

Project Management Institute

**BUSINESS ANALYSIS
FOR PRACTITIONERS:
A PRACTICE GUIDE**

TABLE OF CONTENTS

PREFACE	XIV
1 INTRODUCTION	1
1.1 Purpose of this Practice Guide	1
1.2 Need for this Practice Guide	1
1.3 PMI's Increased Focus on Business Analysis	2
1.4 Intended Audience for the Guide	3
1.5 What is Business Analysis?	3
1.6 Who Performs Business Analysis?	4
1.6.1 Skillset and Expertise Needed for the Business Analysis Role	4
1.6.2 How Organizations Implement Business Analysis	5
1.6.3 The Relationship Between the Project Manager, Business Analyst, and Other Roles	5
1.6.4 The Need to Build the Relationships	6
1.7 Definition of Requirement	6
1.7.1 Who has the Responsibility for the Requirements?	6
1.7.2 Requirement Types	7
1.8 The Structure of the Practice Guide	8
1.8.1 Section 2 on Needs Assessment	8
1.8.2 Section 3 on Business Analysis Planning	8
1.8.3 Section 4 on Requirements Elicitation and Analysis	9
1.8.4 Section 5 on Traceability and Monitoring	9
1.8.5 Section 6 on Solution Evaluation	9
2 NEEDS ASSESSMENT	11
2.1 Overview of this Section	11
2.2 Why Perform Needs Assessments	11
2.3 Identify Problem or Opportunity	12
2.3.1 Identify Stakeholders	12
2.3.2 Investigate the Problem or Opportunity	13
2.3.3 Gather Relevant Data to Evaluate the Situation	14

2.3.4	Draft the Situation Statement	14
2.3.5	Obtain Stakeholder Approval for the Situation Statement.....	15
2.4	Assess Current State of the Organization.....	15
2.4.1	Assess Organizational Goals and Objectives.....	16
2.4.1.1	Goals and Objectives	16
2.4.1.2	SMART Goals and Objectives.....	16
2.4.2	SWOT Analysis	18
2.4.3	Relevant Criteria	19
2.4.4	Perform Root Cause Analysis on the Situation.....	20
2.4.4.1	Five Whys	20
2.4.4.2	Cause-and-Effect Diagrams	20
2.4.5	Determine Required Capabilities Needed to Address the Situation	25
2.4.5.1	Capability Table.....	25
2.4.5.2	Affinity Diagram.....	25
2.4.5.3	Benchmarking.....	26
2.4.6	Assess Current Capabilities of the Organization.....	27
2.4.7	Identify Gaps in Organizational Capabilities	28
2.5	Recommend Action to Address Business Needs	29
2.5.1	Include a High-Level Approach for Adding Capabilities	29
2.5.2	Provide Alternative Options for Satisfying the Business Need	29
2.5.3	Identify Constraints, Assumptions, and Risks for Each Option	30
2.5.3.1	Constraints.....	30
2.5.3.2	Assumptions	30
2.5.3.3	Risks.....	30
2.5.4	Assess Feasibility and Organizational Impacts of Each Option.....	30
2.5.4.1	Operational Feasibility	31
2.5.4.2	Technology/System Feasibility	31
2.5.4.3	Cost-Effectiveness Feasibility	31
2.5.4.4	Time Feasibility	32
2.5.4.5	Assess Factors	32
2.5.5	Recommend the Most Viable Option.....	32
2.5.5.1	Weighted Ranking.....	32

