



Tactics for Tomorrow

**Steps to make organizational improvement in the approach
to Business Requirements**

EXECUTIVE SUMMARY

This report presents the findings from surveys of over 100 companies and presents definitive findings on the importance and impact of business requirements on enterprise success with technology projects. The survey focused on larger companies and included an average project size of about \$3 million.

This white paper is one of three extracts of the study: Business Analysis Benchmark, the Impact of Business Analysts on North American Business, and Technology Projects. This volume focuses on actions CIO's can take immediately to improve their organization's business requirements quality and project success rates. There are two parts to the report:

- Defining Effective Standards for Business Requirements – Taking an intense look at the factors that are best used to control the risk of project failure.
- Achieving Successful Projects – looking at how to create far greater levels of success on projects

Major conclusions of this study include:

- By auditing 3 basic factors in requirements documentation, over 80% of project failures could be eliminated.
- The better an organization is at the process of requirements elicitation, the more successful it can make its projects.

Finally, requirements discovery and elicitation is a process – not a deliverable. The findings are very clear in this regard – companies that focus on both the process and the deliverables of requirements are far more successful than those that only focus on the documentation quality. Documentation quality can only assure that investment in a project is not wasted by an outright failure. The quality of the process through which documentation is developed is what creates both successes and economic advantage.

CONTENTS

EXECUTIVE SUMMARY..... 2

CONTENTS 3

THE VAST MAJORITY OF COMPANIES ARE LOOKING TO IMPROVE PERFORMANCE IN BUSINESS
REQUIREMENTS IN THE COMING YEAR..... 4

DEFINING EFFECTIVE STANDARDS FOR BUSINESS REQUIREMENTS..... 5

ACHIEVING SUCCESSFUL PROJECTS – IN THE ABSENCE OF ORGANIZATIONAL DEVELOPMENT ... 7

CONCLUSIONS – TACTICS FOR TOMORROW 10

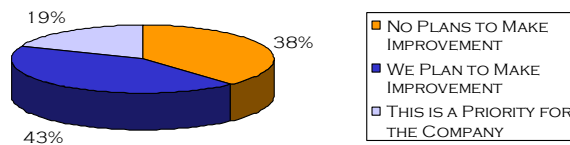
ABOUT IAG CONSULTING 11

THE VAST MAJORITY OF COMPANIES ARE LOOKING TO IMPROVE PERFORMANCE IN BUSINESS REQUIREMENTS IN THE COMING YEAR.

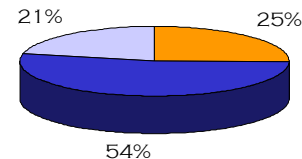
Over 70% of companies surveyed were looking to make changes to the people, process or technology used to establish business and software requirements. This last section describes a recipe for taking immediate action on projects.

One in five companies surveyed see making improvements the standards and staff surrounding business requirements as a focus for the company. Based on the data below, the trend toward improving the people and seniority of the role of business analysts within the organization is very strong. The data here is quite clear: there is a feeling that companies need to make improvement in this area.

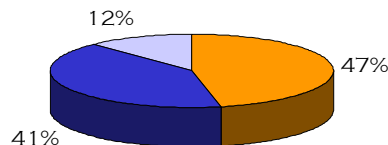
*Improve Staff:
People and Seniority of Role*



*Improve Standards:
Quality Measures & Consistency*



*Improve Tools:
Analysis or Management of Requirements*



N=109
Source: IAG Business Analysis Benchmark, 2008

Findings in other areas have shown that improvement to business requirements performance overall can only be achieved through pervasive change to process and organizational elements. Where, then, should an executive focus to obtain immediate successes while they undertake this broader organization change? IAG looked very closely at the two organizational factors most closely correlated with successful projects to develop short term action recommendations:

- Organization has defined standards for business requirements documentation quality, and assesses the work of analysts against these standards on projects.
- Stakeholders feel that the process of extracting and documenting requirements is efficient at our organization.

