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How an Australian Retailer Enabled Business Transformation Through Enterprise Architecture

Enterprise architecture (EA) helps an organization to develop and articulate a vision for its use of IT to support its strategic business priorities and facilitates the journey to realize this vision. We describe how EA enabled a successful billion-dollar business transformation at a leading Australian retailer and the value that EA provided. The lessons from this case are valuable for other organizations embarking on a transformation journey.[1, 2]

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Enterprise Architecture and Business Transformation

> *"The architects were very good at explaining and giving direction throughout the transformation. Without them, we wouldn't have accomplished half of what we have."* CIO[3]

Enterprise architecture (EA) helps an organization to develop and articulate a vision for its use of IT to support its strategic business priorities and facilitates the journey to realize this vision. In doing so, EA helps improve business-IT alignment and agility, and maximize value from the organization's IT investments through a coherent and strategic digital business platform.[4]

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2 This research was partly funded by an Australian Research Council Discovery grant. The authors are grateful to the interviewees, whose willingness to share their valuable insights and experiences made this study possible, and to the senior editors and reviewers for their very helpful feedback and advice throughout the review process.
3 All quotes in this article are from employees of "RetailCo," the subject of this case study. The names of the organization and its business divisions have been anonymized.
4 A digital business platform is "an integrated set of electronic business processes and the technologies, applications and data supporting those processes" Weill, P. and Ross, J. W. *IT Savvy: What Top Executives Must Know to Go from Pain to Gain*, Harvard Business School Publishing, 2009, p. 4; for more on digitized platforms, see pp. 67-87 of this publication.

The key issues of alignment, agility and IT value are consistently among the top IT management challenges,[5] yet the contribution of EA in realizing these goals is often questioned, and the value of EA remains poorly understood in many organizations.[6]

In this article, we describe the EA lessons learned from the transformation program at RetailCo[7] relating to two key questions:

1. What value does EA provide?
2. How can organizations use EA to support large-scale business transformation?

The RetailCo case provides a unique perspective on the role of EA in one of the most complex and high-paced IT-enabled business transformations undertaken in the Australian retail sector, involving a fundamental change in the company's business logic and a major overhaul of most of the enabling IT systems. Over the course of its five-year delivery timeframe, the change program impacted more than 150,000 employees across six large business units and cost RetailCo about $1.2 billion.[8] Despite the complexity, pace and scope, most of the 120+ enabling IT projects were completed on time and to budget, delivering reduced costs and improved integration within and across the business units. The transformation's ambitious key financial goal of doubling profits within five years was successfully met.

RetailCo's EA team played a critical role in the success of the transformation, both in defining the vision for RetailCo's new digital platform and in guiding the organization on the journey toward that vision.

Following an overview of RetailCo's business transformation journey, we identify the three key areas of EA benefits achieved by RetailCo. These benefits are relevant and important for all organizations but particularly for those undergoing similar IT-enabled business transformations. Finally, we distill the important lessons from the RetailCo case that other organizations can use as they seek to support IT-enabled business transformations through EA, and identify some of the trade-offs and tensions to look out for.

RetailCo's $1 Billion Business Transformation

RetailCo is one of the two largest players in the Australian retail market. During the five years covered by this case study, the company had annual revenues over $30 billion, more than 150,000 employees and six key business units (Supermarkets, Fuel, Hardware, Clothing, Office Products and Department Stores). The transformation journey began in 2001 and was completed by 2007.

Of course, the technologies available to meet organizational IT needs have evolved considerably since then, shaped by trends such as data analytics, cloud-based services, social media and mobile devices.[9] These trends have had a profound impact on the building blocks of EA, including the available enterprise applications and how these applications can be delivered. However, the fundamental challenges of EA and large-scale business transformations remain unchanged: making choices about the right systems to best support an organization's strategies, deciding how to best fit these together, determining the appropriate level of organization-wide sharing of systems and managing the sequencing and dependencies among the many interrelated projects to deliver the new digital platform.

Because of the advances in technology, we do not go into great detail about RetailCo's specific applications, technology and sourcing choices. Instead, we focus on the lessons learned from its successful transformation journey on *how to position the EA team to best guide such choices* for optimal business outcomes and value. These lessons remain just as useful and relevant for an organization embarking on a complex change journey today.

5 For a recent survey of key IT management issues, see Kappelman, L., McLean, E., Johnson, V. and Gerhart, N. "The 2014 SIM IT Key Issues and Trends Study," *MIS Quarterly Executive* (13:4), 2014, pp. 237-263.

6 According to surveys conducted by Infosys, almost half of respondent organizations struggle to justify investment in EA. See http://www.infosys.com/consulting/architecture-services/enterprise-architecture/.

