

## Enterprise Analysis: Building a Foundation from the Top Down

Whether you are seeking a business solution or considering a new business opportunity, systematic planning and examination of alternative options is the key to determining the best project-investment path.

Enterprise analysis—the step-by-step process of identifying and analysing potential solutions to a business need—allows organisations to better understand their strategic business perspective.

These pre-project activities—as identified by the International Institute of Business Analysis (IIBA®)—help organisations determine sound investments and enhance their project portfolio, ensuring that solutions to business problems reflect the organisation's business strategy.

These activities can also maximise the return on investment, minimise duplication of efforts across the organisation and realign business operations to meet executive management's strategy.

Industry executives are increasingly finding that without up-front planning, in sync with organisational vision and overall objectives, it does not matter how well project management or business analysis is performed. More and more are therefore turning to the proven process for planning and systematically examining proposed business solutions that is enterprise analysis.

### Getting started

Enterprise analysis should be viewed as a project in itself, requiring a solid foundation of project management as well as buy-in from project team members and key stakeholders. Important starting points for enterprise analysis are:

- A vision statement to address who the consumers of these products or services will be, what they will accomplish for their stakeholders, how they will be aligned with overall business objectives and why they are essential to your organisation.

**You may find it useful to create a RACI chart as you are defining stakeholders.**

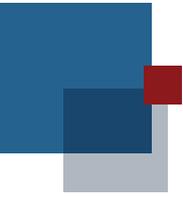
This tool will be helpful in identifying roles and responsibilities. Remember, stakeholders may fall into more than one of the following categories:

**R** = Responsible: who owns the project

**A** = Accountable: who must approve work before it is implemented

**C** = Consulted: who has information and/or capability necessary to complete the work

**I** = Informed: who must be notified of results



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- A glossary of terms to establish a common understanding of the language that will be used throughout the duration of the enterprise analysis process.
- Categorising who would be impacted by the proposed solutions as well as those who would use or benefit from the ultimate deliverable.
- Profiling the stakeholders, including their roles, responsibilities, motivators and success criteria in relation to the proposed solutions.
- A stakeholder elicitation plan to outline stakeholders' roles, responsibilities and time commitments.
- Defining a risk response strategy to focus solely on whether the organisation is willing to invest what is necessary to conduct enterprise analysis: time, money and resources.

