

Business Transformation Framework: an Effective Solution to Today's Ever-Changing Business Environment



Neal Lohmann,
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how to focus
the enterprise
today to facilitate
better business
tomorrow



In today's culture, large businesses require the ability to respond to a rapidly changing environment. The ability of a company to respond to these changes is directly related to its ability to grow and prosper in the most competitive of environments.

Leveraging Business Transformation practices may mean the difference between growing your market share and surrendering your market share to your competitors. Business Transformation practices are the methodologies that span across an enterprise. These include: identifying a need for change (Market Analysis, Strategic Planning), identifying the capabilities or processes that require change (Enterprise Architecture, Business Architecture, Balanced Scorecard), designing the change (Business Process Management, Software Development Methodologies), and driving the change deployment (Program Management, Change Management). Many companies find themselves lagging behind their competitors. This is not because they do not have the ability to be transformed, but they cannot focus their transformation on the areas of their business that will provide the best business value. Business Transformation Practices can help an organization focus its resources and aid in creating a culture of innovation and collaboration across enterprise boundaries.

How we do business today may not necessarily be the way we will do business tomorrow. Market conditions will continue to drive transformation in business globally. Businesses that are prepared for an inconsistent market are better able to adapt to the struggles they face. These challenges may be both external and internal. External changes, which require business to change, include:

Shifting Customer Focus:

Is the customer that your business is providing products to today going to be the same customer that your business is trying to attract next week?

New Ways to Deliver Products:

New channels for delivering businesses' products are increasing every year requiring businesses to manage multiple processes and technologies to deliver the same product.

Today's Competitors are Tomorrow's Partners:

In the ever-changing economy with acquisitions, mergers, and outsourcing, the businesses you are competing with today may require you to integrate tomorrow.

Businesses also face internal challenges that can prevent change and stifle innovation



and collaboration. These challenges can affect the speed in which a business can respond to the market changes. Some challenges include:

Fear of Complexity:

Businesses search for simple solutions using old paradigms which drive silo thinking. Businesses do not want to collaborate across the lines of business internally for fear that it will delay or affect the outcome of a line's direct needs.

Competing Transformation Practices:

Internal organizations and lines of business trying to cope with the need for transformation seek out the silver bullet solutions that will help them succeed. These solutions range from strategic planning methodologies, Process Management, software solutions, and

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technologies that overlap in many aspects and collide, causing productivity loss.

Performance Management that Drives Internal Competition:

Performance management can drive an organization to innovation and collaboration or drive internal competition. Performance management based primarily on individual performance creates fear that by sharing ideas or seeking help the individual will be perceived as a weak leader. Without a stronger link to product or process performance individuals will succeed while businesses fail to transform.

How Does Leveraging Business Transformation Practices help?

Transformation practices have been around for many years and have been studied and companies have seen their benefits. At the same time, companies have learned that transformation practices are not a silver bullet that will bring about instant success. In some cases, companies can invest large amounts with little value to show. If one considers the spectrum of practices that can make up the transformation suite of practices, successful companies do not just focus on single practices. For example, business process re-engineering, but on a whole suite of practices that support and

leverage each other, such as discovering the need to change through the measurement and corrective action used to monitor and improve after deployment.

The approach MetLife has taken is to anchor the transformation practices with a Business Architecture Framework which enables the alignment of the business strategy to the

processes and technology that need to be transformed. The Business Architecture Framework consists of five layers that build a bridge from business planning to process and technology change. Each layer provides a level of understanding that builds upon each other and can be leveraged for business decisions.



Figure 1: Business Transformation Framework
Source: MetLife, 2009

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Five Layers of Business Architecture Framework:

- The *Customer* provides information about the user of the product or service.
- The *Product* defines the products or services of the enterprise, line of business, or organization.
- The *Capability* contains the business components and services that define the business and its capabilities.
- The *Process* aligns the business components into a series of operations performed in the making of a product or performing a service.
- The *People* define the organization roles and skills.

The Business Architecture Framework allows the organization to take a large strategic objective and focus it rapidly to those areas that can be transformed to meet the objective. For example, a company wants to grow revenue. The first practice used is marketing analysis to identify where the largest opportunities are. Using the Business Architecture Framework, these opportunities are aligned to the top two layers of the framework: *customer* and *product*. Once the product and customer are identified then one can define which capabilities needed to transform to achieve this objective. The processes and technology align to the *capabilities*, enabling movement to Business Process Management design, training design for the change, and transformation implementation. The ability to align to common terminology and structure enables rapid transformation.

Given this simple example, one can clearly see how a large company with a disconnected set of transformation practices can inefficiently waste time. Disconnects may include:

- The customer's segments are defined differently in marketing than the Business Process Management team.
- Product definition and rules are managed in a silo.
- Each organization has its own capability or process model.



Everyday companies are leveraging transformation practices to speed up the delivery of change and remain competitive. However, seldom seen are examples of businesses that have been successful in speeding up transformation using traditional practices which have not been integrated. The spectrum of practices in an integrated transformation value chain creates a seamless transformation which will keep a business competitive in today's changing business environment. The Business Architecture Framework is one effective solution to integrate these practices and ensure that not only the speed of collaboration be increased, but also that the design and development of solutions are successfully linked and support driving strategic focus.



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BIOGRAPHY

Neal E. Lohmann
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Neal has over twenty years experience in transforming businesses using Business Process Management, Re-Engineering, Strategy Development and Execution, Six Sigma, and Program Management.

Over the last three years at MetLife, Neal's focus has been on the creation of an internal consulting organization which developed a Business Architecture Framework that is used to integrate transformation practices.

The Business Architecture Framework links strategy, capabilities, operating models and Business Process Management. With his background in Electrical Engineering he has a firm grasp of technology and how it can be leveraged to bring business value. Leveraging the Business Architecture Framework Background, MetLife has been able to rapidly respond to Market opportunities in developing new delivery channels, and identify process efficiency opportunities that reduce the operating cost.

Prior to managing the Enterprise Business Architecture Organization, Neal was responsible for creating the Enterprise Quality Management System (EQMS) organization. EQMS is a team of internal consultants that support enterprise Business Process Management initiatives, quality management development and deployment, reengineering and Program Management.