7 The case study research approach at RetailCo is described in the Appendix.

8 All dollar values in this article refer to the Australian dollar. In 2007, A$1.00 was approximately U.S.$0.80-0.90.

9 For an analysis of recent IT trends and their impact on organizations, see, for example, Deloitte's Tech Trends reports 2013-2015, available at http://www.deloitte.com/au/techtrends.

The Case for Transformation

In 2001, RetailCo was increasingly threatened by its key rival. The existing IT systems had evolved over time within individual parts of the business and were impeding its ability to rapidly respond to competitors. For example, RetailCo's rival had modernized its merchandising and store replenishment systems and, in the words of a senior RetailCo manager, "*was using these to devastating effect*." The biggest impact was felt in RetailCo's largest business unit—its Supermarkets division—where low margins and high volumes required the ability to compete on price and have the correct stock levels in stores at all times. The competitor's more sophisticated platform gave it a substantial advantage in both of these areas.

> *"You could go into the competitor's supermarket and get 'two for the price of one' or tier-type pricing. They used this to devastating effect to us. Our legacy systems couldn't do it."* IT Strategy Manager

> *"Once you have automated store replenishment, you know that the stock is going to be there. Being out of stock on just a few key items makes a huge difference. People stop coming back, and once they have drifted away, they don't come back again."* IT Strategy Manager

Many of RetailCo's core business systems were aging, some being more than two decades old. The platform contained about 600 applications with extensive duplication. Lack of integration between different business units' applications hindered company-wide initiatives.

Although an EA function did exist, it had little influence on, and visibility of, business unit initiatives. Most of the IT investment and implementation choices were made at divisional and project levels. Limited central control over technology selection made efficient procurement challenging.

> *"The vendors were dividing and conquering. Whether the contract was for hardware, for software or for systems integration, the relationships were held individually with all the different silos. Were we getting the best deal? Of course not."* CIO

Starting the Journey

A new CEO was appointed in late 2001. His top priority was to improve RetailCo's competitive position. A few months later, in March 2002, he announced a new strategic plan for doubling RetailCo's financial performance within five years. The key focus areas included instilling a sense of "one team," cost reduction and a continuous business-improvement program (including merchandising process integration, supply-chain optimization and shared services).

The planned transformation, which the CEO acknowledged would be "*no walk in the park*," depended heavily on a major overhaul of the IT platform, and a new CIO was hired in late 2002 to lead the technology delivery. His brief was to raise RetailCo's aging platform up to world's best practice. This marked the beginning of one of the largest IT-enabled business transformations undertaken in the Australian retail sector.

Repositioning the IT Team

To prepare for the job ahead, the first thing on the CIO's agenda was to put in place "*the right organizational structure, with proper governance, processes and procedures*." Previously, RetailCo's 900 IT staff had been distributed between the corporate office and the business units. In a major departure from this IT delivery model, all IT staff were centralized under the management of the CIO.

> *"One of the fundamentally good decisions that the CIO made upfront was to say: everyone who thinks they work in IT, we'll bring them to IT. If you want to talk technology, you come into IT to talk about it, and we don't have these little satellite IT organizations."* Emerging Technologies Manager

All decisions on software and IT service providers, which had often been made by different business or IT managers, became the responsibility of the centralized team. The new structure created the focus necessary for delivering the high-paced, carefully coordinated change program that had little margin for error and delays.

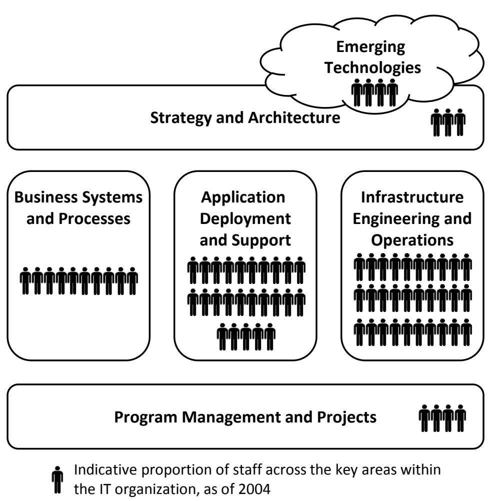
The IT team was also repositioned away from:

- An inward-looking to a customer-service and delivery focus
- A technology mindset to a business solutions mindset
- A "build" to "buy" skillset.

The implications on the culture and the skills required within the IT group were profound. For example, moving from "build" to "buy" meant a much greater need for project management, architecture, systems integration and vendor management skills instead of the programming skills that had dominated the IT teams in the past.

