



# How Business Capabilities

Can Cause Missed Opportunities





Core Competencies, Business Capabilities, Strengths and Opportunities – whatever you want to call them, organizations tend to stick closely to a core set of abilities and functions. Long gone are the days of the massive conglomerate with an interest in seemingly every market and industry. Aside from a few great legacy enterprises, modern business wisdom is to have a much more focused firm that maximizes the gains from their core. And in many ways, this has been shown to be the best choice. Modern industries are far more specialized, and the competition more sophisticated. Capital is widely available in a variety of different forms. There are opportunity costs to consider: even General Electric, one of the few remaining conglomerates, has had a policy that they will exit any market in which they are not one of the top 2.

But has this adherence become a rigidity, constraining organizations and denying opportunities? And how does it fit with Enterprise Architecture, who in many ways are key in defining and maintaining a business's core capabilities?



# The Profit Capability

The COVID-19 pandemic placed huge costs on organizations in every industry and part of the world, so it's hardly a surprise that many firms would be focused on survival rather than looking for new opportunities. Nonetheless, the pandemic brought many new demands for certain products or services, some of which were not only business opportunities but could have had humanitarian benefits as well. A China based business analyst remarked on the production of masks:

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*Every segment of society mobilized to contain the pandemic. One manufacturer expressed astonishment to me at how slowly western counterparts moved. US companies had to ask whether making masks aligned with the company's core competence. Chinese companies simply decided that making money is their core competence, and therefore they should be making masks.*

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A simple sentiment, but one which is easy to overlook. While small business, sole traders and the like, might have many reasons to operate, large enterprises ultimately exist to generate profit for their shareholders. Though rapid change can imperil long term profit generation, the examples of the 21st century should serve as a lesson in the value of moving quickly. General Electric's focus on being a top competitor in every market would have been great advice for the 20th century, but in the modern age companies would be better served by Facebook's famous motto: "Move fast and break things".

Of course, it is difficult for massive enterprises to match far smaller and nimbler firms, but it shouldn't prove impossible. "Agile" has become a widely used buzzword for a reason.

Nonetheless, the pandemic certainly exposed those firms that were rigid and unable to adapt quickly. While the worst offenders will have succumbed to bankruptcy, many more organizations will have been only mildly affected. How many will have noticed the opportunity costs they accrued, whether it was the failure to manufacture vital equipment, or a more mundane failing such as a lack of support for remote work?

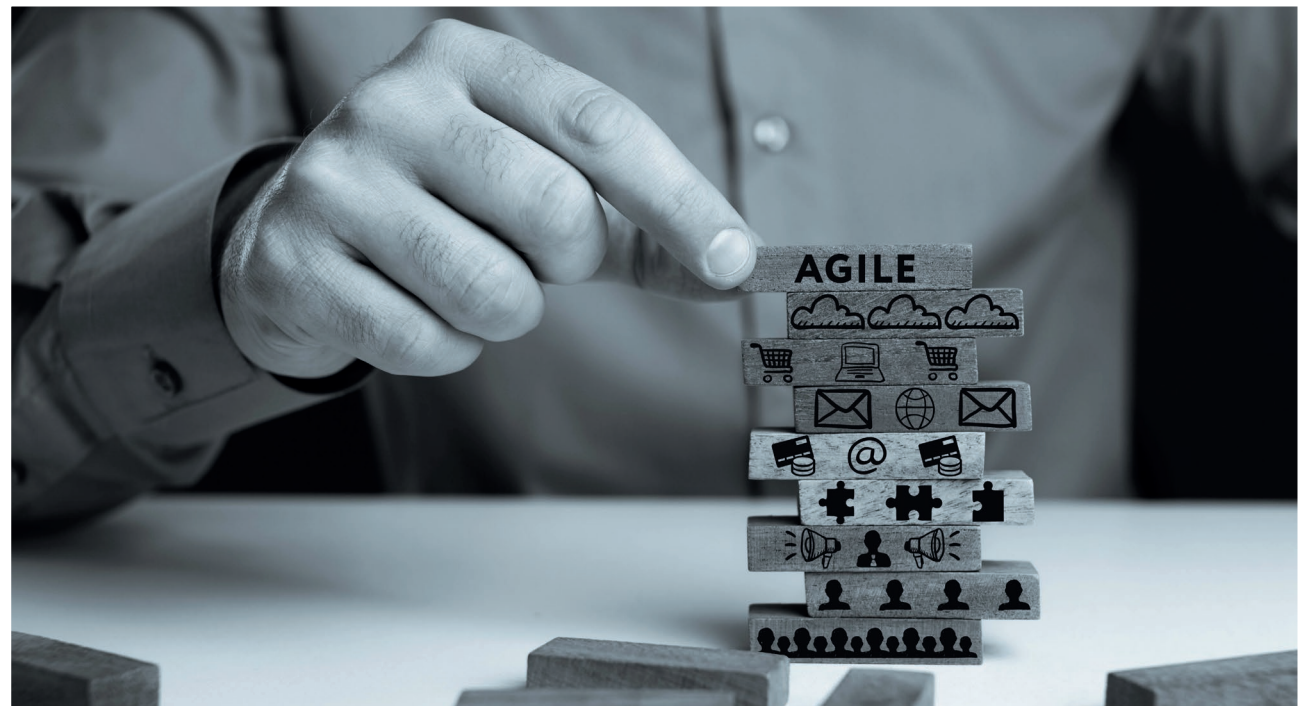
Enterprise Architecture is central to both sides of this argument. Business Capability Management has consistently ranked as one of the most popular use cases for EA, while many other functions of EA are related to enacting enterprise transformation at pace. Should architects be bolder?