## Step 1: Creating and Maintaining the Business Architecture

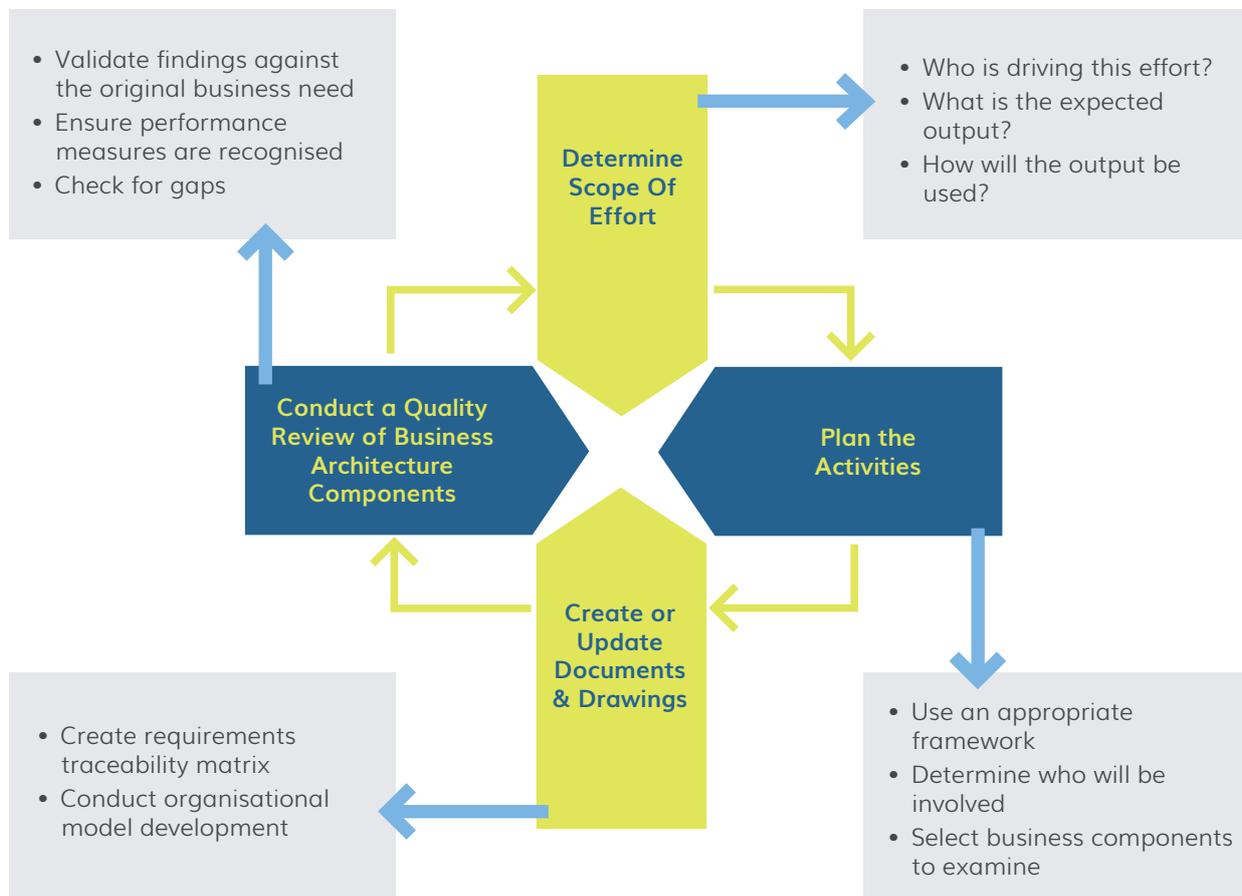
Architectural work captures and portrays business and technical information in a way that makes the two easy to interrelate—in order to drive consistency between business operations and IT systems. Together, this information forms a context from which possible change impacts can be understood.

By examining the AS-IS and TO-BE states of the business architecture, it is possible to begin to envisage the changes an organisation must make to achieve overall goals and objectives.

Typically the process steps should include these four components:

### 1. Determine the Scope of the Business Architecture Effort

Enterprise analysis activities need to be scalable to the expected output. By determining the scope of your business architecture effort, you will be examining who and what is driving this effort, what the expected output is and how the output or solution is going to be used.



Process Steps for Examining the Business Architecture

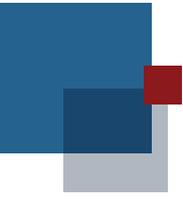
Figure 1.

## 2. Plan the Activities

Like all projects, the decisions you make along the way will reflect the size and magnitude of the project, along with the potential impact of changes that may result from your proposed solutions.

Planning activities should include:

- Planning for modelling the AS-IS and TO-BE business architecture.
- Eliciting stakeholder involvement.
- Using the appropriate framework.



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- Determining the architectural documents and drawings of the business architecture.
- Documenting organisational capabilities.
- Identifying the tools and techniques necessary for capturing, modelling and analysing the TO-BE business architecture.
- Selecting a means of archiving architectural components.
- Establishing a project schedule and communication strategy.
- Conducting an analysis on the risk of proceeding with the solution or not.

### 3. Create or Update the Architectural Drawings and Documents

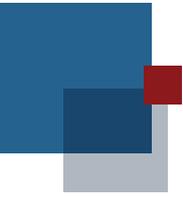
Create only the documents and models needed to describe the essential organisational components to key stakeholders:

- Create a Requirements Traceability Matrix (RTM) that provides backward and forward traceability (requirements can be traced to a test and a test to a requirement).
- Ensure that specific architectural components link to key organisational goals and objectives.
- Ensure the reasons for various decisions relating to structure and composition of business architecture components are included in the decision package (some organisations refer to this as the business architecture report).

### 4. Conduct a Quality Review of the Business Architecture Components

Ensure that the business architecture is ready to be used for its intended purpose by conducting internal and external reviews with key stakeholders:

- Confirm that the architecture will not only meet immediate needs, but also future ones.
- Make sure each component meets standards and compliance (keeping in mind government regulations).
- Address any gaps uncovered.
- Review and refine performance measures and metrics relative to goals and objectives.



