Capability Modelling Guidelines

Phase: Focus | **Explore** | **Co-Create** | **Lead & Coordinate** | **Realise** | **Sustain**

Scope: **Architecture**

Flight Level: **Operations** | **Coordination** | **Strategy**

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Guidelines for designing purpose-aligned and adaptive enterprises

The Capability Modelling Guidelines help co-design your Capability Map, enabling people to focus investments according to the enterprise's purposes and to create modular, adaptive enterprises. They explain how to structure the map, engage co-creators from both top-down and bottom-up, address social aspects, benchmark the current state, clarify the vision, and identify which capabilities to prioritise for investment and change.

Why and when to use

Most enterprises struggle with executing their purposes. Strategic intent, expressed in the language of a few visionaries, tends to get lost when many co-creators attempt to operationalise it. Enterprise architectures are rarely designed in a systematic and coherent way based on shared purposes. Various design and architecture disciplines focus on the *how* before the enterprise is even clear about the *what* it needs to be capable of doing tomorrow to pursue a shared *why*.

The consequences are severe: project portfolios are not aligned with the strategy, money is wasted on improvements that don't matter, organisations are structured more by corporate politics than by conscious and well-informed decisions, IT structures are overly costly and built in isolation, and are misaligned with the organisation.

If you (like many of us) work in a company that shows these symptoms, then the Capability Guidelines help you design all elements of your enterprise's architecture as organic modules aligned with your purposes.

A well-designed capability model

- serves as a vehicle for aligning people around shared enterprise purposes;
- is a blueprint for a modular, adaptive organisation;
- clarifies strategic priorities;
- identifies missing or underperforming capabilities;
- helps to focus investments on changes that matter;
- defines what your organisational and IT structures must deliver.

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The first section explains how to design capabilities as organic modules and organise them into categories and hierarchies. It shows how to optimise capabilities for flow and provides guidelines for naming and layout.

The second part provides practical guidelines for using the Capability Map to align co-creators (from senior leaders to people at the operational level) around the shared purposes of the enterprise. It offers practical guidance on turning strategy into action by applying capability benchmarking techniques to determine which capabilities should be prioritised for investment.

Coming in 2026: 'How to Derive Your Organisational Structure from Capabilities' will explain how a 'capability first, organisational structure second' approach can be a game-changer for creating better organisations. Message us at hello@intersection.group if you would like to contribute or review.

Resources

- Spreadsheet to calculate the 'focus' indicator (Excel Download)

1. How to structure a Capability Map

A Capability Map is a two-dimensional, one-page, high-level representation of the architecture of the enterprise. It provides an overview of the enterprise's architecture (what capabilities it needs to operate) and can represent the as-is state or to-be states related to particular design challenges. The one-page view provides a widely-agreed, complete overview of the capabilities we want to build together to realise our strategy. It helps us build a shared understanding of direction and focus, allowing everyone to use it as a foundation for their concrete, more detailed design challenge.

A Capability Map serves as a powerful tool to facilitate a meaningful dialogue with co-creators about

- strategy realisation;
- identification of operational weak points;
- governance and accountability;
- priorisation of projects;
- budgeting;
- the organisational structure;
- the management of IT applications.

The guidelines in this section provide advice for the general structure of Capability Maps, independent of the design challenge at hand.

Practical tips:

Helpful and accepted by everybody.

You are finished when everyone agrees that the map represents the enterprise's capabilities, not when you have applied all the guidelines in this publication. This shared understanding is essential when people later dive into different design challenges, all based on the same Capability Map.

Don't strive for the 'perfect' map.

Creating Capability Maps is not about perfection but about a structured and wide-ranging process of communication and negotiation with co-creators (see Benchmark as-is capabilities). Co-design iteratively, allowing ample opportunity for review, refinement, and discussion. You are 'finished' with capturing the as-is Capability Map when everyone agrees that the map represents the Enterprise's operation, not when you have applied all the guidelines in this publication. You are 'finished' with a future-state scenario when you have secured buy-in of all relevant co-creators.

Let organisational structure follow capabilities.

Organisational structures are often shaped through a combination of politics, trust, and relationships between managers, as well as structural considerations similar to those outlined in these Capability Modelling Guidelines. This frequently results in flawed organisational structures with overlapping accountabilities and inefficient flows between teams.

Applying the guidelines in this chapter exposes those flaws, and you must utilise all of your social skills to navigate the interventions of managers who often don't want this transparency.

Enable a 'capability first' approach where capabilities on your map suggest organisational structures around the delivery of the outputs of those capabilities.

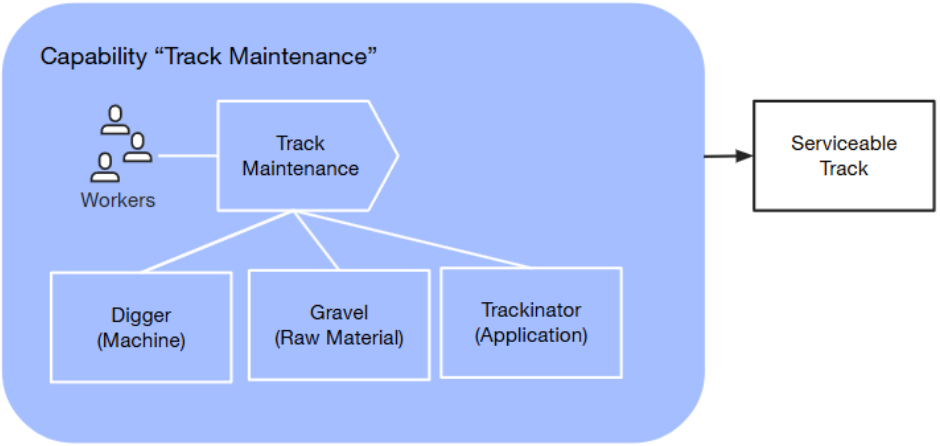
1.1 Design capabilities as organic modules

At the start of your capability modelling initiative, capabilities are designed as the intended outcomes needed for product creation. Initially, these outcomes are designed as black boxes that accept inputs and an (as yet) unknown configuration of people, processes, and assets transforms those inputs into well-defined, distinctive outputs needed to create products. In this way, you start designing the boundaries of capabilities that can later be brought to life by people who build and continually refine the required organisation, processes and assets.

Defining the boundary of an organic module: Intersection Railways aims for the outcome to perform 'Track Maintenance'

All of an enterprise’s capabilities together form the scaffold of its architecture. Similar to garden beds being the basic structural elements of a garden, capabilities can be seen as the organic modules of a composable enterprise where capabilities are cultivated, living systems that emerge within designed boundaries. Think of a capability as a plant bed, an 'organic business module' where the collaborative top-down design defines the boundaries of the beds, while the many people accountable for creating and improving the capability plant the seeds and shape its detailed design.

Once realised, a capability functions as a module that is as independent as possible in realising the output, containing all the means to realise the output. It is the continuously and organically emerging outcome of orchestrating people with the right skills, processes and assets to create the outputs that support the enterprise’s purposes and/or the tasks of people.



People, Process and Assets needed to perform 'Track Maintenance'

Practical tips

Well-defined, distinctive outputs.

Design capabilities to deliver well-defined outputs (e.g. a completed station or a serviceable track). Avoid redundancy-no two capabilities should produce the same or very similar output.

Keep together what belongs together.

Group activities that require similar skills, processes or assets into a single higher-level capability ('tight coupling'). Strive for 'loose coupling' between capabilities: many interactions (between people, processes, and assets) within a capability and few interactions between capabilities.

Focus on critical capability differences only.

When a significant variation is required, consider adding a critical few capabilities at the appropriate level in the model.

1.2 Capability categories

Capability categories enable a strategic dialogue about balancing focus across different dimensions. They organise capabilities according to their contribution to the purpose of the enterprise:

Customer-facing

These capabilities are needed to deliver a product with the intended experience to a customer.
Examples: train restaurant service, railway station service

Operational

Operational capabilities are needed to create the products directly, but are often not visible to the customer. Focus on improving the efficiency of these capabilities, especially for high-volume work. Aim to perform these capabilities at industry parity below competitors' cost.
Examples: shunting, train scheduling, track maintenance

Support

Support capabilities are in direct support of other capabilities. Aim to perform these capabilities above industry parity at competitive cost.
Examples: HR, Accounting, IT operations

Change

The previous three types of capabilities are needed to run the business efficiently. Change capabilities, on the other hand, are needed to adapt to changes in the ecosystem (new technologies, new competitors, changes in society and customers' demands). By making them an explicit category, companies can focus their investments on an intentional run/change ratio, depending on the business domain and situation in the market.
Examples: Enterprise Design, R&D, Innovation, Product Design, Strategic Management

Using capability categories to enable a broad strategic dialogue

Capability categorisation provides insights that are not available when examining capability areas, groups, or specific capabilities alone.

- 'Customer-facing' enables capability discussions around differentiation and customer experience.
- 'Operational' makes clear where to optimise for efficiency and enables the calculation of production costs.
- 'Support' fosters a dialogue about which activities to centralise as shared internal services.
- The 'Change vs. Run' balance is crucial for discussions about innovation vs. operational excellence.

Capability categories create natural groupings for leadership attention as they enable a broad strategic dialogue of alignment and balance per category. Benchmarking capability categories and focussing your resource allocation between these different categories enables strategic discussions that greatly affect your business model and help to discuss questions like:

- *'What are we currently doing to provide a convenient customer experience? Is this enough?'*
- *'Shall we focus more on changing than running the enterprise?'*
- *'Shall we invest more in our support capabilities to make our operational capabilities more efficient?'*

Practical tips

Use categories that best fit your business.

The categories mentioned above are recommendations that are helpful in many business domains. Feel free to adapt them to your specific context.

Examples:

- Start by using established categories (e.g., 'Management') and transition to more meaningful categories as people begin to accept them.
- Subdivide 'Operational' or 'Customer-Facing' if you want to model a high-level view of a large corporation with multiple distinctive lines of business.

Introduce change capabilities.

Organisations are often not explicit enough about their change capabilities, assuming these activities are carried out within other capabilities. Introducing 'change' as a separate category may feel unfamiliar to people in your enterprise, but it is invaluable for clearly highlighting the capabilities needed to adapt and evolve.

1.3 Capability hierarchy

A capability hierarchy is a tree (whole/part relationship) of the enterprise's capabilities, from broad, high-level capabilities at the top (Level 1) to increasingly detailed, granular sub-capabilities at lower levels (Level 2, Level 3, and so on). Superordinate capabilities represent a whole and subordinates represent its parts. By tracing between the higher, more strategic level to specific capabilities hierarchies encourage iteration while supporting coarse to granular assessment of performance. This is essential in making strategy actionable.

