Building a Business Architecture Practice: TIAA-CREF's Journey through Building a Business Architecture Practice

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TIAA-CREF Fast Facts

The vision of Andrew Carnegie

Employing 7,821 employees in more than 80 local offices

Managing $502 billion in assets

Serving 3.7 million active and retired individuals

Institutional
Retirement, Health Savings, Executive Compensation, Planned Giving, Endowments, etc.

Individual
Retirement (403b, 401k, IRA), Educational Savings, Insurance, Brokerage, Banking/Lending, Health Savings, Trusts, Annuities, etc.

Asset Management
Global Equities, Fixed Income, Real Estate, Institutional Investing, Alternative Investments, etc.

1 As of September 30, 2012.
Vision 2020 – The Case For Change

Vision 2020 is TIAA-CREF’s long-term strategic plan to grow the company through the end of the decade and beyond.

- Changing client demographics
- Offer products / services supporting a greater range of financial needs

Expand the products / services to the broader not-for-profit market

| Employees at not-for-profit institutions we do not currently serve | Households and families of current and future participants | Diversify our offering building our relationship across more of our participants |

Realizing Vision 2020 required significant business transformation and new ways to work across lines of business
Our Business/Technical Challenges
Traditional Portfolio Planning Created Barriers to Realizing Vision 2020

Business Drivers

- Project portfolios are developed based on individual Line of Business requirements
- Projects are justified, funded and executed based on their own merit

Business Case/Initiation

Requirements

Design

Develop/Test QA

Implementation/Support

- Duplication of capabilities
- Insufficient strategic/operational funding to delivery required capabilities
- Too much focus on foundational vs. distinctive capabilities
- Increase in technical debt

Socializing the component based design was a key turning in point in shifting the conversation from how to what we do as a business.
Business Architecture Was Born

- Enterprise Architecture Introduces Component Based Design
  - IBM’s Component Business Model (CBM)

Socializing the component based design was a key turning in point in shifting the conversation from how to what we do as a business.
• The CBM never resonated with business leaders
  – Too abstract
  – Separation of Plan, Control, Execute
• Developed a multi-tiered Business Capability Map (BCM)
  – Functionally organized
  – Vetted with a broad cross section of business
• Applied the BCM
  – Every project undergoing an Enterprise Architecture Solution Definition Review
  – Produced historical capability investment heat maps
  – Produced the first forward looking portfolio investment heat map

Business stakeholders must be able to see and describe their business using the model to accept it.
IT & Business Partner to Develop Business Architecture

- The CIO and COO Partner to develop Business Architecture
  - Institutionalize Capabilities Orientation
  - Establish a Center of Excellence
  - Integrate into Business Cadence
  - Strategy -> Execution Linkages

- Partnered w/ Booz & Co
  - Capabilities Driven Strategy
    - Coherence Concept
    - Distinctive Capability System
  - Resonated w/ Executives
  - Resisted by Sr. Leaders who were more focused on closing gaps in foundational capabilities

How are we going to create value for our customers in this market?

What do we need to do well to deliver that value proposition?

What are we going to sell in this market and to whom?
The complexity of the linkages between capabilities, process, people, and technology requires a supporting data model.
Pilots Uncover Strategy Gaps and Alignment Issues

- Traditional LoB strategies and execution were strong but generally not aligned with the overall vision of the firm
- One executive challenged the business strategy for their business unit, designed a new strategy, and obtained CEO / board approval
- Most investments were not developing “strategic” or “differentiating” capabilities
- We experienced difficulties between functional capability alignment and the distinctive capability system
- Sr Business leaders aligned with functional capabilities while executives aligned with the distinctive capability system
- The business architecture engagement was redirected to focus on the largest business unit and to align our work with LEAN process re-engineering efforts

**Anticipate gaps in strategy and prepare to work through the gaps or quickly redirect.**
1. **Business Architecture Common Language:**
   A Capability represents WHAT we do and serves as a common process classification language. A Process is one element of HOW we deliver value (along with people, technology and information).
   - **Level 1 Capabilities serve as Process Categories** (APQC* L1)
   - **Level 2 Capabilities serve as Process Groups** (APQC L2)

2. **Business Contextual Dimensions** allow us to transition from Capabilities to Physical Processes. The three key business contextual dimensions are **Customer, Product, and Channel**.