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## Step 2: Conducting Feasibility Studies

Feasibility studies are critical in terms of decision-making during enterprise analysis, given that the outcome includes recommending solution options representing the best choices for the organisation.

Because the entire scope depends largely on the results of the study, conducting a feasibility effort requires a structured and disciplined approach. There are six distinct phases in the feasibility study—each dependant on the other as both input and output. Any breaks in the chain of execution are causes for potential risks.

### 1. Determining the Requirements for the Study

Tailor your feasibility study to address one of two possibilities—a business problem or a new business opportunity.

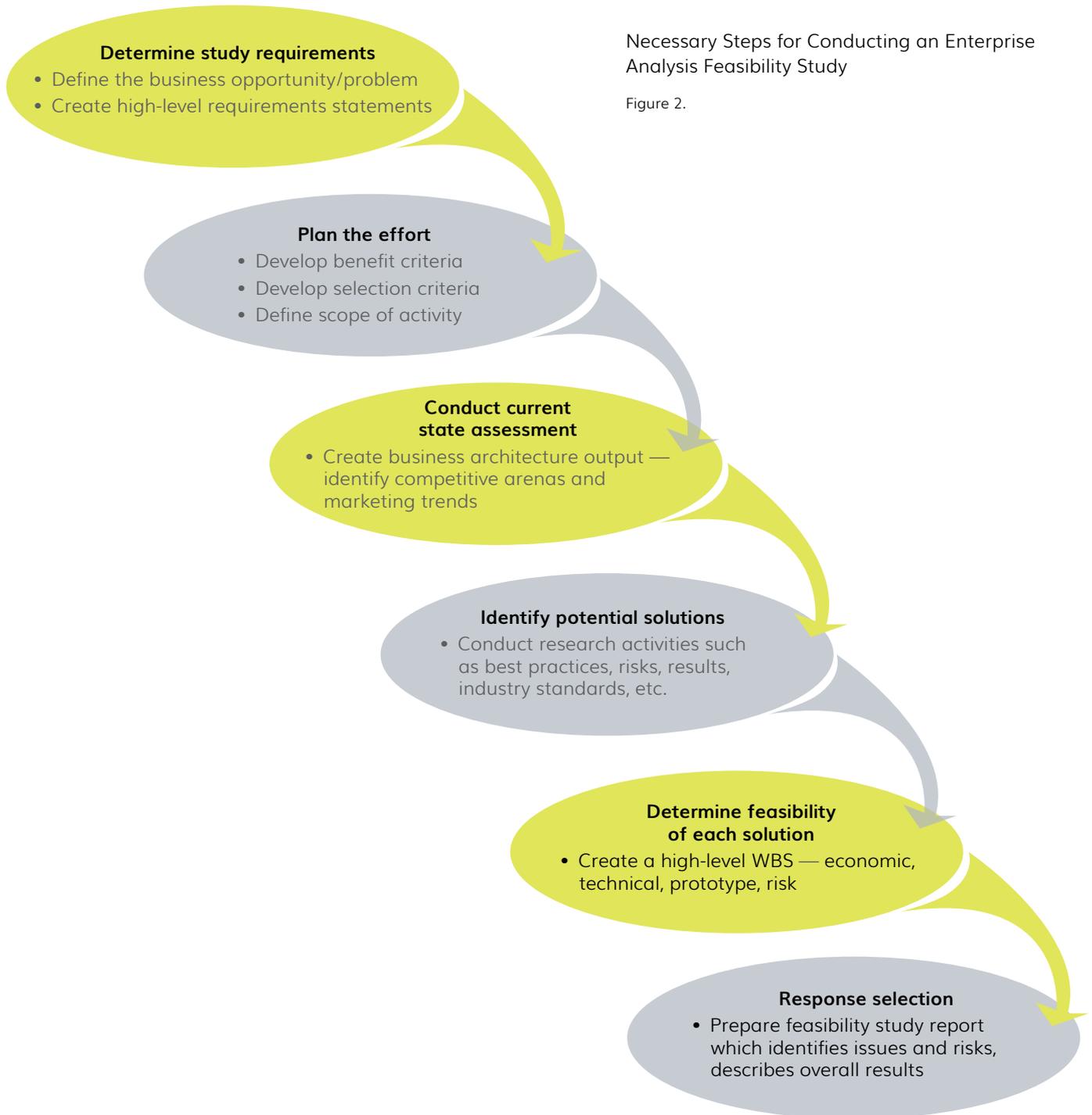
In the case of a business problem, be sure to determine the root cause before launching into the feasibility study. New opportunities should be defined in as much detail as possible so that all stakeholders involved have a clear understanding of the scope and purpose when considering solution options.

