White Paper

Business Analysis Center of Excellence

The Cornerstone of Business Transformation

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Management Concepts

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Abstract

The fiercely competitive twenty-first century business environment poses challenges at every turn. Both public and for-profit organizations must be flexible and adaptable to remain competitive. It is through successful projects that organizations manage change, deliver new business solutions, and ultimately, achieve their strategies. However, we continue to struggle to manage complex business change initiatives. Organizations around the globe are striving to improve their business analysis capabilities to drive changes from strategic goals, invest in the most valuable projects—those that deliver the highest value at the lowest cost and risk, and execute projects optimally to achieve business benefits from the new solutions as quickly as possible. This paper explores our disappointing project performance track record, the nature of twenty-first century projects, the need for a central focus on business analysis as a critical component of organizational transformation, and the role of a business analysis center of excellence in organizations.

Introduction

In the twenty-first century, business processes have become more complex; that is, more interconnected, interdependent, and interrelated than ever before. In addition, businesses today are rejecting traditional organizational structures to create complex communities comprised of alliances with strategic suppliers, outsourcing vendors, networks of customers, and partnerships with key political groups, regulatory entities, and even competitors. Through these alliances, organizations are addressing the pressures of unprecedented change, global competition, time-to-market compression, rapidly changing technologies, and increasing complexity at every turn. Since business systems are significantly more complex than ever, projects that implement new business systems are also more complex.

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To reap the rewards of significant, large-scale business transformation initiatives designed to not only keep organizations in the game but make them a major player, we must be able to manage complex business transformation projects. However, huge cost and schedule overruns have been commonplace in the past.[1] Looking at the numbers, our past project performance record is troubling:

- $80-145 billion per year is spent on failed and cancelled projects (The Standish Group International, Inc.)

- 25%-40% of all spending on projects is wasted as a result of re-work (Carnegie Mellon)

- 50% are rolled back out of production (Gartner)

- 40% of problems are found by end users (Gartner)

- Poorly defined applications have led to a persistent miscommunication between business and IT that largely contributes to a 66% project failure rate for these applications, costing U.S. businesses at least $30 billion every year (Forrester Research)

- We estimate that 60%-80% of project failures can be attributed directly to poor requirements gathering, analysis, and management (Meta Group)

- Nearly two thirds of all IT projects fail or run into trouble (refer to Figure 1 for the results of the 2006 CHAOS Survey)—the trend is going in the right direction (the 2004 Chaos Report suggested that nearly three fourths of projects are failed or challenged); however, we must find better methods to manage critical business projects in the twenty-first century

1 New York Times, 11 July 2002 "Cost overruns (totaling hundreds of billions of dollars) for large public works projects have stayed largely constant for most the last century."
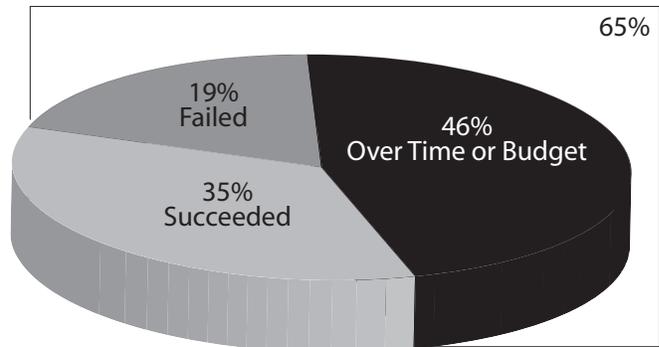
Figure 1: Project Performance Track Record – developed from The Standish Group's 2006 Chaos Report results

Twenty-First Century Projects

Virtually all organizations of any size are investing in large-scale transformation of one kind or another. Contemporary projects are about adding value to the organization through breakthrough ideas, optimizing business processes, and using information technology (IT) as a competitive advantage. These initiatives are often spawned by mergers or acquisitions, new strategies, global competition, or the emergence of new technologies. Other initiatives are launched to implement new or reengineered business systems to drive waste out of business operations. Most of these changes are accompanied by organizational restructurings, new partnerships, cultural transformation, downsizing or right-sizing, and enabling IT systems. Others involve implementing new lines of business and new ways of doing business (e.g., e-business). In addition to these business-driven changes, IT organizations are transforming themselves, striving to become more service oriented and better aligned with the business. In the twenty-first century, project teams are no longer dealing with IT projects in isolation, but with the overarching process of business transformation; when the reach of change affects all areas of the organization and beyond to customers, suppliers, and business partners making the complexity of projects considerable.

There are various dimensions of project complexity, one or all of which can be present on large-scale change projects. Projects today are comprised of large, multi-layered, geographically dispersed and

multi-cultural teams. Projects are too long in duration to be free from changing business needs. Projects frequently have inflexible schedules, budgets, and scope. All too often, projects have ambiguous, unstable, and poorly understood requirements. The very nature of projects today and their strategic importance to the organization makes them highly visible, politically charged, and riddled with conflicting expectations. Large-scale organizational change involves inter-project dependencies, cultural sensitivity, and often unproven technology. Managing complex business projects requires a new kind of knowledge, skill, and ability, and a much stronger focus on *the business versus the technology*. Consequently, the role of business analysis is quickly becoming central to successfully manage business transformation projects.

Emerge the Business Analysis Center of Excellence

Centers of excellence are emerging as a vital strategic asset to serve as the primary vehicle for managing complex change initiatives, a business support function just as critical as accounting, marketing, finance and HR. "A center of excellence," as defined by Jonathan Geiger, "is a team of people that is established to promote collaboration and the application of best practices."[2] Centers of excellence exist to bring about an enterprise focus to many business issues, for example, data integration, project management, enterprise architecture, business and IT optimization, and enterprise-wide access to information. The concept of centers of excellence (CoE) is quickly maturing in twenty-first century organizations because of the need to collaboratively determine solutions to complex business issues. Project management offices (PMO), a type of CoE, proliferated in the 1990s as a centralized approach to managing projects, in response to the challenges associated with complex projects in an environment with low levels of project management maturity

and governance. Industry leaders are effectively using various types of CoEs.

