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Organizational Best Practices for **Business Capability Management**

Contents

Introduction to Business Capability Management

Capability management is a way to gain an overview of everything your organization does. This goes beyond just developing a capability map that can be shared across the organization.

Successful implementation of a business capability management initiative can connect teams to measurable business outcomes and enable decision-making on what parts of the organization need to change to support its long-term strategy. But getting to this point can be difficult, and where do you start? Following best practices can help your organization avoid common stumbling blocks to ensure your initiative is successful.

1. **Get the right people in the room**
2. **Begin the discovery phase**
3. **Don’t go too far down the rabbit hole**
4. **Use a business model canvas to paint a full picture and target what matters**
5. **Define criteria to assess capabilities**

Get the Right People in the Room

Mapping everything that your business currently does, and should be capable of doing, in order to deliver on its value proposition is no small feat.

Different types of stakeholders will need to be involved in the conversation to build your capability map.

Enterprise and business architects:

They can guide the conversation by introducing colleagues who might be unfamiliar with intangible concepts like enterprise models.

Business analysts:

They can complement their architect counterparts by serving as bridge to the day-to-day strategy of the organization. Analysts and architects can neatly dovetail with one another, linking the high-level and the granular.

Leadership team:

They should be involved in this discussion for two key reasons. For one, the decisions and insights held by the C-suite will ultimately determine the direction your organization takes. Their insights will help to guide the work being done by your architects and analysts. The second reason is a tad simpler; executive sponsorship or buy-in is crucial in any initiative. However, this process can also demonstrate that leveraging enterprise architecture (EA) as a tool can unlock a great deal of innovation throughout your organization.

Begin the Discovery Phase

Gathering data from information siloes across the organization can be one of the more painstaking tasks of uncovering your business's capabilities, especially if you do not have a capability map neatly in place.

This can be in the form of gaining access to systems like project management or configuration management database tools, or gathering the institutional knowledge of your different departments and teams.

When sitting down with your colleagues from other departments, an artifact like **a process diagram can help build an understanding of what "it" is that each department does.** These diagrams, which follow standards such as Business Process Model and Notation (BPMN), can serve as a guide in your conversations. The operational "how" and finely detailed execution will help you decide what these collection activities end up supporting in terms of strategic value.

When it comes to these processes, **try to speak to the overarching owner of a set of processes,** to avoid having too many cooks in the kitchen. This owner may be a team lead or director (depending on the size of your organization), who has one foot in the operational space and understands the minutiae of the processes, while at the same time seeing the bigger picture.

Depending on which form these siloes take, your approach to getting your data into a single source of truth might vary. To get started, we recommend **crowdsourcing information to address any knowledge gaps.** You can use surveys or forms in SharePoint to gather this information, and review responses before working through the finer details.

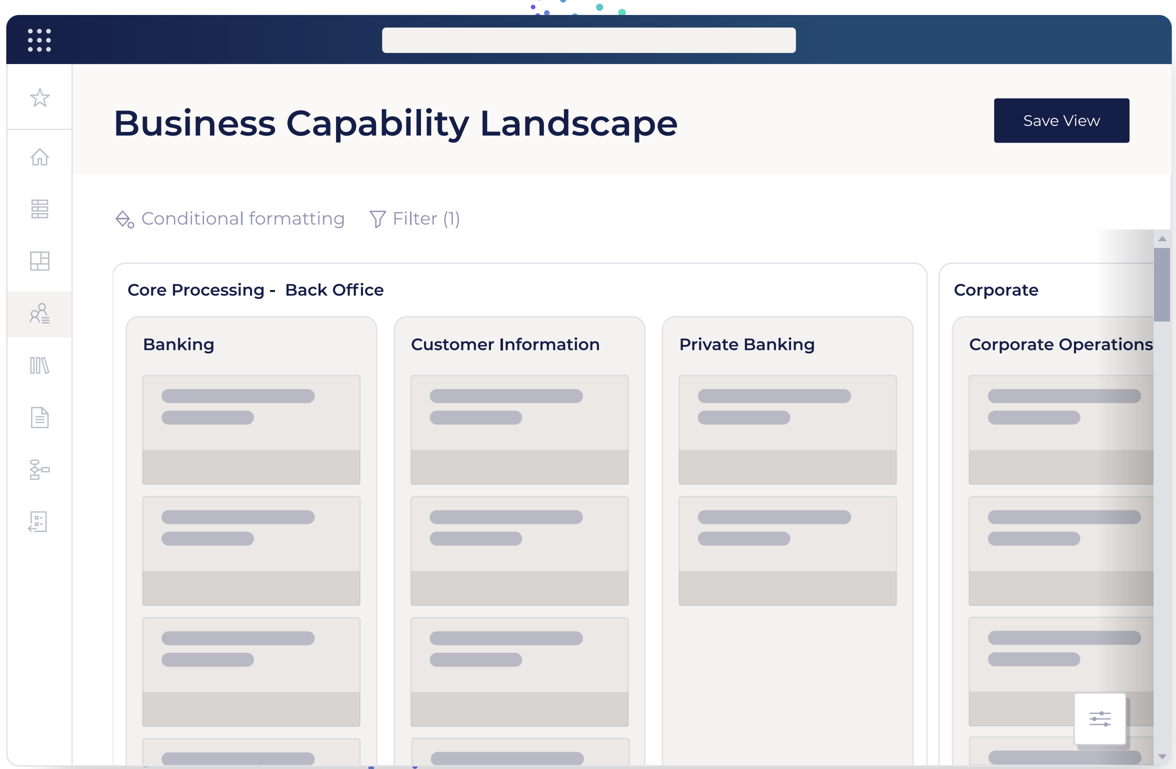
For example, if you have already fleshed out your Level 1 and Level 2 capabilities, creating a form that allows relevant stakeholders to propose Level 3 capabilities and connect them to the second level could do two things:

