

Enterprise Architecture and Business Risk Management

Description

OVERVIEW

Enterprise Architecture (EA) is a discipline focused on aligning an Enterprise's execution capabilities with its strategy. In this article, I show how the EA function is actually a tool for risk management at the Enterprise level.

Enterprise Architecture – What It Is and Isn't

Because it contains the word Architecture, it is often mistakenly assumed that EA is focused on technology. While consideration of technology is a significant part of EA, it is only one element of all that goes into it. Architecture and Architect are terms that have crept into discipline names and job titles to elevate or inflate them. Senior, more experienced Business Analysts have morphed into Business Architects, as have people focused on databases, software engineers, infrastructure designers, business process specialists and others.

The general function of an architect is to specify or design something to fulfill a purpose dictated by the needs of whoever he or she serves. EA's purpose is to define how to implement the execution capabilities an enterprise requires to deliver on the strategy that its management has set for it. The building blocks that EA employs in doing this are People, Processes and Technology (or infrastructure.)

EA Processes

EA's role within an organization is usually as an advisor to senior decision-makers. It operates in a context of a detailed understanding the current state of the enterprise, its desired future state and a set of imperatives to either lead or assist the organization through the transformation between the two. As you may imagine, this is not a week-to-week or month-to-month process. Meaningful transitions can take years, during which time, anything can change and assumptions underlying the targeted end state and the course of the transition designed to reach it can be invalidated.

Therefore, EA must be constantly engaged in assessing the current state and monitoring the validity of its understanding of the context (the environment and competitive position) in which the enterprise operates and be prepared to modify goals or transformation plans accordingly.

SWOT analysis is a common, high-level technique used to identify when changes in strategy may be required. SWOT stands for **Strength** (What do we do better than everyone else?), **Weakness** (Where are we vulnerable to our competitors?), **Opportunity** (What do we have a chance to do to improve our position?) and **Threat** (What specifically may happen that will hurt us?) Does this sound like a framework for identifying risks and opportunities? That is exactly what it is and that is why EA should be viewed as risk mitigation at the enterprise level.

Enterprise Architecture Frameworks

Every enterprise has an architecture, comprised of all of its capabilities, services, people, information repositories, processes, infrastructure, assets and so forth. As you may imagine, discovering, collecting, assimilating and documenting an enterprise's architecture is a significant undertaking but it is crucial to the success of EA and, therefore, the enterprise. Unfortunately, developments in an organization's environment can occur without warning, so the only way to be prepared to exploit the knowledge of the organization's architecture is to maintain a repository of this information and update it continuously.

This raises a question "how should we structure this information so that it will be useful? There are many frameworks that are used commercially for this purpose, including Zachman, TOGAF, FEF, and DoDAF. (http://en.wikipedia.org/wiki/Enterprise_architecture_framework contains a pretty good overview of frameworks and their use.)

In many cases, an enterprise's architecture is the result of numerous events or disconnected management decisions over time, not the product of a planned and disciplined process of refinement. Companies that do not consciously manage their architecture are seldom performance leaders, other than by luck or accident.

EA as a Risk Management Tool

It's certainly beyond the scope of this article to cover what must go into establishing EA discipline in your organization if it doesn't already exist. However, it should be becoming clear that:

- An organization that has not institutionalized and maintained the discipline of EA will not have critical information available to it to determine how to respond to unanticipated events when they occur.
- Making ill- or incompletely-informed decisions on high-impact issues under duress will almost always result in sub-optimal results.
- Therefore, EA should be viewed as a risk management tool by the enterprise.

Some Good News

The chances are that if you are responsible for an organization of any size, you have probably been doing some EA, even without identifying it as such. It's likely that you have DB Architects, Business Architects, Infrastructure Architects, and others who have their hands on much of the information that a formalized EA function will need to complete its initial models and begin the process of preparing to become a more agile organization.

Given this, what is required is the will to do it, the funds to support it, the mandate to make it happen and the people to execute it.

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