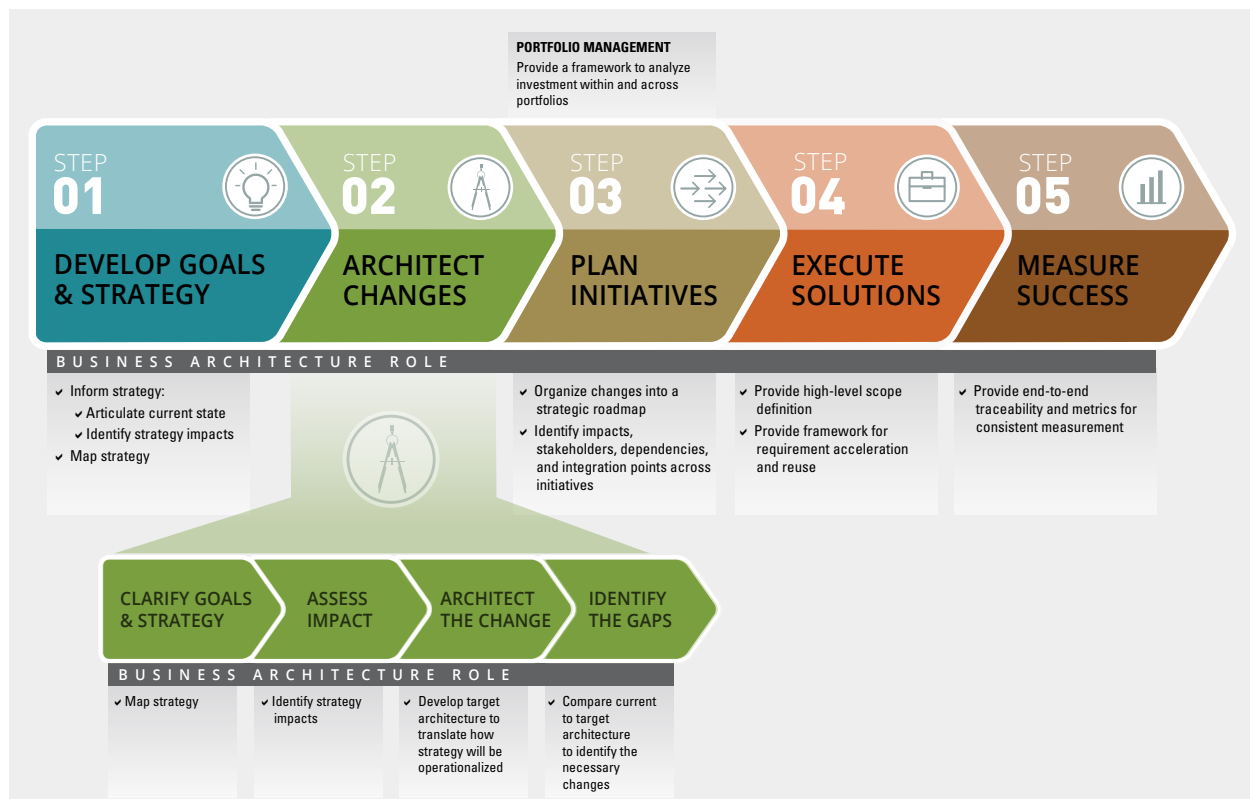

Figure 4: Enterprise-Level Strategy Execution Perspective and the Role of Business Architecture

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[8] "Build Confidence in Strategic Decision-Making With Business Architecture," Barnett and Miers, *Forrester Research*, April 4, 2014.
[9] Again, while the focus of this white paper is on business architecture, the concepts described here apply to enterprise architecture as a whole.

In the *Develop Goals & Strategy* stage, business architecture and business architects help to create more informed business direction by articulating the current state and performing "what if" analyses to assess the potential impact to the business and IT environment based on different strategic options. Experienced business architects may also serve as trusted advisors in the formulation of business direction. Some business architects may help to document business direction using various and typically well-known techniques such as strategy maps as well.

While business architects participate in all other stages, the *Architect Changes* stage is where most of their core responsibilities are performed. Working with the people who have formulated the direction, business architects consume any sort of direction documentation (e.g. strategies, product plans, etc.), business model changes, and customer experience designs, and "translate" them into objectives as a common denominator as well as identify the inventory of enterprise value stream and business capability changes that will be necessary to operationalize the direction in the business and IT environment. Based on the maturity and health of the impacted value streams, capabilities and other business perspectives, the business architects architect or re-architect the collection of changes needed to the business environment (working with IT architects who architect or re-architect the IT environment). This produces one or more target business architecture (with corresponding target IT architecture(s))[10] which provides a high level, visual view of what the future operational environment will look like for everyone in the organization to work towards. Target architectures are created for logical scopes of business change, such as for a shared set of enterprise capabilities or for the scope of an enterprise business transformation. If multiple target architectures exist, they are coordinated and integrated both from a design and planning perspective.