Hewlett-Packard Centers of Excellence[3]

HP uses the CoE model when implementing large-scale organizational change for their clients, for example, a service oriented architecture (SOA). SOA is a breakthrough software design technique that allows the development of smaller "services" (groups of software components that perform business processes). The services are then hooked together with other services to perform larger tasks. The services are loosely coupled, have an independent interface to the core system, and are reusable. Web services, one of the important strategies to increase business and reduce transaction costs, are an example of SOA. SOA represents a transformation in how businesses and IT develop business solutions. It is an effort to drive down the total cost of ownership of IT systems, thus freeing scarce resources to develop innovative IT applications and infrastructures (Davis, 2).

"HP describes their centers of excellence as a critical component of large-scale organizational change. HP looks upon their SOA CoEs as a swat team that is fully focused on implementing the reusable service-oriented components and infrastructure." HP sites the benefits of their SOA CoEs as many of the same benefits we seek from BACoEs, including:

+ Establishing enterprise standards, procedures, governance
+ Standardizing infrastructure, development methods, and operational procedures
+ Increasing business agility, that is, the ability to adapt quickly as the environment changes
+ Reducing risk, complexity, redundancy, and support complexity

2 Geiger, Jonathan G. *Intelligent Solutions: Establishing a Center of Excellence*. BIReview: March 20, 2007. Retrieved from the Internet 29 March 2007. www.bireview.com/article.cfm?articleid=222

3 Davis, Mark Frederick. *SOA: Providing Flexibility for the Health and Science Industry*. July 2006. Retrieved from the Internet 29 March 2007. http://h20247.www2.hp.com/publicsector/downloads/Technology_Davis_VB.pdf

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- Aligning business and IT
- Enabling re-use and faster time-to-market
- Presenting one face to the customer
  (Davis 16-20)

IBM Centers of Excellence

IBM is also heavily invested in CoEs. The IBM project management CoE is dedicated to defining and executing the steps needed to strengthen its project management capabilities. The IBM PM-CoE strives to combine external industry trends with their internal insight to develop project management policy, practices, methods and tools. The IBM PMCoE has experienced such success that in 2006 IBM announced creation of new centers of excellence to help customers better use information. At the centers, IBM software and service experts will develop six new solution portfolios including: business analysis and discovery, master data management, business process innovation, risk and compliance, workforce productivity and business performance and process management—all focusing in improving business performance. These centers will develop products and services to better implement business analysis practices. Their goal is to help organizations transform information from *utility* for running the business to a *competitive asset*.[4]

Business Analysis Centers of Excellence

Clearly, centers of excellence are becoming invaluable to successful management of large-scale change. The business analysis center of excellence (BACoE) then, is an emerging best practice, a new type of center which serves as the single point of contact for business analysis practices. In that role, the BACoE defines the business rules, processes, knowledge, skills and competencies, and tools used by the organization to perform business analysis activities throughout the business solution life

cycle, from strategic planning to project initiation to solution delivery and benefits realization, and finally, solution deactivation. As the discipline of business analysis becomes professionalized, it is no surprise that business analysis centers of excellence are now emerging. Staffed with knowledgeable business and IT teams, these centers are fulfilling a vital need in organizations today—providing a business-focused home for current business analysis practices, technologies, and emerging trends. The BACoE serves as an internal consultant and information broker to both the project teams and to the executive management team. In addition, the BACoE is responsible for continuous improvement of business analysis practices. To that end, the BACoE continually evaluates the maturity of business analysis and implements improvements to overall business analysis capability.

BMO Financial Group Business Analysis Center of Competency

There are several BACoEs in the formative stages. One successful implementation is at the Bank of Montreal (BMO). Kathleen Barrett, senior business consultant at BOM Financial Group and president of International Institute of Business Analysis, explained the 2003 *BMO Financial Group Business Analysis Center of Competency* during her lecture "The Professionalization of Requirements Management.[5] By October 2003, the center had conducted a current state assessment, developed, piloted, and released their business analysis process standard, and received ISO certification; by 2005, their business analysis training and accreditation program was rolled out. Kathleen lists these as critical to the successful implementation of the BMO BA Center of Competency:

- Identify specific goals and deadlines (e.g., ISO certification by October 2003)

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4 Andrews, Chris. *IBM Initiative to Capture New Growth Opportunities in Information Management*. 16 Feb 2006 press release. Retrieved from the Internet 29 March 2007. www-03.ibm.com/press/us/en/pressrelease/19249.wss

5 Kathleen Barrett gave a presentation on the successful Bank of Montreal Center of Competency at a Business Analysis World Conference in Washington, D.C., in June 2006. For more information on the Business Analysis World Symposium Series and other events, go to www.business analystworld.com (accessed August 23, 2007).

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- Treat the CoE implementation effort like a project; create a formal project team with a steering committee

- Ensure senior executive support and enforcement of new practices

- Link outcomes to performance pay

- Adopt a formal approach to measure and evaluate compliance to standards

- Involve all stakeholder areas; include everyone, overlook no one

- Adopt best practices from within the organization

- Provide process training to all practitioners and team members

- Communicate at multiple levels, in words that mean something to each group

BACoE Scope Considerations

Center of Requirements Excellence

There are several different flavors of BACoEs. Some organizations are focused across the entire project life cycle, while others focus more narrowly on requirements engineering. A *center of requirements excellence* serves to improve skills required for requirements elicitation, analysis, specification, and validation. This approach is often used as a first phase of BACoE implementation. However, a truly comprehensive BACoE is broadly scoped to include the services, functions, tools and metrics to ensure the organization invests in the most valuable projects, and then delivers the expected business benefits from project outcomes. Refer to Figure 2: BACoE Function Chart for a summary of typical BACoE responsibilities.