EDGY suggests the following levels:

Capability Area:

The highest level represents the major business areas of the enterprise. May not be needed for small enterprises.
Example: 'Railway Infrastructure Management'

Capability Family:

Breaks down capability areas into more specific families of capabilities.
Example: 'Build Railway Assets'

Capability Group:

Makes capability families more concrete.
Example: 'Build Tracks'

Specific Capabilities:

Further elaborates on capability groups into very specific capabilities. Here an enterprise assesses performance, makes sourcing decisions, and addresses gaps.
Example: 'Assess soil and substructure suitability'

Practical tips

The number of levels depends on the size of your organisation

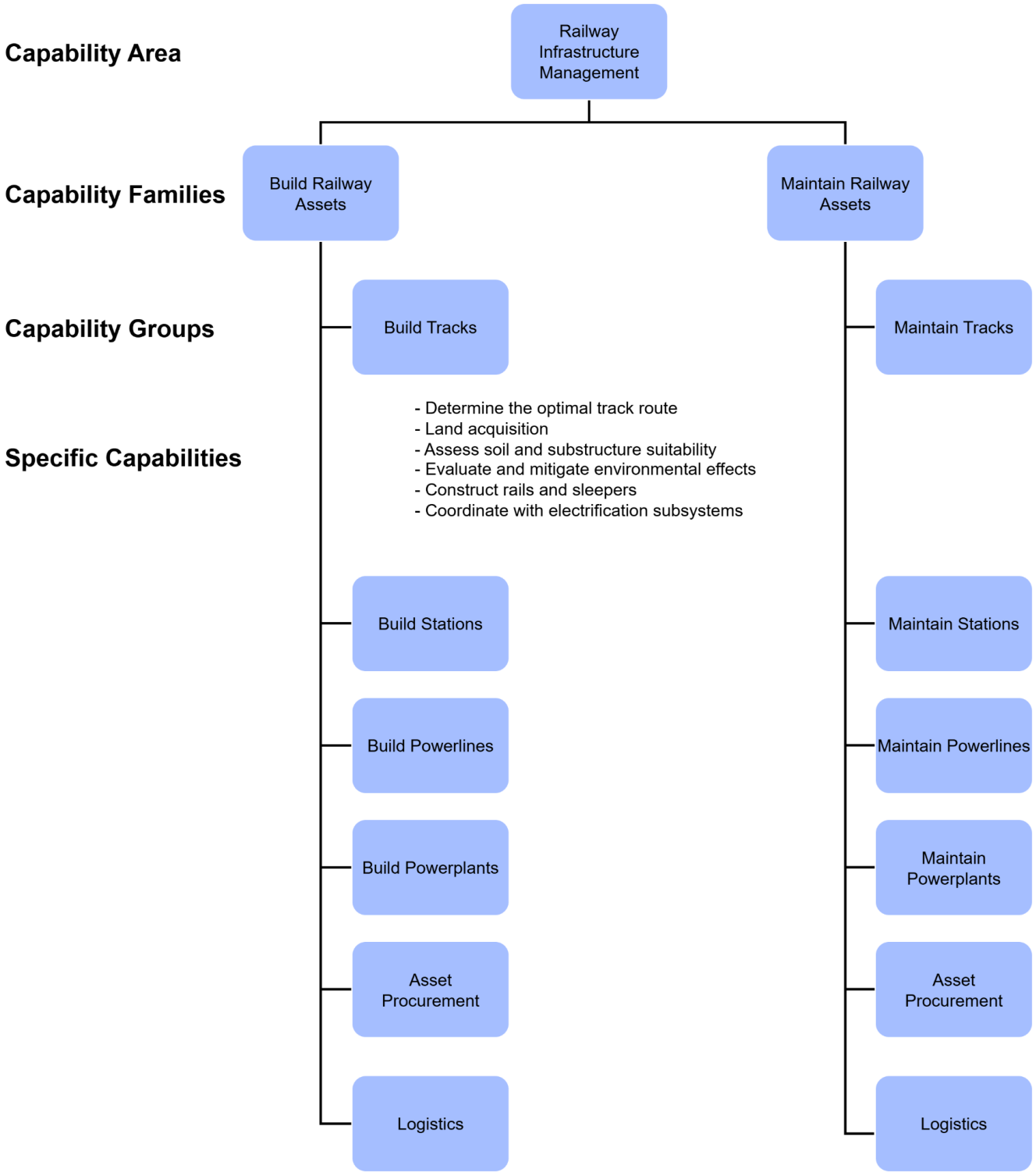
Large enterprises typically have 'business areas', which means that four levels are often appropriate. Most smaller enterprises can be modelled with the other three levels only.

Focus on specific capabilities (level 4) when designing potential future-state options

While levels 1-3 are more for the enterprise-wide, strategic view, specific capabilities are needed to discuss and design the future state in concrete design challenges (see: Indicate where to focus).

Example: Intersection Railways

The following example illustrates the four capability levels:



1.4 Designing capabilities around activities or objects

As mentioned in the previous section, capabilities should always be designed around 'what belongs together and is distinctive from other capabilities.' While this may sound obvious in theory, designing for togetherness is challenging in the reality of complex enterprises. Among the thousands of processes that occur in an enterprise every day, which ones are similar enough to be grouped within the same capability?

The best way to identify processes (and their required people and assets) that belong together is to look for specialisations - where do we need similar, special skills? Where do we need similar, special assets (like machines, applications, raw material, buildings)? Once you have identified these specialisations, you need to ask questions such as: *'Is building railway assets so similar to maintaining railway assets that we should put it in the same (level 2) capability?', 'Is building a track similar to building a station?'*

Depending on the answers we have two options:

1.) Grouping by activity

Planning railway assets differs significantly from building and maintaining them. However, building and maintaining all types of railway assets may be 'similar enough' to categorise under a single capability group. In this case, we group by activity: 'Railway Asset Management' with lower-level capabilities: 'Plan Railway Assets' and 'Build and Maintain Railway Assets'.

2.) Grouping by object

Building and maintaining tracks is very different from building and maintaining stations. These capabilities require different engineering skills, processes, and machines. Therefore, we group 'Build & Maintain Railway Assets' into lower-level capabilities: 'Build & Maintain Railway Tracks' and 'Build & Maintain Stations'.

Practical tips

Co-design what 'belongs together'.

Choosing whether to group processes and their required people and assets by similar activities or similar objects is a design decision — a conscious choice with trade-offs. There are always alternatives, and each choice comes with its own opportunities and constraints. Experiment with different approaches to help both you and your intended audience see and agree on the implications of each option.

Break down into typical sub-capabilities.

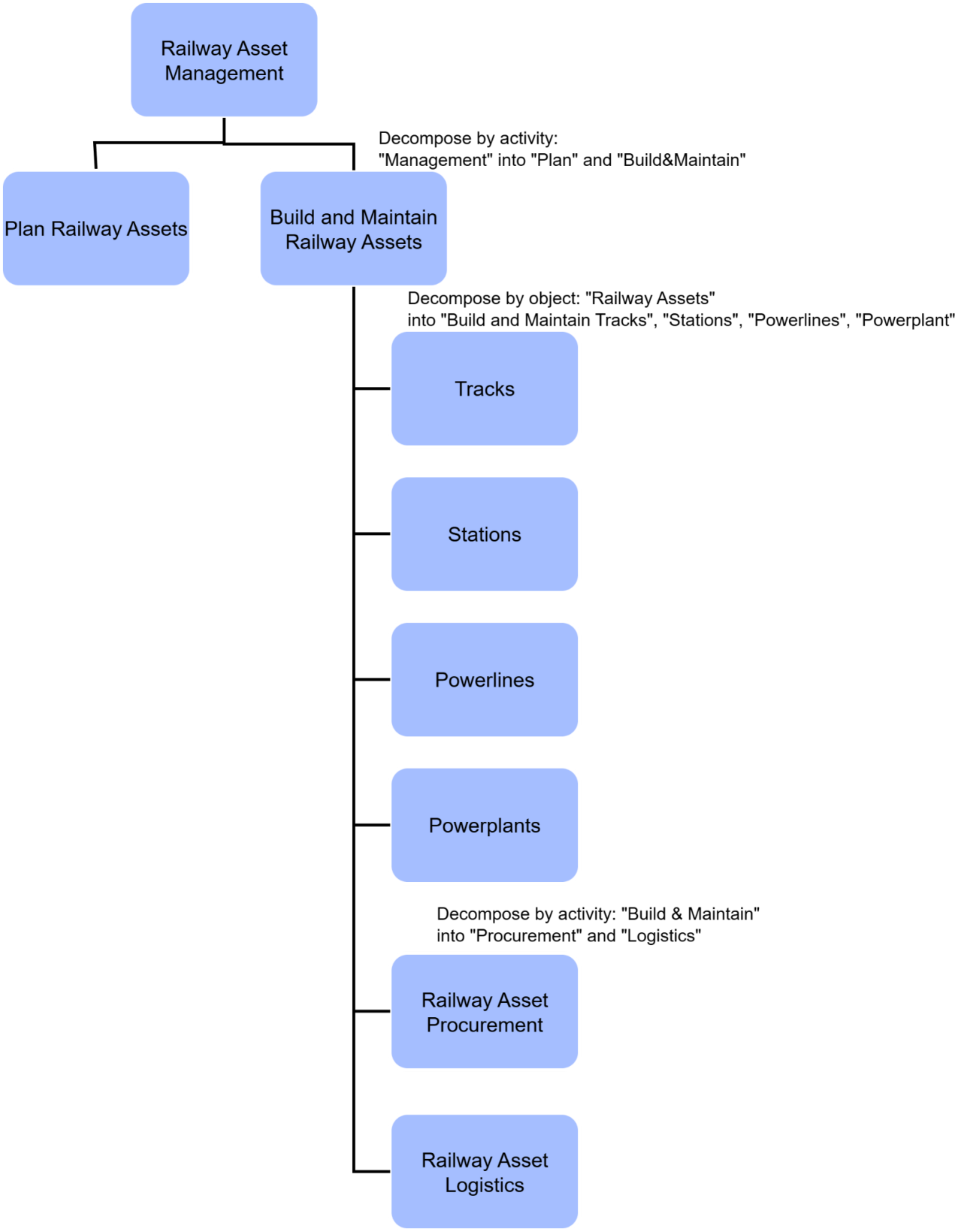
Break down higher-level Capabilities either into typical sub-activities, such as *Plan*, *Build*, *Run*, *Deliver*, and *Maintain* or into sub-types of objects, e.g. 'Railway Asset' → 'Tracks', 'Stations', 'Powerlines', 'Powerplants'.

Make the criteria for 'belong together' clear for all co-creators.

It can be challenging to agree with the many co-creators on how to recognise the criterion 'belongs together' and on the hierarchy of capabilities. Defining a set of clear criteria makes it easier to agree. Those criteria can then be defined as enterprise-wide principles for future change initiatives.

Example: Intersection Railways

The following example illustrates how grouping the elements of capabilities always requires intentional design decisions between 'grouping by similar activities' and 'grouping by similar objects':



1.5 Follow the flow to product delivery

The easiest way to identify high-level, operational capabilities is to start with the delivery of major product groups and to work backwards through the flow of their creation activities. Picking product delivery as an 'end point' and stepping backwards through the flow helps to take the focus off the current state allowing for improvement ideas.

Going with the flow as the first step leads to flow-aligned capabilities that together scaffold the basic structure of the processes of the enterprise, and leads to flow-aligned organisations. That way, you optimise your organisation for the efficiency of the core processes.

Practical tips

Focus on product families

Focus on capabilities required to deliver a product family. Doing the same for individual products would make the model too complex.

Connect inside-out with outside-in via the 'product' intersection

Model the sequence of capabilities leading to the delivery of a product group to a defined customer segment from the inside-out. Integrate with (existing) product and experience design if you want to explore how the product may create value for specific users in specific contexts. This enables you to assess perception and capability performance from the outside in.

Connect your Business Process Management with strategy

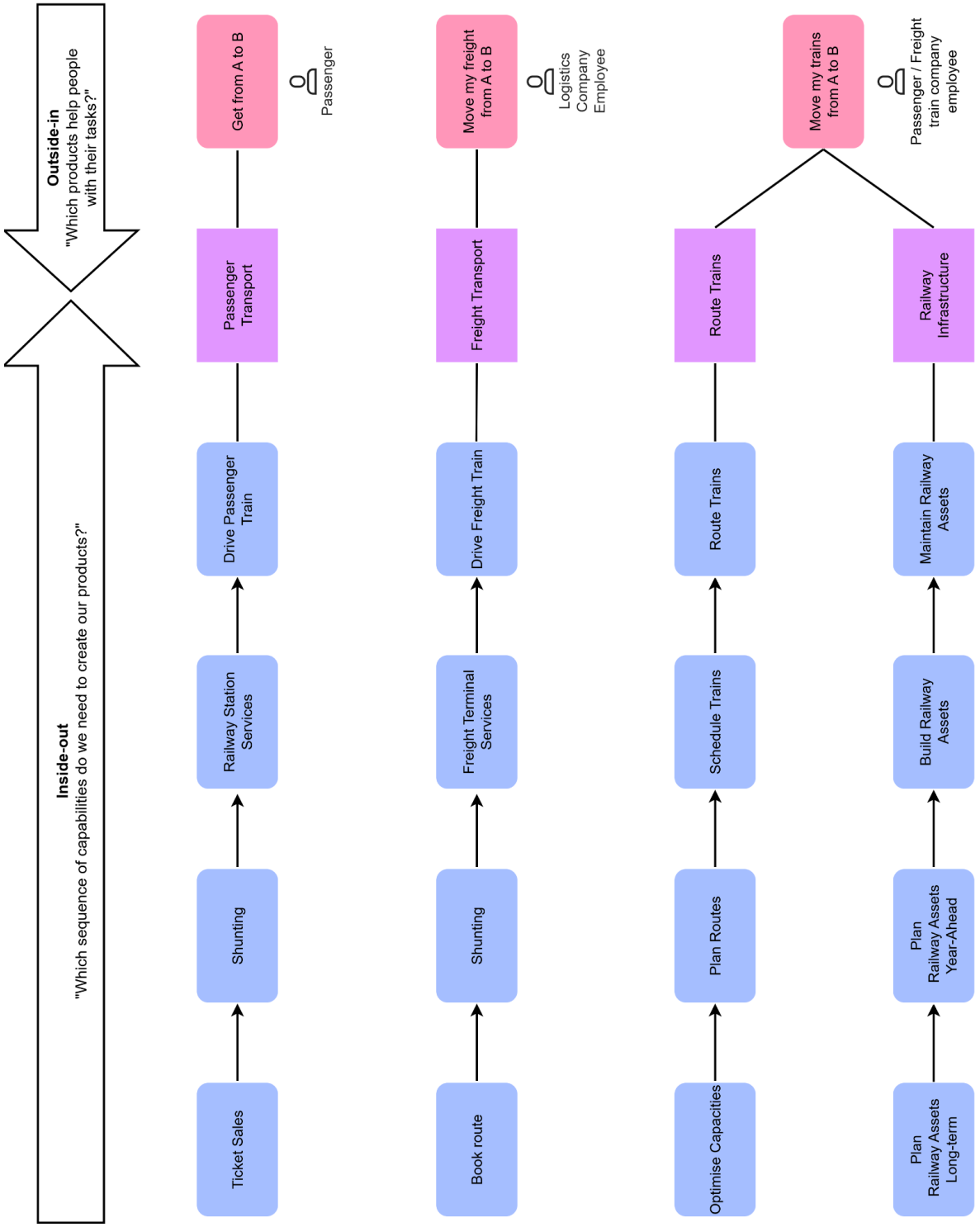
While Business Process Management initially clarified how processes aligned with IT applications, its use in practice exposed key limitations:

- Documentation over Improvement: Documenting existing processes and automating them often replaced critical evaluation, missing chances for substantial redesign.
- Cumbersome Mapping: Detailed process mapping consumed time and resources, delaying projects and diverting focus from strategic goals.
- Executive Distraction: Senior leaders were drawn into operational details, reducing their capacity for strategic decision-making.