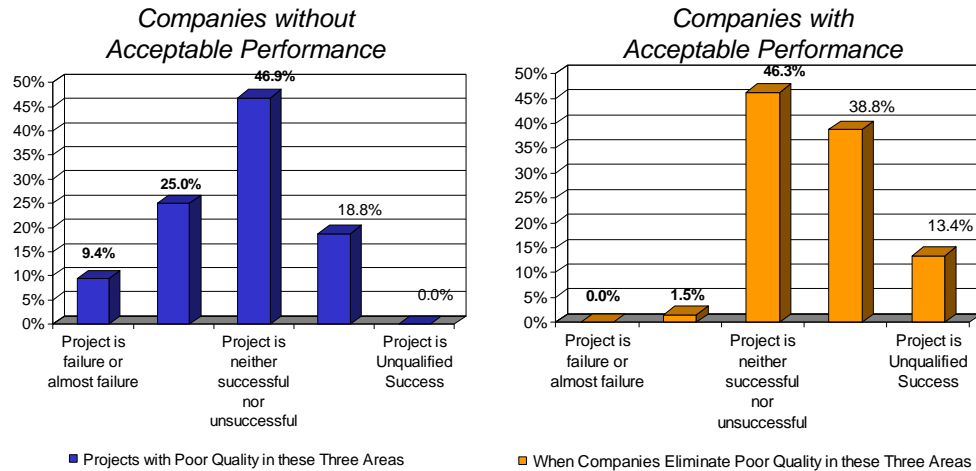
IAG uncovered a set of short-term tactical activities based on these above two factors.

DEFINING EFFECTIVE STANDARDS FOR BUSINESS REQUIREMENTS

IAG found that project failure due to requirements failure can be substantially eliminated on over 80% of projects by auditing the quality of three key factors in requirements documentation. Companies that were poor performers in these 3 areas reported projects that failed over 30% of the time, whereas companies that did at least an acceptable job in these areas reported a failure rate of only 1.5%.

The risk key areas (in order of importance) from the research are:

- 1) Uncovering interdependencies
- 2) Setting unambiguous goals
- 3) Documenting information required to support the process



Source: IAG Business Analysis Benchmark, 2008

Improving the people, tools, and processes used in these areas will not guarantee success, but it does mitigate against failure. Companies that did an acceptable job in these three areas also had a cost base that was 21% lower than companies that did not attend properly to these three areas.

All of these issues are measurable and could be audited by an objective third party. If a project manager looks at their documented business requirements and sees evidence that one of these factors has been done poorly, they should expect a better than 30% chance of failure on the project and understand that there is less than a 20% chance that the project will be considered successful unless remedial action is taken.

Business Implications of the Data

Until a company can address its broader organization issues, auditing requirements for the above three factors allows a company to begin proactively eliminating or addressing projects that are likely to be failures. For the project management office, these issues comprise a reasonable acid test that can be used to determine if requirements are defined such that the project is likely to succeed.

For the auditing function of public corporations, there is considerable risk to ignoring this data when evaluating large capital expenditures. Should an auditor find evidence of poor quality in one of these three areas on a \$5 million initiative, it is likely that this lack of quality will cost the organization \$1 million, and there is a better than 30% chance the initiative will end up a failure.

ACHIEVING SUCCESSFUL PROJECTS – IN THE ABSENCE OF ORGANIZATIONAL DEVELOPMENT

While the auditing approach described by IAG will help a company to mitigate project failures, it does not necessarily lead to projects being successful. Success is driven more by how the organization engages its stakeholders in the process of requirements discovery, and is less associated with the documentation-centric elements of the prior section.