Based on the gaps between the current and future environments, business and IT architects (and potentially other planning team members) break a target architecture into the logical set of initiatives necessary to deliver them. Initiatives may include both business and IT changes, but they are always framed in a business context. These initiatives may be organized onto a high level strategic roadmap, which reflects the appropriate sequence and dependencies. If multiple target architectures lead to multiple strategic roadmaps, the roadmaps also must be coordinated and integrated. This top-down approach to design and planning ensures that all stakeholders, dependencies and integration points are identified from the very beginning. This set of initiatives is introduced into the portfolio management and planning process. Business architecture can also be used as a framework to improve decision-making within and across portfolios, such as by the use of a capability map to show where there may be redundant investment planned. Once initiatives are funded, program and project-level roadmaps can be created.

The business architect's level of involvement starts decreasing in the Execute Solutions stage, though the IT architects' involvement typically does not. The initiatives receive a new level of input and clarity of direction when preceded by business architecture. The high level business context is provided, such as the business objectives along with a target architecture and potentially a view of the strategic roadmap. Terminology is already defined based on the business architecture blueprint itself so initiative

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[10] Note: This white paper references a target state architecture only for simplicity, but here could be multiple interim state architectures as well before the final one is achieved.

teams do not have to spend time redefining the same key terms such as "customer" and "product." The initiative is tightly scoped based on concrete perspectives from the business and IT architecture, such as a specific set of capabilities, within the context of one value stream stage, impacting one system application and two business units. Requirements can also be quickly identified from the combination of capabilities, value streams and stakeholders provided to the initiative. When connected to capabilities, requirements can be reused as well.

Business architects may provide counsel and oversight to initiative teams during execution, though this is not a full-time role. Business architects report overall progress to leaders using target architectures and strategic roadmaps as a way to communicate within a high level business context. If business direction needs to change for any reason, business architects update these deliverables and help to communicate the changes and initiative impacts throughout the organization. In the Measure Success stage, once an initiative is complete, business architects can help to report on the results achieved based on the original business objectives because of the end-to-end traceability that is available.

The traceability from business objectives to the initiatives that implement them is documented in the business architecture knowledgebase. Nowhere else does this full set of connections exist and within a business context. As reflected in Figure 5, an objective (derived from strategies and other types of business direction) is connected to one or more capabilities which are required to implement it—and those capabilities are executed within the context of one or more value streams and specific stages within them. For example, an objective which requires changes to the Payment Management capability may apply both within the Acquire Product and Service Product value streams. The specific capabilities and value streams needing to change are connected to the initiatives which will deliver them. As mentioned earlier, requirements can be connected to capabilities, providing an easy way for them to be reused. Requirements are also connected to initiatives, enabling them to be tied back to the business objective(s) they are ultimately supporting. Value streams and, in particular capabilities, are the centerpiece of business architecture and serve as the connecting point to other business architecture perspectives (e.g. products, business units and stakeholders), IT architecture perspectives (e.g. system applications) and initiatives as previously described.

This traceability also works for a different purpose. If business direction needs to change, any initiatives that are connected to the impacted business objectives can be quickly identified and reconsidered or stopped.
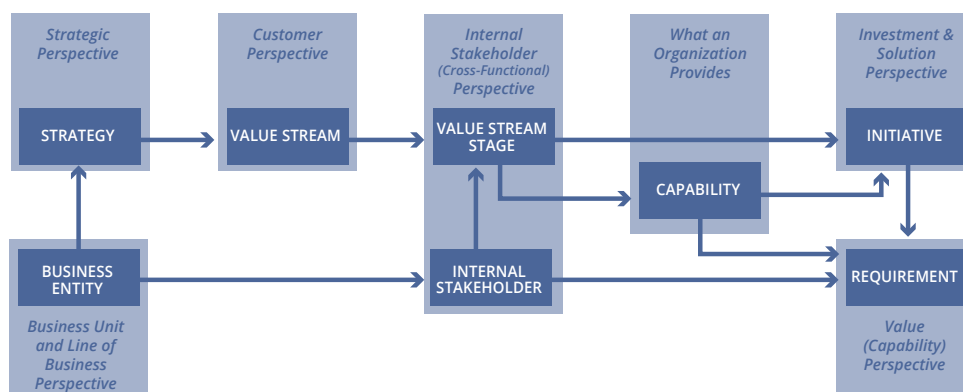
Figure 5: Traceability From Strategy Through Initiatives

