Define the Business Outcome Statement to Guide Enterprise Architecture Efforts

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Leading enterprise architects understand the importance of keeping EA efforts focused on delivering business outcomes. The business outcome statement is an important deliverable to help guide EA teams.

Key Findings

- Enterprise architecture (EA) teams often struggle to know where to begin new or restarted EA efforts, or tend to overfocus on operational aspects.
- Gaining support and perceived value for EA continues to be a significant challenge for new and ongoing EA efforts.
- Successful EA efforts require strong business and IT support to obtain a seat at the strategy table.

Recommendations

Enterprise architects:

- Focus on delivering targeted business outcomes that support the business direction and the critical questions and concerns of senior executives.
- Clearly understand the business direction and disruptive trends to successfully focus and balance EA efforts.

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Analysis

In a survey of attendees following Gartner’s U.S. EA Summit in May 2012, 80% responded that their primary focus for EA in 2013 was on aligning business and IT vision and strategies, delivering strategic business (and IT) value, or enabling a major business transformation effort. In addition, 77% responded that they were either starting, restarting or renewing their EA efforts. Given this focus on strategic alignment and the large percentage of attendees that were reinventing their EA, it is no surprise that they stated that their top three challenges were:

1. Engagement of upper management to support or continue supporting the EA program in order to achieve the full value from the program and deliver this value to all stakeholders (56%)
2. Integrating EA, IT and business strategies to deliver more value to the organization (45%)
3. Defining, scoping and focusing the EA project plan to best meet business goals and create a successful EA program (35%)

Today, the majority of EA practitioners face the challenge of how to refocus their enterprise architecture efforts to deliver business outcomes. The answer is that enterprise architecture efforts must begin with an understanding of the business outcomes they must deliver, while using business direction and strategy as a guide to determine their effectiveness is moving the organization forward toward the future. While we find the majority of organizations aspire to business-outcome-driven EA, during client inquiries we often speak with organizations that find it difficult to make the leap to focusing on delivering outcomes and working with business executives, rather than just doing EA in the traditional, self-centric way. They may spend lots of time focusing on activities such as modeling or capturing artifacts instead of concentrating their efforts on identifying and enabling the delivery of business outcomes.

To increase the business focus and scope for EA, a key first step is to define a business outcome statement for your EA effort (see Note 1). This step is vital, and must be completed to drive the efforts of any EA initiative. A business outcome statement should be a short, three- to five-page document or presentation. A business outcome statement should include:

- A statement of business direction
- A statement of disruptive trends
- Business and IT executive concerns
- Target business outcomes
- A high-level (contextual) model of the future business state

We have discussed the importance of defining an enterprise context (see "EA Must Include Defining Your Enterprise Context") and charter (see "An Enterprise Architecture Charter Is a Basic Requirement for All EA Maturity Levels") as part of operating, focusing and scoping EA. These deliverables are important and should be created over time and evolve. However, we sometimes find that organizations need a higher-level document to focus their efforts and communicate this focus with senior business and IT leaders. With the emphasis on outcome-driven EA, we define this lightweight "just enough" document of the business outcomes as a high-level guide to inform the order, prioritization and detail that enterprise architects might use to define EA deliverables (see Figure 1 and "Toolkit: First 100 Days of Enterprise Architecture").

Figure 1. All EA Efforts Must Begin With the Business Outcome Statement

Source: Gartner (April 2013)
Statement of Business Direction

The statement of business direction refers to the strategic and operational aspirations of the organization (see Note 1). Depending on a number of factors, organizations may focus on both aspects at any given time. EA practitioners may struggle to understand or get their organizations to define a business direction. It is important for enterprise architects to take their cue from their organizations and not insist on or wait for a defined strategy to be in place to enable them to deliver business value. If this is the case, then the EA team should try to glean the business direction from public statements (such as financial filings and annual reports), management presentations, press releases and public records. A best practice is to go to management with what you believe are the business direction and business strategy and let management correct your draft, rather than presenting executives with a blank slate. The statement of business direction does not need to be an extensive effort or a comprehensive deliverable. Its purpose is to develop a common understanding between EA practitioners and their business and IT stakeholders as to longer-term direction, sometimes referred to as strategy. In fact, business direction is a superset of strategy, and must be used to balance current EA effort with the longer-term direction of the organization.

For example, enterprise architects may be asked to identify the impact of replatforming a set of applications because the underlying database version is no longer supported by the vendor. Although this may not be the strategic work that enterprise architects want to engage in, they must perform this analysis with an understanding of its impact on the current-state and future-state architecture. The enterprise architects must be able to provide analysis and planning information to management to support this effort. They will need to identify impacts to the organization, business processes, middleware or underlying technologies. This is an example of a diagnostic deliverable. Additionally, if enterprise architects have an understanding of the business direction and possible disruptions, they may look for opportunities to upgrade or consolidate technologies, or to standardize or optimize processes as part of their recommendation. Enterprise architects should also take this opportunity to make other suggestions (actionable and diagnostic deliverables) as part of this effort that moves them toward accomplishing the future state.

Statement of Disruptive Trends

Disruptive trends may be technology- or business-based (see "Toolkit: Business Direction and Disruption Analysis Worksheet"). These trends impact the business direction and may alter it positively or negatively. Like any disruption, enterprise architects must be capable of addressing these disruptive trends at any time. The Nexus of Forces (social, mobile, cloud and big data) is an example of a group of disruptive trends. Other disruptions may include market volatility, regulatory change and competition.

