the little book of
# Business
# Analysis

# Welcome

to our little book on the
## big subject of
# Business Analysis

## Why read this book?

Because you want just one source of information that covers the basic principles of Business Analysis.

———————

You need those useful tips, stats and facts for an upcoming presentation but don't have time to research them.

———————

Everyone is talking about the subject and the numerous methodologies – you need someone to put it in perspective for you.

# Alternative reasons
### to read this book

There is too much information out there on this subject – you need something you can digest in small chunks.

———————————

Your inbox is overflowing and you want a more tactile experience.

———————————

You've heard a rumour there are other little books in this series and just want to read them all.

## Enjoy!

# Contents

What is....
# Business Analysis?

" Business analysis is a
**research discipline**
of identifying business needs and
determining solutions
to business problems.

Solutions often include a systems
development component, but may
also consist of process improvement,
organisational change or strategic
planning and policy development. "

Wikipedia

What is the role of a....
## Business Analyst?

**"** A consultancy role

that has responsibility for
investigating business systems,
identifying options for improving
business systems and bridging
the needs of the business
with the use of IT. **"**

British Computer Society,
The Chartered Institute for IT

**1**

OPENING SCENE

TAKE 1

# Setting the scene

# What is strategy?

> **"** Strategy is the direction and scope of an organisation over the long-term: which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations. **"**

Johnson & Scholes

# In other words…

**DIRECTION**  Where is the business trying to get to in the long-term?

**MARKET SCOPE**  Which markets should a business compete in and what kind of activities are involved in such markets?

**ADVANTAGE**  How can the business perform better than the competition in those markets?

**RESOURCES**  What resources (skills, assets, finance, relationships, technical competence, facilities) are required in order to be able to compete?

**ENVIRONMENT**  What external, environmental factors affect the business' ability to compete?

**STAKEHOLDERS**  What are the values and expectations of those in power in and around the business?

# Where to start?

Before embarking on any project, you will need to understand the internal and external factors that can affect your proposed strategy.

There are various **strategic planning tools** that you can use to analyse these factors.

Some of the most widely used tools include:

» SWOT Analysis

» PEST Analysis

» Porter's 5 Forces

» McKinsey's 7S Model

# SWOT Analysis

Use a **S W O T** Analysis to analyse the…

**S**TRENGTHS
The advantages over the competition concerning this project.

**W**EAKNESSES
The disadvantages you have internally compared with the competition.

**O**PPORTUNITIES
Current external trends which are waiting to be taken advantage of.

**T**HREATS
External movements which may cause a problem and have a negative impact on your business.

# PEST Analysis

Use a **P E S T** Analysis to examine important external factors that may impact your project.

**P** OLITICAL
Global issues, legislation or regulations which may impact now or in the future.

**E** CONOMICAL
Interest rates, inflation and consumer confidence should all be taken into account.

**S** OCIAL
Media, major events or advertising and publicity factors can all make an impact.

**T** ECHNOLOGICAL ENVIRONMENT
Technological advancements, innovations as well as global communications should be considered.

# Porter's 5 Forces

Use Porter's **5** Forces to analyse the competitiveness of the industry in which you operate, and the 'attractiveness' of the market.

Porter identified five factors that act together to determine the nature of competition within an industry:



BARGAINING POWER OF SUPPLIERS

DEGREE OF COMPETITIVE RIVALRY

BARGAINING POWER OF CUSTOMERS

THREAT OF SUBSTITUTION

THREAT OF NEW ENTRANTS TO THE MARKET

# McKinsey's 7S Framework

McKinsey's **7S** Framework model is based on the theory that, for an organisation to perform well, these 7 elements need to be aligned and mutually reinforcing.
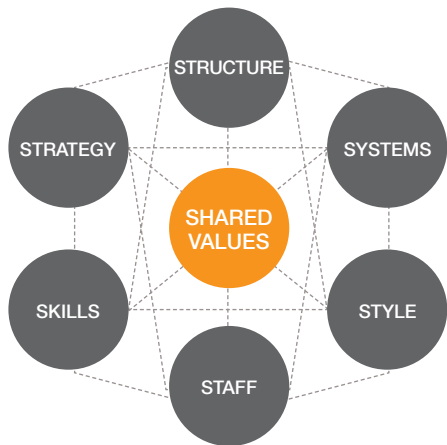
# Selecting
# the right tool
for the job

## **S W O T** Analysis

Great for reviewing the internal elements of the business, for example, understanding the weaknesses of your business could help you to manage and eliminate threats, which may otherwise catch you unaware.