The Benefits

Benefits that can result from the proposed new approach to strategy execution are summarized below:

Develop Goals & Strategy	The collective set of business direction leads to the intended business results (e.g. for competition or improvement). • All business direction is defined for the full scope of enterprise needs, and in a mutually exclusive and integrated way. Business direction does not work at cross purposes. • Business direction is better informed with input about the current state and potential impacts. • Business direction that does not directly support the overall enterprise direction is not defined or implemented. Business direction is clear and consumable by teams and individuals. • Business direction is more readily consumed because of its clear format and additional detail. The availability of target architectures make it further consumable because teams and individuals understand what the direction means to them. • Business direction is codified into varying levels of measurable business objectives, which serve as the common denominator.
Architect Changes	Business direction can be readily acted upon by teams and individuals. • Through target architectures, teams and individuals have a comprehensive, common vision of what the organization is working towards to implement the collection of business direction. • Through target architectures, teams and individuals understand exactly which aspects of the business and IT environment within their areas of responsibility need to change and how. The translation of business direction is done top-down and with collaboration across silos. When implemented, the results should reflect the direction that was defined. • The Architect Changes stages is always performed, even if briefly, to assess the impact and guide execution. • All necessary business and IT changes are identified, and then architected or re-architected comprehensively for a logical scope across all applicable business units, products or other delineations. There is no overlap or conflict in designs. • Architecture is business-driven and always considers both business and IT perspectives. Business solutions such as people and process are identified up front and included with initiative plans. • Execution teams, such as those following iterative requirements methodologies, have a big picture to work towards and organize by, both because of the overall business architecture blueprint as well as any target architectures.
Plan Initiatives	Funded initiatives are more balanced and align with the highest priorities from the collective enterprise perspective. • Proposed initiatives always tie back to a business objectives(s) and metric(s). • Proposed initiatives are evaluated against each other within or across portfolios. • Decision-making criteria and structures are in place that ensure initiatives are prioritized objectively and with an enterprise focus. • Strategic roadmaps and other comprehensive, business-oriented views provide an enterprise-wide view of business needs and gaps along with how and when they are being addressed.

Plan Initiatives	Initiatives are scoped effectively, leading to well-structured solutions and positive results. • Initiative scopes are defined top-down, based on the target architecture(s). This ensures that the resulting business and IT solutions are built once and integrated. The collective impact of the solutions on customers, associates and other stakeholders is known in advance. • Initiatives are sequenced efficiently because the scopes and integration points are known up front. The initiatives impacted by a shift in business direction can quickly be identified for further consideration. • There is a comprehensive, documented traceability from objectives through the business architecture to the initiatives.
Execute Solutions	The collection of business and IT solutions implemented produce the results specified by the original business direction. • Business and IT solutions are defined with intentional reuse and are fully integrated where appropriate. Initiatives are implemented with greater efficiency as a result of addressing root causes upstream. • Initiative scopes are defined tightly upfront and framed by concrete perspectives from the business and IT architecture. • Initiatives may be more likely to execute on time (and potentially quicker) since the architecture defines the big picture goals and design context, sets the scope, defines the terminology and defines the integration points with other initiatives. • Requirement identification is quicker with business architecture as input, and requirements reuse is possible (and future time savings) when connected to capabilities which persist over time. • Initiatives deliver what the business or other stakeholders envisioned.
Measure Success	Initiative results can be tied back to the original business objectives. • Initiative success can not only be measured by project management metrics (e.g. on time and on budget), but also whether or not the intended business value was delivered. • Using target architectures and strategic roadmaps, initiative progress can be reported throughout execution and upon completion within an enterprise business context. • Since they were designed, prioritized and planned top-down, the collective set of initiative results delivered should achieve the intended collective business direction.

Better Results

A new vision and mindset for strategy execution can deliver new results, including better business and IT solutions for customers, partners, and associates. It can focus finite resources on the most important things in the most effective way and enable agility, even competitive advantage, for one of the most important capabilities an organization needs—the ability to move business direction into action quickly and effectively.