To ensure the roles were filled with the right people with the right skills, RetailCo declared all of the positions vacant. Employees were invited to re-apply for existing and new roles. Over 2,000 interviews were conducted. Existing staff were retrained to take on new roles. Three hundred people were made redundant. With the huge temporary increase in the demand for IT skills, the IT headcount at the peak of the transformation in 2005 more than doubled to approximately 2,000 (of whom 40% were contractors).

Figure 1: RetailCo's IT Organization after the Restructure



Renewing the EA Capability

A new IT Strategy and Architecture function was established, employing approximately 60 people at its peak (see Figure 1). The EA team, which also comprised solution architects, was embedded in this function and played a key role in guiding the transformation program. According to the CIO, RetailCo "*paid top dollar*" to attract the very best people.

Previously, the EA team lacked a strong mandate and had limited influence over projects and business stakeholders. As a result, the value from EA work was frequently neither recognized nor realized.

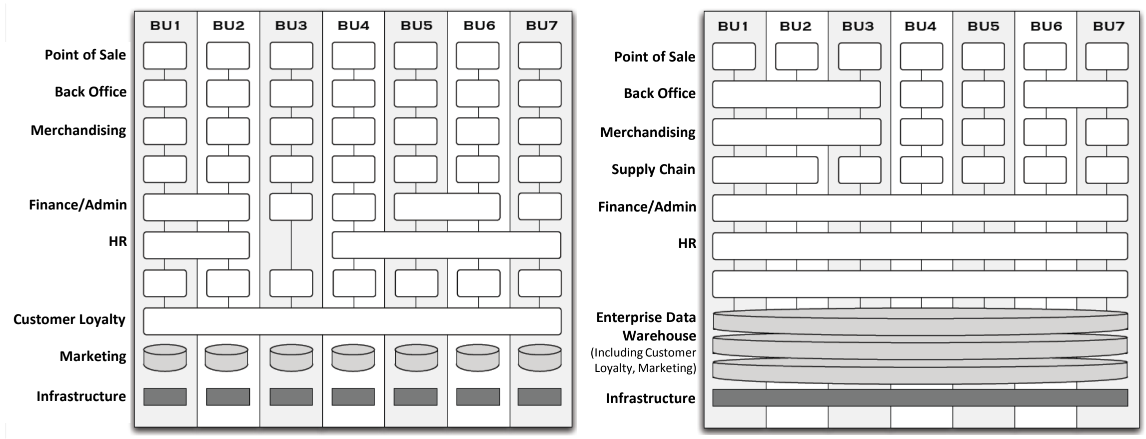
> *"There was an enterprise architecture function at RetailCo before. But there were no solution architects—we only had enterprise architects. They drew lots of good pictures, but no one cared. There was no governance process, there was no engagement with the projects."* EA Manager

To ensure such issues would be avoided going forward, several new governance mechanisms were put in place. The EA Standards Council was established to produce, disseminate and review enterprise-wide IT principles and guidelines. The Project Architecture Review Group had to authorize any requests for project-level deviations from these guidelines. Solution architects reporting to the EA Manager were "planted" in every major project and worked in close collaboration with project managers. Their role was to advise projects on architectural decisions and to monitor adherence to the EA guidelines.

Importantly, these governance structures were, according to the EA Manager, considered "*part of the development process, not part of a policeman process*." EA team members described themselves as part of the "doers," whose role was to enable better project outcomes. This was in line with the CIO's view that, ultimately, the success of such a large-scale transformation was contingent on project success.

> *"Success in IT depends on delivering projects. The key to success in projects is that the project manager is king. As the project manager, you don't have to ask for resources; you tell us what you need. You*

Figure 2: RetailCo's EA: 2003 Baseline and Vision for 2007



These diagrams are based on the actual EA as documented by RetailCo's EA team. The names of the business units (BUs) and applications have been withheld to preserve anonymity of the organization.

tell me. If you need me on a project, I'll come and work for you." CIO

Laying the EA Foundations

The new team took a year (until late 2003) to renew RetailCo's EA capabilities and to develop the EA principles, vision and roadmap. Meanwhile, due to the urgency of getting the transformation program underway, some key projects, including the core merchandising system implementation, had already been given the go-ahead.

The EA team could have isolated itself from project work during this first year of renewal. Instead, the EA Manager opted for a more pragmatic and flexible approach. While the team worked on establishing the organization-specific guidelines, solution architects were quickly distributed across key projects to disseminate general architecture good practices. At times, this concurrent "bottom-up, top-down" approach required "*architecting on the fly using common sense*" (EA Manager), but it enabled the EA team to have an immediate influence on projects.