2.5.6	Conduct Cost-Benefit Analysis for Recommended Option.....	34
2.5.6.1	Payback Period (PBP)	34
2.5.6.2	Return on Investment (ROI)	34
2.5.6.3	Internal Rate of Return (IRR)	34
2.5.6.4	Net Present Value (NPV)	34
2.6	Assemble the Business Case	35
2.6.1	Value of the Business Case	36
3	BUSINESS ANALYSIS PLANNING	37
3.1	Overview of this Section	37
3.2	The Importance of Business Analysis Planning	37
3.2.1	Rationale	38
3.2.2	Business Analysis Planning and Project Management Planning	38
3.3	Conduct or Refine the Stakeholder Analysis.....	39
3.3.1	Techniques for Identifying Stakeholders	39
3.3.1.1	Brainstorming	39
3.3.1.2	Organizational Charts	40
3.3.2	Determine Stakeholder Characteristics.....	40
3.3.2.1	Attitude.....	40
3.3.2.2	Complexity.....	41
3.3.2.3	Culture.....	42
3.3.2.4	Experience.....	43
3.3.2.5	Level of Influence.....	43
3.3.2.6	Location and Availability	43
3.3.3	Techniques for Grouping or Analyzing Stakeholders	44
3.3.3.1	Job Analysis.....	44
3.3.3.2	Persona Analysis.....	45
3.3.4	Assemble the Stakeholder Analysis Results	45
3.4	Create the Business Analysis Plan	46
3.4.1	Business Analysis Plan vs. Requirements Management Plan	46
3.4.2	What to Include in the Business Analysis Plan	47
3.4.2.1	Determining the Proper Level of Detail.....	48
3.4.3	Understand the Project Context	48

3.4.4	Understand How the Project Life Cycle Influences Planning Decisions.....	49
3.4.5	Ensure the Team is Trained on the Project Life Cycle	51
3.4.6	Leverage Past Experiences When Planning.....	51
3.4.6.1	Lessons Learned	51
3.4.6.2	Retrospectives	51
3.4.7	Plan for Elicitation	53
3.4.7.1	Strategies for Sequencing Elicitation Activities	54
3.4.8	Plan for Analysis.....	54
3.4.9	Define the Requirements Prioritization Process.....	55
3.4.10	Define the Traceability Approach.....	56
3.4.11	Define the Communication Approach	57
3.4.12	Define the Decision-Making Process.....	58
3.4.13	Define the Requirements Verification and Validation Processes	58
3.4.14	Define the Requirements Change Process	59
3.4.15	Define the Solution Evaluation Process	60
3.5	Plan the Business Analysis Work.....	61
3.5.1	Determine Who Plans the Business Analysis Effort.....	61
3.5.2	Build the Business Analysis Work Plan	61
3.5.2.1	Identify the Deliverables.....	61
3.5.2.2	Determine the Tasks and Activities.....	62
3.5.2.3	Determine the Timing and Sequencing of Tasks	63
3.5.2.4	Determine the Roles and Responsibilities	63
3.5.2.5	Identifying the Resources.....	64
3.5.2.6	Estimate the Work.....	64
3.5.3	Assemble the Business Analysis Work Plan.....	65
3.5.4	Document the Rationale for the Business Analysis Approach	67
3.5.5	Review the Business Analysis Plan with Key Stakeholders	67
3.5.6	Obtain Approval of the Business Analysis Plan.....	68
4.	REQUIREMENTS ELICITATION AND ANALYSIS.....	69
4.1	Purpose of this Section	69
4.2	What it Means to Elicit Information	69

4.2.1	Elicitation Is More than Requirements Collection or Gathering.....	69
4.2.2	Importance of Eliciting Information	70
4.3	Plan for Elicitation	70
4.3.1	Develop the Elicitation Plan.....	71
4.3.1.1	Finding Information	71
4.3.1.2	Techniques for Eliciting Information	71
4.3.1.3	Sequencing the Elicitation Activities	71
4.4	Prepare for Elicitation.....	72
4.4.1	Determine the Objectives	72
4.4.2	Determine the Participants.....	72
4.4.3	Determine the Questions for the Session	73
4.5	Conduct Elicitation Activities	73
4.5.1	Introduction.....	74
4.5.2	Body	74
4.5.2.1	Types of Questions.....	74
4.5.2.2	How to Ask the “Right” Questions	75
4.5.2.3	Listening.....	75
4.5.3	Close.....	75
4.5.4	Follow-Up.....	76
4.5.5	Elicitation Techniques.....	77
4.5.5.1	Brainstorming	77
4.5.5.2	Document Analysis	77
4.5.5.3	Facilitated Workshops	78
4.5.5.4	Focus Groups	80
4.5.5.5	Interviews.....	80
4.5.5.6	Observation	82
4.5.5.7	Prototyping.....	83
4.5.5.8	Questionnaires and Surveys.....	85
4.6	Document Outputs from Elicitation Activities	86
4.7	Complete Elicitation	86
4.8	Elicitation Issues and Challenges	87
4.9	Analyze Requirements.....	88