## **P E S T** Analysis

A great tool to ensure you give adequate consideration to the external factors that could impact your business or project.

## **Porter's 5** Forces

Used for analysing the attractiveness and likely profitability of an industry.

## **McKinsey's 7S** Framework

Use this model to help identify what needs to be realigned to improve performance, or to maintain alignment during change.

Whatever the change, the model can be used to understand how the elements are interrelated, and so ensure that the wider impact of changes made in one area is taken into consideration in other areas.

**②**
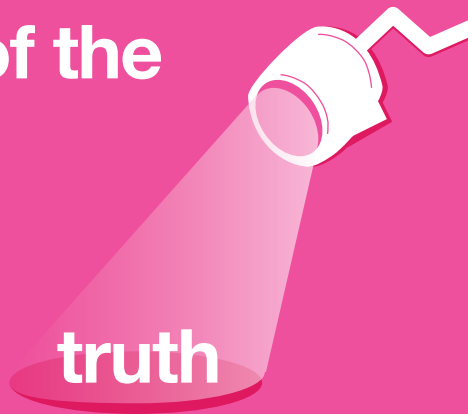
# Getting to a version of the truth

# The truth is out there…

Getting to a version of the truth requires interaction with key stakeholders through a well balanced mix of elicitation techniques.

———————

Your project's business needs and the stakeholder mix will determine which elicitation methods you should use.

———————

Let us help you select the best elicitation techniques for **you…**

# Elicitation techniques:
## Interviews

The most commonly used technique used for requirements gathering.

## When to use
When you need depth of understanding over breadth.

## Pros
Allows in depth discussion to enable you to extract detailed information from individuals. Can often lead to an accurate understanding of the process.

## Cons
Large amounts of qualitative data can be hard to analyse. Interviews can also be a time consuming exercise if your stakeholder group is large.

# Elicitation techniques:
## Workshops

Stakeholders brought together for a short intensive workshop.

## When to use
When knowledge is dispersed among stakeholders.

## 👍 Pros
One of the most powerful techniques in gaining consensus on requirements. Can forge an agreement between stakeholders and team.

## 👎 Cons
Requires good facilitation skills.

# **Elicitation techniques:** Document Review

Elicit requirements by studying available documentation. A good starting point before involving others.

## When to use

When there are complex departmental systems and no single user knows the full process.

## Pros

Enables you to understand the process and not the biased opinion of individuals! Has little or no impact on stakeholders time.

## Cons

Documents can be difficult to interpret correctly without input from individuals.

# Elicitation techniques:
# Surveys

Information is elicited via questions to sample groups, sometimes anonymously, in a short space of time.

## When to use

When your stakeholder list involves high numbers. With free online survey software readily available, surveys are also an inexpensive way to gather information.

## 👍 Pros

Useful for quickly gathering data from a large group of participants, particularly when stakeholders are geographically dispersed. Results can be statistically analysed.

## 👎 Cons

Surveys can take a long time to develop and response rates cannot be guaranteed. Not well suited for collecting behavioural information.

# Drawing conclusions...

Once your elicitation methods have been employed, be sure to document the elicitation quickly, while it is still fresh in your mind.

———————

Share the results with project drivers and appropriate stakeholders to confirm their agreement with the findings.

# Be prepared for...

» Conflicting requirements from different stakeholders

» Unspoken or assumed requirements

» Difficulty gaining access to the right stakeholders

» The stakeholders' unwillingness to change or help design a new product

» Not enough time allocated to meet with all the important stakeholders
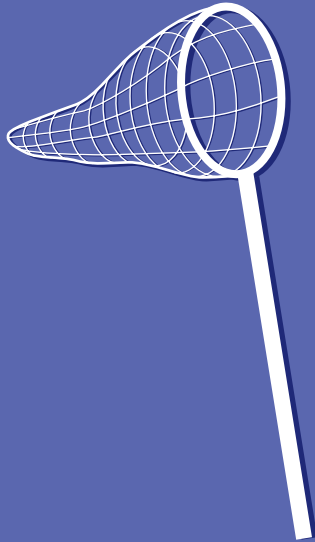
**NineFeetTall's** recent 'Truth or Dare' survey revealed…



Truth or Dare?