One of the critical BACoE functions is *benefits management*, a continuous process of identifying

BACoE Functions

BA Standards

- Practices and methodologies
- Tools
- Performance metrics
- Knowledge management
- Performance reporting
- Continuous improvements

BA Development

- Skill assessments
- Education and training
- Mentoring and OTJ training
- Team building
- BA Career Path:
  – Position descriptions
  – Grades
  – Competencies
  – Skill requirements

BA Services

- Competitive analysis
- Business architecture
- Feasibility studies
- Business case
- Project investment decision package
- Staff Augmentation:
- Requirements analysts
- V&V specialists
- Workshop facilitators

Full Cycle Governance

- Business program analysis
- Strategic project BA resources
- Portfolio management team process support and facilitation
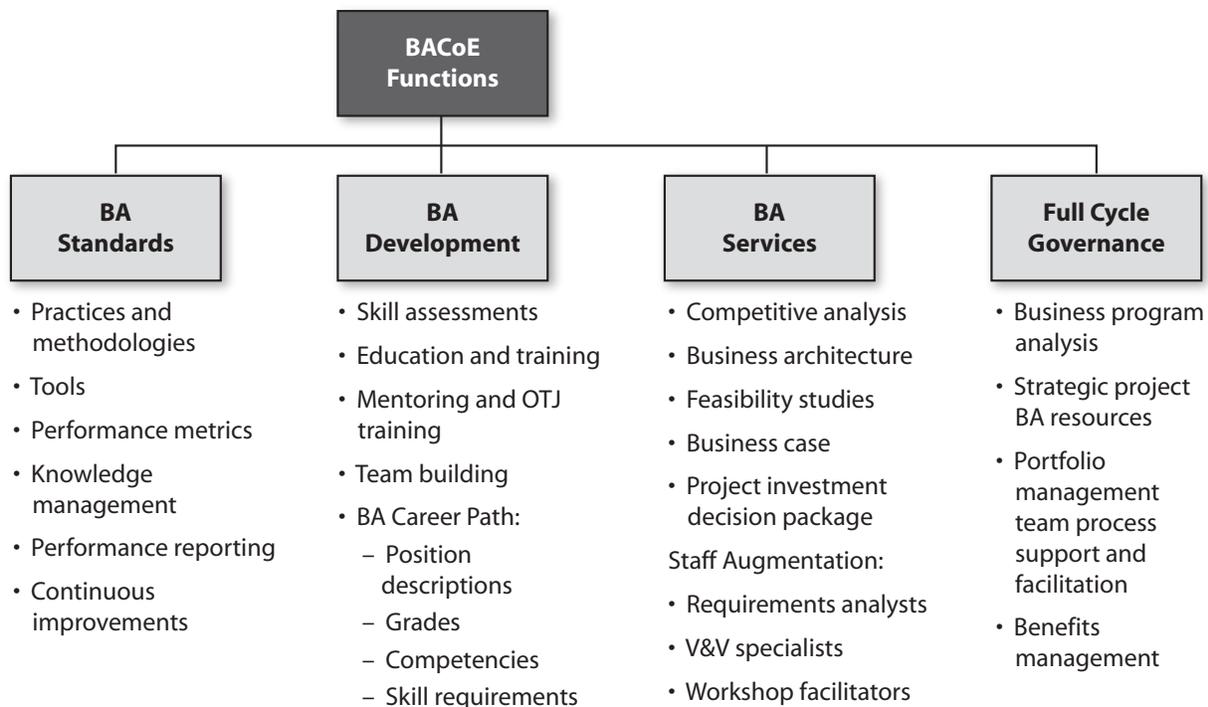- Benefits management

Figure 2: BACoE Function Chart

new opportunities, envisioning results, implementing, checking intermediate results, and dynamically adjusting the path leading from investments to business results. Therefore, the role of the enterprise BACoE is multidimensional, including (1) providing thought leadership for all initiatives to confirm that the organization's business analysis standards are maintained and adhered to, (2) conducting feasibility studies and prepare business cases for proposed new projects, (3) participating in all strategic initiatives by providing expert business analysis resources, and (4) conducting benefits management to ensure strategic change initiatives provide the value that was expected. The BACoE is staffed with business and technology experts, who can act as a central point of contact to facilitate collaboration among the lines of business and the IT groups.

Strategic BACoE

A fully functioning BACoE is capable of providing services across the gamut of business analysis practices. The BACoE mission and objectives are met through training, consulting and mentoring business analysts and project team members, by providing BA resources to the project teams, by facilitating the portfolio management process, and by serving as the custodian of BA best practices. The strategic BACoE generally performs all or a subset of the following services.

- **BA standards** – provides standard business analysis practices

  - **Methods** – defines the methodology, metrics and tools for use on all strategic projects within the organization

  - **Knowledge management** – maintains the central historical data base of business analysis standard tools, processes and business architecture components

  - **Continuous improvement** – periodically evaluates the maturity of the business analysis practices within the organization, and implements improvements to policies, processes, tools and procedures

- **BA development** – provides professional development for business analysts

  - **BA career path** – along with the Human Resources Department, designs and maintains the business analyst competency model including titles, position descriptions, functions

  - **Coaching and mentoring** – provides mentoring services to business analysts and project teams to help them meet the challenges of their current project

  - **Training and professional development** – provides formal skills and knowledge assessments, and education and training for the professional development of business analysts

  - **Team building** – provides team building experiences to project managers, business analysts, and team members

- **BA services** – serves as a group of facilitators and on-the-job trainers who are skilled and accomplished business analysts to provide business analysis consulting support including:

  - Conducting market research, benchmark, and feasibility studies

  - Developing and maintaining the business architecture

  - Preparing and monitoring the business case

  - Eliciting, analyzing, specifying, documenting, validating, and managing requirements

  - Managing requirements verification and validation activities, for example, the user acceptance test

  - Preparing the organization for deployment of a new business solution

  - Providing resources to augment project teams to perform business analysis activities that are under-resourced or urgent

