# Hitting the Mark:

The Impact of Requirements Maturity on Project Outcome

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# EXECUTIVE SUMMARY

Nearly three out of every four companies have low requirements maturity and achieve the business objectives of their projects only 54% of the time. Low requirements maturity undermines every major measure of development efficiency and simply leads to poor project results.

This paper highlights the critical importance of good requirements to the success of your projects, and discusses the need to achieve competency all capability areas; including staff competency and process. This paper also illustrates how well-defined and managed requirements help project managers meet budget and time constraints, and discusses the focused effort essential in improving organizational requirements maturity.

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# THE PAIN OF POOR REQUIREMENTS

The majority of companies have tremendous difficulty executing technology projects predictably, on time, and on budget.  Some executives are understandably coming to view proposals to implement new systems as a gamble.  While there has rightly been considerable focus on careful project planning in an effort improve project success, many companies may be missing a critical component.

Requirements Management Maturity is a combination of six capability areas:

Process : Definition, usage, and management of requirement procedures

Practices & Techniques   : Definition of how analysts will perform work, and the efficiency and effectiveness of these activities

Technology:   Provision, usage, and integration of software tools in the context of requirements practice

Staff Competency:   Level of knowledge, skills, and ability of the workforce

Deliverables:   Definition, production, and usage of work products as output from the requirement process

Organization  : Provision of resources and resource management in the delivery of services, and the framework of process and tool governance

Nearly 75% of the companies surveyed in IAG  &RQVXOWLQJ¶V  %XVLQHVV  $QDO\VLV  %HQ identified as having low requirements maturity  ±that is, relying on an ad hoc or poorly implemented approach for requirements definition and management as opposed to having institutionalized and consistent competency in all requirements capability areas (listed to the right).   This is a critical issue because poor requirements maturity undermines every major measure of development efficiency.

Companies with low requirements maturity take more management effort to achieve poorer results than organizations with high maturity; are slower to respond to technology related threats and opportunities; and waste a considerable portion of their IT budget.  In fact, the average company with low requirements maturity  ZDVWHV      RI  WKH  RUJDQL]DWLRQ¶V  ,7 G budget.  Post-implementation maintenance costs affix an additional 14% on top of the already excessive overruns, reducing efficiency further.  It should, therefore, not be surprising that the maturity of business requirements definition and management strongly impacts project outcomes and organizational competitiveness.

![IAG Consulting logo - The Requirements Experts]

# STRONG REQUIREMENTS AND BETTER PROJECT RESULTS

As requirements maturity develops, companies experience significant improvements in time performance, budget performance, and project success rates while reducing waste and maintenance costs.  Those companies with low requirements maturity achieve the business objectives of a project an unremarkable 54% of the time and take 35% longer to arrive at that result.  Clearly, there is a lot to gain for an organization in improving requirements definition and management.

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Strong requirements definition and management improves every phase of project execution and leads to more predictable final results.  Since correctly identifying the requirements of a project takes a greater, more focused planning effort, project managers that resist the urge to jump to design or development before requirements are well defined are rewarded for their investment in initial planning by producing more successful outcomes.

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To obtain strong requirements, a meaningful definition and management plan is needed for all projects to ensure that discovery meetings engage appropriate management and subject matter experts in an efficient manner.  This productive, efficient, engagement process also helps to manage stakeholder expectations as participants develop  D  P R U H  F R P S O H W H  Y L H Z  R I  W K H  S U R M H F W ¶ V  U H T X  The resulting consensus greatly reduces the risk of time and budget over-runs.

With little ambiguity over expectations, and few last minute change request surprises, projects move consistently forward.  The development team is more productive, consumes less time pursuing clarification with stakeholders, and is better able to plan its release phases and accelerate value delivery.  Efficient development leads to uncomplicated testing and shorter overall timelines for development.  In fact, a greater emphasis on requirements excellence will often produce better than expected outcomes.  Clearly defined projects simply move faster.   A thoroughly investigated project plan may also identify business process improvements that would have otherwise been overlooked.  Finally, the traceability inherent in an unambiguous and verifiable requirements plan provides

a template for building a user manual and ultimately increases knowledge transfer.