...**2/3** OF THESE STAKEHOLDERS ARE NOT FULLY ON BOARD WITH THE PROJECTS THEY ARE WORKING ON.

SUCCESS

2. Getting to a version of the truth

# What makes a good Business Analyst?

> " a good business analyst has the ability to listen to what is being said and hear what is not. "

www.modernanalyst.com

③ Capturing requirements

# Requirements analysis

An effective analysis of your requirements will allow you to understand what you **need** and what you **want** in order for your project to be a success.

# Why do we need requirements specification?



What marketing suggested



What marketing approved



As designed by engineering



What was built



How it was installed



What the customer wanted

# Get it right!

**"** **60%-80%**
of project failure
can be attributed directly
to poor requirements
gathering and analysis. **"**

Source: Gartner

# The 9 top reasons **for project failure**

1. Poor definition of requirements
2. Ineffective communication
3. Lack of handover process
4. Lack of sponsor involvement
5. Poor strategic alignment
6. Poor risk management
7. Poor planning
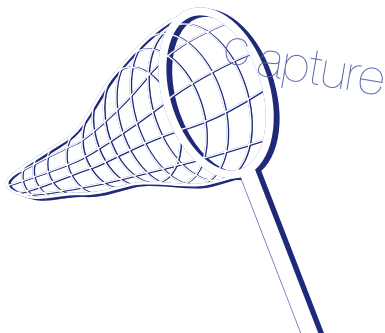8. Long time to delivery
9. Scope creep

# What is a requirement?

**❝** A requirement is a statement that identifies a necessary attribute, capability, characteristic or quality of a system for it to have value and utility to a user. **❞**

It describes what is **wanted** and what it **will do.**

# Documenting requirements

Here are some useful words to use when documenting your requirements.

check receive
allocate take
choose evaluate validate
notify authorise
pass ask record track
issue capture
calculate detect
report amend produce

capture

# **Take care**
when
documenting
requirements

## Beware of…

**AMBIGUITY**
Does the requirement actually say what is required or is it all fluff and no substance?

**OVERLAP**
Are there requirements that might cross over with one another?

**REALISM**
Is the requirement realistic or is it just one person's pipedream that could never be possible?

**TESTABILITY**
Can the requirement be tested?

# Prioritising requirements

A standard Business Analyst format for prioritising requirements is through the **MoSCoW** technique.

**M**UST HAVE

**S**HOULD HAVE

**C**OULD HAVE

**W**ON'T HAVE

# MoSCoW

### **M**UST HAVE

A requirement that is fundamental and must be met by the solution.

### **S**HOULD HAVE

A requirement for which, if not directly met by the solution, there is a workaround that is acceptable to the business.

### **C**OULD HAVE

A requirement that can more easily be left out of the increment under development.

### **W**ON'T HAVE

A requirement that stakeholders have agreed will not be implemented in a given release, but may be considered for the future.

# Sign-off

**APPROVAL:**

ninefeettall

25th May 2013

The final stage of producing a requirements document is the all important document sign-off.

Whilst this may be the final step in the process, it is important you understand from the very beginning who will be signing off your document.

# Avoiding scope creep

It is critical that you have a clear and well understood scope.

Changes will happen but at least you can assess the impact to cost, time and quality and make informed decisions on whether changes should be included or not.

# How to avoid scope creep

1. Have a clear understanding of the project vision.

2. Know the priorities of the project drivers.

3. Clearly define your intended deliverables and get them approved by the project drivers.

4. Breakdown the deliverables into actual work requirements.

5. Break the project down into minor and major project milestones.

6. Map all work requirements and milestones onto a detailed project plan.

7. With your schedule in place, assign all required resources.

8. Determine your critical path. This is likely to change over the course of your project so it is important to evaluate it before development begins.

9. Expect scope creep! Implement Change Order Forms to enable you to perform a cost/benefit analysis for all change requests.

# 4
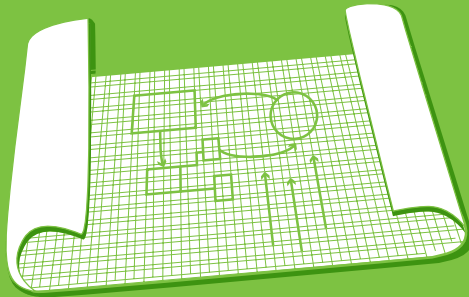
# Process design

# What is process design?

Process design is used to develop **efficient** business practices.