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- **Full cycle governance** – promotes a full life-cycle governance process, managing investments in business solutions from research and development to operations; provides a home (funding and resources) for pre-project business analysis and business case development

  - **Business program management** – works with management and the portfolio management team to implement a twenty-first century model that transitions organizations from stand-alone IT project management to business program management

  - **Strategic project resources** – provides senior-level business analysts to lead the business analysis effort for strategic initiatives

  - **Portfolio management** – provides process coordination and meeting facilitation to the portfolio management team

  - **Enterprise analysis** – prepares the project investment decision package consisting of the business case, the results of studies, and other supporting information that provides senior management with a clear understanding of what business results are to be achieved through a major investment, including the contribution from IT to those results

  - **Benefits management** – measures the business benefits achieved by new business solutions; facilitates the adoption of a shared vision of the benefits realization process, managing the investment throughout the project life cycle and after the solution has been delivered; ensures that the total cost of ownership (TCO) is understood and measured. TCO is the full life cycle product cost, including the cost to build or buy, deploy, support, maintain, and service the solution in both the business and the IT operations

BACoE Organizational Alignment Considerations

Although the BACoE is by definition *business focused*, it is of paramount importance for successful CoEs to operate in an environment where business operations and IT are aligned and in synch. In addition, the disciplines of project management, software engineering, and business analysis must be integrated. Therefore, to achieve a balanced perspective, it is important to involve business operations, IT (enterprise architects, database managers, infrastructure support teams, service level managers, capacity and availability managers, and application developers), PMO representatives and project managers, and representatives from the project governance group in the design of the BACoE. Indeed, your organization may already have one or more centers of excellence. If that is the case, consideration should be made to combining them into one centralized center focused on program and project excellence. The goal is for a cross-functional team of experts (business visionaries, technology experts, project managers, and business analysts) to address the full solution life cycle from business case development to continuous improvement and support of the solution for all major projects.

High-Velocity Organizational Change

One of the golden rules of organizational change management is to combine the change efforts that affect a business process together under one coordinated initiative. Consider the potential changes that most contemporary organizations are undergoing concurrently.

- The *executive team* may be attempting to implement or improve a portfolio management process to select, prioritize, resource, and manage critical strategic projects. In addition, management may be implementing a new corporate scorecard to measure organizational performance.

- For enterprise-wide projects impacting several *business units*, some or all of the business units may be implementing improvements to the same business processes that will be changed by the larger change initiative.

- The *IT application development and infrastructure groups* may be undergoing large-scale change, for example, implementing a service-

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oriented architecture (SOA), or a different software development life cycle methodology, such as RUP (Rational Unified Process) or Agile development.

- The *IT infrastructure support team* may be implementing ITIL, (Information Technology Infrastructure Library), an internationally recognized best practice framework for the delivery of quality IT Service Management (ITSM). ITIL focuses on continuous improvements to IT processes to optimize service quality. ITIL is the most comprehensive and widely used ITSM framework.

- The *IT enterprise architects* may be implementing a new framework to develop the business, information, technology, application, and security architectures. An architecture framework is a model that is used for developing architectures, describing a method for designing an enterprise. The frameworks provide standards, tools, and common language, bringing order and structure to the architectural elements. A number of enterprise architecture frameworks exist (e.g., The Zachman Framework, The POLDAT Framework, Open Group Architecture Framework), but an accepted industry standard has not yet emerged.

- The *PMO* may be implementing a new project management methodology, tool, or practices.

Coordination and Alignment of Change Activities

Clearly, these change initiatives must somehow be coordinated to optimize the return on the improvement efforts. CoEs that support centralized full life cycle governance provides the framework for the benefits realization process from the conception of projects to the harvesting of the benefits. Centralized governance also provides a process of progressive resource commitment in which resources are allocated to programs in small increments through stage gates. It stands to reason, then, that a centralized center of excellence would improve the management and coordination of strategic change initiatives.

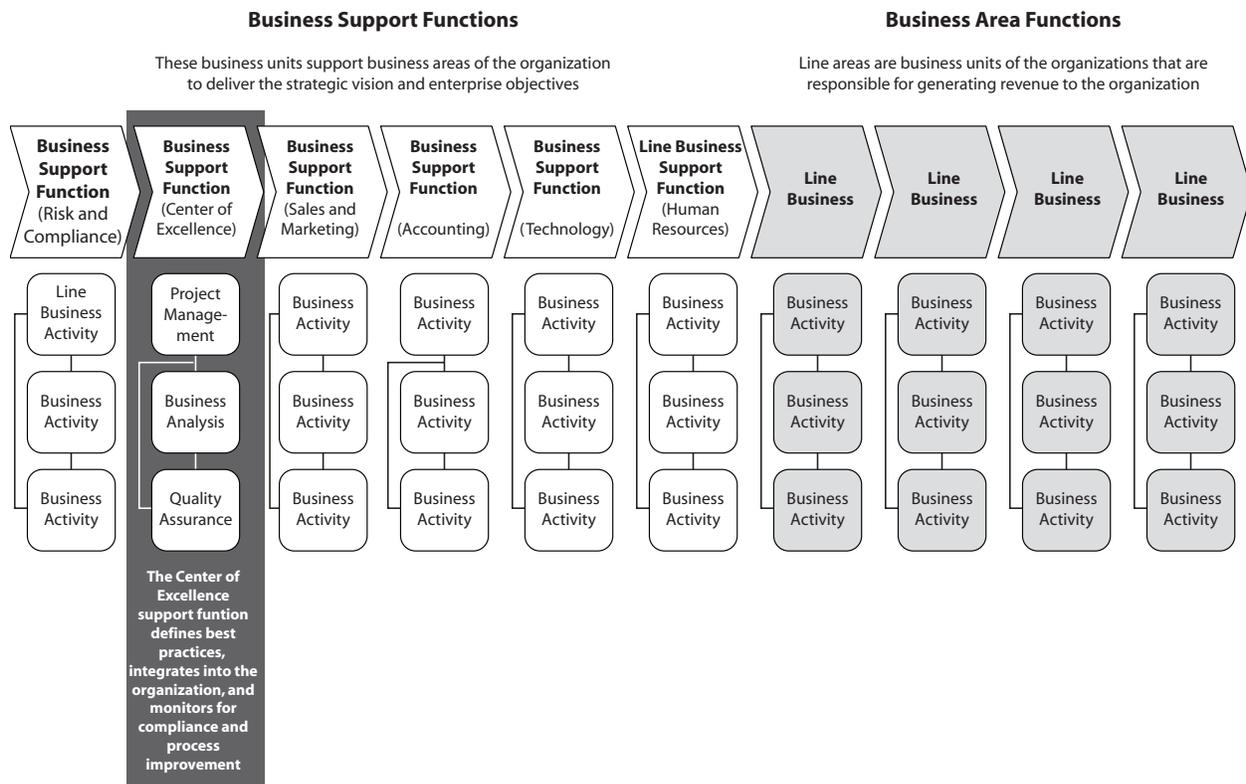## BACoE Organizational Positioning Considerations

