

Architecting for Strategic Outcomes

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Technology is increasingly important. Some very successful organizations are even “born digital.” However, anywhere from 70 to 84% of initiatives involving technology fail, according to Gallup, HBR, and McKinsey. I agree with this terrifying finding based on my own exposure to 500+ projects. Why do most initiatives fail? How do you advance your initiatives from tragic to strategic?

Business risks due to current tech-focused approach



Whether it is a software project or a digital transformation initiative, almost all focus is on technology. If initiatives are so tech-focused, they often involve the mere introduction of one or more technology elements into the organization – and almost nothing else. This means there is little or no business innovation, which is key to creating real transformation that can deliver outcomes compatible with corporate strategy. We normally see organizations facing 3 big business risks due to this tech-focused approach.

Wrong tech: Here are some common reasons why we select tech that is inappropriate for the organization: (a) The technology is hot (b) Competition has that technology (c) The technology rushes to solve a problem reported by a few folks (d) The technology solves standard problems.

Recurrence: Recurrence is about business problems remaining even after the organization has invested money in new initiatives. Here’s a simple example. The accounting process at a restaurant chain remains the same-old, same-old after the organization had developed and deployed an accounting software; the existing accounting process was simply embedded in the new software and so old problems remain. Problems also remain due to other reasons such as: Not making changes to the broader (or umbrella) process that uses the tech. If there’s recurrence, a great opportunity to improve the organization was squandered.

Degradation: At the very least, some changes to the organization may be required to make sure everything (including the newly-added technology element) could work together as one. Such changes are often not foreseen and implemented. Result: One or more existing processes connected to the tech element may actually get worse in performance. In “Enterprise Architecture as Strategy,” authors Ross, Weill, and Robertson describe the problem: “Individually, the applications work fine. Together, they hinder companies’ efforts to coordinate customer, supplier and employee processes.” Here’s one of many symptoms of degradation: Different employees give different answers to the same question.

Blend tech and business innovations

Transformation initiatives must deliver strategic outcomes, that is, outcomes compatible with corporate strategy. Strategic outcomes are measured in terms of customer value and financial performance – things that matter the most to organizations. To deliver strategic outcomes, you need a certain combination of business innovations and technologies. How do you ensure you have the right blend?

Method to architect the right blend

CIOs have tried to reduce the three business risks. For example, CIOs improved IT Governance. But, the cause of the problem is elsewhere – in the transformation practice itself. The practice needs to be redesigned to enable the translation of strategy into a strategic architecture. The practice comprises a set of discovery and design tasks. The output would be an architecture that is composed of a blend of technology and business innovations. This strategy-driven discovery-and-design process that I created is called strategy translation.

Corporate strategy drives

What traditionally drives projects is either siloed department-level strategies or no strategy at all. But CEOs want corporate strategy to drive all significant initiatives. That's because corporate strategy is purposely devised to achieve corporate goals, which matter most to organizations. So, every step in strategy translation is driven by corporate strategy.

Discovery and design

Discover the right stuff. And design them right. Take a broad view. And you'll find several opportunities to blend the right technology and business innovations. Many organizations have dozens of silo technologies that may need to be combined in a new way. Internal tech may have to work with external tech used by customers and vendors. Multichannel (digital and physical) experiences work best when they're integrated.

In a recent initiative, Allianz looked far beyond the boundaries that defined traditional tech projects. They started with their "Simple, engaging customer experience" strategic theme. They identified 140 customer journeys, each spanning several touchpoints. From this initial set, they selected about 25 of the most urgent ones. Then they worked on this set and transformed it to give it the capability to drive strategic outcomes.

The result: predictably strategic architecture

The architecture becomes the business. It is that serious. Once implemented, the architecture becomes almost infeasible to fix. Therefore it is crucial that your architecture has in it the right things designed the right way.

You may want to avoid the two extremes. (1) Avoid adding a single, siloed piece of technology. Forrester Research founder George F. Colony has warned, "... if you inject technology and don't actually change the way you do work, you will get very low returns if any, and you may likely in fact disrupt ongoing, very healthy processes." (2) Avoid attempting an elaborate, enterprise architecture. Check out Gartner's list of pitfalls associated with enterprise architecture. A good architecture typically has neither too little, nor too much. It will have the right blend of technology and business innovations.

Since the strategy translation process is driven by strategy and requires you to do discovery-and-design integrally, the resulting architecture is predictably strategic. That is, it has the capability to deliver strategic outcomes.

SaaS to help

Given the terrifying percentage of failed initiatives, organizations definitely need help with strategy translation. Goodscore™ is a cloud-based software that enables the strategy translation process as well as the collaboration needed to make the process easy. Of course, a piece of technology cannot by itself deliver on organizational goals. And this is the whole point – you need the right blend of technology and business innovations.

References

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About the author



Pradeep Henry set up Goodscore Labs to bring strategy translation to the business world.

Previously a director at Cognizant, Pradeep is globally recognized for bringing business and user perspectives to technology-intensive projects.

To know about his top five strategic initiatives, check out www.PradeepHenry.com.