A business-driven, top-down, enterprise-focused approach positively impacts every measurable aspect of the organization:

- Exceptional, integrated and consistent customer and associate experiences — *because the customer experience design can be operationalized top-down across silos, and because the business and IT environment can be streamlined to support a better experience*

- Decreased time and cost to develop and maintain solutions — *because business and IT solutions can be built once and reused as well as integrated up front*

- Decreased complexity of the business environment and decreased complexity and technical debt of the IT environment — *because business and IT solutions can be built once and reused; architecture can also be used to identify areas for further simplification*

- Decreased business risk and potential for non-compliance — *because better transparency is available and the business and IT environment is simpler*

- Decreased brand and reputational risks — *because customer and partner solutions are designed more effectively and risks related to compliance, security or other matters are lowered*

- Better quality in products and services as well as operations — *because of better design, integration, execution and transparency*

- Ability for stakeholders to consume the changes implemented — *because the collective impact on stakeholders is known up front and can be adjusted*

- Increased agility, quicker time to market and decreased cost when making future changes — *because of a more simplified environment and an effective top-down, end-to-end value stream for executing business direction*

- Increased ability to deliver on organizational mission and remain competitive — *because of an effective top-down, end-to-end value stream for executing business direction*

Organizations have finite resources, including time, people and funding, and the key is to focus those resources on the most important things in the most effective way. We need a new mindset for new results and business architecture is a critical part of the shift.

Achieving the Vision

Facilitating the organizational shift necessary to make this vision real requires organizational commitment from top to bottom as well as ongoing education and organizational change management. It also requires a number of key elements to be put into place over time.

- **Enterprise mindset** — First and foremost, an organization must act with and value an enterprise mindset. Organizational change management can help to shift behavior, but deep changes may be needed to the very essence of an organization, embodied in its values and culture. For example, leaders and teams who act as "enterprise citizens" need to be recognized and rewarded for doing so. Making this type of mindset shift can be easier when there is a compelling, horizontal driver that inspires the organization to work together, such as an enterprise-wide transformation from being product-centric to customer-centric.

- **Enterprise business blueprint** — As discussed earlier, business architecture is key to bridging strategy and execution. This blueprint gives people the ability to see the "forest for the trees," as it represents the entire scope of an organization at a high level. It makes enterprise-wide impact analysis, decision-making, design, prioritization, planning and execution possible. It also provides the common vocabulary and "mental model" necessary to unify the organization.

- **Enterprise structure and governance mechanisms** — To facilitate an enterprise mindset, some changes may be required to organizational structure, roles, responsibilities, and other governance mechanisms across the strategy execution life cycle. This certainly does not imply that business unit or other vertical organizational constructs must change or that they are not still critical for direction-setting, decision-making and operational execution. However, additional structures may be needed, for example:

  - A cross-business unit leadership committee (or other enterprise-focused organizational structure) that collaboratively makes decisions related to the direction and investment for customer experience and the enterprise capabilities required to enable it

  - Enterprise investment governance (e.g. achieved by a central investment committee or other structure) for selecting, monitoring and evaluating initiatives against a set of objective criteria framed from an enterprise perspective

  - Enterprise level ownership and visibility related to the direction and investment for the strategy execution value stream from an end-to-end perspective

- **Enterprise strategy execution approach** — The strategy execution value stream must be intentionally designed and executed from an end-to-end enterprise perspective. All instances of the strategy execution value stream, which likely occur in various silos, should be evaluated, reconciled and then streamlined into an enterprise approach. In addition, each team across the value stream needs to be tightly integrated with the other teams upstream and downstream. This may require changes to roles, responsibilities, processes, tools and motivation mechanisms. For example, strategy, customer experience and product management teams can adjust their responsibilities

to provide direction to the business architecture team and work with them to translate it, versus defining individual initiatives. Business analysts can adjust their responsibilities to consume business direction, terminology and initiative scope from the business architecture team instead of defining it from the bottom-up.

A Case Study in Transformation

To briefly illustrate how the execute strategy value stream works, a highly simplified example is described below for a common enterprise-level business transformation scenario related to customer communications at a large organization.

Defining Objectives

Based on customer feedback and employee observations, written customer communications had become a significant source of customer dissatisfaction. Customers with multiple products received a high volume of written documents, with no ability to receive them electronically. The volume of communications was exacerbated by the lack of internal process and system integration. The look and feel of documents was outdated as were the systems that produced them, many of which required an initiative to make a modification as small as a field name change due to hard-coding.

The organization decided to initiate an enterprise-wide business transformation to address the design and delivery of all written customer communications, including transactional documents (e.g. bills), correspondence (e.g. letters), and other communications such as e-mails and text notifications. The executive sponsor was one member of a cross-business unit customer experience leadership committee, responsible for the customer experience and its supporting capabilities. The customer experience leadership committee defined the business objectives as follows (measurable aspects and metrics are not provided here):

- Increase customer satisfaction
- Reduce cost
- Reduce paper usage

Mobilizing Efforts

With the sponsor in place, the rest of the team formed, including business architects, application architects, various business and IT subject matter experts and industry experts focused on document management.