1. Help avoid scheduling nightmares and meeting burnout.
2. Give colleagues the ability to provide their own input, without the risk of group-think.

Lastly, you can also **get a head start by leveraging industry-specific capability maps,** when available. They can act as very helpful guides, but they must be tailored to your organization. Sharing a generic version too early can lead colleagues to rely on it without adapting it, making it feel irrelevant and ultimately leading to low engagement, poor adoption, and wasted effort down the line.

Don’t Go Too Far Down the Rabbit Hole

When it comes to business capability management, your first instinct may be to get as granular as possible. While this level of detail can be appreciated, **the initial capability mapping should be done at a higher level.**



We recommend **emphasizing breadth and not depth in this case.** Once you have defined your Level 1 capabilities, you can then flesh out the following Level 2 and Level 3 capabilities within that hierarchy.

Once you get to Level 3, you probably won’t need to go any further. If you are considering four or more capability levels, you should ask yourself the question: “Are we capturing business capabilities or are we now mapping out functions?”

Use a Business Model Canvas to Paint a Full Picture and Target What Matters

Applying the business capability management use case to your organization will require plenty of effort and won't be done in a single day. You might get stuck on occasion and that's okay. To correct the course, **we recommend using the 'Business Model Canvas' tool.**

Popularized by the book 'Business Model Generation,' the Business Model Canvas is a simple but effective tool for **drafting and innovating business models for companies of all sizes.** When applied to EA, and more specifically business capability management, this tool can be used to **illustrate an organization's existing capabilities or inform the scope of a capability assessment.**

The adage in EA is "People, Process and Technology", but the canvas can provide a modern take with its nine key building blocks. Overlaying the canvas on your capabilities can help you assess what key resources are needed for the capability, see how the capability supports your organization's overarching value proposition, and much more.