A 'capability first' approach helps to overcome these typical limitations. Using capabilities for scaffolding the basic structure of your process groups helps to keep focus on substantial redesign based on strategic direction.

Example: Intersection Railways

Intersection Railways is a holding corporation. Their biggest company plans, builds and maintains the railway infrastructure and routes the trains across their tracks. Their company 'Intersection Passenger' is responsible for the safe and convenient transport of people, while 'Intersection Cargo' transports freight:



1.6 Identify capabilities that can be reused across processes

Starting with 'going with the flow' as the first step in identifying core capabilities typically leads to process-aligned capabilities and, as a consequence, process-aligned organisations. This approach optimises your architecture for the efficiency of core processes.

The problem with a purely flow-aligned architecture, however, is that the more you optimise for flow, the less adaptable your company becomes. The reason is that the same capabilities are often required in multiple processes. If you don't reuse those activities across processes, you waste money, lose the benefits of specialisation, and reduce the overall adaptability of the enterprise.

To design enterprises that are both efficient and adaptive, you need to complement the flow-based approach with the idea of non-overlapping, organic modules by identifying capabilities that can be reused across your initial product-creation flows.

Practical tips

Search for assets that can be reused.

If you drill down, can assets (such as facilities, machines, or IT applications) be shared between two capabilities required to deliver different product groups? If so, does it make sense to merge them into a single shared capability across product groups?

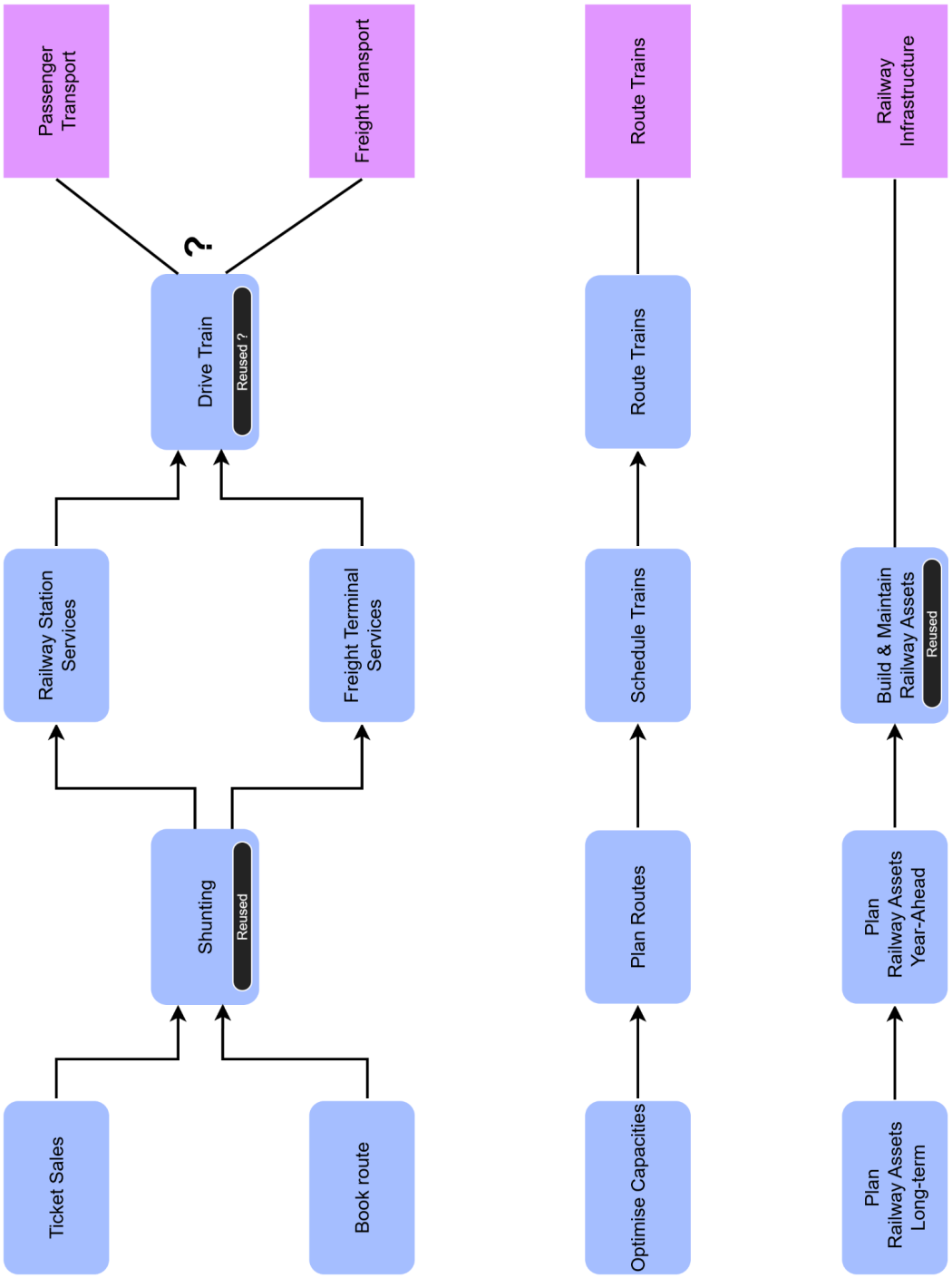
Develop people's skills that enable the performance of shared capabilities.

Is it possible to extend a team's skills or capacities to enable it to perform a shared capability?

Example: Intersection Railways

After discussions with the relevant business experts, you conclude that 'Shunting' is so similar between freight and passenger transport that you model them as a single capability. Only a few adaptations are needed for the existing shunting station to do both - the composition of freight and passenger trains.

The locomotives of passenger and freight trains are different, and only 20% of train drivers of Intersection Railways are trained to drive both. Are the synergies we can lift when designing 'Drive Train' as a single capability big enough to justify the effort of educating the other 80% of train drivers in order to drive both types of locomotives? For now, we decide to leave this as an open question for later, when we dive into the more detailed capability modelling.



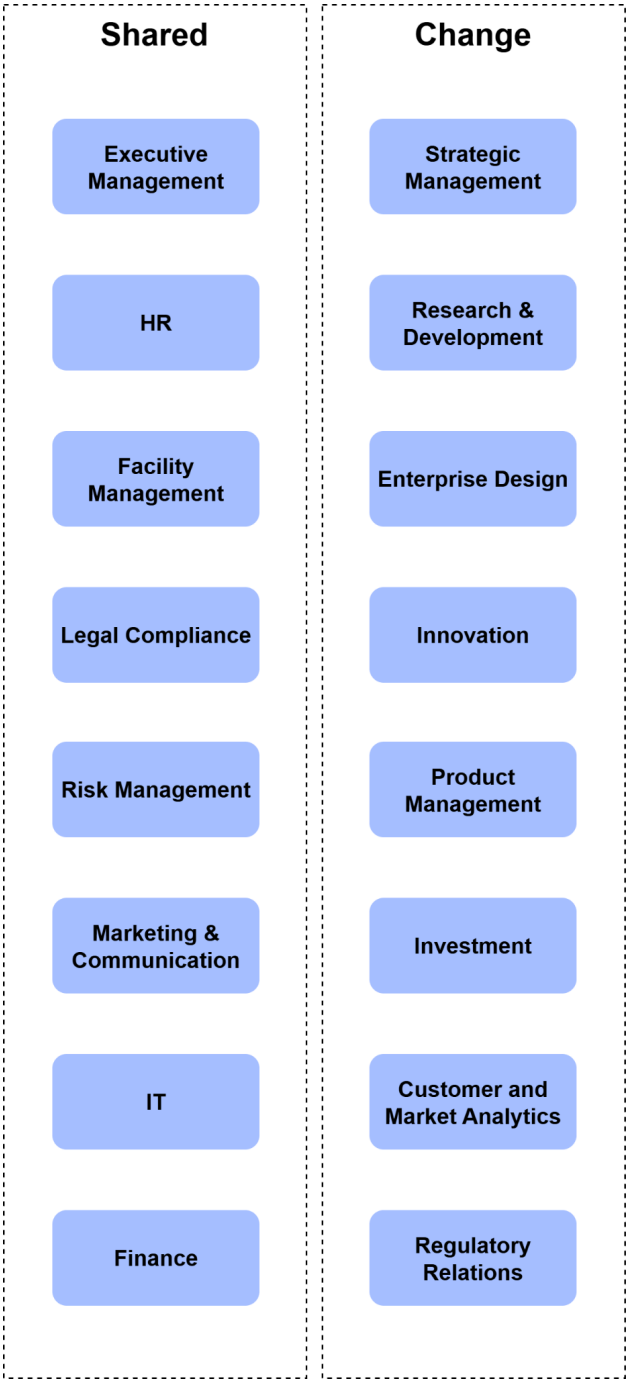
1.7 Identify shared and change capabilities

Setting up shared capabilities reduces redundancy, ensures consistency, and enhances adaptability across an organisation. Instead of different teams reinventing the wheel with siloed solutions, shared capabilities provide standardised activities such as finance, HR, or IT. Reusing these capabilities ensures standardisation and efficiency. By eliminating duplication, they also optimise costs while allowing teams to focus on specific customer-focused or operational activities.

Introducing 'change' as a separate category is essential to clarify where and how much you invest in 'running the business' versus 'changing the business'. Enterprise Design, research & development, or product design are typical change capabilities.

Identifying existing shared capabilities is usually much easier than diving into the specialised details of a complex enterprise's operations. Typical examples, such as marketing, finance, IT, and legal, can often be found simply by consulting the organisation chart or the process model (support processes) available on the intranet.

Change capabilities are often not explicitly categorised as such; instead, they are typically embedded within support processes or hidden in the description of an organisational unit or process.



Practical tips

Don't dive deep.
There is usually a broad understanding of what the shared capabilities entail. When creating an initial high-level overview of the enterprise's capabilities, it is sufficient to stay at level 1 and avoid diving deeper.

Wait until you have the mandate to optimise or redesign a particular shared capability before going into more detail.

Introducing 'change' as a category can be challenging.
Introducing 'change' is crucial to clarify the distinction between investing in 'running the business' and 'changing the business'. People, however, are often accustomed to thinking in the categories used by widespread methods such as process management ('management', 'operational', and 'support' processes). Expect conflicts when shifting from a 'management' mindset to a 'change' perspective.

1.8 Ensure clear names and descriptions

You want Capability Maps to be created collaboratively and understood in a broadly consistent way by 'everyone'. In a large group, however, a truly shared understanding of the concepts behind terms rarely exists; they are often used and interpreted in surprisingly subjective ways, with each department maintaining its own jargon.

To achieve the clarity necessary for aligned action, you must choose the language used in names and descriptions with meticulous care. Keep in mind that working with language is a challenging part of your modelling journey.