Consider the following examples:

- A global sports manufacturer might need to understand the disruptive effect that social media has on how people review products, or how global climate change affects the sports that people play and the equipment they choose to buy.
A government organization located in the Asia/Pacific region might need to understand the disruptive impact of a shift in the political landscape, as well as the changes this might have on its services, regulatory requirements or a potential merger with another agency.

A financial services organization in Europe would need to understand the disruptive impact of changes in the euro and the effects of an aging workforce (see "Eight Actions EA Practitioners Can Take to Help Their Businesses Respond to the Euro Crisis").

Business and IT Executive Concerns

It is vital that enterprise architects understand the concerns and questions of their key stakeholders — both in IT and the business — as they relate to the business direction. These concerns and questions are key to enabling EA practitioners to focus on creating actionable and diagnostic deliverables that will be considered valuable by the organization. Too often, enterprise architects ignore such concerns, and carry on with what they think the enterprise needs or proceed immediately to functional-requirements gathering. This approach almost guarantees the failure of an EA effort, and diminishes the perception of the EA team among stakeholders who are most important to the EA initiative.

Senior-executive concerns or questions could include:

1. How do we increase the value and impact of a company we just acquired and reduce the overlaps in sales, products and operations?
2. How can we increase the safety and security of citizens in our region by leveraging partner agencies and emerging technologies while controlling spending?
3. What can we do to invest in innovative new ventures that could grow our business in the long term without eroding our current operations and market position?

Depending on the existing relationship between IT and the rest of the business, EA teams may receive these concerns indirectly. For example, this information may come through the CIO rather than directly from the business.

While all stakeholder concerns must be taken seriously, it is important to understand and balance these concerns with the need to adhere to the business direction. An EA practitioner may hear stakeholder concerns or questions that are not part of the focus or scope of the business direction. To increase stakeholder engagement and support, enterprise architects may need to address these concerns in the approach they are taking for doing EA, as well as their communication plan or governance efforts (see "Define EA Governance to Deliver Targeted Business Outcomes"). However, to ensure EA doesn't become a primarily tactically focused effort, it is critical that the chief architect balances responding to immediate stakeholder issues in an attempt to gain support and buy-in with the need to address longer-term strategic issues.

Target Business Outcomes

Target business outcomes can be driven by a number of factors. Strategy or any change of business direction often drives business outcomes (see Note 1). A business outcome is expressed
as a change occurring with a specific time frame (short or long term). The best way to ensure that a business outcome is targeted to meet business needs is to map it to the critical strategic questions that senior executives are asking. Examples of business outcomes would include:

- Shorten the sales cycle by 30% in 12 months.
- Enable customers to participate in product design within six months.

Targeting business outcomes forces enterprise architects to begin with the end in mind. Any actionable deliverables that the EA team creates should address these questions with signature-ready recommendations. Any diagnostic deliverables should provide insight as to why the action should be taken.

Enterprise architects must focus their recommendations on the business direction. Leading enterprise architects must understand how to balance the outcomes the business asks for, which sometimes can be short-term and tactical, with the overall business direction. They should act as equal partners or advisors to work with the rest of the business to realize the business direction. As a result, they must understand how to balance the immediate concerns of stakeholders with the longer-term business direction, and express this in a way that the business can understand and support.

Business outcomes must meet five criteria. They must be:

- Realistic and achievable considering the capabilities and credibility of the EA team
- Few in number, to enable a focus on delivery
- Expressed in business terms
- Indicative of the benefits to be received, and who will receive them
- Able to be assessed and measured, indicating the extent of improvement or target level of performance

Model of the Future Business State

A picture is worth a thousand words. It is essential that organizations create a high-level (contextual) future-state business model as part of the development of their business outcome statement to enable, facilitate and influence the discussion between EA team members and stakeholders. This picture or model can be useful in keeping the discussion focused holistically on the business direction and business outcomes, rather than on current processes, information or technical issues. It keeps both the EA team and stakeholders focused on the future direction and vision.

Examples of the future business state can be accomplished through the use of business capability models, operating models, functional models, process models, federated models, hyperextended network models and traditional value chain models. We recently spoke with a government agency that was representing its future-state business model based on the physical future-state of its home region (population density, roads, water supply and services). The agency then used this information to illustrate which technologies and processes they might employ to manage traffic, security and social services.
The future-state business model is effective in helping IT and the rest of the business understand the link between business strategy and execution. It is useful because it provides the business as a backdrop to the problem at hand, whether it is technical or not. Many techniques can be used to create the future-state business model, which is a vital component of the business outcome statement.

Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"Enterprise Architects Must Focus on Outcome-Oriented Deliverables"

"Stage Planning a Business Outcome-Driven Enterprise Architecture"

"Toolkit: First 100 Days of Enterprise Architecture"

"Define EA Governance to Deliver Targeted Business Outcomes"

"Taming Your EA Framework With Business Outcomes"

Evidence

1 Question asked following Gartner’s U.S. EA Summit in May 2012 and compiled in June 2012: "What is your primary focus for EA?" (N = 138)

2 Question asked following Gartner’s U.S. EA Summit in May 2012 and compiled in June 2012: "What stage is your organization’s EA program currently in?" (N = 138)

3 Question asked following Gartner’s U.S. EA Summit in May 2012 and compiled in June 2012: "What are the top three challenges your organization has had with its EA program over the past year?" (N = 138)

Note 1 Definitions

"Business direction" refers to the trajectory of business operations as established by the present business model, company investments, organizational capabilities, progression of objectives, vision and corporate performance. Business direction is a superset of business strategy, which includes all current and planned investments in business change initiatives, independent of the source or planning horizon.

A "business outcome" is a specific, measurable target action that is taken in response to a business direction (or a change in business direction) or a business disruption (or a set of business disruptions).
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