The EA planning process involved close collaboration and dialogue within the EA team and with stakeholders in business units and the broader IT organization. The result was:

- An overview of RetailCo's existing platform (see Figure 2, left panel)
- A vision for the new platform as the transformation outcome (see Figure 2, right panel)
- A set of guiding EA principles (discussed below)
- A project roadmap explaining how RetailCo should make the transition to minimize program cost, time and risk.

The high-level EA vision was presented at the end of 2003 to RetailCo's board, which gave the vision its support and approval. Many of the finer-level architectural details were defined later, on an as-needed basis, as the transformation program unfolded. It was difficult to foresee the organization's specific IT needs five years into the future, and this approach gave RetailCo the flexibility to identify and accommodate changes in circumstances.

> *"We had a lot of high-level vision. But we didn't have it all broken down into the minor details. The board bought into the vision, but then the detailed strategies kept changing, kept growing."* CIO

Informed by the CEO's objectives, the CIO and his team defined seven general IT principles for the transformation:

1. Shift from a business-unit focus to a process focus
2. Simplify the IT platform

3. Consolidate and renew IT
4. Buy not build
5. Adopt a two-vendor policy
6. Be transparent and accountable
7. The project manager is king.

In turn, these principles informed 33 more-specific principles defined by the EA team to guide application, information and infrastructure decisions.

The close coupling between the high-level IT strategy and the more-detailed EA principles is evident when comparing the existing and target EAs in Figure 2. The shift from a business-unit focus to a process focus explains why the target EA included much greater levels of shared or integrated IT systems across the business units. In combination with the IT standardization and consolidation principles, this resulted in the vision for a simplified IT platform with fewer disparate systems.

In keeping with the buy-not-build principle, RetailCo refocused on sourcing, implementing and integrating packaged software, with deep implications for both the target platform and the IT organization. The two-vendor policy meant working with the two best vendors in each major IT capability area (e.g., systems integrators and storage providers), based on the rationale that "*This provides focus, without making us totally reliant on any vendor*" (CIO).

Being transparent and accountable meant clear, open governance: "*Individuals are accountable for achieving goals and providing early notice of difficulties*" (CIO). Finally, the project manager is king principle empowered project managers to ensure timely delivery of the target platform.

Delivering the New Platform

The challenge over the next four years was to implement the series of projects to deliver the much more standardized and integrated platform (i.e., making the journey from left to right in Figure 2). To achieve this, the roadmap developed by the EA team defined five key implementation phases, beginning with foundation data, then gradually rolling out the systems in support of four major functional areas (sales forecasting, pricing and promotions, store replenishment and warehouse replenishment).

Each phase delivered immediate and incremental value, while providing the business and IT capabilities for the next stage. In addition, the roadmap contained a list of enabling projects focused on infrastructure and integration, and independent but integrated projects that had interdependencies with the transformation.

There were initial challenges, particularly around "*communication, getting the people on board, getting all the people to believe in the journey*" (CIO). The EA team's role during this time continued to be crucial for selling the vision, helping initiate and shape the projects, and supporting IT procurement and decision making.

By August 2007, over 120 projects had been completed and the rest were on track. The IT infrastructure and the main core systems (including merchandising, supply chain and financials) had been modernized, and the data warehouse was operational. Most of the EA vision defined in 2003 had been implemented as planned. The IT headcount had reduced from about 2,000 (including 40% contractors) at the height of the transformation to less than 800. The CEO's ambitious financial goal for the transformation—to double RetailCo's profits within five years—had been met.

However, the fast pace and scale of the change program had its challenges. Some trade-offs between time and cost efficiency needed to be made, and this required pragmatic adjustments to the roadmap (discussed further below). The EA and IT transformation teams worked long, stressful hours, often affecting their private lives. At the same time, the business was stretched to keep up with the many new processes and applications while performing regular daily work. Even when the enabling IT systems were delivered on schedule, the magnitude of the required organizational learning sometimes delayed the realization of the related business benefits.

Enterprise Architecture Benefits at RetailCo

Many EA teams struggle to justify their existence, but the importance of RetailCo's EA team was understood by both IT and business executives. There were three main reasons for this. First, the context of rapid, highly complex platform change meant that big-picture planning and understanding of interdependencies provided by the EA team was of critical importance. Second, there was strong leadership by the CIO and his IT management team, which actively supported EA and was convinced of the value of an effective EA function. Third, and most importantly, the EA team provided a valuable service in support of the business transformation and measured and communicated that value.

An analysis prepared for RetailCo's CEO estimated that the EA team had delivered $20 million in IT cost savings in the first year of the transformation program. In subsequent years, further savings were realized in IT and business costs and in reduced transformation implementation costs.