3. **Physical Processes** must be measurable and assignable and are documented at one of next three APQC layers within a specific business context
   - **Level 3 Process/ Activity** (End to End – Voice of Customer Value Stream)
   - **Level 4 Activity / Task / Step** (Standard Work, commonality opportunity)
   - **Level 5 Task / Step / Data** (Procedures)

* APQC - American Productivity & Quality Center
A **durable, model driven** approach is the key to **analyzing**, **managing** and **optimizing** the design of TIAA-CREF’s increasingly complex business.
**Business Drivers:**

- Provide the underlying business purposes for defining an analysis’ scope
- When linked to *Process Patterns*, insights can be gained around:
  - Competitive Advantage
  - Competitive Parity
  - Project Change Impact
  - Gap Ranking
  - Strategic to Portfolio Alignment
  - Customer Experience
  - Risk Alignment

**Linking and Leveraging:**

When each *Business Driver* is linked to defined *Process Patterns* we will be able to provide further insights into *Business Enablers* linked to the same *Process Patterns*. For example:

- Process efficiency opportunities
- Operational complexity
- Operational costs
- Vendor analysis
Process Patterns:

• Define a common vocabulary and methodology for organizing business processes across any combination of product, customer and channel dimensions

• Provide the “connective tissue” that links Business Drivers (Strategy, Change Programs, Risk, and Gaps) to Business Enablers (People, Technology and Information)
**Business Enablers:**

- Represents the components utilized to support company processes/capabilities

- Each “layer” provides details and attributes which deliver insights into **HOW (and how well) processes are being supported** (or could be better supported) from an organizational and technology infrastructure

- Each **Business Enabler** is linked to each **Process Pattern** component at defined levels

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**Examples of Data Requirements captured and stored for each “Layer”**

**People**
- TIAA-CREF
- Vendor
- Organization / Legal Entity
- Department / Group / Team
- Role / Job
- Skill / Competency

**Technology**
- Description
- Lifecycle stage
- Business Health
- Tech Health (complexity and attribute)
- Run cost
- Platform Owner
- Host (internal/external)

**Information**
- Segment
- Quality Rating
- SOR Flag
- Required data elements

**Location**
- Coverage hours
- Costs per employee

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**Process Pattern**

- Business Capabilities
  - Level 1 Capability / Process Group
  - Level 2 Capability / Process Category
  - Level 3 Capability / Process
  - Activity
  - Task
  - Step

- Customers
  - Market Group
  - Segment/Sector

- Channels
  - Channel Method
  - Channel Type
  - Channel

- Products
  - Product Group
  - Product Family
  - Product
Where We Are Now

• Preliminary mapping of the 2013 Strategic Investment Portfolio
  – Key insights: Collisions, Efficiency opportunities, Readiness / Impact Assessment

• Model Applied to Business Engagements
  – Helping visualize technical and process complexity.
  – Process optimizations appear to return 10x the value of technical platform simplification

• Model / Reporting rapidly produces insights and enables “pivoting” on any layer
  – Process, Technology

• Dramatic reduction in analysis time
  – Leverage model for focused analysis
  – Estimate a 40-60% reduction in analysis effort – focus expensive consulting resources

• Developing the depth and breadth of the model

• Adoption of “Capabilities” in addition to “Process”

• Pull vs. Push
Looking Forward

• Technical Roadmaps are truly Business Driven / Prioritized

• Business Architecture as a key foundational component of a new business strategy

• Integrated Process Pattern Mapping into 2014 Planning
  – All 2014 projects will identify process patterns before funding consideration
  – Influence the design of the investment portfolio
  – Influence / structure the execution portfolio (stretch)

• Operationalize the data model
  – Add quantitative measures & data to qualitative
  – Process optimizations appear to return 10x the value of technical platform simplification

• Integrate Business Architecture into every major consulting engagement

• Revisit strategic / differentiated capability
Business Architecture Challenges & Lessons Learned

Challenges

- Top-down Business Architecture exposes strategy gaps
- LoB vs. the Enterprise value
- Difficulty of business leaders to see value in an abstract concept
- Delivery teams can be threatened
- Business engagement is critical
- Business resistance

Lessons Learned

- Work through the strategy gaps or course correct quickly
- Deliver LoB value first
- Find and support partners and advocates
- Engage delivery teams
- Educate and engage at all times
- Demonstrate value quickly

Approach

- The “right level” of tool support is critical
- Nuances of capabilities

Tools

- Skilled / experienced Business Architects are difficult to find and grow
- Business expertise matters
- Where your team reports matters

Team

- Simple databases/models and avoid PowerPoint hell
- Get “close enough” and move on

- Be patient for the right skills, leverage peer groups, grow your own
- Consider senior business leaders
- Align reporting to objectives of BA
Thank you!

Q&A