> The average company with low requirements maturi ty wastes 34% R I  W K H  R U J D Q ( IT development budget

Is this above too good to be true?  Unfortunately, the answer in most cases i V  ³ \ H V ´   For many companies this vision is simply unattainable.  In  P R V W  F D V H V   D  F R P S D Q \ ¶ V  U H T X L U H P H Q W V  P D W X U L W \ reasonable results.  Even when senior executives issue directives to  µ I R F X V  R Q  U H T X L U H P H Q W V ¶  rity Organizations will falter P H Q W V  P L in execution.  This happens because they  ³ G R Q ¶ W  N Q R Z  Z K D W  W K H \  G R Q ¶ W know ´   and tend to focus improvement efforts on the wrong dimensions of requirements maturity.

In high requirements maturity companies, however, the above is a reality that is consistent and repeatable.  Studies have continually shown that significant improvements are made when organizations redefine their performance improvement goals and channel efforts into systematically advancing requirements development and management maturity.

The difference between companies that can achieve transformational performance improvement when investing in requirements definition and management, and those that cannot, is focus.  The organizations that focus on improving overall requirements definition and management maturity win.

## MAKING GAINS IN REQUIREMENTS MATURITY

The path to improving requirements maturity, however, is not a quick and intuitive one.  As mentioned above, the Business Analysis Benchmark study found that an organization cannot simply hire great analysts and expect to make dramatic improvements in requirements maturity.  In actuality, lower-skilled analysts working in high requirements maturity organizations outperformed their highly-skilled counterparts working in low maturity companies.  Point solutions have limited impact.  It is not enough to focus efforts on a single capability area, such as staff competency, in hopes of increasing project success rates.  In order to bring about real improvements, an organization must achieve competency in all of the capability areas.  That means following a proven process and backing it with specific techniques that analysts will use to achieve the intended results; employing and integrating essential technology; creating thorough and intuitive deliverables; achieving an organizational framework for requirements definition and management and; hiring competent staff with the objective of bringing specific skills and competencies into the organization.

Fortunately, the Business Analysis Benchmark study found that the majority of organizations are, in fact, making investments in requirements definition and management - most of which have improved maturity.  This is encouraging since for almost any realistic investment in requirements maturity, the benefits more than outweigh the costs.  However, an organization will only sustainably alter its performance on projects if this is carried out in the context of understanding the current level of maturity and systematically seeking to change it.  The chart below shows that average performance on every measure doubles as organizations move from Level 1 maturity to Level 4.

There are two traditionally successful ways to make gains in requirements management; engaging an expert, and participating in training programs.  In each case, it is critical to ensure that these actions will lead to solid improvements in every capability area.   As mentioned above, it is not enough to direct all your attention to one aspect while ignoring others.  Organizationally, strong buy-in to the requirements management processes will fuel competency and project successes.



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Source:  IAG Business Analysis Benchmark, 2009
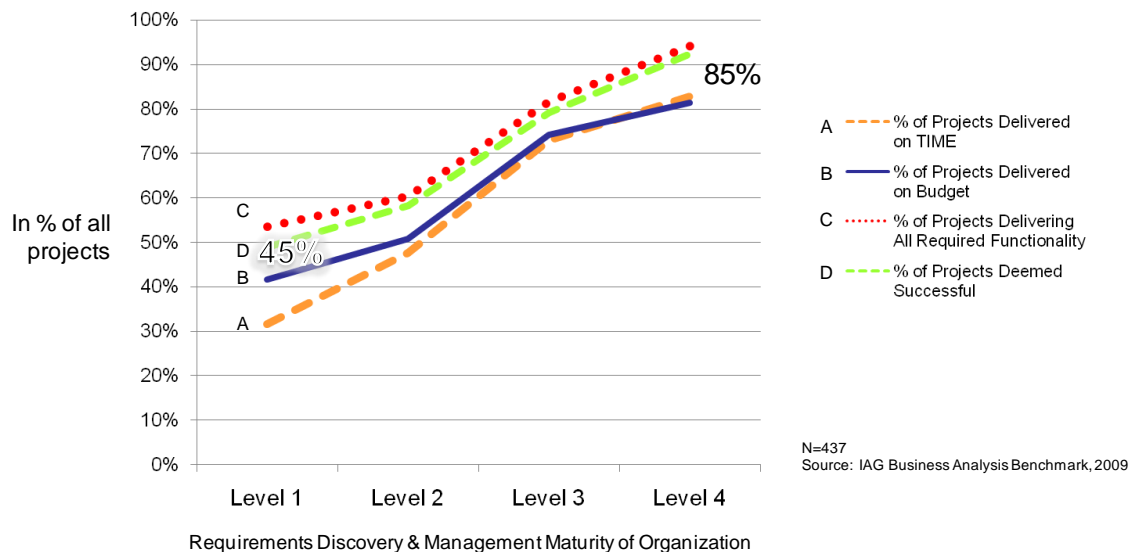
# CASE STUDY: REQUIREMENTS MANAGEMENT MATURITY ASSESSMENT FOR LARGE FINANCIAL SERVICES COMPANY