The two elements driving the degree to which a project will be successful are:

1. *Scope management*: Ensuring that the scope of the project neither significantly changes nor has major in-scope elements moved to follow-on phases of the project.
2. *Excellence in elicitation skills*: Broadly, these are characteristics like “Getting requirements in a short, concentrated period”, “Achieving consensus on requirements”, and “Conducting efficient meetings, and making effective use of stakeholder time”

Effective Scoping – Getting Scope Right and its Impact on Projects

Experience shows that the difficulty with scoping is that if anyone is asked, “Have you scoped this project”, the answer is always “Yes”. Many organizations do not scope a project in a way that links the span of activities under the project to the affected business processes within the company. Often, the scoping statements are limited to project management or business objectives statements, rather than statements that clearly delineate which process will be effected and which ones will not.

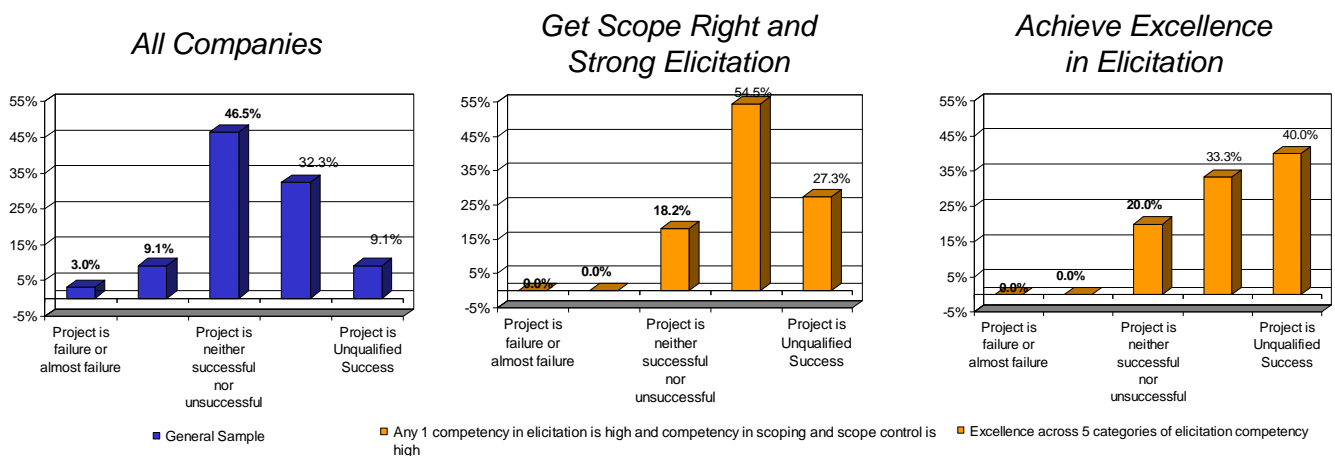
Effective scoping when combined with strong business requirements discovery skills yielded a successful project in 80% of circumstances. The findings suggest that competency in business requirements discovery (also known as ‘elicitation’) drives scope control and vice versa. The two variables are interdependent, however:

1. Having bad scope control does not necessarily mean the project had very poor elicitation skills. In only 29% of the projects surveyed is this the case.
2. However, having very poor elicitation capabilities will likely lead to very poor scope control. In over 55% of circumstances, this is the case.
3. Analysts which excel at elicitation will also have excellent scope definition and control in 95% of projects

The findings indicate that a strong business analyst with superior elicitation competency has a strong impact in better defining and controlling scope. As is indicated by the diagram to the right, controlling the scope of a project is a unique competency, but it is also heavily intertwined with elicitation skills.

Experience shows that this interaction of scope and elicitation competence makes sense: an analyst with excellent elicitation skill is able to tightly control scope and help the client make decisions on inclusions and exclusions throughout the entire process of elicitation. This continuous focusing of need during the elicitation process has a profound effect on projects and project success.

In the diagram below, IAG illustrates the effect of elicitation skill on projects as a whole. To the left (blue chart) is the entire sample including BOTH Scenario 1 and Scenario 2 companies. The most common project outcome is 'neither successful, nor unsuccessful,' which is not a particularly good outcome for the business. Had IAG presented the 68% of companies that are Scenario 1 the chart would have been skewed strongly to the left (unsuccessful).



