

Achieving Business Analysis Excellence

Turning Business Analysts into Key Contributors by Building a
Center of Excellence



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Almost all of today's business processes are dependent on information technology. This fact has sparked a demand for increased business analyst involvement throughout the system development life cycle and has fueled the recognition and growth of the business analysis profession. Yet the job that business analysts perform is often ad-hoc and undocumented. Individual business analysts struggle to know how to approach the different types of projects they encounter and at a single organization there may be multiple views on how to "do requirements."

Templates may exist for things such as a business requirements document or a functional requirements specification, but templates can't provide guidance on techniques or approach. It's difficult for individual business analysts to make lasting improvements without a support structure to help them grow their skills and to build a consistent, sustainable best practice approach.

At many forward-thinking organizations, recognition of the importance of business analysis skills has fostered a movement toward building Business Analysis Centers of Excellence. Like other centers of excellence¹, a Business Analysis

Center of Excellence serves to advance skills, increase quality, support a consistent approach, provide a focus for best practices and lessons learned, and, ultimately, improve the quality of delivered solutions.

In this white paper, we'll discuss what a Business Analysis Center of Excellence (BACoE) is, then how to assess whether you need one and how to build one. We'll also discuss the business case for a BACoE and how you can build a case that supports the decision to proceed.

The Journey to Business Analysis Excellence

A Business Analysis Center of Excellence (BACoE) implementation should be customized to meet specific business needs, however, any recipe for a BACoE should contain all of the following ingredients:

- Discovery of the current state: What processes are followed? How many BAs are there and what roles do they play? Are there tools, templates or best practices that are being used?
- Development of a new or the enhancement of existing requirement/software development processes in order to leverage best practices.
- Selection of requirements tool(s) that can be used for requirements definition and management across projects and organizational areas.
- A gap analysis of existing resource skills set against the new, improved process.

¹ As Kathleen Hass has stated: "The concept of CoEs is quickly maturing in twenty-first century organizations because of the need to collaboratively determine solutions to complex business issues. The project management office (PMO), a type of CoE, proliferated in the 1990s as a centralized approach to managing projects....Centers of excellence are being recognized as a business support function just as critical as accounting, marketing, finance, and human resources."

From Analyst to Leader: Elevating the Role of the Business

Analyst. Kathleen B. Hass, PMP. Published 2008 by Management Concepts, Inc.

- A training program that focuses on closing gaps in existing business analysis skill sets.
- A mentoring program for business analysts as they begin to implement the new process and tools.
- A plan for the development and implementation of a cross-functional group that will manage the communication, maintenance and improvement of the adopted approach.
- People: What is your organization's definition of a "business analyst"? How many job titles have "analyst" or "business analyst" in them? Are they all really doing business analysis work as defined by the International Institute of Business Analysis® (IIBA®)? What kinds of skills and competencies are required for the types of projects they're involved in? What are their responsibilities? What training is available? Is there a career path?

Before You Begin

The first thing needed is a sponsor for building a Business Analysis Center of Excellence, along with a Requirements Leadership Team that can discuss and make decisions about how and when to proceed. A BACoE is a powerful force that will change the way things are done within your organization; without an executive behind the initiative to champion the effort and communicate its value across the enterprise, organizational resistance can prevent the success of the effort.

Phase One: Planning for the Center of Excellence

If you're not sure whether you're ready for a Business Analysis Center of Excellence or if you want to get an idea of how much effort and time might be involved given your organization's business analysis capabilities, start by discovering where you are. We've had some clients protest this step: "You don't need to assess us; we know we're not doing things well." But discovery and planning helps you see what's working and what's not and should not be avoided. The step should include interviews with existing staff – including your business analysts, IT professionals, and project managers – and should focus on four different perspectives: people, process, tools and organization.

- Process: Does the organization have a project management methodology? Is there a defined requirements life cycle methodology? Are industry best practices communicated and followed? Are templates, guidelines and quality checklists available?
- Technology: What tools are used during the requirements life cycle? How many projects capture requirements using Word and Excel? Are there any tools that support collaboration and review of the requirements? How are changes to the requirements managed?
- Organization: How many BAs are there and where do they report? How are BAs assigned and used on projects? Where in the organization could a BACoE be housed? IT? The business? Somewhere in the middle? What are the trade-offs?

The time it takes to conduct the discover and plan phase varies based on the size of the organization and the number of people to interview, but on the average, it takes about six-eight weeks. But it's well worth the investment as discovery and planning provides a clear picture of the organization's business analysis maturity and the effort it will take to reach a higher level. The

deliverables associated with discover and plan typically include findings and recommendations for the future. A roadmap for improvement and a business case to justify the need for improving BA competency should also be included and are described below.

Determining the Target

At the conclusion of discover and plan, the requirements leadership team will have some decisions to make. The first, of course, is whether to move forward. That means building a business case – more on that next. If the decision is to go ahead, then a determination should be made as to the desired maturity level that will work for the organization. Will a less formal practice be sufficient? Or does the organization want to move toward a more rigorous and formal organization? For smaller organizations, a less formal practice can often be adequate; larger organizations need more structure.