### 2. Planning the Study Effort

In order to ensure quality output from the beginning of the feasibility study effort, include a team of informed stakeholders to collaborate on key tasks such as:

- Defining the scope of activities necessary to complete the feasibility study.
- Developing benefit criteria and measures for evaluating alternative solutions based on quantitative analysis.
- Defining the study deliverables and creating a template for the final feasibility study report.
- Validating requirements and studying scope with the project sponsor.

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Necessary Steps for Conducting an Enterprise Analysis Feasibility Study

Figure 2.

### 3. Conducting a Current State/AS-IS Assessment

Depending on the size and nature of the proposed solutions, a current state assessment should take into consideration (but not be limited to) the following factors:

- Business strategy, vision, goals and objectives.
- Business areas, units and organisational data.
- Locations of business units.
- Warehousing of data and information.
- Infrastructure.
- Processes relevant to this project.
- Competitive arena, market competition, emerging markets, regulatory/legislative changes.

### 4. Identifying Potential Solutions

Take time to conduct thorough research to assess industry trends, best practices, risks and results of real-world solutions that other organisations may have implemented.

Work together with project team members to identify as many potential options as possible to meet the objectives established during planning, facilitating the open flow of ideas from all participants.

Once you have determined all options, categorise and prioritise them by developing a decision matrix. At least three options should be examined in order to achieve best results.

### 5. Determining the Feasibility of Each Option

Working with your project team, take the following actions to assess feasibility:

- Describe each solution option in significant detail in a structured format such as a high-level work breakdown structure (WBS).
- Identify methods to assess alternatives.
- Identify the expected results of the feasibility assessment.
- Define and clarify assessment steps such that stakeholders have a clear understanding.

### Tools for Identifying Solutions:

#### Brainstorming

- Decide on anonymous or open discussion
- Encourage free flow of ideas
- Create a long list of options
- Categorise ideas
- Prioritise ideas via multi-voting and/or a decision matrix (Tague)

#### Multi-Voting

- Brainstorm a list of options
- Clarify the list and keep all ideas
- Vote for the best ideas to keep for discussion
- Count votes and keep top scoring items
- Voting can be based on number of yeas or nays or a rating and ranking system

("Multivoting," 1–2)

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- Seek group consensus on prioritising each alternative.
- Review results to make sure that any gaps have been identified and addressed.

Use a combination of the following techniques to look at the feasibility of each option:

- Market surveys.
- Technology feasibility assessment.
- Interviews with stakeholders.
- Prototyping.
- Risk identification.
- Benchmarking analysis.
- Environmental impact statements.
- Technology advancement analysis.

## 6. Documenting and Communicating the Results of the Study

Communicating your results clearly at this point is important in moving forward. Involve all relevant stakeholders, including those who participated in the ideas sessions:

- Describe the results for each identified solution.
- Get approval to move forward with the next steps of enterprise analysis (especially the steps related to determining project scope and building your business case).

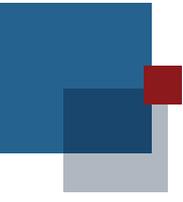
## Step 3: Scoping and Defining the New Business Opportunity

The scope must be determined in order to move ahead with building the business case, conducting the initial risk assessments and presenting your decision package to the portfolio management group. Key tasks involved at this stage include:

- Drafting the preliminary project scope statement.
- Organising information using a context diagram, decomposition diagram and a WBS.
- Preparing initial estimation of cost and time elements.
- Describing the project approach.

## *Points to Remember While Drafting the Feasibility Study:*

- *State the business problem or opportunity clearly*
- *Analyse business need via requirements*
- *Capture the results of the study (e.g., assessment processes, scoring methodologies, risks, assumptions)*
- *Prioritise selected alternatives*
- *Recommend solution and rationale*



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Project scope information needs to be organised so that the portfolio management group can recognise the full extent and magnitude of the proposed project. (The extent to which you must define the scope largely depends on the size and nature of the ultimate deliverable or solution.)