Establish a glossary

Maintain a well-established glossary and define all relevant terms as simply as possible. This way, you create a clear and consistent set of definitions for key concepts across the organisation.

Make maintaining the glossary a team effort.

Make it easy for people to add or edit terms and descriptions (for example, by using a wiki). Run term-clarification workshops with co-creators to foster shared understanding. Test definitions with someone who is unfamiliar with the term.

Embrace the enterprise's dialect.

Over time, enterprises develop their own terminology, which may not always align perfectly with dictionary definitions. It is usually more effective to use terms that are already in everyday use than to impose strict syntactic rigour on people.

Example: use 'Finance' as a capability name instead of 'Manage Financial Assets' if the shorter name is well understood.

Don't accept poorly defined concepts.

We have seen enterprises where concepts such as 'customer', 'product', and 'train schedule' were defined inconsistently across departments. When people disagree on the meaning of core terms, communication breaks down, data becomes unreliable, processes grow inefficient, projects lose alignment, and decision-making suffers.

Start with the existing use of language, but improve it gradually to make it more consistent.

Introduce new terms with care.

It takes time for a large group to understand and adopt a new term. People only make sense of new concepts in relation to what they already know. If you need to introduce a new term, you must translate it into the existing vocabulary.

Capability names

Depicting many capabilities on a single page requires names that are as concise as possible while still expressive enough for people to grasp what each capability represents instantly. The following tips will help you manage this trade-off:

Use simple common terms or verb-noun action phrases.

To express what a capability is about, you often need a verb (e.g., *sell, prepare, plan, build, maintain*) combined with a noun (e.g., *ticket, contract, product, passenger, track*). Use a simple verb–noun structure when naming capabilities (e.g., *build tracks*). When widely recognised one-word terms exist (e.g., *finance, marketing*), use them instead.

Vigorous verbs.

Choose the most vigorous possible verb. Avoid weak verbs like *manage*.

Well-defined nouns.

Ensure that the nouns used in capability names are clearly defined in the glossary (see previous section). Avoid ambiguous nouns like *management*.

Use short names at the higher capability levels.

At the higher levels (typically levels 1–3), concise naming is essential to present the enterprise's capabilities on a single page without overwhelming people.

Longer names are more useful for the 'specific capabilities' level, especially when designing future scenarios.

Use acronyms with care.

Acronyms can help shorten names, but use only those that are widely recognized within the enterprise. For example, you may use *HR* instead of *Manage and Develop Human Resources* if the acronym is commonly understood.

Capability descriptions

Co-creating capability descriptions provides the necessary clarity and strengthens shared understanding among stakeholders. For each capability, the description should explain what needs to be done to produce its output.

Examples:

- *Build Railway Assets: Capability of designing, constructing, and implementing the physical infrastructure required for railway operations, including bridges, tunnels, tracks, stations, signaling systems, operational technology, and energy supply.*
- *Maintain Railway Assets: Capability concerned with ensuring the proper functioning, safety, and longevity of all railway system assets. This includes inspecting, servicing, repairing, and upgrading infrastructure such as bridges, tunnels, tracks, stations, signaling systems, operational technology, and energy supply.*

Clarity.

Use concrete and actionable language expressed in unambiguous terms that operators would grasp.

Express 'what', not the 'how'.

Focus on *what* needs to be done to produce a capability's outputs, but avoid specifying *how* the work will be carried out, *who* will perform it, or *where* it will take place.

Example:
How statement: ~~'Utilize Social Media to engage with passengers'~~
Rewritten as 'does what': 'Engage with passengers to build relationships.'

1.9 Create a two-dimensional layout

A Capability Map is a two-dimensional, one-page, high-level representation of the entire enterprise's capabilities. It should serve as the single master structure, accepted by all co-creators and recognised across the enterprise. This requires careful attention both to a clear logical structure (as described in previous sections) and to the graphical layout.

Use the X and Y axes thoughtfully to:

- make categories clear
- make major product groups visible
- express the relationships between capabilities
    - *belongs together*
    - *follows* (sequences of capabilities in time)
    - dependencies of capabilities

***Capability** categories*

Place customer-facing capabilities in the top-left area and operational capabilities below them. Arrange shared and change capabilities to the right. This layout creates a projector-friendly, landscape (16:9) view.

Belongs together

Group related capabilities that together form a higher-level capability within a single box.

***Follows* (sequence in time)**

You can use either axis to indicate that capability B is typically performed after capability A. *For example, use the X-axis to position Capability A to the left of Capability B.*

Dependencies

The Y-axis is often used to show that one capability depends on another. Position capability A above capability B to indicate that Capability A relies on the outputs of Capability B.

Practical tips

Don't overwhelm people.

Clarity is key to ensuring that the map is accepted and used by everyone. Use clear terms and show only as many levels and details as necessary to convey the *what* for all people responsible for designing the *how*.

Avoid displaying more than three levels in a single map. If deeper detail is needed—for example, when exploring a future-state design challenge—consider creating a separate map.

Use the following rules of thumb:

- Customer-facing Capabilities: 2-3 levels;
- Operational Capabilities: 3-4 levels;
- Shared and Change Capabilities: 1-2 levels.

Appealing landscape layout.

Lay out the map in a way that is appealing to people:

- Optimise for projectors and screens;
- Landscape, readable font size;
- Align boxes well.

Find reasonable compromises in expressing dependencies.

Using the layout to show dependencies between capabilities makes your two-dimensional map far more expressive and easier to understand. However, keep in mind that it is impossible to represent all dependencies, whether 'belongs together', 'follows', or 'depends on' between every capability. Applying the layout guidelines mentioned above is always a compromise.

Example: Intersection Railways

The following example illustrates the recommended guidelines for designing a Capability Map layout:

2. How to use capabilities to align investments with purpose

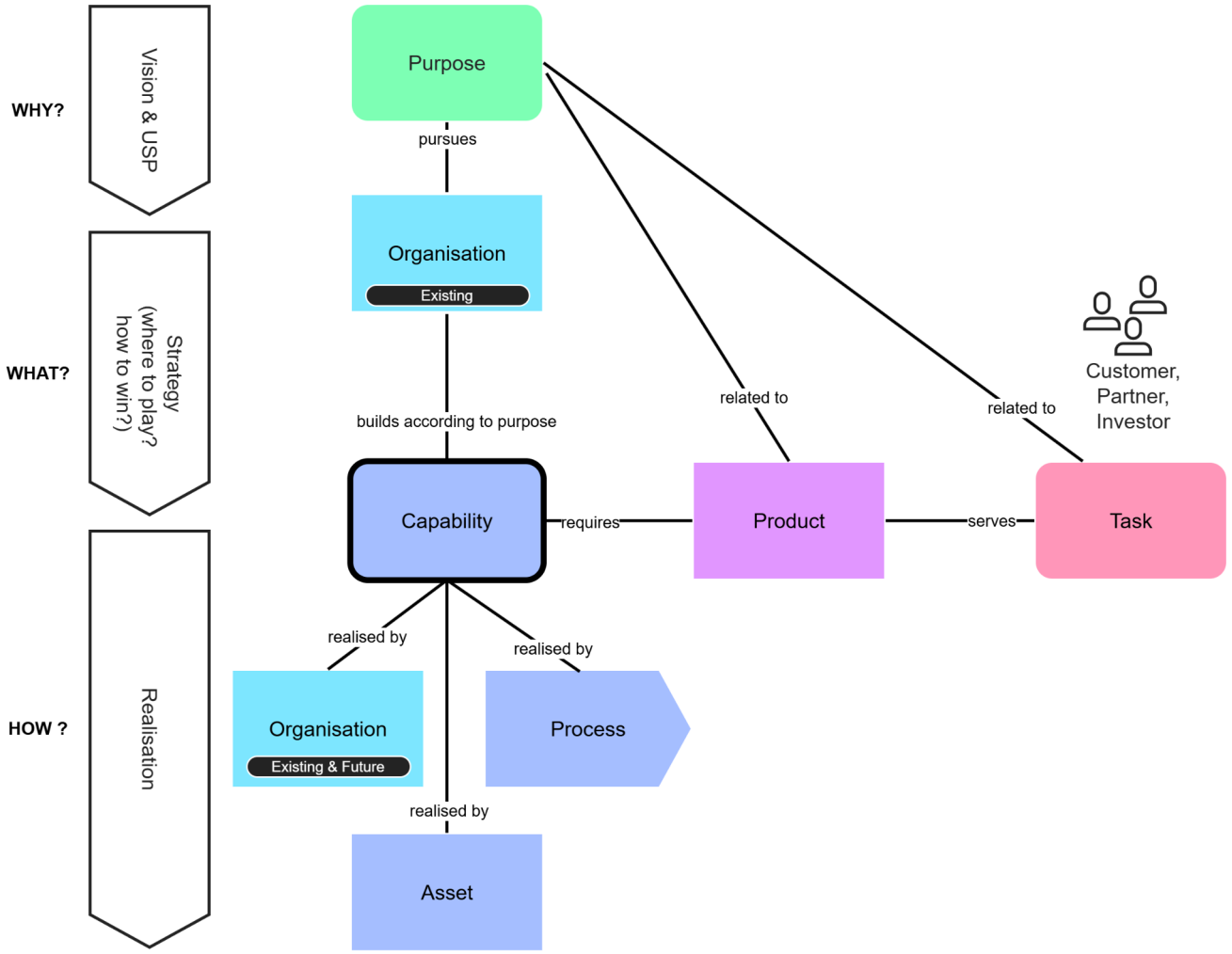
Most enterprises don't have a vision in a meaningful sense, often only a generic statement that is created and communicated in an ambiguous way. Strategic intent, written in the language of a few visionaries, most often gets lost when the many co-creators try to interpret it in operational ways.

Use well-defined purposes as an anchor for your capabilities to overcome this problem and to connect purpose with execution. Start with what you want to accomplish as an enterprise, and derive what you need to be able to do. In this way, capabilities serve as the link between purpose, strategy, and realisation.

By asking *'What do we need to be capable of doing to realise our strategy?'* before starting the realisation work, capabilities become a powerful tool to challenge the vision and provide orientation for the many co-creators needed to realise it. Being aware of existing capabilities helps leaders create a realistic vision.

Placing capabilities at the centre between vision and realisation, clarifies the *what* and connects it to the *why* before the *how* decisions are made. First, you design a set of capabilities to capitalise on the vision; then you translate capability requirements into processes, assets, and organisation.

This section explains how to use capabilities to connect vision with reality by running a broad modelling process with the many people who need to align on a shared vision.



Capabilities and their relations with other EDGY elements to execute on the enterprise purpose.

2.1 Seek outside inspiration to overcome the blank page

If you are new to an industry, its complexity can be overwhelming, and creating an overview of the major capabilities can be a time-consuming challenge. Seeking outside inspiration as a start can speed-up your effort and help to overcome the 'blank-page' moment. Of course, external sources don't know all the details of your specific enterprise context (you need to explore those details later by exploring existing enterprise content and in the interviews with business experts), but they help you to gain a good understanding of what's going on in the industry.

Leverage industry-specific reference capability models

There are several industry-specific capability model sources available that provide a validated foundation tailored to a given sector. Consider using them if you're new to an industry, as they can help you gain a clearer understanding of what typically happens within enterprises in that industry. By leveraging these models, you avoid reinventing the wheel and ensure alignment with industry best practices. Even though these models may not reflect the specific context of your enterprise, they can still serve as a valuable starting point.

Use Large Language Models (LLMs)

Large Language Models (LLMs) can be incredibly helpful in creating a first sketch of a Capability Map. They can quickly synthesize publicly available reference models, industry reports, and best practices to generate an overview of typical capabilities. By simply describing the industry, its core activities, and the context of your enterprise—such as region, major product groups, or customer segments—you can prompt an LLM to produce a draft Capability Map that includes major capability groups and their sub-capabilities. This helps you bypass time-consuming research and provides a starting point that can be refined through stakeholder input later. LLMs also support iterative prompting, allowing you to adjust the map as your understanding deepens or as you gather more enterprise-specific insights.

Example: Intersection Railways

This example illustrates how LLMs can be used to create a first sketch of a Capability Map:

Set context with your first prompt. Be very specific about what you are going to use the Capability Map for. Initial prompt for Intersection Railways:

> *'A railway holding company in a central European country runs passenger and freight trains and operates the railway infrastructure in this country. Which business capabilities does it need?'*
> *→LLM response*

Now jump up to a high level:

> *'Consider a complete capability set of my railway enterprise and organize it into a hierarchical depiction of names of capabilities. Use no more than seven top levels and no more than two sublevels. This depiction will be used to discuss performance and investments in improving performance.'*
> *→LLM response*

Practical tips

Use industry-specific capability models with care.