Understanding the business drivers behind establishing the CoE is of paramount importance. The motive behind establishing the center must be unambiguous, since it will serve as the foundation to establish the purpose, objectives, scope, and functions of the center. The desire to set up a BACoE might have originated in IT, because of the number of strategic, mission-critical IT projects impacting the whole organization, or in a particular business area that is experiencing a significant level of change. Whatever the genesis, strive to place the center so that it serves the entire enterprise, not just IT or a particular business area. Consider Figure 3, a model to centralize a CoE integrating the project management, business analysis and quality assurance disciplines.

One of the biggest challenges for the BACoE is to bridge the gap that divides business and IT. To do so, the BACoE must deliver multidimensional services to the diverse groups mentioned above. Regardless of whether there is one CoE, or several more narrowly focused models, the CoE organization should be centralized.

> "Organizations with centralized CoEs have better consistency and coordination, leading directly to less duplication of effort. These organizations configure and develop their IT systems by business process or functional area rather than by business unit, leading to more efficient and more streamlined systems operations."[6]

Best-in-class CoEs evaluate the impact of proposed changes on all areas of the business and effectively

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6 2006 USAG/SAP Best Practices Survey: Centers of Excellence: Optimize Your Business and IT Value. SAP America Inc. Published February 16, 2007. Retrieved from the Internet 28 March 2007. 12939_17599_21450_Centers_of_Excellence__ Optimize_Your_Business_and_IT_Value_(2006_ ASUG_SAP_Best_Practices_Survey)

Business Support Functions

These business units support business areas of the organization to deliver the strategic vision and enterprise objectives

Business Area Functions

Line areas are business units of the organizations that are responsible for generating revenue to the organization

Business Support Function (Risk and Compliance)	Business Support Function (Center of Excellence)	Business Support Function (Sales and Marketing)	Business Support Function (Accounting)	Business Support Function (Technology)	Line Business Support Function (Human Resources)	Line Business	Line Business	Line Business	Line Business
Line Business Activity	Project Management	Business Activity	Business Activity	Business Activity	Business Activity	Business Activity	Business Activity	Business Activity	Business Activity
Business Activity	Business Analysis	Business Activity	Business Activity	Business Activity	Business Activity	Business Activity	Business Activity	Business Activity	Business Activity
Business Activity	Quality Assurance	Business Activity	Business Activity	Business Activity	Business Activity	Business Activity	Business Activity	Business Activity	Business Activity

The Center of Excellence support funtion defines best practices, integrates into the organization, and monitors for compliance and process improvement

Figure 3: Organizational Integration for CoEs

allocate resources and support services according to business priorities.

Positioning is equated with authority in organizational structures; the higher the placement, the more autonomy, authority and responsibility is likely to be bestowed on the center. Therefore, positioning the center at the highest level possible provides the "measure of autonomy necessary to extend the authority across the organization while substantiating the value and importance the function has in the eyes of executive management."[7] In absence of high-level positioning, the success and impact of the center will likely be significantly diminished. Look upon the CoE as another shared

services unit providing support across the enterprise, similar to HR, Accounting, and IT.

BACoE Organizational Maturity and Implementation Considerations

Regardless of the CoE model, the performance of the center is somewhat dependent on the maturity of practices in the organization. The centralized CoE model is important, as are the effectiveness of the strategic planning and project portfolio management practices; the business performance management processes and strategies; the maturity of IT architecture, development, and support processes; and the strength of the business focus across the enterprise. Clearly, organizations with more mature practices achieve higher levels of value from their CoEs.

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7 Bolles, Dennis PMP. *Building Project Management Centers of Excellence.* New York, NY: American Management Association. 2002

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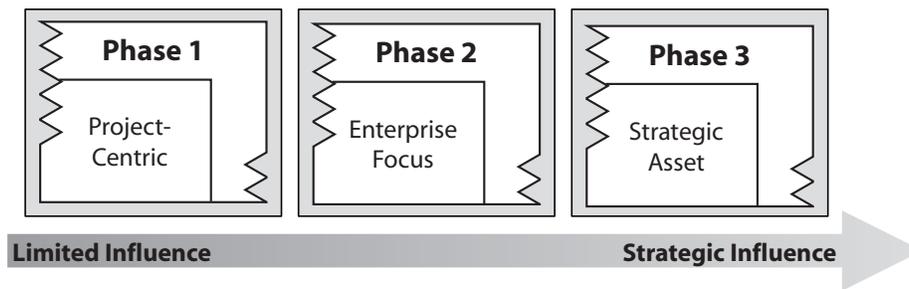
Figure 4: BACoE Maturity Model

Organizations can absorb a limited amount of concurrent change, while maintaining productivity levels, at any given time. Therefore, a gradual approach to implementing the BACoE is recommended. One option is to adopt a three-phased approach moving across the BACoE maturity continuum from a project-focused structure to a strategic organizational model. Please refer to Figure 4 for a depiction of the BACoE Maturity Model.

