



**Building a More Useful  
Enterprise Architecture  
Based on Your  
Organization's Business  
Model**

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- **Definition of an Enterprise**
- **OMB EA Definition**
- **EA Context**
- **An EA Should Include a Representation of the Agency Business Model**
- **Importance of understanding your agency's business model**
- **Private sector business models**
- **Examples of private sector business models**
- **Public sector missions are different**
- **Public sector business models**
- **How to get started**
- **Examples of public sector business models**
- **Benefits of developing a business model for your agency**





**“an enterprise is any collection of organizations that has a common set of goals and/or a single bottom line. An enterprise, by that definition, can encompass a Military Department, DoD as a whole, a division within an organization, an organization in a single location, or a chain of geographically distant organizations linked by a common management or purpose.” (DoD, 2009)**



- **An EA is a management practice for aligning resources to improve business performance and help agencies better execute their core missions.**
- **An EA describes the current and future state of the agency, and lays out a plan for transitioning from the current state to the desired future state. (OMB, 2007)**

# EA Benefits and Expected Outcomes



**Planning**

**Decision-Making**

**Process Improvement**

**Better Enterprise Performance**

- **The purpose of EA is to inform decision-making in support of organizational goals**
- **Useful architectures help people make decisions**
  - Relatively simple decisions such as what platform to use (technical)
  - More complex decisions such as tradeoffs between different investments (portfolio)
  - Very complex strategic decisions such as organization structure, market strategy and products, or business model
- **The biggest payoff from EA is in the strategic decision-making but this is also the most difficult kind of decision-making to support**
  - Lots of ambiguity
  - Little information
  - Varying, implicit, sometimes contradictory, assumptions
  - Difficulty in testing alternatives
  - Political nature of strategic decisions

# Successful Strategies Rely on Clear Context

- **Agency vision and mission**
- **Strategic goals and plans**
- **Governance**
  - Policy
  - Structure
  - Process
- **Agency business model – how the agency creates value**



# An EA Should Include a Representation of the Agency Business Model

- **Organization wide decisions for most large organizations, including most government agencies, focus on strategies with broad, not local, impact on the organization's strategies, operations, and people**
- **To support organization wide decisions the EA needs to provide some high-level representations of how the agency creates value for its stakeholders**
- **The representation of the agency business model needs to help people think about**
  - Performance
  - Risk
  - Current Commitments
  - Future Capabilities