Industry-specific capability models come with limitations such as being overly generic and not tailored to the unique context, strategy, or operating model of a specific enterprise. They may lack granularity, omit niche or emerging capabilities, and reflect outdated practices if not regularly updated.

Access to high-quality models often requires paid subscriptions or memberships. Therefore, while they can offer valuable guidance, they should be used and adapted thoughtfully to ensure relevance.

LLMs are more powerful than you'd expect.

Don't underestimate the power of LLMs. If you prompt iteratively and get specific enough, you'll receive more valuable insights than you might expect.

2.2 Explore existing enterprise content

If you're new to an enterprise and still learning about its business domain, a first priority should be understanding what the organisation actually does today. You need a baseline to judge performance and to start discovering potential future states. In the early weeks, that means diving into existing documents like strategy papers, project lists, process models, organisational charts, and more. There's often a lot of valuable information in documents already available, even if it's scattered or inconsistent. Gather and explore them to understand as much as you can about:

- How the enterprise sees itself and its future (website, mission/vision statements, strategy documents, KPIs);
- How customers engage with the enterprise (customer research insights, service blueprints, journey maps);
- Which products it creates and which terminology it uses (website, product catalogue, process model);
- How it is organised, how decisions are made (org charts, job descriptions, process maps);
- Which change initiatives it runs and what changes have been triggered successfully and unsuccessfully in the past (projects and programs).

As part of this discovery work, it's helpful to start sketching an internal capability model based on what you're learning. This early draft is just for your own use—it helps clarify your thinking and gives structure to the complexity you're seeing. Often, this exercise uncovers significant gaps and inconsistencies: vision and mission statements don't align with the project portfolio, process models don't reflect real operations, and organisational charts tell a different story than often technical capability models. This kind of initial modelling not only accelerates your learning, but also surfaces issues that may need to be addressed later when you talk to business experts and managers.

Practical tips

Curb your enthusiasm to start designing.

Take your time with the discovery work and aim to learn as much as possible from existing content. As a rule of thumb, plan several weeks for a smaller enterprise and a couple of months for a large enterprise.

Sketch a glossary, Capability Map and list of open questions.

Exploring existing content can be overwhelming, and you'll likely uncover inconsistent use of language. Start with a glossary, sketch a Capability Map, and create a list of open questions early for your own reference.

Be prepared before involving business experts.

Business experts who hold the existing wisdom will not be happy when you display a lack of basic domain knowledge. Demonstrating that you are a curious learner builds the trust you need to create a Capability Map and resolve conflicts.

2.3 Get mandate by senior leaders

Running a broad capability modelling process has a significant impact across the organisation. It inevitably touches sensitive areas and often triggers political resistance. That is why achieving shared understanding and securing a clear mandate from senior management early on is critical. Their sponsorship provides not only strategic direction but also the authority and resources you need to move things forward. They can become key allies, helping you navigate political challenges.

Ideally, you are already working closely with senior leadership in a strategy, corporate development, or organisational design role, and they have asked for your help in executing the organisation's strategy. That is the best-case scenario.

Starting without senior leadership support

In practice, however, that kind of top-down mandate is rare. Capability modelling is still a relatively unfamiliar concept to many working in strategic management. More often, these initiatives begin from the bottom up, typically within IT, where capabilities are seen mainly as a tool for managing the IT landscape rather than as a broader management instrument for strategic and organisational design.

Even so, the approach outlined here can still work. Without senior backing, though, it will take longer and be more difficult. In large organisations, it can take years to build credibility and be recognised as a strategic partner who is actively involved in key decisions. If you are starting with a limited mandate, for example, to strategically manage IT, begin there and build momentum. Eventually, you will encounter questions and decisions that only senior business leaders can answer. Use those moments to open the door by asking your sponsor whether a direct conversation with senior management is possible.

If you do get that opportunity, be ready to tell a clear and compelling story in language that resonates with executives and show how capability modelling supports strategy execution, not just IT management.

Scope the capability modelling initiative

Work with senior leadership to define the scope of the capability modelling initiative. Be clear about the business questions it needs to answer, and position the initiative as one that directly supports top-level strategic goals. Clarify the major strategic objectives (for example, market leadership, digital transformation, cost reduction, or customer centricity) and show how capability modelling will enable them.

Secure a formal mandate from a senior executive, ideally someone at the C-level (CEO, COO, or CFO). This person should champion the initiative, help remove roadblocks, and make it clear to the organisation that the work is essential. Executives want to understand how to move from today's reality to tomorrow's goals. Show them how capability modelling helps bridge that gap. Explain how it guides strategic investments across technology, processes, and people—and how it provides the foundation for creating transformation roadmaps, justifying investment decisions, and tracking progress. Highlight how it helps identify and mitigate operational, strategic, and technology risks.

Set up a regular board meeting to steer strategy based on capabilities

To ensure long-term success, involve senior leadership on an ongoing basis. Establish a regular *'Strategy and Capability Board'* meeting to oversee the initiative. This group should be empowered to guide key decisions—not only about the capability model itself, but also about its application in practice (for example, in investment planning, transformation initiatives, or restructuring). When senior leadership is actively engaged, capability modelling becomes much more than a documentation exercise; it becomes a strategic management tool that drives alignment, sets priorities, and enables real change across the organisation.

Practical tips

Speak their language.

Senior leaders are typically focused on strategy, outcomes, risks, and financial implications. Translate capability modelling concepts into business terms and connect them directly to strategic outcomes.

Ask them for support in engaging their direct reports.

Senior managers should encourage their direct reports to participate and provide accurate information actively.

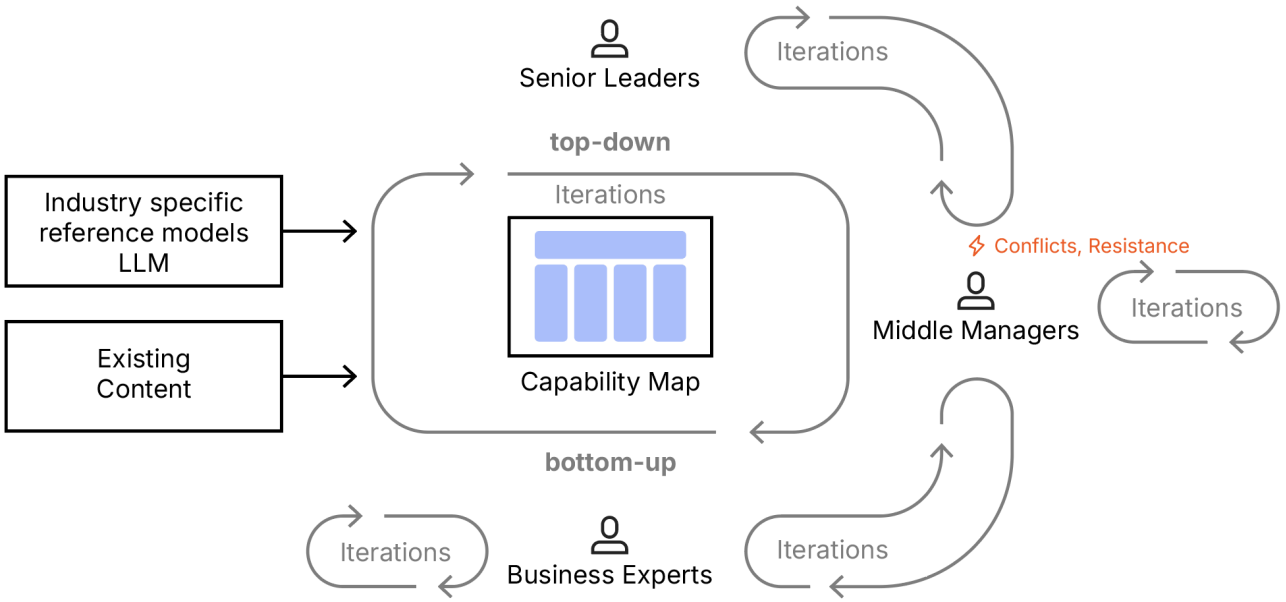
Regular brief updates.

Since senior managers are often busy, keep updates concise and focused on progress, key findings, identified risks, and necessary decisions.

2.4 Co-create through top-down and bottom-up iteration

By exploring industry reference models and existing content, you have gained a basic understanding of the enterprise, created a first draft of a Capability Map, and identified many open questions. Now it is time to discuss these questions and work with business experts and leaders to develop the Capability Map further. This collaboration will help clarify your understanding and improve the initial draft, moving toward a shared understanding among your co-creators. This ensures that later discussions about performance and investment take into account all critical aspects of the Enterprise, from high-level strategy to detailed operational execution.

Finding common ground can be challenging. Different viewpoints, interests, and priorities often lead to disagreements. Keep in mind: the goal is not to create a perfect Capability Map, but to establish a process that builds alignment. Creating the map together with all relevant co-creators always reveals conflicts and forces people to resolve them in the best interest of the entire enterprise. Iterations, as illustrated in the diagram below, are crucial for developing a Capability Map that is both accurate and widely supported.



When running an iterative capability modelling process, you can start either from the top of the organisational hierarchy and work downwards to capture details, or you can begin with the business expert level and work up to the boardroom. Both approaches have their pros and cons:

Top-down

Top-down is often helpful when you need a quick, big-picture view to make significant decisions rapidly. In this scenario, senior leaders scaffold a high-level capability model (typically at the capability group level) and delegate validation and elaboration of specific capabilities to middle managers and business experts. All co-creators iterate to create a coherent capability model.

Pros:

- Engages senior leaders early.
- Faster iterative process: start top-down, then elaborate at lower levels.
- Suitable for top-down management cultures.
- Facilitates recruitment of all participants required to create and assess capability performance.
- Accelerates decision-making.
- Makes it easier to capture the overall structure of the map before filling in details.
- Modelling time is likely shorter if senior leaders sponsor the initiative, even without direct involvement in the details.

Cons:

- Less creative; teams tend to focus on the current state.
- Risk of missing essential details.
- Senior leaders may align the capability model too closely with the organisational chart.
- Higher risk of getting lost in the details.

Bottom-up

Bottom-up works best when you do not have a mandate from senior leaders and must start your Enterprise Design initiative at lower levels of the organisation. It is beneficial when facing an adaptive challenge (e.g., a strategy shift or significant transformation) where solutions are not predetermined and the team must mobilise resources across the organisation.

The process typically starts with the existing vision statement. A team of business experts covering all parts of the business scaffolds the model (Levels 1–3). Level 3 capabilities are grouped into Level 2s and Level 1s. The co-creation team then iterates a representative view of the future state.

Pros:

- Increases buy-in from all relevant business experts.
- Supports accurate decision-making and diverse perspectives.
- Suits more autonomous management cultures.
- Encourages creativity and forward-looking thinking.
- Builds alignment and reinforces ownership: *It's OUR Enterprise.*
- Creates a coalition for change.
- Identifies new, concrete capabilities needed for the future.

Cons:

- Slower; requires substantial effort to run interviews, distil insights, and synthesise findings.
- Requires multiple levels of approval up the chain.
- Risk of losing sight of strategic direction and management priorities.
- Danger of focusing too much on the *how* rather than the *what*.
- May produce many individual ideas that do not align with the vision or future state.

Practical tips

Take your time and involve a broad range of business experts.

Enterprises are complex. Gaining an understanding of what's actually going on and how people understand the capabilities takes time and numerous interviews.

- Small Enterprises (<500 employees): 3-6 months, 10-20 people,
- Large Enterprises: 12-18 months, 20-50 people.

Deal with the emotional side of change.

Capability modelling brings clarity to the changes the enterprise wants to make. Change inevitably means that some people may have less influence and often experience fear and resistance. The most challenging aspect of co-creating a Capability Map is learning to collaborate with others who are going through these difficult emotions.

Train your empathy, listening, and trust-building skills to be ready for this challenge.

2.5 Involve business experts

Before engaging with your co-creators, you've taken the time to review what's already been designed and documented across different roles. Reference models from your industry, along with internal materials, have helped deepen your understanding of the business. They've also raised new questions and highlighted deeper issues, revealing gaps and flaws in the current organisation and Enterprise Design.

Now the real work begins: untangling that mess together with the people who understand how things actually function day to day. Co-designing a meaningful capability model isn't something you do alone—it relies on tapping into the collective experience and insight across the organisation. It's through this collaborative process that strong, practical Enterprise Designs emerge.