4.9.1	Plan for Analysis	88
4.9.1.1	Analysis Defined	88
4.9.1.2	Thinking Ahead about Analysis.....	89
4.9.1.3	What to Analyze	89
4.10	Model and Refine Requirements.....	89
4.10.1	Description of Models.....	89
4.10.2	Purpose of Models	90
4.10.3	Categories of Models.....	90
4.10.4	Selection of Models	90
4.10.5	Use Models to Refine Requirements	91
4.10.6	Modeling Languages	91
4.10.7	Scope Models.....	92
4.10.7.1	Goal Model and Business Objective Model	92
4.10.7.2	Ecosystem Map	94
4.10.7.3	Context Diagram	95
4.10.7.4	Feature Model.....	96
4.10.7.5	Use Case Diagram	97
4.10.8	Process Models.....	98
4.10.8.1	Process Flow	99
4.10.8.2	Use Case	100
4.10.8.3	User Story	101
4.10.9	Rule Models	104
4.10.9.1	Business Rules Catalog	104
4.10.9.2	Decision Tree and Decision Table	105
4.10.10	Data Models	106
4.10.10.1	Entity Relationship Diagram	107
4.10.10.2	Data Flow Diagrams.....	108
4.10.10.3	Data Dictionary	108
4.10.10.4	State Table and State Diagram	110
4.10.11	Interface Models	111
4.10.11.1	Report Table	111
4.10.11.2	System Interface Table	114
4.10.11.3	User Interface Flow	114

4.10.11.4	Wireframes and Display-Action-Response	115
4.11	Document the Solution Requirements	118
4.11.1	Why Documentation is Important	118
4.11.2	Business Requirements Document	118
4.11.3	The Solution Documentation	119
4.11.3.1	Requirements	119
4.11.3.2	Categorization	120
4.11.4	Requirements Specification	120
4.11.4.1	Documenting Assumptions.....	121
4.11.4.2	Documenting Constraints	121
4.11.5	Guidelines for Writing Requirements.....	122
4.11.5.1	Functional Requirements.....	122
4.11.6	Prioritizing Requirements.....	128
4.11.6.1	Prioritization Schemes.....	128
4.11.7	Technical Requirements Specification	129
4.11.8	Documenting with Use Cases.....	130
4.11.9	Documenting with User Stories.....	130
4.11.10	Backlog Items	130
4.12	Validate Requirements	130
4.12.1	The Concept of Continual Confirmation	131
4.12.2	Requirements Walkthrough.....	131
4.13	Verify Requirements	132
4.13.1	Peer Review	132
4.13.2	Inspection	133
4.14	Approval Sessions	133
4.15	Resolve Requirements-Related Conflicts	134
4.15.1	Delphi	134
4.15.2	Multivoting	135
4.15.3	Weighted Ranking.....	135
5.	TRACEABILITY AND MONITORING.....	137
5.1	Overview of this Section	137
5.2	Traceability	138
5.2.1	What is Traceability?	138