_____

It combines the **objectives** of each department in the business to create a **repeatable** set of instructions to make the business run efficiently.

# 9 process mapping questions

1. What are the key inputs?

2. What are the main outputs?

3. Where does the output go?

4. What generates the process?

5. What decisions are made in the process?

6. Who performs each activity?

7. Who are the suppliers of the process?

8. Who are the customers of the process?

9. What sequence are the activities performed in?

# Process mapping tools and models

The real world is usually complex and messy.

You need an approach to process design that first lets you clearly see what's happening – and then helps you think about how the situation could be improved.

Business analysts use a number of different process models:

» Rich Pictures

» Flowcharts

» Swim-lanes

» Use Cases

» Data Flow Diagrams

# Rich Pictures

Rich Pictures help visualise business processes.
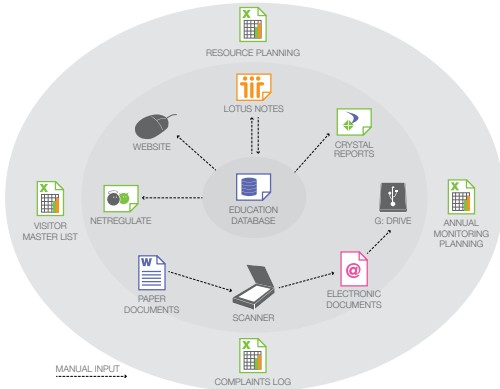


EDUCATION SYSTEMS DATA FLOW – AS IS

Key elements of a Rich Picture:

## PROCESSES
What are the processes for transforming inputs into outputs?

## INPUTS
What are the inputs? Where do they come from?

## OUTPUTS
What are the outputs? Where do they go to?

## STEPS
What are the basic steps in-between.

# Swim-lanes

(often referred to as cross-functional flowcharts)

Allows you to quickly and easily plot and trace processes and, in particular, the interconnections between processes, departments and teams.

Key attributes of a Swim-lane diagram:

## LANES
Processes and decisions are grouped visually by placing them in lanes.

## PROCESS FLOW
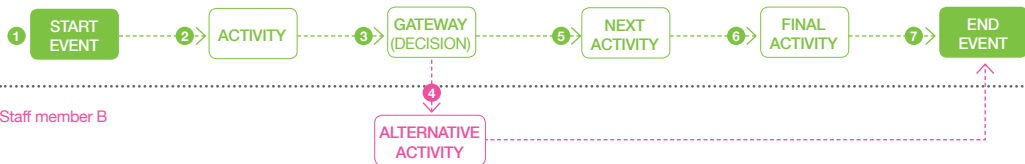Highlights the flow of a process between different functions or departments.

## HAND-OVERS
Highlights the key hand-over points.

## INEFFICIENCIES
Great tool to help spot processing gaps, delays and inefficiencies.

Staff member A

| 1 | START EVENT | 2 | ACTIVITY | 3 | GATEWAY (DECISION) | 5 | NEXT ACTIVITY | 6 | FINAL ACTIVITY | 7 | END EVENT |

4 ALTERNATIVE ACTIVITY

Staff member B

# **Process mapping** should help you decide…

**Business improvement**

## **Vs**

**Business process re-design**

# Improvement **VS** Re-engineering

**BUSINESS IMPROVEMENT**
Normally assumes some pre-defined constraints especially regarding organisational structure.

- » Taking what you have and making it better
- » Bottom up, within the departments
- » Focus on existing process
- » In the order of 10-20% efficiency gains
- » Incremental improvements, less risky

**BUSINESS RE-ENGINEERING**
Builds the optimum process first and then designs the organisation around it.

- » Wipes slate clean and starts again
- » Top down, spanning departments
- » Focus on outcome
- » Up to 10 times efficiency gains have been reported
- » Radical change but more risky

# Business improvement tools

**Lean** Vs **Six Sigma** Vs **Lean Six Sigma**

Some people speak of Lean, some speak of Six Sigma and some use a combination of the two.

How do you know what's right for your organisation?

**Lean** originates from the Japanese manufacturing industry

**Lean** focuses on:

» eliminating waste from processes

» increasing process speeds

90.