## Step 4: Preparing the Business Case

The business case serves as an essential tool for the portfolio management team to make the best investment decisions. To develop the business case, you will need to:

- Identify and quantify the benefits.
- Identify and quantify the costs.
- Prepare the business case for respective target audiences.
- Provide process measurements.

### Identifying and Quantifying Costs and Benefits

Ideally, benefits should link with the strategic goals and corporate vision outlined in the earliest stages of enterprise analysis. You will need estimates of the total net cost of the solution(s) that you are proposing:

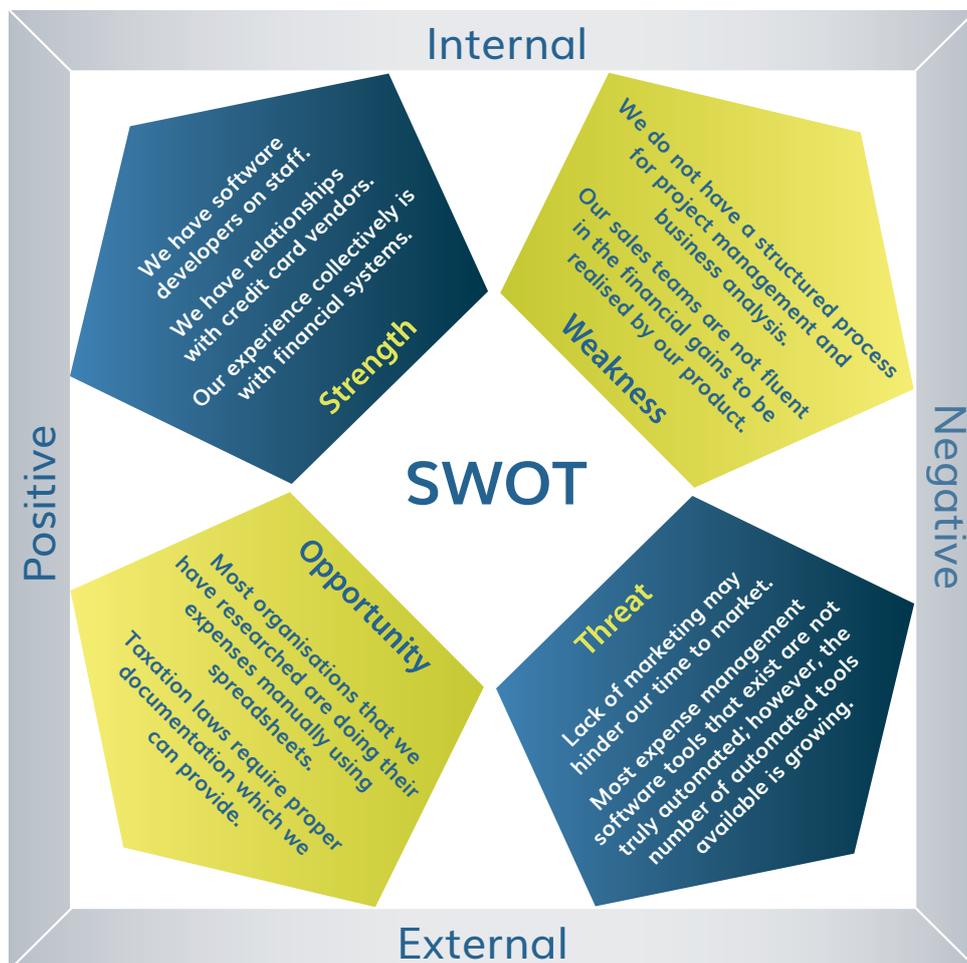
- Capital expenditures for the new investment.
- Costs of developing and implementing the change.
- Opportunity costs of not investing in other options.
- Organisational costs related to changing work patterns and practices.
- Total cost of ownership to support the new solution.

When developing estimates, consider the following financial factors:

- Discounted cash flow.
- Net present value.
- Internal rate of return (> one year investment).
- Return on investment (< one year investment).
- Payback period.

## Preparing the Business Case with Process Measurements

To present a solid and complete business case, provide the decision-makers with an evaluation plan that will enable them to see the benefits that can be realised, as well as the plan to assess and evaluate those benefits after implementation.



Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

Figure 3.

## Step 5: Conducting the Initial Risk Assessment

The initial risk assessment should be viewed as a project management activity and should involve the support and collaboration of a senior project manager.

Also consider positive risks, for example if the solution is extremely successful, whether you will be equipped to handle that success. Some ways to enhance your efforts at this stage include:

- Brainstorming with stakeholders.
- Interviewing subject matter experts.
- Identifying and analysing root cause.
- Using prioritised requirements.
- Conducting a SWOT analysis.

At this juncture you might want to assess your organisational readiness as it relates to the proposed solutions, by taking the time to:

- Quantify change management risks, impacts and response plans.
- Describe and quantify the risks of doing nothing.
- Calculate a risk rating for the proposed initiative in terms of costs, time and quality of the business operations.

Given that enterprise analysis is guiding you towards recommending an optimum investment, that optimum investment may not necessarily be the investment with the least risk.

The enterprise analysis process, however, allows stakeholders to make informed choices based on an in-depth understanding of risks facing the organisation, which may mean that a client or customer is willing to take on higher levels of risk.

Think of the risks that an organisation takes in creating something new—something different. Although high risk initially, a new product or service may create an entirely new market.



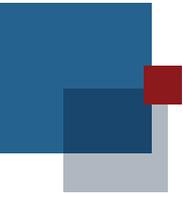
ESi's Risk Management Model

Figure 4.

## Step 6: Preparing the Decision Package

In order to prevent the initiative from coming to a halt, the project manager and business analyst need to use a collaborative approach in preparing and presenting a seamless decision package.

Usually, the business analyst plays a major role in compiling all of the information gathered during the enterprise analysis activities. The business analyst is also responsible for sharing key messages regarding the best solution and how the team arrived at this conclusion.



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It is typically the project manager's responsibility to explain solution delivery, risks, constraints, assumptions and associated costs. Being able to adjust to various communication expectations and styles is helpful when trying to gain support for moving forward with one of your proposed solutions.

The decision package is a method for describing, modelling and improving enterprise-wide initiatives, goals and objectives. The following questions must be answered regardless of the type of audience you present your decision package to:

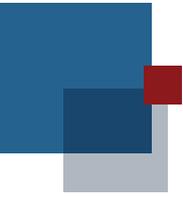
- What is the problem, issue or opportunity being addressed? (Business Architecture)
- What are your recommended solutions? (Feasibility)
- What evidence do you have that supports your recommendations?
- What outcome will stakeholders realise from these recommendations? (Business Case)
- What specific action(s) and next steps do you want your audience/stakeholders to take?
- Is your organisation willing to take on the risk involved in realising this solution?

## Summary

It should be clear that enterprise analysis is a critical component for determining and proposing the best solution options that are compatible strategically with organisational goals and objectives.

Regardless of the time required for the entire process to be completed, the end result will be a set of proposed solutions with the critical information necessary to allow key stakeholders and the portfolio management committee to:

- Comprehend the business problem or opportunity.
- Recognise the impacts of the proposed solutions enterprise-wide.
- Consider the options and relevant costs and benefits of several viable alternatives.
- Appreciate the organisation's project resource capacity.



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- Understand the process for measuring project progress.
- Offer insights and guidance throughout the duration of the project.
- Ensure delivery of expected results.

Prior to launching your next enterprise solution or new business idea, this practical, hands-on approach to determining the optimum project investment should not just be considered doable, but also *critical* to do.

As well as focusing on the six critical steps outlined here, our *Strategic Enterprise Analysis* course also enables organisations to consider the additional components necessary to obtain a comprehensive look at its customer value, portfolio management, process management and organisational core competencies—in order to understand the complete strategic impact.

## GLOBAL HEADQUARTERS

901 North Glebe Road  
Suite 200  
Arlington, VA 22203 USA  
+1 888.374.8884

EMEA  
7 Bishopsgate  
London, EC2N 3AR, UK  
+44 (0)20.3743.2910

## APAC

111 Somerset Road #10-06  
TripleOne Somerset  
Singapore 238164  
+65 3158.9500

To learn how your organisation can excel at strategic enterprise analysis, contact an expert at +44 (0)20.3743.2910 or [info@strategyex.co.uk](mailto:info@strategyex.co.uk).