Typical interview questions for modelling as-is capabilities

When interviewing a business expert, your goal is to understand what their part of the organisation does, what it should be doing, and how effectively it's performing those functions. Asking the right questions helps surface valuable insights into current capabilities—and gives you the input you need to build an accurate as-is capability model.:

- What are the core objectives of your organisational unit?
- What are the key capabilities of our enterprise / your department?
- What would customers, suppliers and partners say they are?
- What are the most critical outputs of your team? Who are the recipients of these outputs?
- What inputs does your team require from other teams?
- Can you walk me through the key activities of your organisational unit?
- What specialised skills does your team possess that are crucial for its activities?
- What specialised assets (like IT applications or machines) does your team need for its activities?

Validate your understanding: periodically summarise what you've heard to ensure accuracy. Clarify terms by asking questions like: *'What do you mean by X? Can you give me an example?'* Take detailed notes and capture key terms in the glossary.

Assess as-is capabilities

When you interview business experts about the current state, many will naturally start sharing ideas for how things could be improved. After all, it's not every day someone takes the time to really listen. Use that momentum—capture their suggestions and future-facing ideas by asking questions like:

- What are the strengths of your current capabilities?
- Are there any bottlenecks or constraints that limit your operations?
- What are the major pain points you're currently facing? What opportunities do you see for improvement?
- What capabilities, if any, are underperforming or missing?
- What's the reason for an underperforming capability? People's talent, process or technology?
- How scalable are your current operations if demand increases?
- To what extent are these capabilities documented, standardised, and repeatable?

Sketch as-is capabilities

To understand the capabilities of the entire enterprise, you will need to speak with multiple business experts, each bringing their own perspective. Use pen and paper or a digital sketching tool during the interviews to help each expert articulate their view in the form of a heat-mapped capability model for their area of the business.

Begin with an initial Capability Map based on your exploration of existing content and domain-specific reference models. Extend and update this map after each interview to reflect your evolving understanding. Maintain a working version that represents your own interpretation of the current capability landscape, using a simple colour-coding system to indicate overall performance. If a capability is assessed inconsistently by different experts, mark it with a *'?'* to highlight areas that require further investigation in future iterations.

Create trust and start building a coalition for change

The mess of existing enterprises has been created by people with their individual interests and often siloed designs. It needs people working together to iteratively untangle the messes in the direction of a coherent enterprise. Redesigning the enterprise often triggers concerns among employees about losing influence or having to transition into new roles. Such apprehensions are natural and can sometimes slow down progress. Those feelings can escalate into arguments, which can build resentment and ultimately stall progress. The most challenging aspect of co-creating a Capability Map is learning to collaborate with others who are experiencing these difficult emotions.

Creating a Capability Map with business experts is first and foremost a social effort and requires empathy and strong communication skills. Your co-creators must feel that you genuinely care about their goals and concerns and take a personal interest in them to build the trust necessary for open communication. Listen actively to understand the pains and intentions of business experts and strive to understand how you can assist them. Pay attention to *how* people tell you things, instead of just listening to *what* people tell you.

Resolve conflicts

There's no single right view on the as-is capabilities, only subjective perspectives. With each interview, you will gain a deeper understanding of the enterprise and the concerns of business experts. Thereby, you will reveal more and more inconsistencies and mismatches between the subjective views of your interview partners. Iterate by inviting people with different perspectives and try to mediate between them to find the common ground - an agreement on capability boundaries, names and descriptions.

Some mismatches can't be resolved on the business expert level; they need decisions by managers. We'll discuss that in the following sections.

Practical tips

Explain capability modelling.

Some experts may not be familiar with the concept. Briefly explain the purpose and how their input contributes.

Help your co-creator dive deep.

The first answers you get when interviewing someone seldom give the full picture. Some topics are considered too obvious to bring up, but avoiding them can be a costly mistake. Ask powerful questions to help your co-creator dive deeper.

Deal with individual concerns.

Business experts are often working in silos and may prioritise their own concerns over those of their enterprise. Make inconsistencies between individual and enterprise-wide concerns visible, but don't judge between options.

Depict shared understanding.

Use visuals when running the interviews. Drawing out a process or proposed capabilities helps to clarify understanding.

Stay neutral.

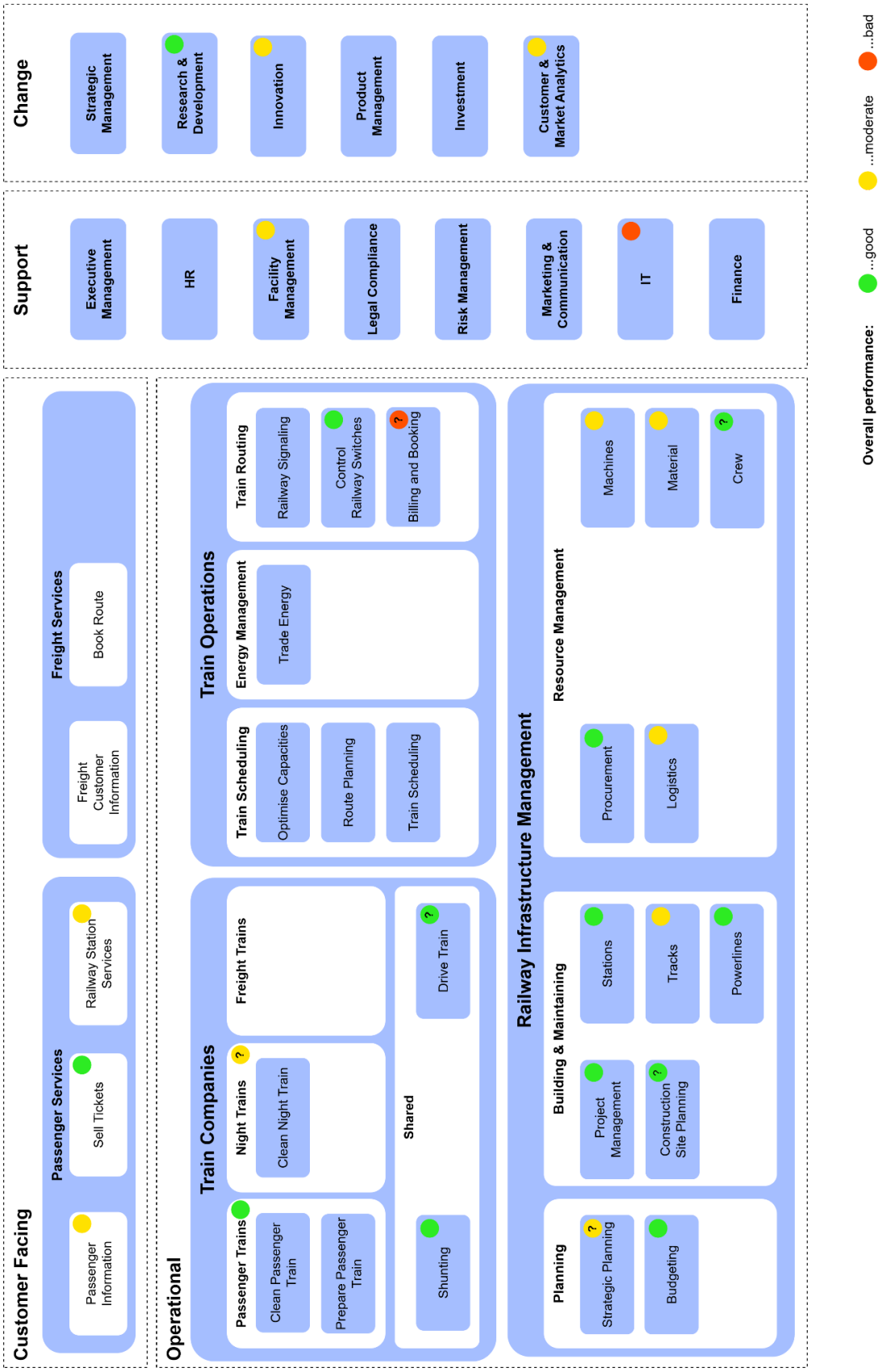
We need to be open to the variations of truth that exist. Be the one without an opinion so that the co-creators can weigh all the options. Help them to reveal subjective reality.

Invite business experts to term clarification workshops.

Working together is challenging when business experts use different languages and thereby perceive the world in different ways. Linguistic insecurity is a source of avoidable conflicts and hinders progress. Inviting business experts to regular term clarification workshops and co-creating a widely established glossary makes the capability modelling process smoother and faster.

Example: Intersection Railways

Work in progress Capability Map of Intersection Railways after running the interviews with some business experts



2.6 Deal with the resistance of middle managers

Through interviews with business experts, you've gained a better understanding of the organisation's capabilities and uncovered inconsistencies, overlaps, and conflicts. While some issues can be resolved in conversation with individual experts, many require decisions that only middle management can make. Their authority is essential to move forward with clear, aligned capability definitions.

However, bringing middle managers into the process also means stepping into the organisational political landscape. You'll encounter individuals who prioritise their team's interests over enterprise-wide goals. Transparency, one of the key outcomes of capability modelling, can be uncomfortable, especially when it highlights inefficiencies or overlaps in someone's area. In these cases, resistance is often less about the work itself and more about perceived risk to status, influence, or control.

The good news is that resistance can often be turned into support through clear communication about why we are doing it and how they can benefit from it in the future, accompanied by visible backing from senior leadership.

Manage political relationships

Capability modelling isn't just a technical exercise; it also shifts how power and influence are distributed. That makes it a social intervention, whether intended or not. So it's helpful to think in both structural and social terms. As you build out the model, also build relationships with the people involved. Work with people who are open and cooperative, and gradually bring others on board. Use Capability Maps as tools to visualise and clarify, rather than challenge or confront. When done well, these maps reveal misalignments without assigning blame, allowing political tensions to surface in a more neutral manner.

Here are a few practical steps:

- Understand what's currently on people's agendas. Where possible, align your work with their goals.
- Have informal 1:1 conversations with the most influential people. A coffee and a shared interest can be more productive than a formal meeting.
- When needed, ask senior leaders to step in and help resolve conflicts or reinforce priorities.

Communicate the value you bring to them and to the enterprise

When engaging with middle managers, make your mandate to create the best capability model for the whole enterprise clear. Let them know with subtlety that their involvement isn't optional; it's part of what's expected to create an enterprise optimum. Framing it this way helps establish legitimacy and creates the conditions for more constructive, forward-looking conversations. Avoid framing the process as an IT exercise or a performance audit. Instead, position it as a practical, collaborative effort aimed at improving how the business operates. Focus on how it supports middle managers' teams, such as:

- *'This helps identify where more investment is needed and where we can reduce effort.'*
- *'By finding overlaps, we can free up your team to focus on more strategic, high-value work.'*
- *'The model can uncover missing capabilities, opening up opportunities for new roles or initiatives.'*

When managers perceive the expectations of senior leaders as a support mechanism, rather than a threat, they're far more likely to engage constructively.

Practical tips

Be transparent about the mandate, goals and process.

A middle manager may view capability modelling as another time-consuming and abstract exercise with unclear benefits. Explain your mandate (ideally from senior leaders), the goals and address potential concerns head-on.

Provide concrete examples.

Demonstrate benefits for the middle manager in the form of a realistic use case. How would the Capability Map help address a particular pain point for middle managers?

Show empathy and respect for their time.

Acknowledge the middle manager's workload. Keep meetings focused and efficient by communicating estimated time commitments upfront. Show that you care about their concerns.

Listen and show that you care about their concerns.

When managers show resistance, listen to understand the root cause. Is it fear, scepticism, or a genuine practical concern?

Start small if the resistance is very high.

If resistance is very high, consider piloting the capability modelling in a less sensitive or smaller department first to demonstrate success before rolling it out broadly.

Create a power map.

Map out the relationships between people and identify where the key interests, relationships, and points of tension are.

2.7 Benchmark as-is capabilities

You've gathered many personal and informal views on the current performance of capabilities from interviews with business experts and leaders. Some assessments may align, while others may differ. In your subsequent iterations with these groups, use their input to build a shared capability performance assessment across the enterprise. Focus on the 'distinctive' capabilities linked to the company's vision, and compare them with those of competitors to identify performance gaps, strengths, and areas that need improvement.

Assessment criteria

Your goal is to find consensus on capability assessments to get focus for your investments, not to have the most sophisticated assessment method. Begin with a simple evaluation of 'performance' that measures how well you are performing compared to your competitors.

Criterion 'performance' per capability:

- *Best in class*: other organisations see us as the benchmark.
- *Above average*: exceeds industry norms.
- *Average*: meets the minimum level required to operate.
- *Below the average*: not adequate to operate the business in the long term.
- *Well below the average*: not adequate to operate the business in the near term.