4. Process Design

# Six Sigma

…is a set of tools and strategies for process improvement originally developed by Motorola in 1986

It seeks to improve the quality of process outputs by:

» identifying and removing the causes of defects

» reducing cycle times

» eliminating costs which provide no value to customers

In recent years, **Six Sigma** is often combined with **Lean**

**Lean Six Sigma** combines speed with quality improvements.

Whilst Lean promotes rapid business processes, this focus can sometimes result in a lack of quality.

Together Lean and Six Sigma can result in the most efficient, quality workflows possible, allowing your company to maximise productivity, while eliminating waste and reducing costs.

# Business process re-design

Using Radical Change to Improve
Organisational Performance

> "...the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary modern measures of performance, such as cost, quality, service and speed."

Michael Hammer

# Business improvement

## Vs

## Business process re-design

| | Business improvement | | Business process re-design |
|---|---|---|---|
| DEGREE OF CHANGE | Radical, extreme | | Incremental, small steps |
| STARTING POINT | Start from new | | Existing processes |
| FREQUENCY OF CHANGE | One-time | | Continuous |
| PARTICIPATION | Top down | | Bottom up |
| TYPICAL SCOPE | Broad, cross functional | | Narrow, within functions |

# The key stages
of business
process
re-design

| AS-IS | TO-BE | GAP ANALYSIS | TRANSITION |

# GAP analysis

Compare the "As-Is" and "To-Be" processes and highlight any gaps using this **NineFeetTall** framework to ensure all areas are addressed.
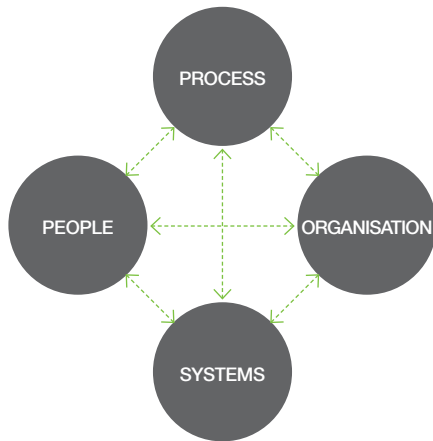
**5**

Testing new ways of working
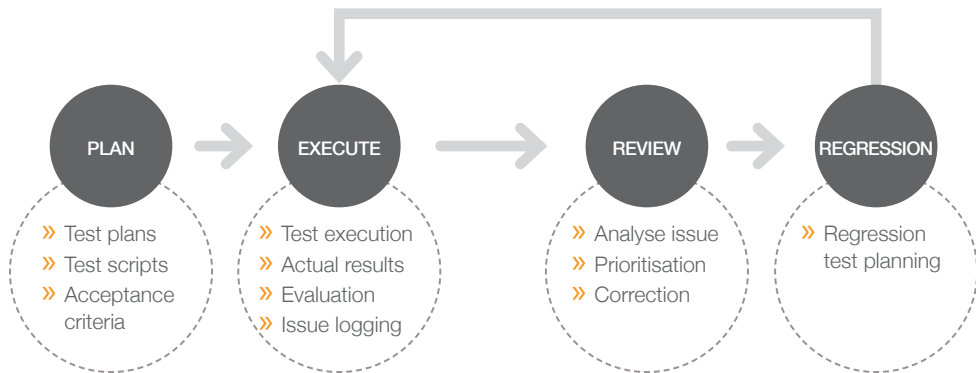
# **Testing,**
## testing,
## 1, 2, 3…

Testing is the practice of making objective judgments regarding the extent to which a new system meets, exceeds or fails to meet stated objectives.

# **9 areas** a good test strategy should highlight

1. The approach that needs to be taken.

2. The test stages that will be passed through.

3. The teams/people responsible for undertaking testing.

4. The responsibilities of those undertaking the testing.

5. The conditions under which testing will take place.

6. The environment requirements of testing.

7. The success criteria for testing to be classified' passed' or 'fit for purpose'.

8. How testing will be managed, tracked and reported.

9. The key risks and areas of concern as stated by the business / suppliers.

# Test plan



| PLAN | EXECUTE | REVIEW | REGRESSION |
|------|---------|--------|------------|
| » Test plans<br>» Test scripts<br>» Acceptance criteria | » Test execution<br>» Actual results<br>» Evaluation<br>» Issue logging | » Analyse issue<br>» Prioritisation<br>» Correction | » Regression test planning |

# 90%

of the effort involved in testing is in the
planning and preparation.