Project-Centric

BACoEs are almost always project-centric in their early formative phase. The goals of the BACoE at this stage are to build the confidence of and become an indispensable resource to the project teams. During this early phase, the BACoE is building trusting relationships with business analysts, project managers, functional mangers, and project teams. In addition to developing business analysis practice standards, the BACoE is providing services to the project teams, and training and mentoring to develop business analysts and high-performing project teams.

Enterprise Focused

As the BACoE begins to win confidence across the organization, it is likely that it will evolve into an enterprise-wide resource serving the entire company. At this point, the BACoE begins to facili-

tate the implementation of an effective portfolio management system. The BACoE is building the foundation to serve as a strategic business asset providing management with decision support information.

Strategic

During the third stage of development, the BACoE is considered a strategic asset serving the executive team. At this point, it is well understood that business analysis has a positive effect on profitability and that organizations achieve strategic goals through well prioritized and executed projects. Emphasis at this stage is placed on achieving professionalism in business analysis through the BACoE. Strategic activities for the BACoE include:

- Conducting research and providing the executive team with accurate competitive information

- Identifying and recommending viable new business opportunities

- Preparing the project investment decision package to facilitate project selection and prioritization

- Managing expected business benefits during project execution and measuring actual business benefits after the new solution is deployed

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Visioning and Concept Definition	Organizational and Individual Assessments	Implementation Planning	Form BACoE Teams
• BACoE vision and mission • Executive sponsor • Guidance (steering) team • Business case • Political management strategy • Approval to staff BACoE planning team	• Organizational readiness assessment • BA practices maturity assessment • Individual business analysts knowledge and skill assessment	BACoE Kick-Off Workshop BACoE Charter: • Strategic alignment • Scope • Authority • Services • Organization • Budget	• BA standard practices, tools, and metrics • BA education and training • BA consulting services

Figure 5: BACoE Implementation Model

Getting Started

Although there are relatively few BACoEs in existence today, best practices for developing organizational centers of excellence to manage the business analysis function are emerging. Through a rationale and defined methodology, organizations are identifying the required business analysis knowledge, skills and abilities, assessing their current business analysis capabilities, and assembling a team to create the new entity. Based on the history of best practices for setting up various centers of excellence, there is a relatively standard process, including the steps listed below. Refer to Figure 5 for a depiction of the BACoE Implementation Model.

1. Visioning and concept definition

2. Assessing the organizational knowledge, skills, maturity, and mastery of business analysis practices

3. Establishing BACoE implementation plans:

   + Draft the preliminary scope statement for the center in terms of disciplines, functions, processes, etc.

   + Develop a preliminary charter for the center

   + Prepare for the BACoE Kick-off Workshop

   + Conduct a BACoE Kick-off Workshop session to finalize the charter for the center and establish an implementation plan

4. Finalizing plans and creating action teams to develop and implement the infrastructure for the center

Step 1: Visioning and Concept Definition

Visioning

During the early study phase, it is important to create a vision for the new center. This is accomplished by researching the BACoEs that have already been implemented in organizations, studying their costs, benefits, strengths and weaknesses, and determining lessons learned. Create a preliminary vision and mission statement for the center, and develop the concept in enough detail to prepare a *business case* for establishing the center. Vet the proposal with key stakeholders and secure approval to form a small core team to conduct the assessment of business analysis practices and plan for the

implementation of the BACoE. Key stakeholders include:

- The executive you enlist to be the executive sponsor of the BACoE
- Directors of existing CoEs in the organization, including the PMO if it exists
- The CIO and IT management team
- Executive directors and managers of business units undergoing significant change

Executive Sponsorship and Organizational Buy-In

During meetings with the key stakeholders, secure buy-in and support for the concept. Large-scale organizational change of this nature typically involves restructurings, cultural transformation, new technologies, and new partnerships. Handling change can well mean the difference between success and failure of the effort. Techniques to consider during the early study and planning phase include:[8]

- **Executive sponsorship** – A center of excellence cannot exist successfully without an executive sponsor. Build a trusting, collaborative relationship with the sponsor, seeking mentoring and coaching at every turn.

- **Political management strategy** – Conduct an analysis of key stakeholders to determine those who can influence the center, and whether they feel positively or negatively about the center. Identify the goals of the key stakeholders. Assess the political environment. Define problems, solutions, and action plans to take advantage of positive influences, and to neutralize negative ones.

- **A sense of urgency** – Work with stakeholder groups to reduce complacency, fear, and anger over the change, and to increase their sense of urgency.

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8 Kotter, John P. (2002) *Getting to the Heart of How to Make Change Happen*. Boston, MA: Harvard Business School Press

- **The guiding team** – Build a team of supporters who have the credibility, skills, connections, reputations, and formal authority to provide the necessary leadership to help shape the BACoE.

- **The vision** – Use the guiding team to develop a clear, simple, compelling vision for the BACoE, and set of strategies to achieve the vision.

- **Communication for buy-in** – Execute a simple, straight-forward communication plan using forceful and convincing messages sent through many channels. Use the guiding team to promote the vision whenever possible.

- **Empowerment for action** – Use the guiding team to remove barriers to change, including disempowering management styles, antiquated business processes, and inadequate information.

- **Short-term wins** – Wins create enthusiasm and momentum. Plan the implementation to achieve early successes.

- **Dependency management** – The success of the center is likely dependent on coordination with other groups in the organization. Assign someone from your core team as the dependency owner, to liaise with each dependent group. A best practice is for *dependency owners* to attend team meetings of the dependent group, so as to demonstrate the importance of the relationship and to solicit feedback and recommendations for improvements.