However, cost savings were only one aspect of EA benefits. The EA team provided value in three key areas: (1) more effective IT decision-making processes, (2) successful delivery of transformation projects and (3) the strategic capability arising from the better digital business platform built during the transformation.

1. More Effective and Efficient IT Decision-making Processes

The first area of EA-related benefits, visible soon after the establishment of the EA team, was the improvement of IT-related decision making. The new EA governance structure and processes established a more transparent, inclusive and objective basis for IT investment decisions. The EA analysis clarified which key stakeholders should be invited to participate in which decisions.

> *"Some of the decisions that the project managers wanted to take would have a great impact on the support teams. Therefore, we had people who actually run the shop in the Architecture Review Groups."* EA Manager

The EA team also actively encouraged and facilitated dialogue between business units. The EA principles, rooted in RetailCo's strategic objectives and architectural best practices, and the better understanding of the existing platform, provided the facts to ground these dialogues and decisions.

> *"The supply chain team and the merchandising team on the business side weren't talking to each other. We had to get the leaders of supply chain and merchandising in a room and facilitate a discussion: 'You want to do all this interrelated stuff? Now hang on, let's put a plan together that combines it.'"* EA Manager

2. Successful Delivery of Transformation Projects

The second area of EA benefits was the improvement in program delivery outcomes (i.e., *how* the IT capabilities were being delivered). From the first year of the transformation, the EA vision and roadmap provided visible benefits in improved project sequencing and understanding of critical project interdependencies. This enabled a financial investment profile of both costs and benefits across the transformation to be forecast and agreed on up-front.

> *"You can't run large-scale transformations around annual budgeting cycles—you'll waste a lot of time and effort. Through EA, we could deliver capability faster through reuse, reduced duplication and the simplified IT landscape. And we also reduced overall project implementation costs."* EA Manager

Enabling projects were prioritized whenever possible, so that subsequent projects could leverage existing capabilities rather than have to build their own. The result was a reduction in implementation costs and faster project delivery.

> *"The enterprise data warehouse program was broken up into releases, which aligned with the key change pieces in the other parts of the transformation. The release management strategy was absolutely critical to the success of implementing this enterprise platform."* Program Director, Data Warehouse

Perhaps most importantly, the CIO believed that without the EA team's guidance the timely delivery of the transformation would simply not have been possible.

3. A Better Digital Business Platform

The key area of EA-related benefits was the improvement of RetailCo's digital business platform, including defining *what* IT capabilities were delivered as the result of the transformation in support of RetailCo's strategic business objectives and how that would position the business for the future.

The new platform defined by the EA team delivered direct savings in IT maintenance and support costs because of reduced duplication and better licensing terms resulting from a stronger negotiation position.

> *"We put in SAP across the whole of the group. There were 11 financial systems, and driving it down to one instance provided a cost saving. It actually really did fund itself. There was $28 million here in synergies."* IT Strategy Manager

> *"Because we had a five-year plan, we could forecast our requirements at a high level. Then we looked at our database and software license requirements and made a deal. We avoided having to go back and forth buying different licenses."* EA Manager

However, the strategic benefits were much greater. The new platform enabled the efficient sharing of data between merchandising, store replenishment and logistics systems. The processes and data could also be shared across business units, enabling RetailCo to leverage group-wide synergies. Going forward, the roll-out of new features and changes across the whole business would in most cases require modifying the platform only once. Further benefits from these improvements would continue to flow for years to come.

> *"RetailCo received a sound IT organization, a sound infrastructure and modernized systems."* CIO

Lessons for Realizing Enterprise Architecture Benefits

The RetailCo case offers five important lessons for an organization seeking to realize value from EA in the context of a business transformation.

Lesson 1: Rebuild EA Capability Early

A business transformation increases the need for EA services. Even organizations with a well-established EA function may find it necessary to enhance their existing EA capabilities to effectively facilitate and meet the needs of the transformation program. Re-evaluating and rebuilding the EA capability should occur as early as possible before the start of the transformation.

To rebuild EA capability, top management support is critical. RetailCo's CIO fully understood the importance of EA in enabling successful delivery of the business transformation. With support from the CIO, the EA team was both well resourced and enjoyed high credibility.

However, in the first year of RetailCo's transformation, the EA team was catching up with project delivery. This complicated the provision of appropriate architectural direction in the early phases of the transformation. Having the EA capability in place from the outset would have substantially simplified this task.

Things to Look Out For

Lack of top management sponsorship. The commitment of the IT leadership team and senior business executive sponsorship is essential for establishing a capable EA function and attracting good people.