This simple criterion, developed through the wisdom and intuition of the many co-creators, works effectively in many cases.

Dive deeper into specific aspects of capabilities when there is strong disagreement between co-creators about their importance or performance. Typical criteria for a deeper assessment can be:

- *Efficiency*: how efficiently the processes of the capability are being performed.
- *Customer Service*: response time.
- *Business continuity*: mitigating operational risk.
- *Adaptability & innovation*: how quickly can we adapt a capability to changes in the ecosystem?
- *People*: availability and skill level of the required human resources, employee satisfaction.
- *Technology*: level of automation, modernity of the underlying technology (IT, machines, etc.), and technical debt.
- *Cost*: operational cost associated with executing the Capability.
- *Sustainability*: taking care of the planet and people for long-term success.

How well is competition performing its capabilities?

In competitive markets, knowing where to focus is always related to comparing your capabilities with those of competitors. Try to beat them in the playfield you've defined in your vision by building capabilities that make you unique in those markets. List relevant competitors based on similar industry, size (revenue, number of employees), market (same region, similar products and customer base) and use the following sources to estimate the performance of your competitors:

- Ask LLMs using prompts like:
  - *'For central-EU passenger travel, who are my competitors within and outside railway Enterprises?.'*
  - *'Summarise what creates a competitive advantage for each of the competitors in a table.'*
  - *→LLM example response*
- *Competitor's website*: products, pricing
- *Public data*: financial reports, ratings
- *Research firms*: industry benchmarks, market research
- *Social Media and online forums*: client comments and ratings
- *Mystery shopping*: sign up for competitor products or services
- *Customer surveys*: ask your customers why they use or left a competitor
- *Employees* who may have worked at competitors

Iterate with your co-creators

Reaching an agreement on how well current capabilities are performing in comparison with your competitors may take many iterations. Start by getting senior leaders' views on where the company is strong or weak. These insights are usually high-level but provide important strategic input. Include the right people to build a shared benchmark across the enterprise. Involve middle managers and experts, especially when disagreements arise. Address corporate politics and strive to resolve conflicts to achieve alignment. Stop debates about whether the capability is 'important' or not, facilitate a discussion on performance compared to your peers. Probe the group for facts and dive deeper into the more specific criteria mentioned above. If people can't reach a consensus, tag it for further review in a future iteration with senior leaders and move to the next capability.

Practical tips

Co-create the assessment criteria.

The assessment criteria are closely tied to the identity of the enterprise. What do we value most? Customer service or business continuity? Efficiency or adaptability? Sustainability or cost? Co-creating a simple yet effective assessment method together with relevant leaders and business experts reveals hidden assumptions about the enterprise's identity and helps shape a shared understanding.

When individuals understand enterprise identity better and why 'performance' is measured in a certain way, they are more inclined to participate actively in modelling and assessing capabilities.

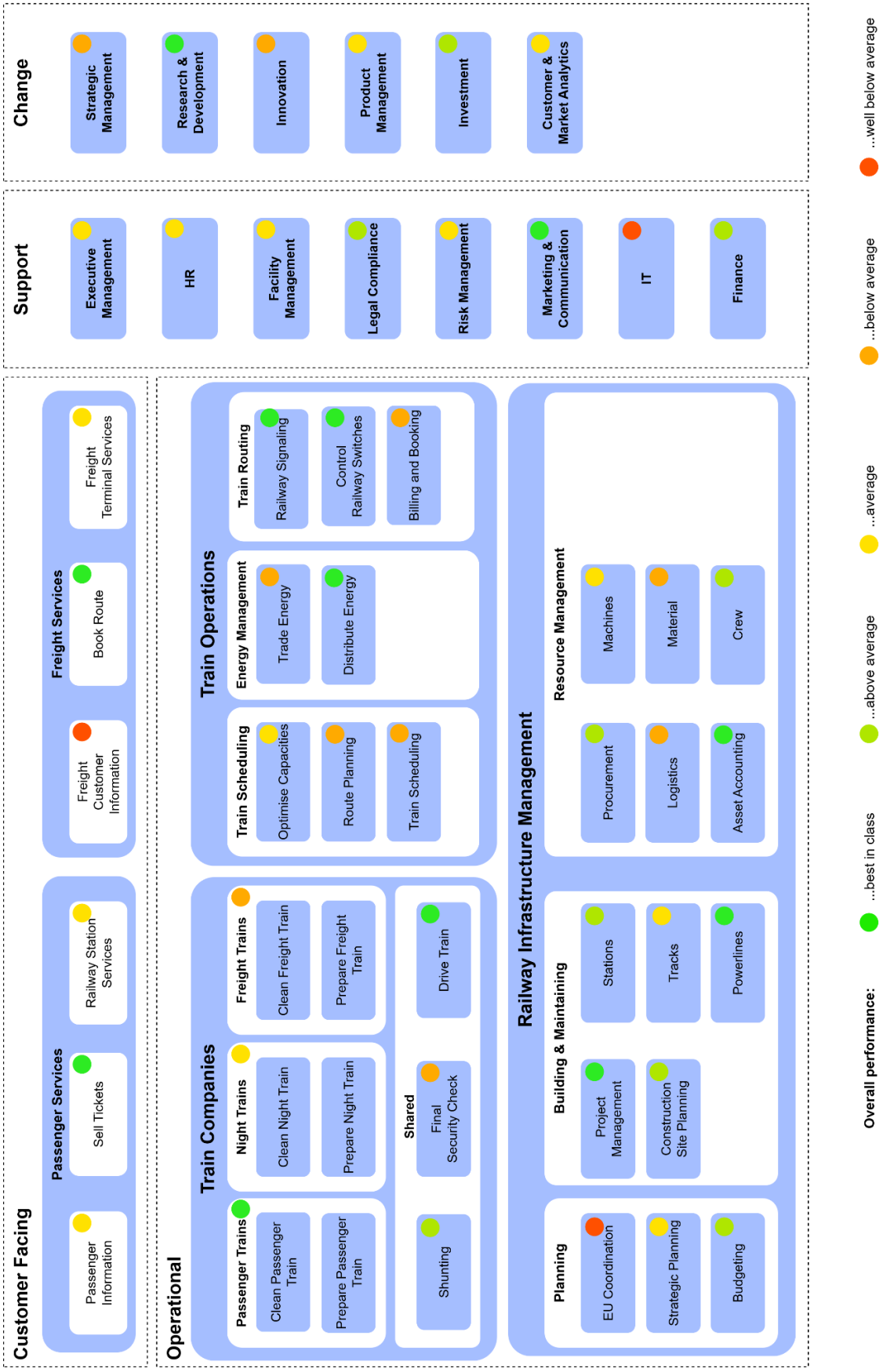
Make the assessment method transparent.

Criteria (such as cost) can be quantitative, while others (like overall performance) are more qualitative and require judgment. Be transparent about the assessment method.

Involve relevant business experts and senior leaders to gain consensus and ensure accuracy.

Example: Intersection Railways

Capability Map of Intersection Railways after benchmarking it with co-creators



2.8 Clarify vision

After many iterations with your co-creators, you've come to an enterprise-wide agreement on how well you perform your current capabilities compared to your competitors. Use this transparency about your strengths and weaknesses to work on your future state capability model. Clarifying your vision statement and translating it into well-designed future-state capabilities helps focus your investments. To base informed strategic investment decisions on the vision, enterprises must know where to build new capabilities and clearly understand the contribution and performance of their current capabilities. As long as the benefit of a capability for the unique selling proposition of the enterprise is unclear, organisations experience dysfunction, resource competition, stalled execution, and incoherent project agendas.

Model vision as a hierarchy of purposes

Most enterprises have a more or less elaborate vision statement - a concise declaration that outlines their aspirations. The vision statement serves as a guiding star, motivating co-creators towards a common purpose. In theory, the vision statement is clear enough to set the frame for a desired future state, but leaves room for the concrete realisation by the many co-creators. In practice, however, most vision statements lack the clarity needed to guide all change initiatives towards the common purpose, because they are not backed up by an agreed-upon capability model.

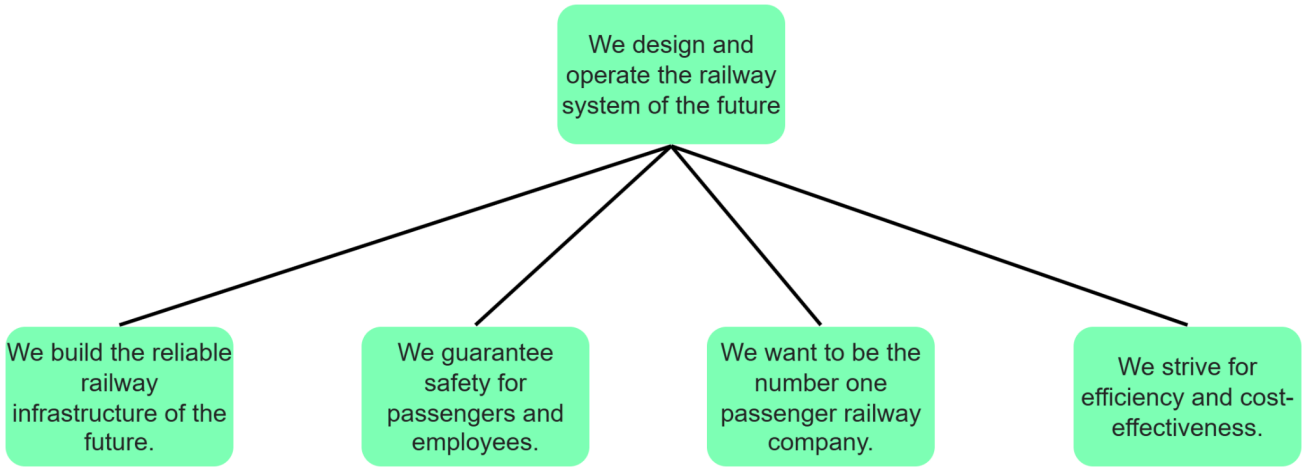
The first step in making the vision statement more explicit is to model it as a hierarchy of purposes.

Example: Intersection Railways

Existing vision statement of Intersection Railways:

'Our vision is to lead the transformation of rail transport by designing and operating the railway system of the future. We are committed to building a reliable and forward-looking infrastructure that ensures the highest standards of safety for both passengers and employees. Driven by innovation, efficiency, and cost-effectiveness, we aim to become the number one passenger railway company, setting new benchmarks for excellence in mobility.'

Modelled as EDGY purposes:



Mark distinctive capabilities

While the typical vision of Intersection Railways mentioned above may be inspiring for people in and around Intersection Railways, it doesn't provide focus, all capabilities seem to be of equal importance. Where to invest the always-limited resources? The answer requires work on a unique selling proposition and to dive deeper by working in many iterations with leaders and business experts on distinctiveness.

'Competitive advantage' refers to the distinct benefit that an enterprise's products offer, which clearly differentiates them from competitors in a way that is meaningful to customers. It answers the question: 'Why should a customer choose us over others?'. Clarity about an enterprise's competitive advantage helps the business carve out a distinctive position in the market, avoiding 'me too' strategies and price-based competition. Clarify the competitive advantage as part of the vision and connected to the enterprise's purpose.

By marking those capabilities (of any category) as 'distinctive' that contribute to the competitive advantage, you clarify vision and focus your investments. Understanding how capabilities contribute helps organisations set capability performance targets and gives a truer and focused sense of what is needed to realise the future state.

Example: Intersection Railways

Competitive advantage statement as part of the vision: 'We deliver the most convenient experience for our passengers by day and night in the physical space—combining cleanliness, and unmatched experiences in the stations and onboard the trains.' represented by a Capability Map and 'distinctive' labels.

To become best-in-class in the physical experience of passengers, Intersection Railways defines all capabilities under 'Passenger Trains' and 'Night Trains' as distinctive, along with 'Railway Station Services'. Additionally, the company must excel in understanding passenger demands through 'Customer and Market Analytics' and has designated 'HR' as a distinctive capability, recognising the need to attract and retain the right talent to support these areas.