With this decision in hand and using the findings from discover and plan, a roadmap for establishing a BACoE is prepared and becomes the basis for determining how and how quickly to move forward.

Building the Business Case

A business case for a Business Analysis Center of Excellence should include the expected business benefits, the expected costs, a gap analysis and perceived risks. Consideration should also be given, of course, to the option of doing nothing. So for a BACoE, how do you quantify the benefits? Begin with setting measurable goals. Is your goal to grow the company's ability to do more? Is it to significantly improve the speed or quality of delivered solutions?

The basic question to ask is "how much are poor business analysis practices costing us?" Costs can be more than financial and may include low

employee morale, poor how do you quantify the benefits? Begin with setting measurable goals. Is your goal to grow the company's ability to do more? Is it to significantly improve the speed or quality of delivered solutions?

The basic question to ask is "how much are poor business analysis practices costing us?" Costs can be more than financial and may include low employee morale, poor customer satisfaction, and lost opportunities. The next question is "how do I find out?"

The measure of success for many organizations is whether projects are more successful once the BACoE is in place. The trick is to define what "successful" means, but typically you want projects that come in on time and within budget, but even more important, your delivered solutions should satisfy the business need. Measuring satisfaction can be challenging and is what's considered a "soft" cost, but the number of requests for enhancements and how quickly they come can be a clue. The drawback of the project success measure is that it will take a while after establishment of a BACoE to complete projects that have made use of the improved techniques and tools, so the benefit is one that will be realized over the long term. Make sure your organization understands this critical fact.

In the more immediate term, there are a few other factors that a BACoE affects. One is BA turnover. BACoEs provide improved new hire training and skills coaching for existing employees. The existence of a BACoE is often a deciding factor when BAs are looking to join an organization: the best BAs want to work for organizations that care about the business analysis profession and foster its growth.

Whatever the goal, you will need to collect data on the current situation:

- What is the number and size of projects in a typical year?
- What is the success rate in terms of schedule, cost and quality?
- How many resources are involved?
- How many defects are identified within one month of delivery? Within three months?
- How many of the defects have a root cause of poor or no requirements?
- What is the annual cost of the team that fixes defects?
- How many change requests/enhancements are submitted within three months of delivery? Within six months?
- How much time is currently spent doing business analysis work?
- What are the metrics on hiring BAs, including the number of open positions and the time to fill them?
- What's the attrition rate for your BAs?

Try to quantify the annual operational expenses due to these factors. What's the annual cost of rework? What's the cost of poor requirements? What's the cost of fixing a defect? What's the cost of hiring a BA to fill an open position? What's the cost to train that BA?

Industry research contains many details on the impact of poor requirements leading to project failure. One such report by Voke Media² contains statistics reporting that only 37% of software

² "ROI Scenarios: Invest for Success – Adopt Requirements Definition Solutions to Deliver Strategic Value and Economic Efficiencies", by Voke Media, August 12, 2010

meets the needs of its users and that poor requirements are the root cause. The report also details several models for quantifying the investment to improve requirements. Although this paper doesn't focus specifically on BACoE's, its statistics and sample calculations can be extremely useful as you think about your own business case.

Phases Two and Three: Develop Business Analysis Competency Assets while Executing Projects

Even with a solid business case and a roadmap, putting a BACoE organization into place is not a quick fix situation. It requires commitment and time. It usually makes sense to incorporate outside expertise during this phase, with a plan to ultimately become self-sufficient.

RG generally recommends using skilled BA practitioners to perform a number of guided projects within the organization, where improved BA practices can be applied, while concurrently working on developing the business analysis environment.

Pilot projects serve two purposes. They are an opportunity to try things out in real situations. They also provide a chance to mentor in-house business analysts and improve their competencies. The mentors work alongside an in-house team, demonstrating what needs to be accomplished when, and how to use best practices – all the while ensuring that the project will be successful.

At the same time as carrying out projects, work on developing the components of business analysis competency should begin. There is a big business advantage to using a concurrent approach. Business analysis competency can be a "tough sell" in the early stages because there is no solid return on investment that can be used to justify the effort. But when paired with project successes, it can develop until it is solid enough to show solid metrics against documented goals.

Building business analysis competency means focusing attention on the process being used, on the tools that will support success, and on the business analyst role. The work done here feeds back to projects, and vice versa.

- **Defining the Processes:** This involves mapping out processes to show the activities and their sequence, the roles involved, any technology that's used and deliverables produced. Start with the "as-is" processes; then focus on where the pain points are in the current process (often it's at the hand-offs from business to IT) and where the opportunities for improvement and for insertion of industry best practices can be found. The goal is a defined set of "to-be" requirements processes supporting the project life cycle. Deliverables should include identification of the types of projects being carried out as well as documentation of the steps in the methodology, tailored depending on project type, length, and complexity.
- **Identifying Business Analysis Roles:** This involves identifying the skills that will be required and the roles that make sense in the organization to carry out the processes. This may be a shared activity with the HR department and it also involves defining skills gaps and training requirements. A career path should also begin to be considered at this point. Employees must see the career value of making the investment in the business analysis discipline.
- **Selecting Business Analysis Tools:** This involves identifying and selecting business analysis tools that can provide support for three critical business analysis areas: requirements definition, requirements management, and requirements

communication. An outside expert in business analysis tools can save time and reduce risk because they understand the types of tools that exist, and can recommend the best choices for your existing systems and organizational culture.