# Uses of Business Model Representations

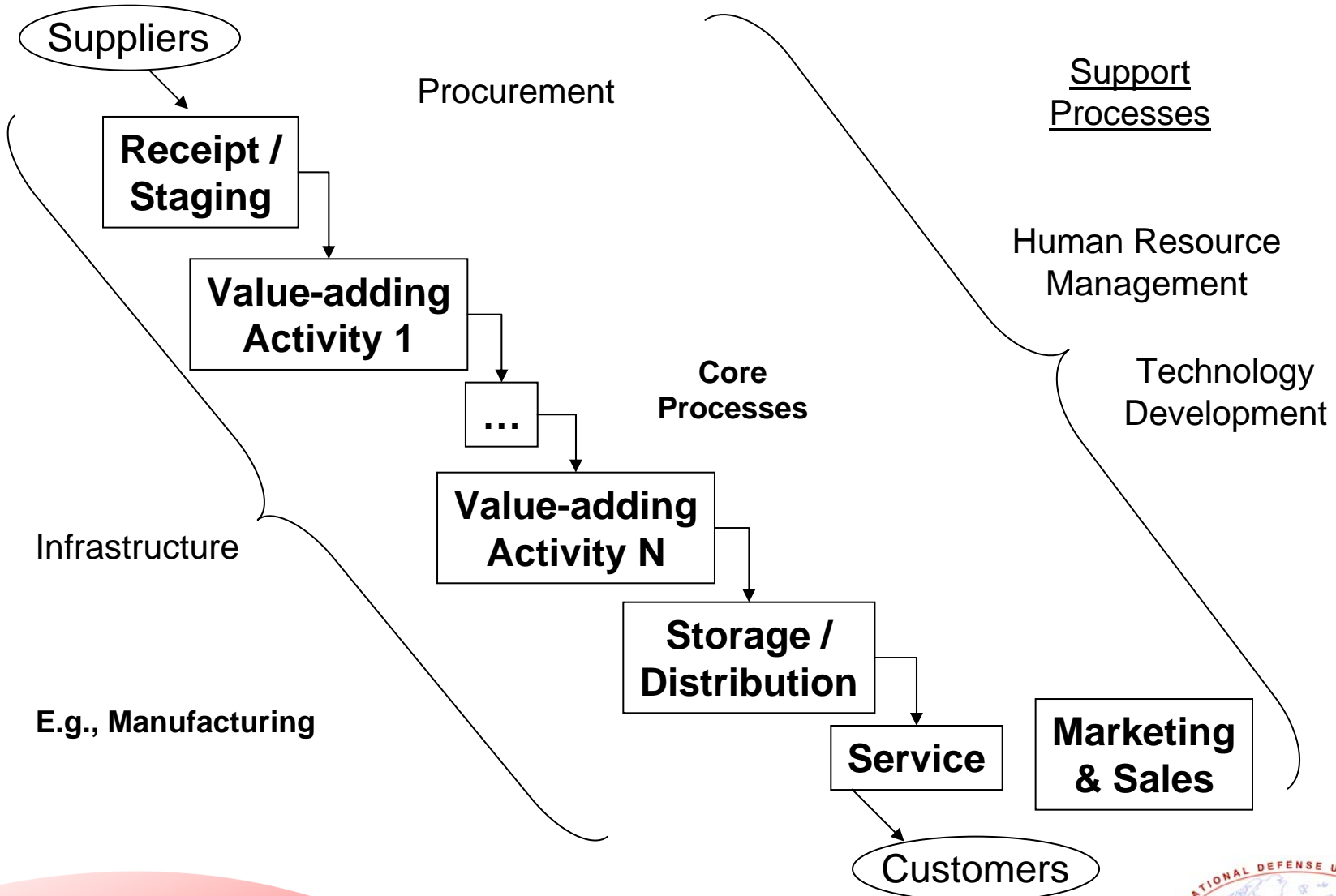
- Identify strengths, weaknesses, opportunities, and threats
- Assess potential impact of and tradeoffs between strategies
- Test for synergies between strategies
- Derive a set of enduring organizational capabilities
- Prioritize investments
- Communicate with other stakeholder groups
- Evaluate new ventures
- Design governance
- Structure enterprise architecture and portfolio
- Help develop performance management strategies



- **Porter's Value Chain**
- **Fjeldstad/Stabell Value Shop**
- **Fjeldstad/Stabell Value Network**