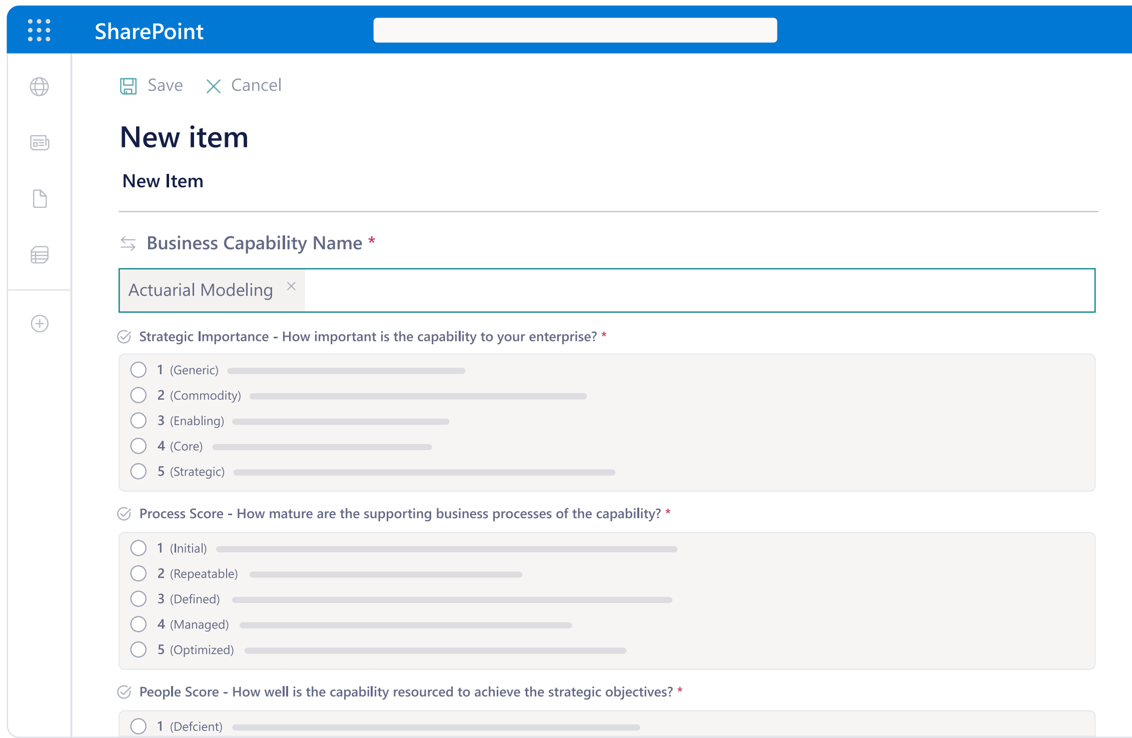
Using a Business Model Canvas can help address questions like:

- **What value does our organization create?**
- **Who are our key stakeholders? These can be internal and external (customers, partners, etc.)**
- **How do we interact with our customers and stakeholders?**
- **What key activities are performed and what key resources do we use to accomplish them?**

Define Criteria to Assess Your Capabilities

Once you have mapped your capabilities, you will need to assess and score each capability. Scoring your capabilities can provide significant benefits:

- Understanding where your capabilities stand will enable you to **align them to your strategic goals,** ensuring that your organization focuses on the right areas to achieve long-term value.
- Scoring your capabilities helps in **optimizing the use of organizational resources.** Whether it's capital investment via projects or increased employee headcount, you can identify underutilized capabilities and reallocate resources to more crucial areas of the organization.
- Having a clear understanding of your strengths and weaknesses for capability scoring will **show you where your competitive advantage lies.**
- Understanding and grading your current capabilities can highlight **opportunities for innovation** as macro drivers force a need for continuous improvement.



There are a number of areas to assess when reviewing your capabilities:

Strategic importance: If you were no longer capable of doing this, how much would the business suffer?

Maturity: How long has the business been able to do this?

Processes: Do we have end-to-end processes that cover all aspects of this capability? If so, how mature are they? Processes that have existed for many years are more likely a standard, with plenty of fine tuning done to optimize the process, and process documentation in place to eliminate any ambiguity.

People: Are the right organization units supporting this capability? Do the individuals who support this role have the right skillsets, both at a functional and strategic level? If people have the right competencies but are stretched too thin (or vice versa) then gaps can form amongst the organization units or individual actors who are meant to support the capability.

Technology: Does our application portfolio and the underlying technologies supporting them enable our capabilities to be carried out without issue? If they don't, we might face business continuity incidents, issues regarding scalability and security, increased risk and costs, and other factors. A portfolio carrying a lot of technical debt or operational issues will impact capabilities and the ability of the business to adapt to changing circumstances.

Grading against these criteria will enable you to determine if immature or strategically important capabilities need more investment from an IT perspective. Alternatively, you may uncover that many business resources support less crucial or already mature and stable capabilities, or that similar capabilities are supported with various solutions that could be consolidated.

As you connect your business and technology domains, seeing what parts of your application portfolio help to realize business goals can provide a springboard into other essential uses cases, such as application rationalization.

Key Takeaways

As you embark on your capability management initiative, **remember not to delve too deep initially**.

Start at a higher level, emphasizing breadth over depth. Once you've defined items at a high level, you can gradually flesh out subsequent levels. And if you encounter roadblocks, **consider turning to the Business Model Canvas** – a versatile tool that can illuminate your organization's existing capabilities.

Once you have your capabilities in place, be mindful to **define metrics that will grade your capabilities.** This will showcase where they are, and where you want them to be in future.

Lastly, a successful business capability management initiative depends on **aligning your people and IT portfolio.** Breaking down both communication and data siloes is essential to ensure that your organization succeeds.

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