5.2.2	Benefits of Tracing Requirements.....	139
5.2.3	The Traceability Matrix.....	139
5.2.3.1	Requirements Attributes.....	140
5.2.3.2	Traceability Matrix Hierarchy.....	142
5.3	Relationships and Dependencies.....	142
5.3.1	Subsets.....	142
5.3.2	Implementation Dependency.....	143
5.3.3	Benefit or Value Dependency.....	143
5.4	Approving Requirements.....	143
5.4.1	Work Authorization System.....	143
5.4.2	Approval Levels.....	144
5.5	Baselining Approved Requirements.....	145
5.5.1	What is a Requirements Baseline?.....	145
5.5.2	Relationship of Requirements Baseline, Product Scope, and Project Scope.....	145
5.5.3	Maintaining the Product Backlog.....	146
5.6	Monitoring Requirements Using a Traceability Matrix.....	146
5.6.1	Benefits of Using Traceability to Monitor Requirements.....	146
5.7	The Requirements Life Cycle.....	148
5.8	Managing Changes to Requirements.....	148
5.8.1	Change Management as it Relates to Business Analysis.....	149
5.8.2	Change Control Tools and Techniques.....	150
5.8.2.1	Configuration Management System (CMS).....	151
5.8.2.2	Version Control System (VCS).....	151
5.8.3	Impact Analysis.....	151
5.8.3.1	Impact on the Requirements Baseline.....	152
5.8.3.2	Impact on whether a Proposed Change Conflicts with Other Requirements.....	152
5.8.3.3	Impact on Business Analysis.....	152
5.8.3.4	Impact on Project Management.....	153
5.8.3.5	Recommending a Course of Action.....	154
5.8.4	Controlling Changes Related to Defects.....	155
6.	SOLUTION EVALUATION.....	157

6.1	Overview of this Section	157
6.2	Purpose of Solution Evaluation	157
6.3	Recommended Mindset for Evaluation	158
6.3.1	Evaluate Early and Often	158
6.3.2	Treat Requirements Analysis, Traceability, Testing, and Evaluation as Complementary Activities	158
6.3.3	Evaluate with the Context of Usage and Value in Mind.....	159
6.3.4	Confirm Expected Values for Software Solutions.....	159
6.4	Plan for Evaluation of the Solution	160
6.5	Determine What to Evaluate.....	161
6.5.1	Consider the Business Goals and Objectives	162
6.5.2	Consider Key Performance Indicators	162
6.5.3	Consider Additional Evaluation Metrics and Evaluation Acceptance Criteria	162
6.5.3.1	Project Metrics as Input to the Evaluation of the Solution.....	162
6.5.3.2	Customer Metrics.....	163
6.5.3.3	Sales and Marketing Metrics	163
6.5.3.4	Operational Metrics and Assessments	163
6.5.3.5	Functionality	164
6.5.4	Confirm that the Organization Can Continue with Evaluation	164
6.6	When and How to Validate Solution Results	164
6.6.1	Surveys and Focus Groups.....	165
6.6.2	Results from Exploratory Testing and User Acceptance Testing	165
6.6.3	Results from Day-in-the-Life (DITL) Testing.....	166
6.6.4	Results from Integration Testing.....	166
6.6.5	Expected vs. Actual Results for Functionality	166
6.6.6	Expected vs. Actual Results for Nonfunctional Requirements	167
6.6.7	Outcome Measurements and Financial Calculation of Benefits.....	167
6.7	Evaluate Acceptance Criteria and Address Defects.....	169
6.7.1	Comparison of Expected vs. Actual Results	169
6.7.2	Examine Tolerance Ranges and Exact Numbers	169
6.7.3	Log and Address Defects	169
6.8	Facilitate the Go/No-Go Decision	170

6.9 Obtain Signoff of the Solution	171
6.10 Evaluate the Long-Term Performance of the Solution	171
6.10.1 Determine Metrics	172
6.10.2 Obtain Metrics/Measure Performance	172
6.10.3 Analyze Results	172
6.10.4 Assess Limitations of the Solution and Organization	173
6.10.5 Recommend Approach to Improve Solution Performance	173
6.11 Solution Replacement/Phase out	174
APPENDIX X1	177
APPENDIX X2	179
GLOSSARY	183
INDEX	199