Loss of momentum. As the EA team focuses on transformation planning, issues not related to the transformation may become a secondary priority. This can slow the momentum of other initiatives and reduce the extent to which the EA team is able to guide projects outside the purview of the transformation program.

An "us and them" mentality. Attention needs to be paid to blending new and existing talent in the EA team. Otherwise, an "us versus them" mentality may emerge between the new and existing team members, between the EA team and IT organization and/or between the EA team and business stakeholders. Such a mentality would impact team effectiveness and reduce its ability to deliver value. To reduce these risks, RetailCo explicitly focused on team formation and bonding.

Lesson 2: Establish a Strong EA Mandate

In addition to top management support, a clear formal mandate is required to ensure the EA team is appropriately empowered. A clear EA governance process provides transparent rules for EA engagement that are understood by all stakeholders. This is important in all organizations, but the governance processes need to be able to handle many more issues in a transformation context compared with "business as usual" because the scale of the change results in many more decisions requiring evaluation and negotiation.

In RetailCo's three-level EA governance structure, the EA Standards Council was responsible for defining enterprise-wide IT principles and guidelines. Below this, the Project Architecture Review Group was responsible for deciding on project-level deviation requests. At the third level, solution architects reporting to the EA Manager worked with projects on a daily basis to keep their "ears to the ground." This governance structure played an essential role in enabling the EA team at RetailCo to effectively define and monitor adherence to the EA principles and guidelines.

> *"The General Manager of Applications couldn't just say 'We're going to go and get this software.' Not even I could do this. The Technical Architecture Group had oversight on that."* CIO

It is equally important that the mandate is maintained throughout the transformation. RetailCo's CIO reinforced this by ensuring EA was regularly reviewed and remained highly visible.

> *"It was very important for the architects to be meeting with me, probably every four weeks. It wasn't really that much about showing me the EA content, the material. It was more for other people to see that they had access and authority."* CIO

Things to Look Out For

Temporary loss of agility. As the EA governance structure is being established, a temporary reduction in agility is likely. It takes time for the new approach to become embedded in decision processes. Projects may need to wait longer for architecturally important decisions to be made. However, in the longer term, a strong EA mandate and associated governance structure should help improve agility. As the ground rules for IT decisions become clear, including the guiding EA principles and who should be involved with what decisions, fewer and shorter debates are necessary to decide on a course of action.

Becoming a policeman. Although a strong mandate is important for ensuring that EA has an effective impact, it is important to remember that the key goal is to enable more effective transformation outcomes. In some organizations, however, EA governance can become an outcome in itself and may start hindering rather than enabling the realization of EA benefits. RetailCo's EA Manager consciously and carefully avoided this pitfall: "*Yes, you'll have a governance process to make some crucial decisions. But it is all part of the development process, not part of a policeman process*."

Lesson 3: Adopt a Flexible Approach to EA

As part of avoiding an excessive focus on governance, RetailCo's EA team embraced a flexible approach whenever possible to pursue an effective, pragmatic path to the desired objectives. Flexibility was important in both the development of the EA vision and the journey to implement the vision.

One example of the EA team's flexible approach comes from the first year of the transformation, when the team was catching up with project delivery. Rather than isolate themselves to produce the guiding EA plans and principles, EA team members concurrently worked with projects. While the EA guidelines were a work-in-progress, the team guided the projects based on general architecture good practices. Many of these practices later became part of the EA guidelines.

> *"I think the key success factor was that I didn't ask for a lot of time to go and do*

> *my EA to be ready to engage. I had to do bottom-up and top-down planning at the same time."* EA Manager

In particular, the EA team supported the implementation of the finance system in one of the business units, even though it was not the solution finally selected across the group, to showcase the new ways of working and the benefits that EA could bring.

The EA guidelines themselves were also developed with designed-in flexibility. While a high-level EA vision was created upfront and approved by RetailCo's board, the finer-level architectural details were defined on an as-needed basis during the transformation program. These details were flexibly fine-tuned based on unfolding business priorities and available technologies.

> *"It is very important not to make the enterprise architecture perfect but to make it more a strategy and a guiding view, and then update it like a working document as you go along."* Program Director, Data Warehouse

Things to Look Out For

Constraining the flexibility to innovate. EA principles and governance structures by their nature place constraints on technology choices. It is important, however, to also retain the ability to quickly experiment with new technologies to drive innovation. At RetailCo, this challenge was addressed by setting up a separate innovation group. This group tried out promising new technologies, some of which later became a part of the EA. As explained by the General Manager of Emerging Technologies: "*The overriding intent for the group was to go out there, get quick wins and show that we could be nimble while this mega-machine the Program Director was running was slowly but surely building the infrastructure for the next decade*."