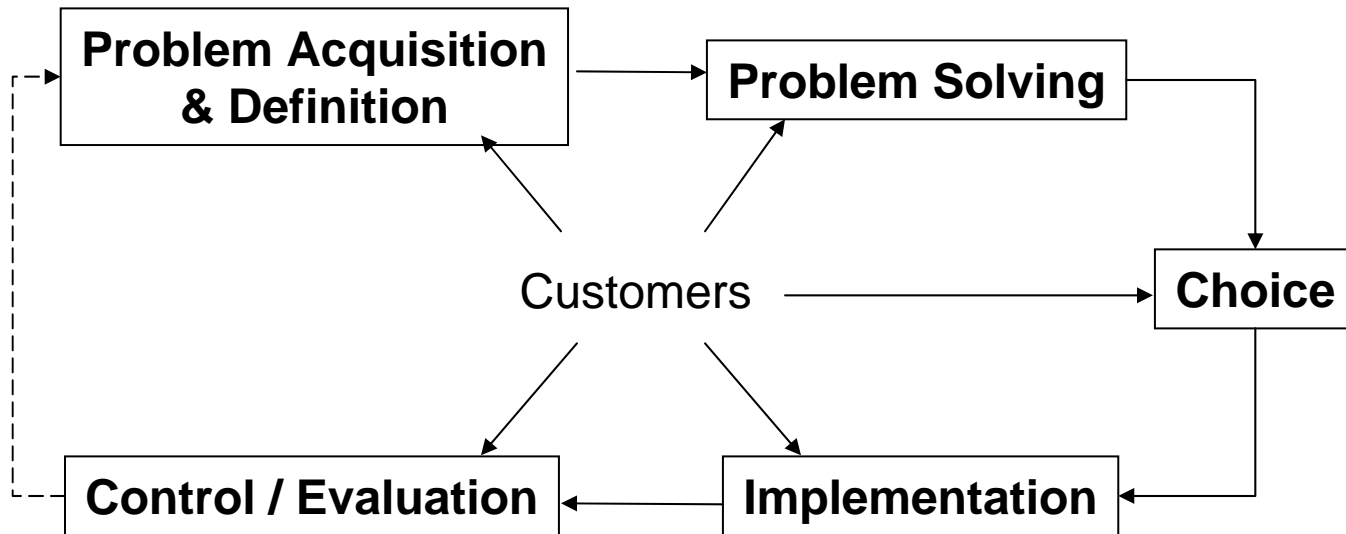


# Porter's Value Chain



Support Processes:

- Procurement
- Human Resource Management
- Technology Development
- Infrastructure



E.g., Professional Services (legal, medical, marketing, IT)

## Support Processes:

- Procurement
- Human Resource Management
- Technology Development
- Infrastructure

### Network Promotion & “Contract” Management

#### Service provisioning

#### Infrastructure Operation

E.g., Banks, Telephone companies

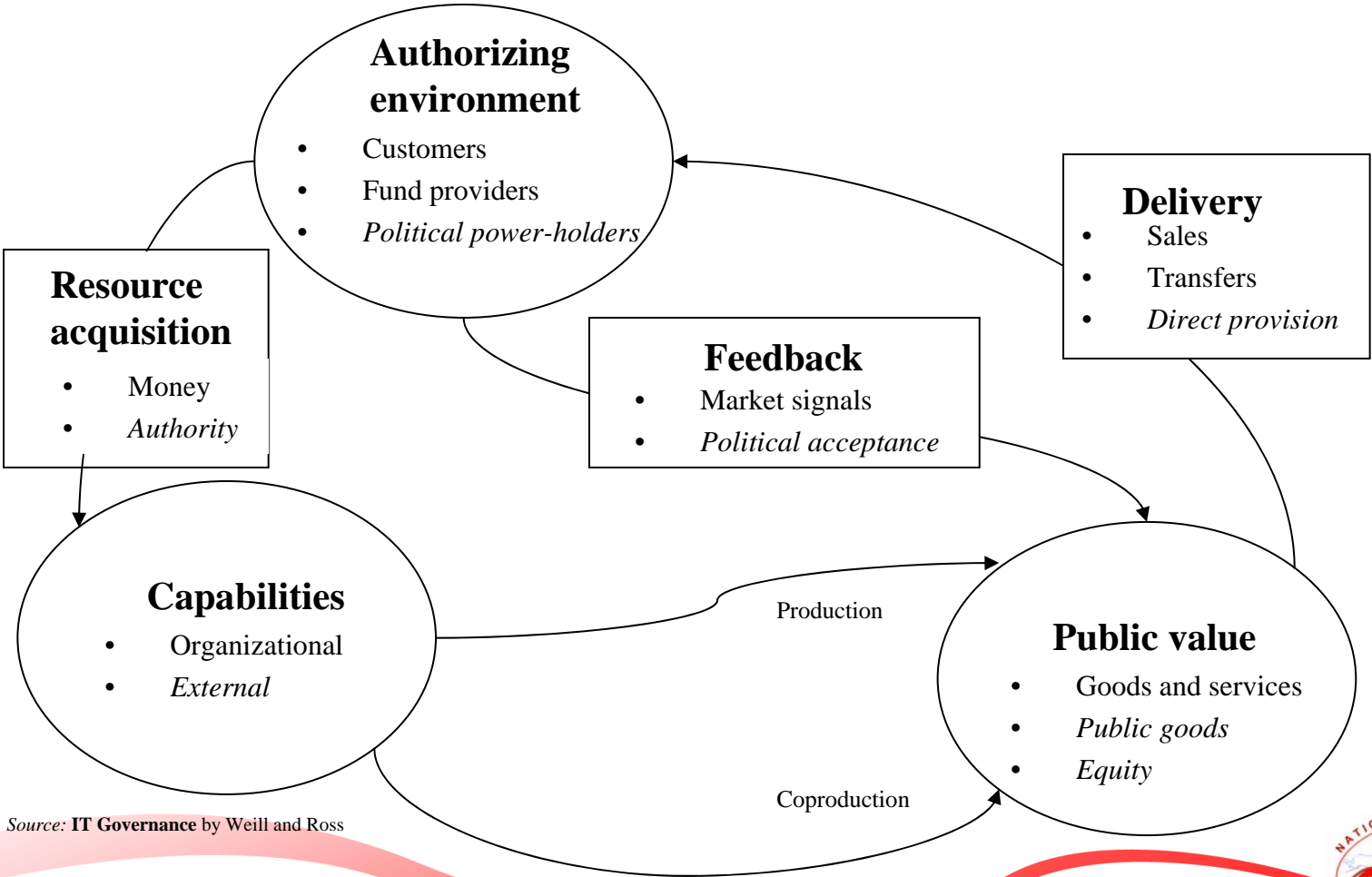
# Examples of Private Sector Business Models