Phase Four: Improve Business Analysis Competency

This phase of establishing a BACoE involves training in the new processes and tools to build skills for internal business analysts. Don't try to train everyone at once and don't try to implement the new process on all projects. You need to move carefully, and select BA leaders who are both enthusiastic and respected by their peers.

This phase also involves rolling out the selected BA tools and incorporating those tools into project work. It may also involve moving some internal staff into different roles or different reporting structures, depending on the needs of the process.

Phase Five: Formalize Business Analysis Competency

Formalizing a business analysis competency center means building the organization that can continue to foster, manage and optimize business analysis capabilities in the organization. A BACoE will typically have responsibility for several key disciplines.

Requirements Processes and Deliverables:

The BACoE is the owner of the processes that will be followed during the requirements life cycle. That means the BACoE defines the processes, ensures that they are kept up-to-date with lessons learned and best practices, and makes them available through training and documentation to help ensure all BAs know how to do their jobs.

Business Analyst Professional Development:

The BACoE, in conjunction with HR, is responsible for defining a business analyst career path, for defining essential skills, and for establishing a training curriculum for professional development.

Tool and Asset Management:

The BACoE manages the business analysis tools used for requirements elicitation, documentation, and management. In addition, the BACoE is the central point for managing the repositories of requirements assets created during project execution. These assets must be organized in a way that makes them available to jump-start subsequent projects and to contribute toward building an enterprise-wide view of the business.

Requirements Analytics:

The BACoE works with project teams to identify base metrics (usually in the form of a scorecard) that will measure the business value of the requirements discipline to the organization, and reports out to other organizations on this information.

Major decisions that need to be made during this phase include where the BACoE organization reports and how it will be staffed. The best BACoEs report directly to the COO or to the Risk Management Office. This allows the BACoE to function as a bridge between business and IT and as an enterprise resource with an integrated, enterprise-wide view of the business processes and of the systems that support key, cross-functional processing.

Once established, the BACoE becomes the avenue for continuous improvement of business analysis competencies and helps ensure that an organization can adapt to changing demands. Some organizations have used an outside organization to operate their BACoE while they build the internal staff capabilities that will support

bringing the work in-house; others are ready to maintain the BACoE internally. We've seen two models work particularly well:

Model One: A business analysis vendor operates the BACoE, performing services to:

- Provide training to BAs
- Manage requirements for active projects
- Continually improve the requirements life cycle process
- Build enterprise business architectures
- Manage the asset library
- Provide tool expertise
- Lead and/or participate on requirements projects

Model Two: The client operates the BACoE but retains an outside vendor to:

- Provide workshops to serve as "refreshers" or to introduce new techniques
- Recommend new tools and techniques
- Serve as mentors

Either way, continually checking in with thought leaders in the business analysis discipline will keep your BACoE functioning at a high level and with the most current best practices.

Five Tips for Getting There

Building a Business Analysis Center of Excellence can't be done overnight. It requires commitment and planning. Here are the top five lessons we've learned as we've helped clients establish their BACoE organizations:

1. Starting a best-practice organization requires a champion at the executive level to market and drive it. Without a champion at a high level, BACoE efforts

can quickly fall to the bottom of the list of priorities.

2. Developing a BACoE should be treated as a project in and of itself, with a mission, a set of goals, a timeline, dedicated resources and a business case. Building the business case will help ensure the organization understands there is real value to having a BACoE – value that can be seen in reduced training costs as well as improved solution quality (and therefore fewer problem logs) on the other.
3. Take time to discover your “as-is” state. You won’t be able to build your vision or know what you need to do or how long it will take without understanding your current situation. Discovery lays the groundwork for your implementation plan and sets realistic expectations for change.
4. Plan on a two- to three-year incremental effort. It takes time to gather the expertise and learn how to function as a key part of the larger organization.
5. We’ve found that for smaller organizations, a less formal practice can be adequate; larger organizations need more structure and therefore more time to put all the pieces in place.
6. Incorporate outside help. At the very least, an outside organization can help you see where you are now and lay out a plan for how to get where you want to go. An outside organization can provide other benefits as well. They can bring BAs experienced in best practices to staff your near-term, critical projects making sure those projects succeed, while at the same time serving as role models and mentors for your internal BAs; they can also, while

working on projects, get insights that will make their recommendations particularly relevant. Perhaps most important – they’ve done it before. Avoiding mistakes and learning from practitioners with real-world experience pays big dividends in time, effort and enthusiasm.