Step 2: Business Analysis Organizational and Individual Assessments

Organizational Readiness Assessment

The purpose of the organizational readiness assessment is to determine organizational expectations for the BACoE and to gauge the cultural readiness for the change. The BACoE assessment team determines where the organization is on the continu-

um from a stovepipe, function-centric structure, to an enterprise-focused organization. Additionally, it is useful to gather information about best practices that are already in place in the organization that might serve as a springboard for replication across projects. The assessment also provides the BACoE planning team with information on key challenges, gaps and issues that should be addressed immediately by the BACoE. The ideal assessment solution is to conduct a formal organizational maturity assessment. However, a less formal assessment may suffice at this point.

Informal Assessments

As soon as the concept has been approved and the core BACoE implementation team is in place, conduct an assessment to understand and document the current state of business analysis practices. The assessment consists of interviews with functional managers, business analysts, project managers, and IT professionals. The goal of the assessment is to determine organizational readiness to accept the center, and the current state of:

- **Business analysts (BA)** – The individuals currently involved in business analysis practices, including:
  - Knowledge, skills, and experience
  - Roles and responsibilities
  - Organizational placement
  - Other duties assigned to the BAs
  - Existence of a BA career path, position descriptions, competency model
  - BA training and professional development opportunities
  - Measures of success and performance evaluation
- **Business analysis practices** – Formal and informal business analysis methodologies and techniques
  - Feasibility study process

- Business case development process
- Business architecture development standards or framework
- Requirements elicitation, analysis, specification, validation, and change management process
- Requirements prioritization and traceability
- Requirements verification (user acceptance test) methods
- Tools, templates, guidelines
- **Technology** – requirements development and archiving tools:
  - Powerful modeling tools
  - Requirements repository and management system
  - Team collaboration tools
- **Governance** – Oversight for project selection, prioritization, and ongoing review:
  - Review and approval of BA practices
  - QA function to ensure compliance to BA standards
  - Portfolio management team to select and prioritize projects
  - Benefits management throughout the project and after solution delivery

Formal Organizational Maturity Assessment

If the organization is going to invest in a formal maturity assessment, we recommend conducting an assessment that not only determines the state of business analysis, but also the state of project management and software engineering practices to secure a complete picture of program and project maturity. The *CompassBA/PM™ Organizational Model* and assessment process developed by Management Concepts is a staged maturity model simi-

lar to other models used by recognized standard setting bodies. CompassBA/PM™ adheres to the proven concepts for effective change that have demonstrated success for over a decade, focusing those aspects on improving both project management and business analysis, thus ensuring compatibility and alignment with the de facto standards available in the information technology (IT) project improvement arena.

CompassBA/PM™ OMM is mapped to industry standards by establishing specific business analysis, project management, and software engineering practice goals to be achieved to reach advanced levels of the model. Refer to Figure 6 for a graphical depiction of the CompassBA/PM™ OMM. The power of the Management Concepts' CompassBA/PM™ OMM comes from the integration of:

* The project management knowledge areas described in the Project Management Institute

(PMI) *A Guide to the Project Management Body of Knowledge (PMBOK™ Guide)*, Third Edition, defined by its knowledge requirements and outlined in terms of its component processes, practices, inputs, outputs, tools and techniques

* The key practices embodied in the International Institute of Business Analysis (IIBA) *Business Analysis Body of Knowledge (BABOK™ Guide)* described in terms of key practices and techniques

* Industry standard models, such as the *SEI Capability Maturity Model® Integration (CMMI)*, which identified process areas that represent a group of best practices that, when performed collectively, satisfy a set of goals considered important for making significant improvement in that area for software and system engineering are included in the model
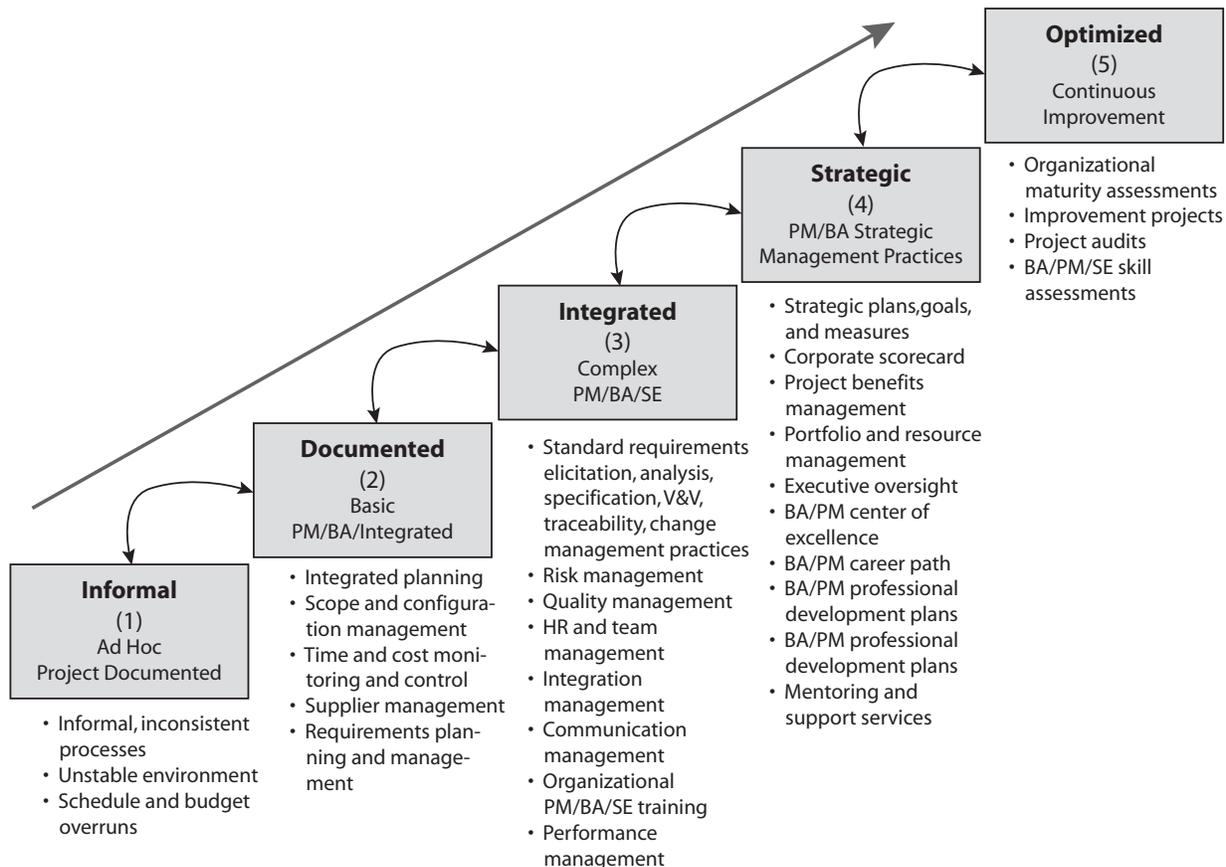