- **Value chain: General Motors**
- **Value shop: Inova Fairfax Hospital**
- **Value network: Google**

# Government Business Models Are Complex

- Authority accretes through the addition of new missions
- Old missions are difficult to shed
- Turnover of political leaders
- Complexity of stakeholder relationships
- Complexity of government missions
- Complexity of government process and control requirements
- Difficulty of measuring public value

# Public Value Creation Reflects the Mission Complexity



Source: IT Governance by Weill and Ross







# Examples of public sector business models

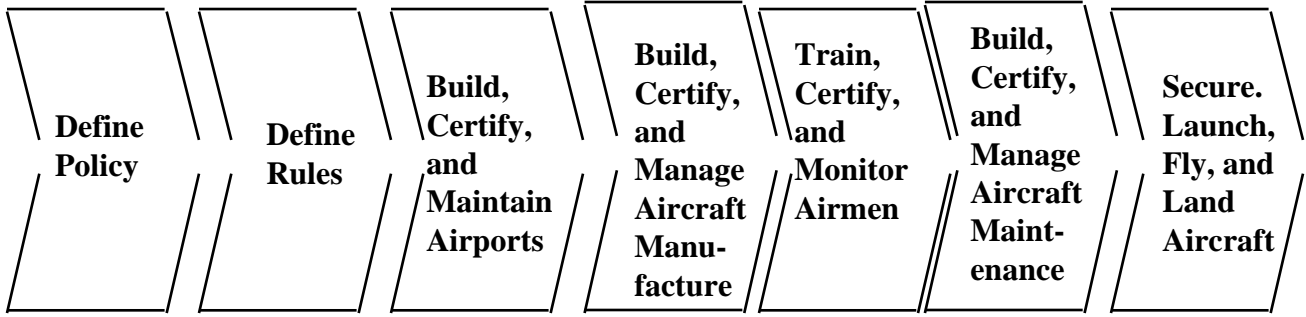
- **Public Value Producer: Regulatory agency such as FDA**
- **Public Value Operator: Service providing agency such as FAA**
- **Public Value Protector: Public good providing agency such as DOD**

