

**TEACHING CASE:**  
*Design of the Architecture Function at a  
Manufacturing Company*

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## Situation

SteelCo is a large steel manufacturing company established several decades ago. Historically, SteelCo grew largely via mergers and acquisitions of smaller companies occupying adjacent or complementary market niches and underwent a number of corporate restructurings. Presently, at the highest level the company is split into two major divisions: Division Alpha and Division Beta. Both divisions are governed from the lean central head office and report their quarterly financial indicators to top business executives for their consideration. However, operationally these divisions represent essentially independent businesses with non-overlapping suppliers, products, customers and markets. Each division is managed by an appointed executive director reporting directly to C-level corporate leadership. Divisions are free to set their own agendas, pursue their own competitive strategies and make their own investment decisions, though major investments must seek approval at the corporate level.

Division Alpha is an established and large-scale, but highly centralized manufacturing shop. It specializes on fabricating a single line of products, which are distributed directly to a narrow circle of wholesale customers over stable supply chain network arrangements. The division has a rather conservative IT investment strategy intended primarily to achieve better automation of existing operations and enable smooth, uninterrupted and efficient business processes. It has a central division-wide IT department employing around 150-180 in-house specialists and also involving about 100-120 external contractors working on a full-time basis. The IT department is responsible for providing necessary IT support across all activities of Division Alpha's value chain, e.g. production, warehousing, sales and delivery as well as various supporting activities including HR, finance and legal services.

Division Beta has a more complex, dynamic and diversified business model. It offers three core lines of products focused largely on different market segments and customer groups. These product lines require substantially different manufacturing processes, distribution channels, sales approaches and marketing campaigns. However, all products are fabricated from similar raw materials and components procured from the same suppliers. Moreover, customer bases of these products also partially overlap and the department's leadership is planning to leverage cross-selling opportunities more actively in the future. Organizationally, Division Beta is structured into three major units aligned to its three product lines and an additional supporting unit providing shared division-wide services to the main business, e.g. HR, finance, accounting and IT. Its IT department employs around 450-500 IT staff qualified in different technologies used in the division's IT landscape. To accommodate with the quickly changing market conditions, Division Beta invests a significant share of its profits in new IT systems and infrastructure. It has an aggressive IT investment strategy aimed at enabling innovative ways of working.

## Questions

Question 1: How should SteelCo structure its architecture function in terms of necessary architecture positions?

Question 2: How many architects does the company need for each of these positions?

## Answers

[The full teaching pack is available on request to the author]

## Section(s)

- The Structure of Architecture Functions in Chapter 17 (Architecture Functions in Organizations)

The full teaching pack with 19 lectures,  
tests and other materials based on the book  
***The Practice of Enterprise Architecture:  
A Modern Approach to Business and IT Alignment***,  
which can be freely used for teaching purposes, adapted  
or translated with references to the original, is available  
on request to the author (visit <http://kotusev.com>)