Assessing Current State

The current state assessment started with an analysis of the relevant customer experience journeys (developed by the customer experience team) and content within the business architecture knowledgebase, which was fully populated and thus could be quickly leveraged. The three applicable customer-facing

value streams were analyzed to identify where communications were being generated. In addition, the communication-related capabilities were analyzed as well as the associated business units and system applications. The analysis revealed that there was a significant amount of redundancy in how the communication capabilities were being performed. Almost every business unit was acting as its own "communication factory," all using different formats, teams, processes and system applications. On the other hand, only some business units performed critical capabilities such as tracking which communications were sent to a customer. Each business unit also managed customer information separately and thus there was no holistic view of the customer available.

The product and business unit-centric approach had led to a business and IT architecture that was not only expensive and hard to change due to the amount of redundancy, but the lack of internal efficiency and integration was creating a poor, fragmented and inconsistent experience for customers. To help tell the story and make the case for action, the current state business environment was visualized through various simple views, such as that shown in Figure 6, which is capability-based. Corresponding IT views were created as well, such as from an application architecture perspective. The current state challenges and architecture were presented to the customer experience leadership committee before defining the target state.
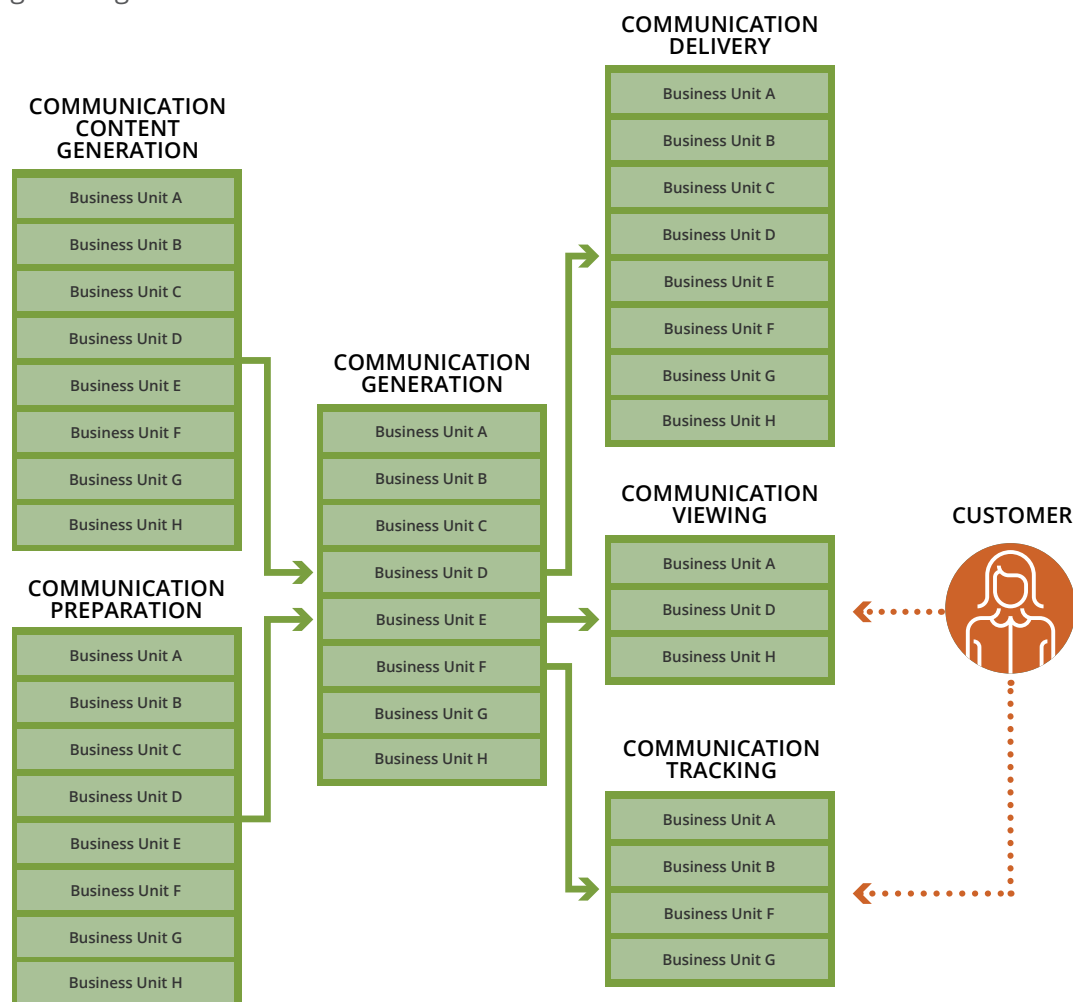

Figure 6: Customer Communication Current State Business Architecture Example

Defining Target State

The future of customer communications would shift from product and business unit-centric to customer-centric. While changes to customer journeys and value streams were needed, the focal point of the transformation was on streamlining the capabilities. In the target state, each business unit would still generate the information contained on each communication, but the rest of the capabilities would be centralized from both a business and IT perspective. This entailed creating a new centralized customer communications department that would design and manage all communications, as well as implementing new system applications (and data stores and infrastructure) that could perform all of the necessary capabilities at scale. The new communications capabilities would also leverage a common view of customer information, being delivered through another enterprise business transformation.