- **Annotate the Alford model for each major mission of your agency with tags for stakeholders, issues, public value propositions, and major dependencies**
- **Create a value chain for the industry or sector your agency operates within or regulates**
- **Map your agency's organizational units to the value chain**
- **Match value models to organizational units based on their main processes**
- **Check your matches against your EA**
- **Test with architects, CIOs, SMEs, and executives**
- **Keep iterating until you have a picture other people use**



# Air Transport Value Chain

National Air  
 Transport Load



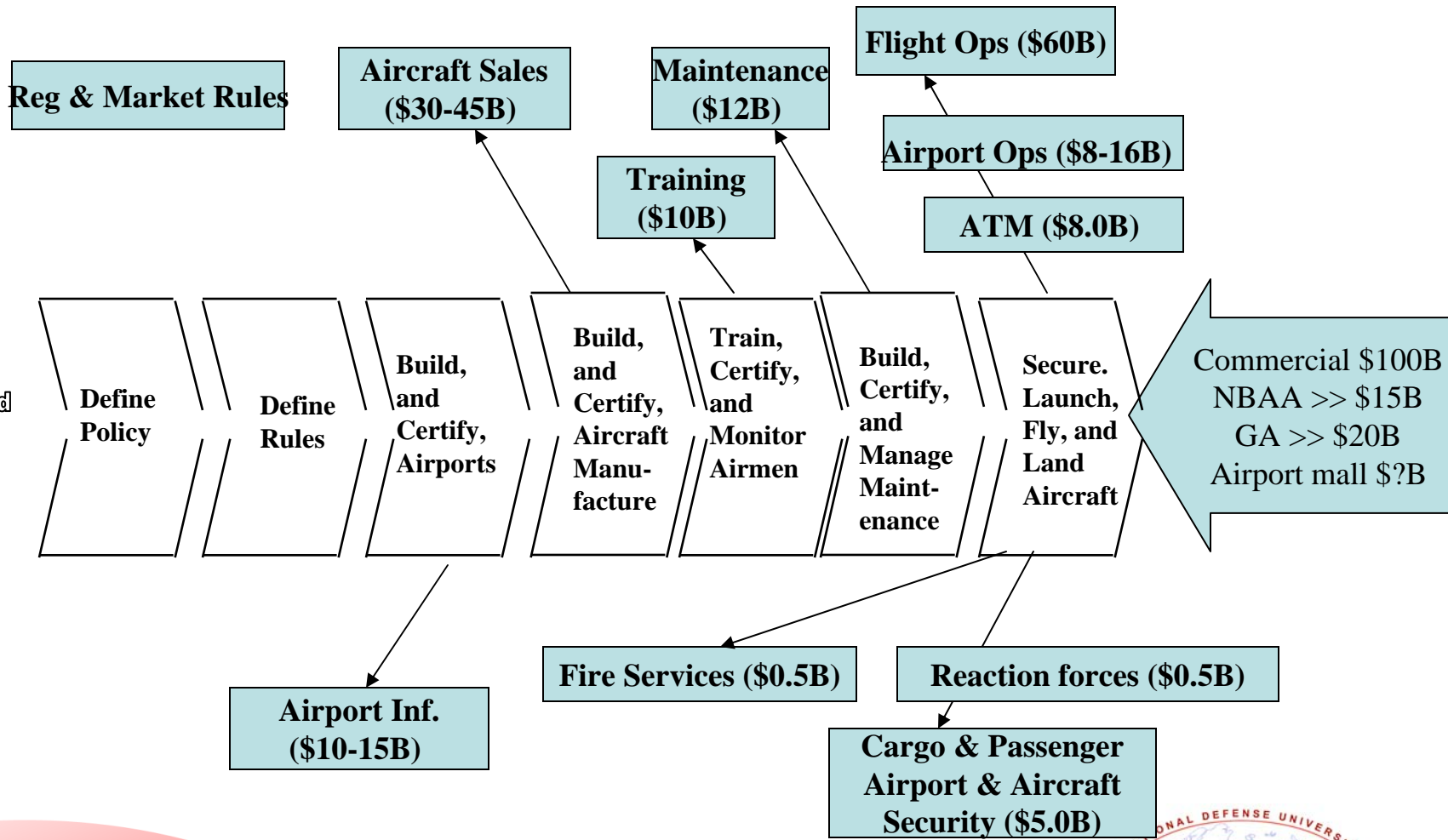
Safely, Expeditiously,  
 Profitably Transported  
 Passengers & Freight