## only 10%

of effort is deployed in the
testing of the actual system.

# Scoping a test strategy

What needs to be defined?

### SCHEDULE
When/what, cycles, regression testing.

### RISKS
High impact processes, high volume activities, high complexity.

### KPIs
Performance criteria, sign-off criteria.

### PEOPLE
Test manager, test analysts, subject matter experts, customers, board, developers, etc.

### EQUIPMENT
IT, printers, scanners, tills etc.

### SOFTWARE
Test environment, version.

### DATA
Set up of real data on test system, appropriate user access rights and security.

### LOCATION
Where, desks, etc.

### TEST MANAGEMENT
Tools to track progress and issue resolution.

**6** Business readiness

# Your go-live checklist ✓

**SYSTEM**
System fully tested, infrastructure in place, user logons and access rights set up.

**BUSINESS PROCESS**
Documented and communicated with clear roles and responsibilities.

**DATA**
Master data set up, data migration complete and KPIs defined and agreed.

**TRAINING**
Stakeholders and users have been trained, training and support material available.

**CHANGE PLAN**
New ways of working defined and organisational structure aligned.

**COMMUNICATION PLAN**
Tailored to the audience encouraging two-way engagement.

**CUTOVER PLAN**
Step by step plan and resource pool to support the go-live issues and change management process – to prioritise fixes and improvements.

**CONTINGENCY**
A plan in case something goes wrong.

# Ready?

**The decision to go-live or not should not be taken lightly;** it is without doubt one of the most important decisions in the project lifecycle and getting it wrong can jeopardise the success of the entire project.

## GO!

Going-live without everything in place may result in:

» Insufficient training

» Business processes not understood

» Stakeholders missed

» Lack of communications

» Business areas not ready for the changes

» Workflows and exceptions not mapped out

» No backups and disaster recovery in place

» Unclear responsibilities, accountabilities and ownership

» Inadequate implementation strategy

# And finally…

> **However beautiful the strategy,** you should occasionally look at the results.

Sir Winston Churchill

# 7 Glossary

# Glossary

BA – Business Analyst.

BPM – Business Process Management.

BPR – Business Process Re-Design.

McKinsey's 7S' – a model to help balance the shared values, strategy, structure, systems, skills, staff and style elements of your project or business.

MOSCOW – A standard BA format for prioritising requirements.

LEAN Business Improvement – focuses on eliminating waste from processes and increasing process speeds.

PEST – model to analyse Political, Economical, Social and Technical factors.

Porter's 5 Forces Model – used to analyse the competitiveness of the industry in which you operate.

Six Sigma – a set of tools and strategies for process improvement, originally developed by Motorola in 1986.

Stakeholder – anyone who can affect or is affected by an organisation, strategy or project.

SWOT – model to analyse your Strengths, Weaknesses, Opportunities and Threats.

# 8

# Useful resources

# Useful resources

## WEBSITES
www.ninefeettall.com

www.9plustraining.com

www.mindtools.com

www.modernanalyst.com

## BLOGS
www.ninefeettall.com/blog

## RESEARCH
Nine Feet Tall's 'Truth or Dare' Survey, 2012
Download the results from
www.ninefeettall.com/insight/register-truth-or-dare-survey/

## SOCIAL
www.linkedin.com/skills/skill/Business_Analysis

## ASSOCIATIONS
BCS (British Computer Society),
The Chartered Institute for IT
http://www.bcs.org

BABoK
(Business Analyst Body of Knowledge)

IIBA – International Institute of Business Analysis
www.iiba.org

# About
# NineFeetTall

# About
## NineFeetTall

**NineFeetTall**
are experts in
business transformation

with proven experience of delivering

complex change projects across

multiple industries and sectors.

Each member of the team

has a broad range of skills and

knowledge brought together with

a conviction and energy to deliver

measurable results
for our clients.

# Contact us

We hope you have enjoyed our little book on this big subject.

If you would like to discuss your business analysis requirements, please get in touch:

**CALL**
01225 904 630

**EMAIL**
info@ninefeettall.com

**WEB**
www.ninefeettall.com

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