IAG Consulting was engaged by a large North American financial services F R P S D Q \ W R E H Q F K P D U N W K H R U J D Q L ] D W L R Q ¶ V U H T X L U management capabilities. The aim of the engagement was to assess the R U J D Q L ] D W L R Q ¶ V V W U H Q J W K V D Q G L G H Q W L I \ R S S R U W X K H O S W K H F R P S D Q \ V X U S D V V µ O H Y H O ¶ P D W X U L W \ 7 R the creation of a strategic map, the development of key performance indicators, the prioritization of objectives to improve focus, and crafted a careful action plan which would enable the company to push concept into change.

7 K H L Q L W L D O E H Q F K P D U N G H W H U P L Q H G W K D W W K H F R P maturity, and identified very specific priority areas for improvement. In a relatively short time frame, IAG assessed the org D Q L ] D W L R Q ¶ V F D S D E L O L W L company realized a series of deficiencies in key requirements capability areas were holding them back. The company also realized that the stretch goal of µ O H Y H O P D W X U L W \ ¶ Z D V S R V V L E O H Z L W K L F R Q F H U W H G priorities were reset to achieve this goal ±creating a multi-year program of performance change and improvement.

This engagement also involved educating employees in requirements maturity assessment tools which allow the organization to re-assess and monitor its progress, and create tactical measures of success that are well aligned with the strategy and objectives outlined by the group.

With the help of IAG Consulting, this company was able to assess its requirements definition and management practices, and make targeted, efficient, improvements in key areas. Armed with awareness and a clearly defined strategy, the organization achieved sustainable performance gains, while showing measurable improvement in project outcomes.

## CONCLUSION

The importance of complete, verifiable, traceable, and unambiguous requirements cannot be overstated. The Business Analysis Benchmark study

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has shown that companies that embrace requirements management and strive for excellence outperform those that do not.  Using an ad hoc approach to define project requirements leads to erratic, unpredictable, and suboptimal outcomes. Despite common understanding of the importance of requirements, most companies still overlook this aspect of the process  ±or are not successful in making systematic, sustainable improvement.

Fortunately, when focus on requirements definition and management maturity an exceptional opportunity for process improvement and value generation is created.  Companies that are patient, and focus consistent effort on improving competency in all of the capability areas, are well rewarded by dramatic changes in project outcome.   Get on the path to making change by first assessing your  F R P S D Q \ ¶ V   R Y H U D O O   U H T X L U H P H Q W V   G H I L Q L W L R Q   D Q G

In the meantime, if your organization does not yet possess a strong propensity to define and manage requirements, consult an expert to help define requirements on strategic projects, expand capabilities through training, and join the minority of businesses that consistently succeed in project implementation.

## ABOUT IAG CONSULTING

IAG specializes in business and software requirements.  Since 1997, our company has worked with 300 of the Fortune 1000 companies, completed over 1,300 requirements projects, and trained more than 100,000 business analysis professionals. Our organization focuses on a practical and practiced approach that is efficient for all stakeholders in both business professional and information technology departments.  We bring measurable gains to our clients:

- x  Reducing time needed to complete requirements
- x  Ensuring completeness in documentation and reducing change requests
- x  Issuing RFPs where vendors can bid accurately and clients get better terms
- x  Reducing costs in systems development
- x  Salvaging troubled projects

### CONTACTING AN IAG CONSULTING SPECIALIST

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