While requiring significant investment and change to people, process and technology, the future vision would ensure an exceptional, integrated and consistent experience for customers, an overall reduction in cost, the ability to make changes quicker, and a reduction of paper. The future vision for the business environment was visualized through multiple views as well, such as the capability-based view shown in Figure 7. Again, corresponding IT views were created as well. The target state architecture and a full list of its implications were presented to and approved by the customer experience leadership committee before defining the strategic roadmap.
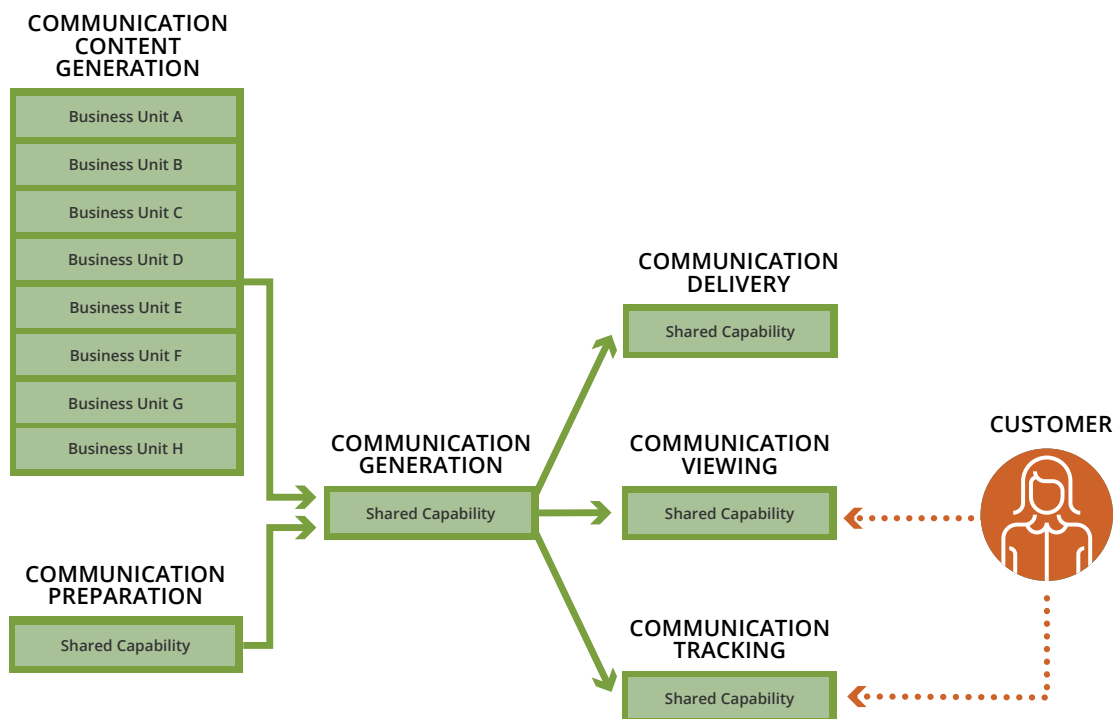