Generally Not Successful Projects

Generally Successful Projects

Generally Excellent Projects

Source: IAG Business
Analyst Benchmark 2008

In the middle are companies where the elicitation skills are sufficiently advanced that these are assisting the analyst in ensuring that the scope of the project neither significantly changes, nor has major in-scope pieces move to follow-on stages. The diagram specifically shows the project outcomes of companies that had strong scope control AND were able to get requirements defined in a short, concentrated period. However, using scope control and any of the 3 elicitation competencies listed on the prior page yields a similar result. Here, the vast majority of projects are considered “successful”.

In the chart to the right above, IAG found that if a project manager invested in elite analysts that were excellent across five specific competencies of elicitation, they improve the probability of getting an “unqualified success”¹ from 9% to over 40%. **Simply put, a project manager increases their chance of getting an “unqualified success” by over 400% by using elite analysts with specific competencies at the start of requirements discovery.**

These findings are of most use to companies looking to make immediate and tangible gains on projects even where they have not yet made the necessary level of organizational investment needed to bring consistent success. These findings show, counter to popular belief, that a project manager can pre-set the success outcome of projects. A project manager facing a \$3 million assignment should carefully consider:

- 1) The elicitation plan: how will the project team organize and engage the 11 to 25 people typically involved in identifying requirements so that they are brought to consensus?
- 2) The facilitation team: who will do the work of facilitation and by how much can they compress the cycle of elicitation?
- 3) What is the level of detail on requirements achieved in the approach – and specifically how does this uncover interdependencies?

These above questions come directly from the data – and again – are tightly correlated with success.

The findings in this section also describe a longer term plan for organizational development (from generally poor project outcomes to generally excellent outcome) driven largely by making improvement in the elicitation expertise of the

¹ “Unqualified Success” is the highest success rating a stakeholder could assign a project.

analysts. The findings indicate that if a company were able to transform its ability to elicit requirements overnight, it would experience an overnight transformation in the success rate of projects.

Business Implications of the Data

Requirements elicitation is the process of discovering business and software requirements. The strength of the elicitation method is therefore critical overall to repeatable project success. Companies that do not standardize how elicitation will be conducted on projects will experience inconsistent project results generally, and poor project outcomes in the majority of circumstances.

It is hard to audit elicitation competencies in the same way as the more tangible competencies listed in “defining standards for business requirements”. However, the data suggests that it is critical for project sponsors to take a tough look at the elicitation plan if they wish a high probability of achieving a successful outcome. We suggest the general adoption of the three questions above as they encompass the five critical variables linked with outstanding success.

CONCLUSIONS – TACTICS FOR TOMORROW

A company may implement two tactics immediately to influence project performance:

- 1) Auditing projects for requirements defects (in three specific areas)
- 2) Verifying the elicitation plans of project managers (testing the strength of elicitation skill to be used on the project)

The first tactic - if rigidly enforced – would cut the failure rate of projects by 80%. To implement this, companies must be willing to force stakeholders to redo requirements where these are found to be defective.

The second tactic – again if enforced – sets a path for companies that which to have consistently successful projects. 80% of companies that engaged strong elicitation skills had successful project outcomes. As elite skills are utilized, the project is four times more likely to be seen as an unqualified success.

Finally, requirements discovery and elicitation is a process – not a deliverable. The findings are very clear in this regard – companies that focus on both the process and the deliverables of requirements are far more successful than those that only focus on the documentation quality. Documentation quality can only assure that investment in a project is not wasted by an outright failure. The quality of the process through which documentation is developed is what creates both successes and economic advantage.

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:

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

CONTACTING AN IAG CONSULTING SPECIALIST

Email us at: info@iag.biz or

Call our North American Toll Free line: 800-209-3616