

# Preface

Enterprises – our overall label for businesses, companies, organizations, or (governmental) institutions and their alliances – have a significant effect on the prosperity of modern society. Enterprise performance and strategic success exerts a far wider effect than merely the enterprise itself. Unfortunately reports about strategic success are not overly positive: the majority of the strategic initiatives appear to fail, meaning that enterprises are unable to derive success from their strategy. These high failure rates are reported from various domains: total quality management, business process reengineering, six sigma, lean production, e-business, customer relationship management, (information) technology introductions, and mergers and acquisitions. Whereas all too often, unforeseen or uncontrollable events are presented, for the sake of convenience, as the causes of failure, we will argue in this book that strategic failure is mostly the avoidable result of inadequate governance resulting in inadequate strategy development and implementation. To worsen the case, future enterprises will have to operate in an even more dynamic and global environment than the current ones. They need to be more agile, more adaptive and more transparent. They will also be held publicly accountable for every effect they produce. Strategic failures will thus manifest a more profound societal impact.

This book centers around two themes:

- The way *governance* should be perceived and arranged in view of enterprise strategic success and the ability to change and adapt
- The notion of enterprise *design*, and specifically enterprise architecture, for creating conditions for enterprise strategic success and creating the ability to change and adapt to future, still-unforeseen internal and external enterprise developments.

## *Governance*

Three governance themes continue to enjoy broad attention: corporate governance, IT governance and enterprise governance. These themes are addressed from within their respective disciplines and are virtually never treated in a unified and integrated manner, which does not in itself contribute to strategic success. The same holds for the topics of IT architecture and enterprise architecture. Roughly speaking, the three governance themes have the following focus. Corporate governance concerns the totality of measures (internal and external) for safeguarding the financial/economic interests of shareholders. A typical aspect within the corporate governance perspective is *compliance*: the adherence to pertinent rules and legislation. The theme of IT governance has been around for decades, whereby the *business and IT alignment* notion is addressed frequently: deployment of IT such that ‘business value’ is created. Given the similarly high failure rate of IT introductions, IT governance does not appear to be overly successful. The enterprise

governance theme appeared in the literature more recently, based on the obvious insight that, rather than compliance, enterprise *performance* is far more determining for safeguarding shareholders interests.

I aim to show that virtually all approaches to these governance themes share the same underlying characteristics. These characteristics are criticized strongly. A radically different perspective is offered for effective governance. Only within this different perspective can the enterprise effectively:

- arrange itself for adapting to future, unforeseen developments
- stimulate and utilize the creative and intellectual capacities of employees
- address the core reason for strategic failures.

## *Design*

A plethora of literature indicates that a core reason for strategic failures is the lack of coherence and consistency among the various components of an enterprise, which precludes it from operating as a unified and integrated whole. The crucial and necessary condition of coherence and consistency is emphasized with various labels, such as ‘internal congruence’, ‘organizational alignment’, ‘structural fit’ or ‘structural conflict’ in the opposite case. The higher the degree of fit – or congruence – among the various components of the enterprise, the more effectively the enterprise is likely to operate. Our basic premise is that enterprise unity and integration does not come ‘incidentally’, but has to be *designed*. The design aspect, which we introduce under the label *enterprise engineering*, must thus be a central area of attention when effectuating governance. Only within the focus on design, can the notions frequently mentioned in the literature of IT architecture and enterprise architecture be addressed meaningfully.

Talking about design often appears to be associated with machine-like characteristics that have a mostly negative connotation: bureaucracy and inflexibility. However, since enterprise arrangements should not be based on any incidental developments, design must be interpreted broadly and regarded as any intentional action to create desired enterprise arrangements or enable desired enterprise developments. Service and customer orientation, quality, productivity, flexibility, process excellence, lean production, compliance, motivated and involved employees, or lower operational costs do not come of their own accord, or because someone at the top has ‘declared’ it so. Rather, the enterprise must be designed such that these areas of attention are successfully operationalized. Enterprise design thus has a much wider scope than merely the structural-functionalist foundation.

In view of the above, this book focuses on the organizational aspects of effective governance, and within that perspective on the conditions and concepts (theory and methodology) that establish unified and integrated enterprise design. The approach presented in this book has also been practiced. Personal experiences in various management positions have shaped my thinking in this respect. I am indebted to many people with whom I enjoyed the creative, enriching and fruitful dialogs about the topics addressed in this book, either in relation to their practical application, or in relation to lecturing or speaking about the subject matter. There

are ample reasons to continue the dialog: hopefully the themes addressed in this book provide perspective for further development. The underlying motto is provided by the social-psychologist Kurt Lewin: nothing is as practical as a good theory.

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