Figure 7: Customer Communication Target State Business Architecture Example

Planning Initiatives

The architecture team, in partnership with planning team members, broke the target architecture into a series of initiatives, logically sequenced in a multi-year strategic roadmap, as shown in Figure 8. The green bars indicate capability changes that were needed (across all value streams and business units, from both a business and IT perspective), the orange bar indicates where documents were converted to leverage the new capabilities, and the teal bars indicate other purely business-focused activities. The strategic roadmap was presented to and approved by the customer experience leadership committee before introducing them into the portfolio management process for funding.
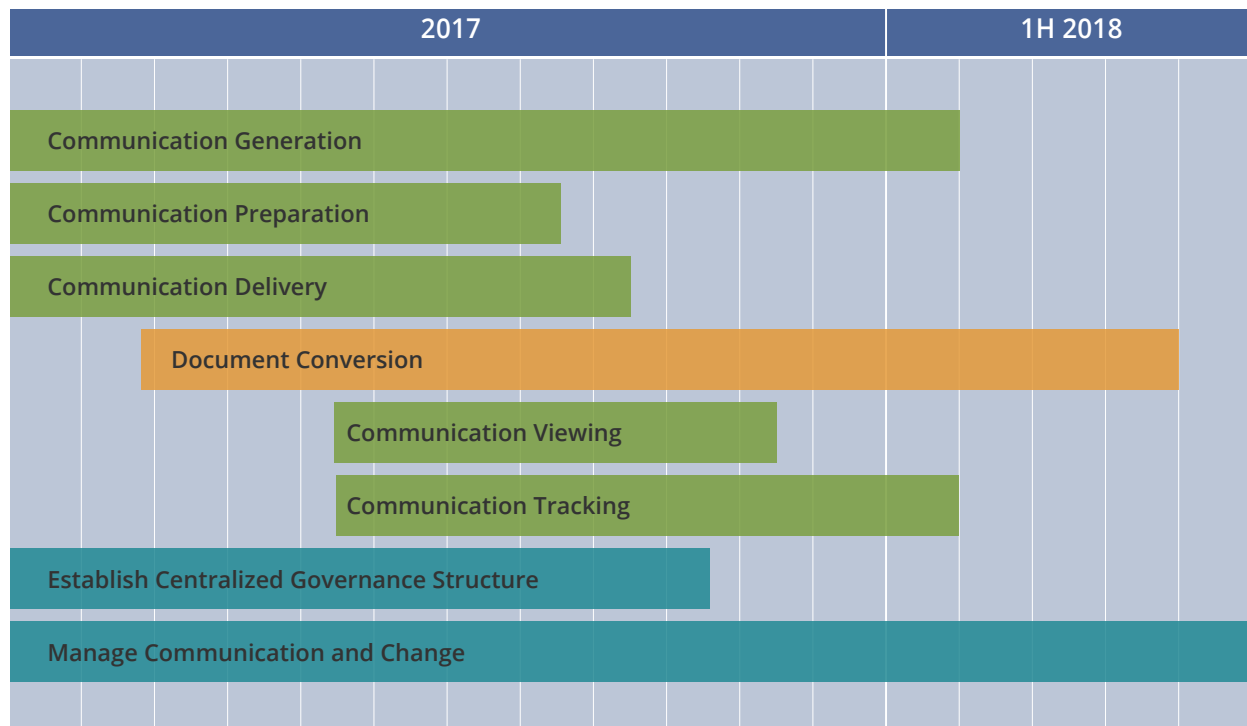

2017	1H 2018
Communication Generation	
Communication Preparation	
Communication Delivery	
Document Conversion	
Communication Viewing	
Communication Tracking	
Establish Centralized Governance Structure	
Manage Communication and Change	

Figure 8: Customer Communication Strategic Roadmap Example

Executing Solutions and Measuring Success

Throughout execution, the executive sponsor and architecture leads reported progress to the customer experience leadership committee within the high level business context of the target architecture and strategic roadmap. Once all of the initiatives had been implemented, the results were measured against the original business objectives and metrics to assess the increase in customer satisfaction, the reduction in business and IT cost, and the reduction of paper usage.

A New Mindset For New Results

In summary, in a world where constant change is the new normal, there has never been a time when the ability to move business direction into action quickly and effectively has been more important. A new vision and mindset for strategy execution can deliver new results—and ultimately produce better

outcomes for an organization as a whole. Facilitating the organizational "metanoia" required to make this vision real requires tremendous commitment and potentially significant changes, but it is worth the journey.

Organizations that adopt an enterprise approach to strategy execution will be able to shift as shown in the table below:

From	To
Setting direction, designing, planning and executing in silos, leading to misaligned direction, slow implementation and ineffective solutions for the organization and all stakeholders	Utilizing a top-down approach for setting direction, designing, planning and executing that includes all business units and produces the best results from an overall enterprise perspective
Making prioritization and investment decisions from the bottom-up and with siloed perspectives and priorities	Focusing precious resources, including time, people and funding, on the most important things in the most effective way, and with confidence
Deprioritizing the importance of strategy execution and, as a result, producing ineffective results, even to the extent that it limits the organization's ability to survive and compete	Leveraging the ability to move business direction into action, and constantly innovate and adapt to change, as competitive advantage

Moving Into Action

Achieving a top-down, business-driven, enterprise approach to strategy execution is a journey for most organizations—and not necessarily an easy one—but step-by-step it is possible (and has been done). Below is a practical way to get started.

1. **Assess your current strategy execution approach and performance**—For example, consider:

    •   Are there multiple "instances" of the strategy execution value stream occurring for different portfolios, business units, products or other silos? Are they consistent? Do they collaborate where applicable?

    •   Are all stages of the strategy execution value stream being performed?

