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Architecture  
The missing link  
to improving your  
capacity to act



## Introduction

In today's business environment, a good strategy focused on well-intended outcomes is no guarantee of success. The rise of digital disruption is forcing organisations to implement strategic change in a dynamic environment. This creates ongoing challenges due to changing customers, markets, competitors and 'anywhere, anytime' expectations.

Traditional planning methods that concentrate on outcomes which quickly pass their expiry date will become no longer needed or valued by the business. Indeed, the wrong strategy or an ill-considered outcome can create swift and significant organisational challenges (for example, see figure 1).



Figure 1: Actual versus planned, unplanned and unanticipated outcomes

Overcoming these challenges and building sustainability into strategy requires appropriate insight and understanding of the organisation's fundamental capacity to act.

Gaining insight into your capacity to act and hence achieving your goals can result from applying an 'architectural' lens to your organisation. This missing link is critical to setting realistic objectives, selecting the best strategic path and successfully implementing strategic change.

## What is architecture?

Your organisation's architecture is like your DNA. It is more than just core competencies; it is the fundamental components and building blocks of the internal and external environments within which your organisation operates.

An architectural view provides insight that is powerful in developing and assessing strategies and plans, providing a realistic view of their feasibility and potential. It can identify core issues, organisational challenges or limitations and how these will have an impact on planned outcomes and the ability to manage change effectively. By understanding the importance of the capacity to act and its relationship to architecture, more organisations can avoid failure in their strategic execution.

## Capacity to act and architecture

It is necessary to understand the intertwined nature of strategy, architecture and outcomes to avoid the pitfalls of strategic planning and execution. This is achieved by recognising that it is necessary to align the desire to change (outcomes), the direction and actions of change (strategy) and insight regarding the capacity to act (architecture) (figure 2).

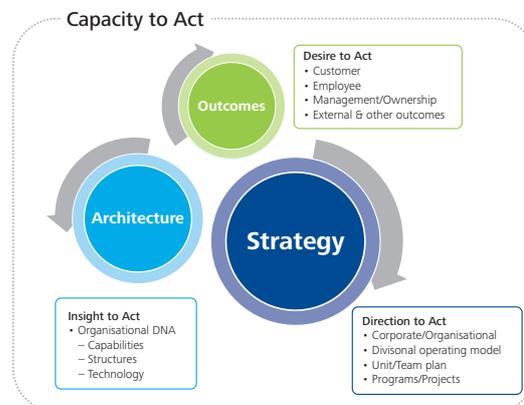


Figure 2: Capacity to act and its relationship to strategy, architecture and outcomes

The concepts of alignment, multi-disciplinary thinking and agility are common in contemporary strategic thinking. These concepts are fundamental to strategic success, but still fail to completely address the issue of an organisation's capacity to act. By embedding architecture as a way of thinking and as a part of the strategic planning process, organisations will be better placed to achieve their alignment and agility goals.

Strategic goals express a desire to change, while strategy sets guidance for how these desires can be achieved. The architecture of the organisation provides insight into the capacity to act and execute change. With this in mind, strategy can be seen as the plan to change the architecture of the organisation. As such, having a better understanding of architecture is critical to maximising the capacity to act.

The following key concepts help organisations to examine how architecture can be used to improve the capacity to act.

#### **Strategy and current state**

Fundamentally, business strategies must align to a common purpose and vision of success. However, simplistic current-state, target-state, and gap analysis methods can easily fail to recognise the dynamic nature of an organisation and its underlying architecture. This linear thinking places an emphasis on the future once the target has been set (i.e. "if we execute the plan, we will achieve our target").

However, a dynamic organisation understands it will never reach its future state as it continuously operates in the current state. The dynamic organisation understands that strategic change is a continual process which addresses current issues and seizes new opportunities as they arise.

By adopting the mindset of a continuously changing current state, the dynamic organisation views any strategy as a means of responding to changes in the current environment. A dynamic strategy uses architectural insight to adapt and respond quickly. Using this approach provides a greater chance of success in achieving the desired outcomes.

#### **Architecture and insight**

The architecture of an organisation is like the lens of a camera; your focus is changeable depending on your needs. The architecture can be used to gain a detailed view of something within your sights, to understand the broader context in which you operate, or it can be adjusted to improve your insight into areas currently unknown.

Architecture provides stakeholders with valuable insights into where strategic plans should be adjusted. Recently, a financial institution faced increasing commercial pressure to deliver holistic services to customers. While historically relying on siloed business units, the organisation was able to use architectural insight to gain a functional view of processes and determine which strategic capabilities could be delivered. This allowed focused investment in organisational channels that needed to be changed to quickly achieve expected outcomes and value.

This architectural insight resulted in the integration of multiple channels and systems across the organisation, allowing processes to be streamlined to support long-term strategy. In this way, architecture helped bound and expand future directions, options and impacts associated with strategic change, as well as identifying the principles, rules and laws that governed the business' current environment.

### Dynamic outcomes

By viewing outcomes in a dynamic manner, organisations are well placed to quickly and easily divert from original plans as necessary; in other words, to be agile. Divergence in this way should not be seen as failure, indeed it is the opposite.

In rapidly changing environments characterised by competing demands (markets, products, customers and competitors) detailed five- or even three-year plans have little chance of surviving intact. A more dynamic approach is required to establish a clear vision and measurement of outcomes in incremental periods. This maintains alignment with overall vision and is not fixated on a distant and potentially irrelevant definition of success.

To be agile, organisations must adopt agile ways of working. Having the insight from architecture enables rapid and accurate strategy reviews (rapid 'plan-do-check-act' cycles for any business initiative). Regular checkpoints for strategic initiatives are critical so that programs of work are not charging ahead with achieving their planned outcomes, while moving out of step with new needs and directions.

By concentrating on achieving dynamic outcomes, an organisation is significantly better positioned for success.

### Improving the capacity to act

An organisation must be able to identify and prioritise outcomes that fulfil its strategic vision. This can only be achieved if the organisation strives to better understand the effects of its actions in terms of planned and unplanned/unanticipated outcomes. These outcomes can be best understood if an organisation has insight into the architecture that exists and the opportunities and limitations this places on successful strategy. It is this insight into an organisation's architecture which provides the critical link to improving its capacity to act.

Architecture provides insights that allow for the dynamic adjustment of strategic and tactical initiatives, forming an integrated strategy from a business and technology perspective. With this in mind, the term architecture can no longer be limited to the information technology domain – it is a valuable business mechanism to align strategy and outcomes.

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