# Air Transport Cash Flow - Where the revenue goes



National Air Transport Load



# Regulatory and Administrative Competencies

	Aviation Safety Policy & Regulation	Aviation Education & Industry Outreach	Certification	Compliance & Enforcement	Safety Process & Research	Administrative Services
Plan	<ul style="list-style-type: none"> <li>Strategic Planning</li> <li>Regulation Planning</li> <li>Policy Planning</li> <li>Treaties and Agreements</li> </ul>	<ul style="list-style-type: none"> <li>Communications Planning</li> <li>Training Planning</li> </ul>	<ul style="list-style-type: none"> <li>Certification Planning</li> <li>Delegation Planning</li> </ul>	<ul style="list-style-type: none"> <li>Compliance Planning</li> <li>Enforcement Planning</li> </ul>	<ul style="list-style-type: none"> <li>Research and Technology Planning</li> <li>System Safety Program Planning</li> </ul>	<ul style="list-style-type: none"> <li>HR Planning</li> <li>IT Planning</li> <li>Procurement Planning</li> <li>Privacy Policy</li> </ul>
Manage	<ul style="list-style-type: none"> <li>Program Administration and Monitoring</li> <li>Law Interpretation and Regulation Oversight</li> </ul>	<ul style="list-style-type: none"> <li>Communications &amp; Outreach</li> <li>Training Program Management</li> </ul>	<ul style="list-style-type: none"> <li>Applications Management</li> <li>Delegation Program Management</li> </ul>	<ul style="list-style-type: none"> <li>Compliance and Enforcement Monitoring</li> <li>Compliance and Enforcement Reporting</li> </ul>	<ul style="list-style-type: none"> <li>Research and Technology Program Management</li> <li>System Safety Program Management</li> </ul>	<ul style="list-style-type: none"> <li>IT Management</li> <li>Contracts Management</li> <li>Financial Management</li> <li>Performance Monitoring</li> <li>Quality Management</li> </ul>
Execute	<ul style="list-style-type: none"> <li>Guidance Development</li> <li>Delivery and Execution of Programs</li> </ul>	<ul style="list-style-type: none"> <li>Delivery of Communications &amp; Outreach Programs</li> <li>Delivery of Training Programs</li> </ul>	<ul style="list-style-type: none"> <li>Applicant Evaluation</li> <li>Certificate Issuance</li> <li>Appeals</li> <li>Registry</li> </ul>	<ul style="list-style-type: none"> <li>Surveillance and Inspections</li> <li>Enforcement Reviews</li> </ul>	<ul style="list-style-type: none"> <li>Research and Technology Analysis</li> <li>System Safety Data Analysis</li> <li>Investigations</li> </ul>	<ul style="list-style-type: none"> <li>HR Operations</li> <li>Accounting</li> <li>Knowledge Management</li> <li>Interagency Liaisons</li> </ul>

# Benefits of Developing a Business Model for Your Agency

- **With a thoughtful business model you gain a**
  - Powerful tool for communicating
  - Legible way to structure the As Is slice of the EA
  - Logic for developing the To Be slice of the EA
  - Agency-level portfolio map
  - Way to identify cross-agency opportunities to collaborate