# Modern Agility

Just as there are many ways to talk about a business's core competencies, so there are many neologisms for moving quickly – Agile and Agile Development, internal Accelerators and Incubators, chief innovation officers, etc. Enterprises do understand that they cannot stay still. Nonetheless, how much do enterprises have to show for this commitment to moving quickly? Start-ups continue to dance circles around their larger, wealthier counterparts, with acquisitions tending to drive innovation at many enterprises as opposed to their own initiatives.

How should Enterprise Architects help? Agile Development in particular can be a focus of Enterprise Architecture, with a well supported Integration Architecture being essential for Agile Development processes in large enterprises. However, while the “Agile” toolset is great for responsive, customer friendly software, it's not necessarily an enterprise wide tool to help encourage the exploitation of opportunities. It can be a great way for many firms to respond quickly to demand or issue solutions, but there are plenty of industries that have little need for “Agile”, and plenty of business areas that won't be affected. The quick deployment of remote working tools might have helped some firms during the initial stages of the pandemic, but it would not solve everything.

In fact, many common functions of enterprise architecture emphasize caution and preparedness ahead of speed. Perhaps firms failed to manufacture masks due to their GRC requirements? Strict adherence to lean process management could hinder out-of-the-box thinking. Technology roadmaps may keep organizations on a pre-defined path, unwilling to deviate. None of this is to say that these approaches are wrong – you cannot simply ignore GRC requirements, for example – but it does illustrate how enterprise architects, and organizations as a whole, have a delicate balancing act to perform. iServer, the EA tool provided by Orbus, emphasizes the ability to make decisions at speed, but also stresses the importance of data-driven decision making, of outcome focused change, and of delivering value in every aspect. Leveraging technology and strategy to move as quickly as possible would have its benefits, but it isn't strictly necessary to achieve a nimbler state.





## Move Fast, and don't break things

How should enterprises move forward to both regain a “can-do” spirit without abandoning principles that have served them well for decades? Is it possible to move fast without breaking things – even Facebook have now abandoned their motto. We have identified a few steps that enterprise architecture teams can take to try and reach a bolder equilibrium:

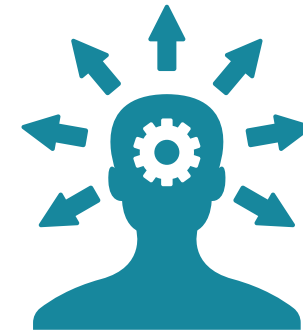






## EA Needs Many Hats

First and foremost, Enterprise Architecture must avoid being pigeonholed and focusing excessively on just one or two functions. Architects are no more immune to human foibles than anyone else – if architects are in charge of business capabilities, they will seek to protect capabilities, if they are in charge of roadmap delivery, they will protect their roadmaps. It is difficult for any stakeholder to offer a big divergence from their function. In addition, most EA functions will serve to help improve the speed of transformation.



## Capabilities are Guidelines, not Rules

This is more of an enterprise wide issue, but architects could be important in changing views. When a business first begins, it will likely not have any special competencies at all. Everything that a business does well started out as a basic implementation that was refined into a core capability. There is no growth without risk. What is more, the most important capabilities a firm has will likely be applicable to anything. Skilled staff, effective management, adept financial control, lean operations, or indeed an experienced EA team will all enable organizations to adapt to pretty much any challenge.





## Foster a Diversity of Skills and Personalities

Diversity, in its traditional guide, is a worthy goal for organizations, but won't necessarily have a big impact on how a business performs. What is equally important for firms and teams within firms is to ensure they have a range of different skills and opinions in their human resources. A universal issue is that people tend to cluster with those who think and act a lot like them, meaning a team of architects could be entirely composed of cautious members, or lack anyone with knowledge of esoteric developments in AI that could be taken advantage of. With a wider range of people, decisions are more likely to be properly challenged, and knowledge gaps covered.



## Embrace Turn-key Solutions

Not every step needs to come from inside the company; there are services to help practically any initiative a business undertakes. Transformation is no different. Orbus Software now offer access to the Solutions Hub, a collection of EA solutions that can accelerate delivery of pretty much any business change. If an EA team cannot meet every demand themselves, then the Solutions Hub will be able to step in.



## Conclusion

One thing we have emphasized frequently is that there is never one right way to do business. Different approaches work for different organizations, industries or people. Not every business is suited to high levels of risk taking or pushing the envelope. At the same time, the failure of large enterprises to remain on the front foot cannot simply be ignored. It is not just start-ups which are outmaneuvering bigger firms, but enterprises from the developing world are proving to be more willing to take risks and quicker to act. Firms need to find a solution that doesn't see them lose ground.

Enterprise Architecture can be both a powerful tool to enable rapid organizational change, and a precaution against reckless behavior – if done right.



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