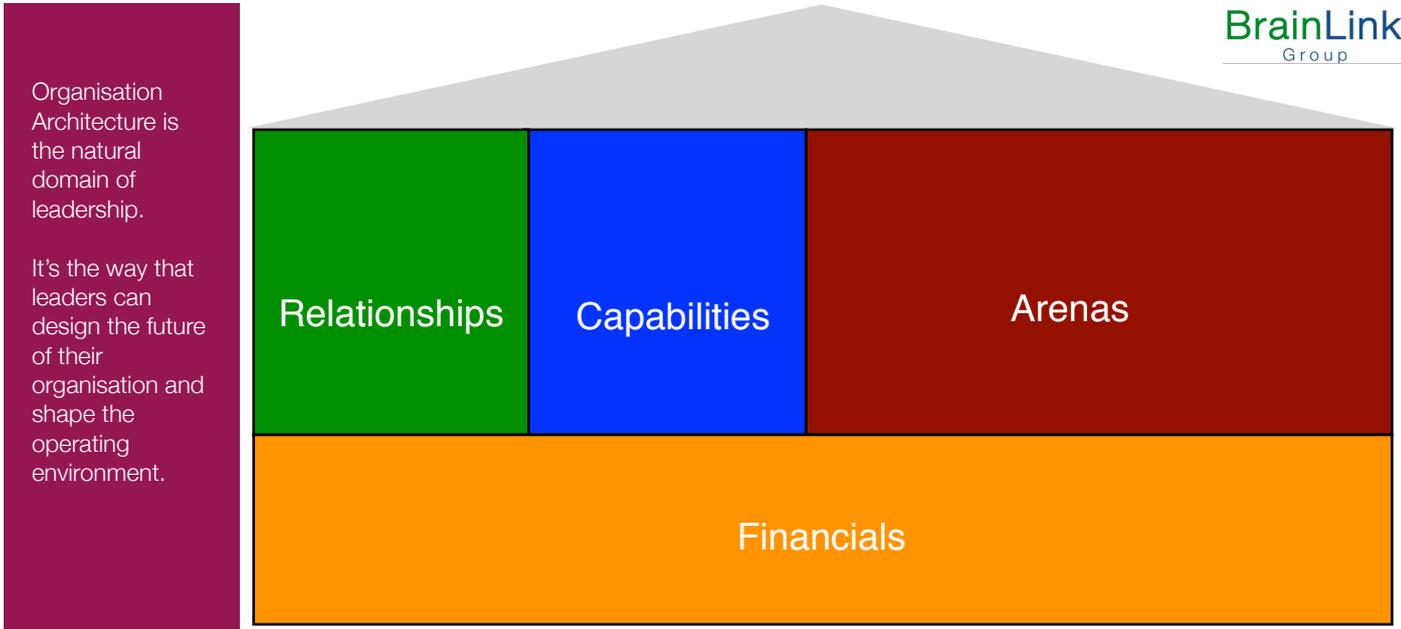


DESIGN YOUR FUTURE

THE ROLE OF ORGANISATION ARCHITECTURE



Leaders have indirect roles

They shape the context

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What can leaders really do?

Can organisations influence their future? Can they shape their operating environments? The answer is YES, if you believe in the role of enterprise leadership.

But what leverage does the leader have on the enterprise? How can they impact on its future?

The reality is that, except in the smallest of organisations, leaders have only an indirect influence. Notwithstanding this, this indirect influence can still be very powerful. This power is wielded through the design of the ORGANISATION'S ARCHITECTURE.

The organisation architecture

Like any building or structure, an organisation has a natural architecture. Like the building's architecture, the organisation's architecture is a response to the demands placed upon it. In this case, the organisation's architecture reflects its **business model** and how it has decided to **go to market**.

In terms of this, we can identify four major spaces in the organisation's architecture - each with a number of important building blocks.

Four important spaces

The four spaces that form the core of the organisation's design are:

- The **arenas** in which the organisation has chosen to be active
- The **capabilities** the organisation has deployed in order to operate effectively within these arenas
- The **relationships** that are in place to enable the organisation to operate effectively within the arenas
- The **financials** that result from operating within these arenas.

Our experience suggests that these four spaces - the core of the organisation's design - are the natural domain of enterprise leadership. Not only CAN they influence these areas, they are EXPECTED to show clear Thought Leadership in this domain.

As we see on the following page, these four spaces have nine building blocks - each with clear decisions to be made by enterprise leaders.

Four key spaces

Nine building blocks

Arenas - space 1

The arenas define the various competitive spaces in which the enterprise operates - see diagram below. There are 4 key building blocks in this space:

1. How we segment our customers
2. What is our value proposition to meet the needs of that segment
3. How we interface with our customers in that segment
4. How our offer is differentiated from that of our competitors.

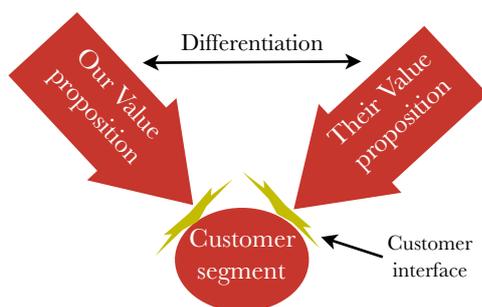
The competitive position of the enterprise is shaped by the way the customers are segmented and, therefore, the way that the various strategic arenas are defined.

Capabilities - space 2

This space defines the ability the enterprise to successfully deliver its value propositions to meet customers' needs. Two key building blocks make up this space:

1. What are the key business processes and activities that create the value propositions
2. How should we configure the key resources and organise the reporting structures of the enterprise.

The business processes and organisation structure are best determined after we have defined the value propositions. This is why defining the strategic arenas is the obvious starting point for developing the organisation architecture.



Strategic arena 1

Relationships - space 3

This building block defines the key partnerships that are required to "create" the value propositions and "go to market". Accordingly, we can define the following relationships:

- a. go to market partners:
 - alliance or joint venture partners
 - channel partners
 - key influencers of your customers
- b. supply partners:
 - suppliers and vendors
 - license holders or technology partners

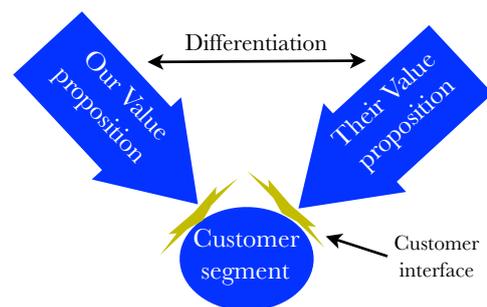
Financials - space 4

Two key building blocks make up this space:

1. Revenue streams derived from the value propositions. This includes pricing, discounting and volume incentives
2. The cost structure of the business, including the make up of fixed and variable costs.

The levers for change

Enterprise leaders have four key levers for making change and shaping the enterprise's effort. The **strategic arenas**, **capabilities**, **relationships** and **costs** spaces are key elements in the organisation's architecture - and they represent viable levers for leaders to influence the future and shape the operating environment.



Strategic arena 2