Providing too much flexibility. There is a fine line between not enough and too much flexibility, and striking the right balance is a learning journey. It is important to be careful about what exceptions are allowed and when. EA should not become project-driven—the focus of EA work needs to remain on guiding, not documenting, project decisions. The pursuit of small quick wins should not take precedence over realizing the EA-driven big wins in the long-term. RetailCo's concurrent bottom-up, top-down planning approach ensured that while projects were given considerable flexibility when appropriate (bottom-up), the big picture was always taken into account (top-down).

Lesson 4: Build Constructive EA-Project Relationships

EA teams often focus solely on protecting and delivering the long-term vision of the new platform. While it is important to protect the platform-related big wins, EA teams can also provide value through enabling projects. The key is to divide the architects' time between strategic and project work, with the organization-wide benefits remaining the end-game. Project support not only provides an opportunity for EA quick wins, but also for building a strong, constructive relationship between the EA team and projects that is necessary for achieving the big wins.

> *"Probably the most successful thing we did was embedding solution architects into projects. Before we did this, a lot of enterprise architects stayed 'up in the stratosphere.' They did some good stuff around what we should be doing, but everyone ignored them, and the projects went and did their own thing. Therefore, there was a massive divide between enterprise architecture and what happened on the ground. It's very common still in many organizations."* EA Manager

Following the project manager is king principle, the culture in RetailCo's IT organization was one of empowering project managers. This mindset underpinned the EA team's project engagement approach (see Lesson 5). However, this did not mean accommodating project delivery at all costs. A healthy tension between the solution architect (assigned to each major project) and the project manager was expected and welcomed. The Project Architecture Review Group (comprising enterprise architects, project managers and key business and IT stakeholders) served as the forum to reconcile any disagreements.

> *"The solution architect was attached to the hip of the project manager, and both of them were making key decisions on how the project moves forward. And we said to all of those people that we expect tension between you, and the way to resolve that tension is the Project Architecture Review Group. Come and present the options that you've considered, the implications, the costs and the benefits. We, as a group, will then make those decisions collectively."* EA Manager

As projects are the mechanism through which an organization implements its business vision and the supporting EA vision, strong working relationships between the EA and project teams are important for realizing value from EA in any organization.

Things to Look Out For

Being consumed by project work. In an effort to work closely with projects, some EA teams drift from an enterprise focus to a project-solution focus. This risk is greater when the EA team is under-resourced and has to constantly trade off strategy and project work, because project work is often urgent and because delivering quick wins may also feel more rewarding. RetailCo avoided this problem by establishing a strong solution architecture capability as part of its EA team.

Lesson 5: Adopt a Service Mindset for EA

RetailCo's EA team's overall approach is best described as following an internal advisory service mindset. This is very different from a formal planning and compliance view of EA. Rather than focus on producing and enforcing adherence to a predefined set of plans, the EA team's focus was on delivering timely, valuable advice to RetailCo's decision makers at both the strategy and the project levels.

RetailCo's EA governance structure was first and foremost the basis for effective engagement and dialogue with stakeholders, and a compliance mechanism second. The solution architects' key focus was on supporting project execution. Similarly, the Project Architecture Review Group served as a transparent and inclusive forum for resolving differences between architectural guidelines and project priorities. The EA team's flexible approach, discussed in Lesson 3, also indicates a service-oriented mindset.

At the strategy level, the EA team proactively provided RetailCo's executives with timely and relevant information to inform their decision making. The CIO's monthly presentations to the board were often prepared in collaboration with the EA team.

> *"We pulled together the pack of about 10 slides, and I presented that to the CEO and his team. It went down really, really well. We got a round of applause from everybody, and all of the general managers and the MDs said 'This is great, can you come and present this to my team?' So later, I went to present to the management team of one of the business divisions. As the MD introduced me, she said: 'This is one of the best IT presentations I've ever seen, something that I actually understand, and I want to make sure that all of you understand where this can take us.'"* EA Manager

Things to Look Out For

Forgetting who the primary customer is. While a strong service mindset is valuable for EA work and stakeholder engagement, caution is required if the consulting analogy extends to the EA team's funding model. Usually, part of the EA activity in any organization is funded as overhead, but some EA teams are additionally funded by charging projects for their time and advice. Incentives for the EA team need to be carefully managed to maintain the focus on enterprise outcomes and on the CEO as the key customer. RetailCo established multiple key performance indicators for its architects, which together with substantial project-independent funding for EA encouraged a balance between strategic and project work.

Concluding Comments

The RetailCo case provides valuable insights and lessons for realizing EA benefits and value, which remains an elusive goal in many organizations. RetailCo's EA team was instrumental in the successful execution of the business transformation and delivered measurable organizational benefits.