    •   Is there a top-down enterprise approach present in some or all stages of the strategy execution value stream (e.g. are strategies rationalized across business units or are enterprise capabilities architected and planned across business units)?

    •   How well are the teams integrated across the strategy execution value stream?

    •   How well is the strategy execution value stream performing within each instance and collectively?

2. **Make and present a case for change**—If you believe there is an opportunity and a sufficient level of readiness and support to get started, make a case and present it to your leadership peers or your leader (depending on your role in the organization). The case will likely be better received by leaders who are responsible for, who have visibility to, or who advocate for enterprise-level

perspectives as well as those who are heavily invested in the successful execution of business direction. In addition to C-Level executives this may include leaders such as those responsible for transformation, innovation, strategy, customer experience, portfolio management or planning. As when making any case, consider discussing relevant challenges and opportunities along with their impacts (quantified where possible), a vision for change, and the potential benefits (quantified where possible).

3. **Take steps forward**—After presenting your case and assessing the level of buy-in, start where you can start and keep moving forward. As you achieve success, buy-in and momentum, the rest of the steps will continue unfolding. The initial outcomes and steps could vary greatly, for example:

- **Buy-in to move forward with the full enterprise strategy execution vision over time**—A first potential step may be to adapt the strategy execution value stream defined in this paper to your organization, and then begin aligning or streamlining the various instances of strategy execution to it. If you do not have a business architecture practice, you could begin establishing one, especially since the foundation can take some time to get into place. You could add an enterprise perspective to initiative prioritization during your next portfolio management cycle. You can then begin working towards some of the more comprehensive changes over time.

- **Buy-in to apply the enterprise strategy execution approach for a limited scope (e.g. related to the portfolio or business unit for which you have responsibility)**—When applying the approach to a limited scope, the key is to always still approach it from an enterprise perspective, otherwise it simply reinforces a siloed approach. Again, start with adapting the strategy execution value stream to your organization, identify gaps and disconnects within your scope of responsibility and start putting the pieces in place, which could range from establishing new teams (e.g. business architecture) to communicating new thinking. Once you have enough pieces in place across the value stream, you can start applying them. For example, you can use one cross-business unit transformation you are involved in and apply the value stream by defining the objectives upfront, translating them into a target architecture and strategic roadmap, and then leveraging the architecture in initiatives.

- **No initial buy-in for change**—Keeping the vision in mind, there are still insights you can share, tough questions you can ask and steps you can continue to take. Even if the steps are small, take responsibility and act until you begin to demonstrate value and gain recognition, which will lead to bigger and more deliberate steps in the future.

"It always seems impossible until it's done." — Nelson Mandela

About S2E Consulting

S2E Consulting Inc. is an established consulting practice dedicated to accelerating successful business transformations, with a focus on Fortune 500 companies. We help our clients to:

- Streamline the strategy-execution life cycle from end-to-end, including optimizing the project and application portfolio management processes

- Design and plan major enterprise change initiatives from a business perspective, including digital transformations and mergers and acquisitions (M&A)

- Create and mature in-house business architecture practices

- Get started with basic business architecture concepts and training

Learn more by visiting **www.s2etransformation.com**, or email **info@s2etransformation.com** or call us at +1 917 727 3244.

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www.terezacervenova.com

About the Author

 Whynde Kuehn is Founder and Principal of S2E Consulting Inc. She founded S2E to help clients bridge the gap between strategy and execution, and achieve their greatest visions for business transformation in a practical and business-focused way. She has extensive experience in enterprise transformation and planning, and was a key player in one of the largest business transformations in the world. She also led one of the largest business architecture consulting practices prior to starting S2E.

With a strong track record of creating successful teams that become embedded into their organizations, Whynde most enjoys helping clients to build their own business architecture practices. She also provides business architecture training and has developed and taught comprehensive, large-scale business architecture training programs for the public and for clients.

A long-time business architecture practitioner, educator and recognized industry thought leader, Whynde regularly speaks, writes and chairs/co-chairs events with a mission to advance best practices and facilitate community across the globe. Whynde is a Co-Founder, Board Member, and Editorial Board Chair of the **Business Architecture Guild**, a not-for-profit organization focused on the advancement of the business architecture discipline. She also founded a **New York Business Architecture Community** (NYBAC), and is Co-Founder and Partner of **Business Architecture Associates**, an educational organization committed to business architecture training.

Whynde also serves as a Senior Consultant for **Cutter Consortium**, a global information technology research company. In 2014, Whynde Kuehn founded **Metanoia Global Inc**. to apply solid business approaches and design to help social initiatives and social entrepreneurs successfully start, scale, replicate, and sustain.