

BUSINESS ARCHITECTURE

Lowering the water level exposes the rocks

Ensure your business is on course or risk running aground. David Winders puts the case for regular reviews.



Navigation with plenty of water under the keel always feels more comfortable than at low tide when danger below the surface is much more likely to cause damage and cause the boat to flounder.

In the business world at the moment the tide is certainly going out exposing more than a few rocks. When things are going well and profits are easy there is fat in place to take up corporate activity and waste. Some times it takes real trauma to kick-start a new look at the business and expel those old myths and legends that were the mainstay of company thinking for years, and which are now out of vogue and downright dangerous for the survival of the organisation as a whole.

So many companies grow organically like a ripe old cheese forgotten in the fridge rather than growth benefiting from a planned and architected design.

What do I mean by my cheesy reference?

Departments grow and develop within themselves as their leaders strive to fulfil their ambitions within their organisations; as Northcote Parkinson wrote all those years ago, work grows to fill the space, as managers recruit subordinates who in turn create further levels below and eventually managers are recruited to manage the managers. Systems get built to solve departmental problems, data becomes functionally stove-piped, and processes become incrementally developed to accommodate change after change and new regulation after new regulation. Businesses are acquired; the systems, processes and people of the acquired companies are bolted onto the existing infrastructure. The organisational structure goes through multiple re-shuffles based on who is in place rather than what needs to be done. Does all this sound familiar?

The end result is an operating model that looks illogical, complex and inherently wasteful and indeed highly "mould" like. Put this together with a "low spring tide" and more than a few rocks appear as the safety margin surges out between the narrows.

In the current climate it is fair to say that most of these organically derived operating models are out of step with the new external environment and, for those businesses that had a target operating model, the vision will be, more than likely, completely stood on its head.

In more normal times I would recommend a target operating model review once every twelve months to adjust the future destination and re-plot the organisational course or route-map; but now all businesses need to review both their "AS IS" states as well as any "TO BE" target operating model. It is now a case of "all change".

This is not all about cost cutting, albeit a healthy review of costs does not go amiss, but making sure that you are doing the right projects, doing those initiatives that are sensible in the current environment and appropriate for the future world that the business expects to experience in the "new order". Stopping everything in a panic is often the first reaction, but this may do more damage than one may first think as customer relationships become damaged by "knee jerk" responses to hard times and one's differentiation from one's competitors becomes denuded as investment work in developing capabilities is shelved.

In project land many developments are sequential - we call it "waterfall" in the trade - which means that the business design is done first and signed off, and then we proceed through systems design, build, test and implementation. The process is inherently wasteful as each stage produces documentation to inform the next stage which only delivers value if the project reaches a satisfactory implementation. Cancel a project to save costs half way through this

process and all you get is some hard drives full of highly expensive depreciating documentation and a population of de-motivated project workers.

So when the tides out and the rocks start appearing what can we do?

It is a well-known reality that applying a "lean" design approach to business processing can generate a minimum of 20% productivity saving and in professional i.e. non transactional work areas the savings are even more substantial. In fact in the last three years in applying lean in financial services I have not yet seen a lean review that has not achieved such savings.

In partnership with applying lean I would suggest a business architecture review of the present operating model in terms of understanding how the business is currently constructed to handle the new environment, and future predicted environments, to establish issues with the current model that need rectification and reflect the changes that we find ourselves experiencing.

In understanding what needs to be done we can create a new vision for the new future and start to re-plan the organisation's change portfolio to match the changing world that we face.

It is essential to make sure we are doing the right projects that take us to where we now think we are going and be careful not to create more waste by stopping everything in sight.

To conclude my nautical analogy: with a combination of cleaning the hull of the ship by applying "lean" and re-evaluating a new course for our vessel by applying business architecture techniques, we can continue a successful voyage.

David Winders.

Dever Solutions Limited
 Phone: 01962 884795
 Mobile: 07849 761762
david.winders@tiscali.co.uk
www.deversolutions.co.uk