This article has highlighted three key areas in which EA created value at RetailCo. First, there was an improvement in IT-related decision processes. Second, there was an improvement in project execution, ensuring quick wins to showcase the value of EA and providing the opportunity to build strong working relationships with projects. Third, there was an improved digital business platform that provided strategic value and the big wins from EA.

The RetailCo case shows that EA services are a critical component in a business transformation. Organizations embarking on a transformation journey should review the five lessons from this case to maximize the value from EA. These lessons include rebuilding the EA team early, giving the team a strong mandate, building constructive relationships and adopting a service mindset for EA.

These insights on delivering value from EA in a business transformation are summarized in Figure 3.

The RetailCo case illustrates how one company successfully navigated the challenges to creating value through EA. The EA team supported the organization in successfully achieving its transformation objectives and building a strong digital business platform for the future.

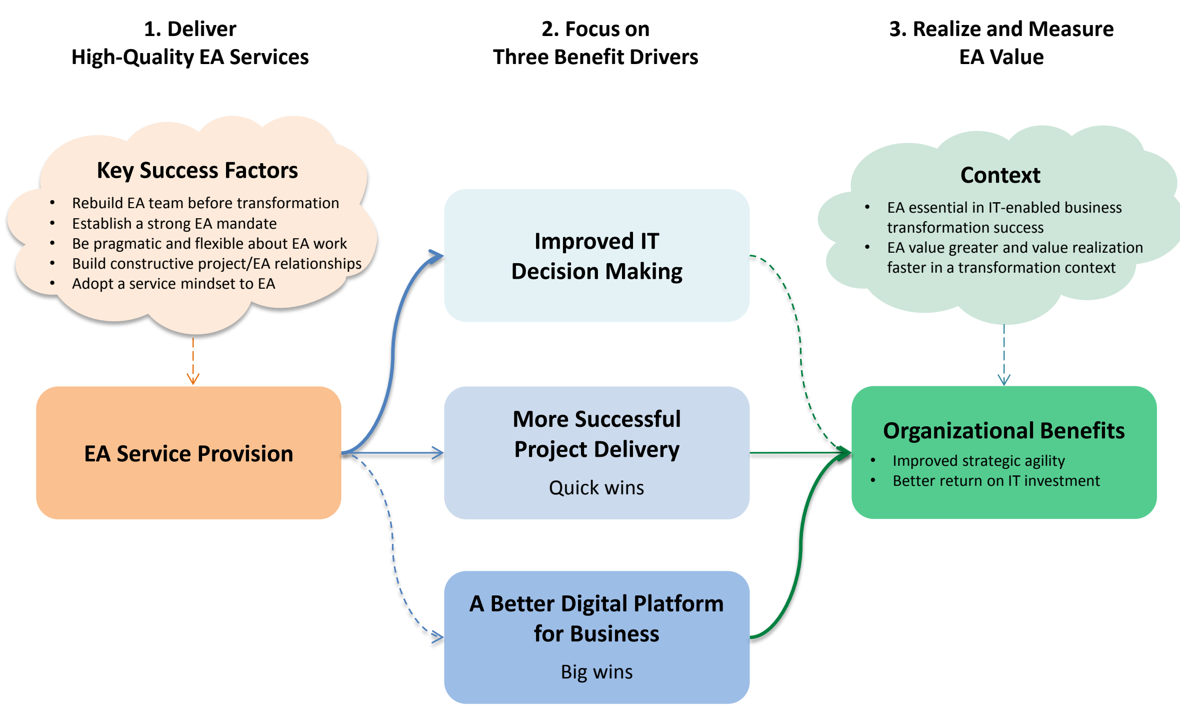
Appendix: Research Method

This case study comprised two key phases. The first focused on RetailCo's transformation program and related IT management challenges. The second focused specifically on the role of EA in that journey.

The primary data source was about 25 hours of in-depth, face-to-face interviews with 13 senior business and IT executives and managers, including managing directors of key business units, the CIO, EA Manager, IT Strategy Manager, Technical Services Manager, program directors and senior managers from the emerging technologies team. All interviews were recorded and transcribed. The analysis was complemented with other relevant sources whenever possible (such as annual reports, press releases, presentations at industry conferences and newspaper reports).

The RetailCo EA case is part of a four-year research project on the value and key success factors of EA, involving interviews with 22 EA experts in a variety of industries and two in-depth case studies (RetailCo and one other). Our analysis and recommendations in this article have been

Figure 3: Realizing Business Value from EA: Lessons from RetailCo



informed by, and are consistent with, the general findings of this broader study.

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