Change
Strategic Management
Research & Development
Enterprise Design
Innovation
Product Management
Investment
Customer and Market Analytics
D
Support
Executive Management
HR
D
Facility Management
Legal Compliance
Risk Management
Marketing & Communication
IT
Finance
Customer Facing
Passenger Services
Passenger Information
Sell Tickets
Railway Station Services
D
Freight Services
Freight Customer Information
Book Route
Freight Terminal Services
Operational
Train Companies
D
Passenger Trains
Clean Passenger Train
Prepare Passenger Train
Night Trains
Clean Night Train
Prepare Night Train
Freight Trains
Clean Freight Train
Prepare Freight Train
Shared
Shunting
Final Security Check
Drive Train
Train Operations
Train Scheduling
Optimise Capacities
Route Planning
Train Scheduling
Energy Management
Operate Power Plant
Trade Energy
Distribute Energy
Train Routing
Railway Signaling
Control Railway Switches
Billing and Booking
Railway Infrastructure Management
Planning
EU Coordination
Strategic Planning
Budgeting
Building & Maintaining
Project Management
Construction Site Planning
Powerplants
Stations
Tracks
Powerlines
Resource Management
Procurement
Logistics
Asset Accounting
Machines
Material
Crew

Adding new capabilities

Put your purpose hierarchy and your benchmarked as-is capability model next to each other. Iterate with relevant business experts and leaders on the question: *'Which new capabilities should we build to support our purposes better?'*

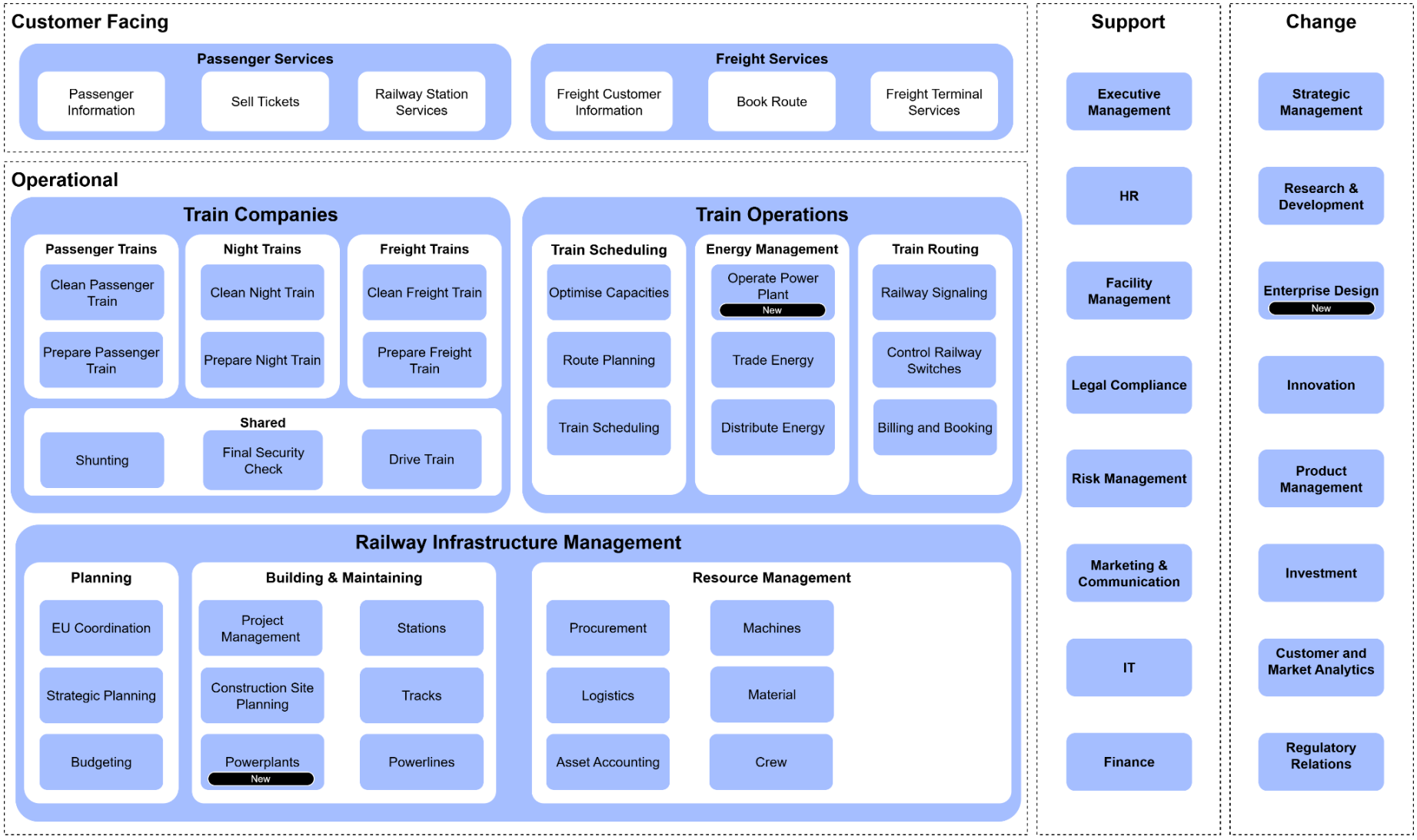
Example: Intersection Railways

New capabilities 'Building & Maintaining Powerplants' and 'Operate Power Plant' derived from the purpose 'efficiency and cost-effectiveness'

> *Energy prices have risen sharply in recent years, making train operations too expensive to remain competitive against other forms of transportation. Business experts had long discussed investing in building, maintaining, and operating power plants. The CEO hired an external consultancy to develop a business case and risk assessment for this expansion. Ultimately, the board made the strategic decision to build the capability to construct, maintain, and operate Intersection Railways' own power plants.*

New capability 'Enterprise Design' derived from purpose 'We build the reliable railway infrastructure of the future'

> *Intersection Railways founded two departments—'Research & Development' and 'Innovation'—a few years ago. Benchmarking showed that their outputs underperformed: many suggestions were made, but only a few were realised, often with questionable business cases. To enable holistic innovation, Intersection Railways established an 'Enterprise Design' capability.*


Customer Facing
Passenger Services
Passenger Information
Sell Tickets
Railway Station Services
Freight Services
Freight Customer Information
Book Route
Freight Terminal Services
Operational
Train Companies
Passenger Trains
Clean Passenger Train
Prepare Passenger Train
Night Trains
Clean Night Train
Prepare Night Train
Freight Trains
Clean Freight Train
Prepare Freight Train
Shared
Shunting
Final Security Check
Drive Train
Train Operations
Train Scheduling
Optimise Capacities
Route Planning
Train Scheduling
Energy Management
Operate Power Plant
New
Trade Energy
Distribute Energy
Train Routing
Railway Signaling
Control Railway Switches
Billing and Booking
Railway Infrastructure Management
Planning
EU Coordination
Strategic Planning
Budgeting
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Project Management
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Stations
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Procurement
Logistics
Asset Accounting
Machines
Material
Crew
Support
Executive Management
HR
Facility Management
Legal Compliance
Risk Management
Marketing & Communication
IT
Finance
Change
Strategic Management
Research & Development
Enterprise Design
New
Innovation
Product Management
Investment
Customer and Market Analytics
Regulatory Relations

2.9 Indicate where to focus

A capability focus map is a visualisation of an organisation's capabilities, indicating the level of attention required for each. It helps you to identify capabilities that are critical for strategic goals and are underperforming, and pinpoints areas where the enterprise lacks a necessary capability or where an existing one is not mature enough. Investments can then be targeted to improve those capabilities. Using colour-coded maps that represent where to focus, stakeholders can quickly identify areas that require further attention and investment. This method supports an objective, data-driven approach to capability assessment, planning, and resource allocation. Co-creating capability focus maps with a broad range of participants also fosters stronger alignment between investment decisions and an agreed-upon strategy.

How to calculate where to focus

Two factors guide where to focus: how well your capabilities perform today compared to peers (the benchmark), and how important each capability is to achieving your vision, meaning how much it contributes to what makes your organisation 'distinctive'.

Distinctive capabilities are those that set you apart. The goal is to perform these among the best in your peer group, at a reasonable cost, not necessarily the lowest. Invest in these when their performance is below peers, but their contribution to your distinctiveness is high.

Support and non-distinctive operational capabilities are necessary to enable your distinctive capabilities. These should perform at or above industry average at a competitive cost. Invest in them when performance is below industry standard.

→ **Spreadsheet to calculate the 'focus' indicator** (Excel Download)

Practical tips

Adapt the calculation method with your co-creators.

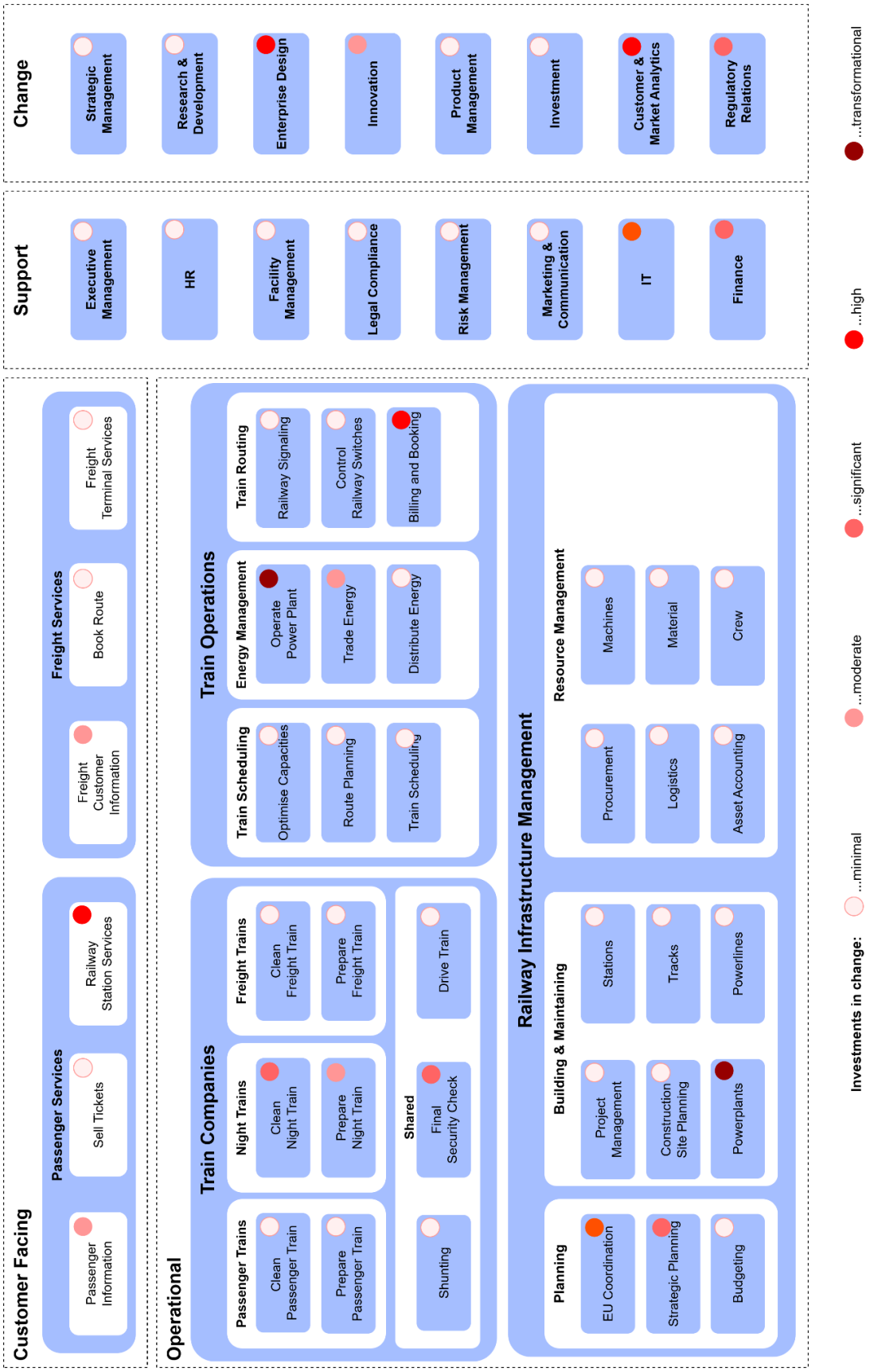
Start with the simplest possible 'focus = distinctiveness x lack of performance' calculation method. Make it more sophisticated when it helps your co-creators to better align and focus.

Assign clear accountabilities

Assign ownership for the performance of each capability to specific departments or leaders.

Example: Intersection Railways

Focus map of Intersection Railways based on as-is benchmark and distinctiveness assessment:



3. How to derive your organisational structure from capabilities *(coming in 2026)*

This section will explain how a 'capability first, organisational structure second' approach can be a game-changer for creating better organisations.

Message us at hello@intersection.group if you would like to contribute or review.