Figure 6: CompassBA/PM™ OMM

Individual Knowledge and Skill Assessments

It is also important to determine the skill level of existing business analysts (and project mangers, if appropriate). *The CompassBA/PM – Individual™* assessment process developed by Management Concepts is a formal capabilities assessment of your business analysts and project mangers. The assessment results provide the basis for determining training requirements, professional development activities, and specific mentoring and coaching needs. As with the organizational assessment, the individual assessment benchmarks an individual business analyst or project manager against the industry standards, the *PMBOK™ Guide* and the *BABOK™ Guide*.

Step 3: BACoE Implementation Planning

The BACoE Kick-off Workshop serves as the capstone event officially launching the BACoE. All key stakeholders should be in attendance to participate in the decision making about the new BACoE. In preparation for the workshop, develop a preliminary charter and business plan for the center that describes its key elements. Conduct a BACoE Kick-off Workshop session to finalize the charter and plans, and gain consensus on an implementation approach. Refer to Table 1 for a detailed list of planning considerations.

Step 4: Finalize Implementation Planning and Form Teams

After the workshop session, finalize the *BACoE Charter*, and staff the center. Form action teams to develop business analysis practice standards, provide for education, training, mentoring and consulting support, and secure the needed facilities, tools, and supplies. Refer to Figure 7 for a typical BACoE organization. Develop the *BACoE Business Plan/Operations Guide* describing: implementation strategy, phases, deliverables, milestones; detailed budget including salaries, training, technology, consulting services; infrastructure requirements, acquisition and installation; BACoE organization formation and initial orientation and training; and communications and risk management plans.

Final Words

Establish a BACoE That Executives Love and Project Teams Trust

Establishing centers of excellence is difficult, because it destabilizes the sense of balance and power within the organization. Executives are required to make decisions based on benefits to the enterprise versus their specific functional area. Functional managers are often afraid of losing their authority and control over the resources assigned to them. In addition, project team members may be unclear about their roles and responsibilities, and how they will be given assignments. These ambiguities may manifest themselves as resistance to change, and will pose a risk to a successful implementation. Therefore, it is imperative that robust coordination and effective communication about how the center will affect roles and responsibilities accompanies the implementation of the center. Do not underestimate the challenges that you will encounter. Pay close attention to organizational change management strategies and use them liberally. To stand up a BACoE that executives love and project teams trust, make the center indispensable. Provide high-quality services and support to executives, management, and project teams rather than imposing requirements and constraints. Conduct the operations of the center and design business analysis practices using lean techniques. Follow the motto: barely sufficient is enough to move on.

BACoE Value to the Organization

To establish BACoE to last, you must be able to demonstrate the value the center brings to the organization. Develop measures of success and report progress to executives to demonstrate the

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Planning Considerations	Description
Strategic Alignment, Vision and Mission	Present the case for the BACoE, and reference the business case for more detailed information about cost versus benefits of the center.
Assessment Results	Include or reference the results of the assessments that were conducted: • Maturity of the business analysis practices • Summary of the skill assessments • Recommendations, including training and professional development of BAs and improvement of business analysis practice standards
Scope	Describe the scope of responsibilities of the BACoE, including: • The professional disciplines guided by the center, (i.e., PM and BA, just BA) • The functions the center will perform • The processes the center will standardize, monitor and continuously improve • The metrics that will be tracked to determine the success of the center
Authority	Centers of excellence can be purely advisory, or they can have the authority to own and direct business processes. In practice, centers typically are advisory in some areas, and decision-makers in others. Remember, the organizational placement should be commensurate upon the authority and role of the center. When describing the authority of the CoE, include the governance structure, i.e., who or what group the CoE will report to for guidance and approval of activities.
Services	A center of excellence is almost always a resource center, developing and maintaining information on best practices and lessons learned, and is often a resource assigning business analysts to projects. Document the proposed role: • Materials to be provided, e.g., reference articles, templates, job aids, tools, procedures, methods, practices • Services, e.g., business case development, portfolio management team support, consulting, mentoring, standards development, quality reviews, workshop facilitators, and providing business analysis resources to project teams
Organization	Describe the BACoE team structure, management, and operations including: • Positions and their roles, responsibilities, and knowledge and skill requirements • Reporting relationships • Linkages to other organizational entities
Budget and Staffing Levels	At a high level, describe the proposed budget, including facilities, tools and technology, and staffing ramp up plans.
Implementation Approach	Document formation of initial action teams to begin to build the foundational elements of the center. In addition, describe the organizational placement of the center, and the focus initially (i.e., project centric, enterprise focus, or strategic focus).

Table 1: CoE Planning Considerations

value added to the organization because of the BA-CoE. Typical measures of success include:

• *Project cost overrun reduction* – Quantify the project time and cost overruns prior to the implementation of the BACoE, and for those projects that are supported by the BACoE. If a baseline measurement is not available in your organization, use industry standard benchmarks as a comparison. Other measures might be improvements to team member morale and reduction in project staff turnover.
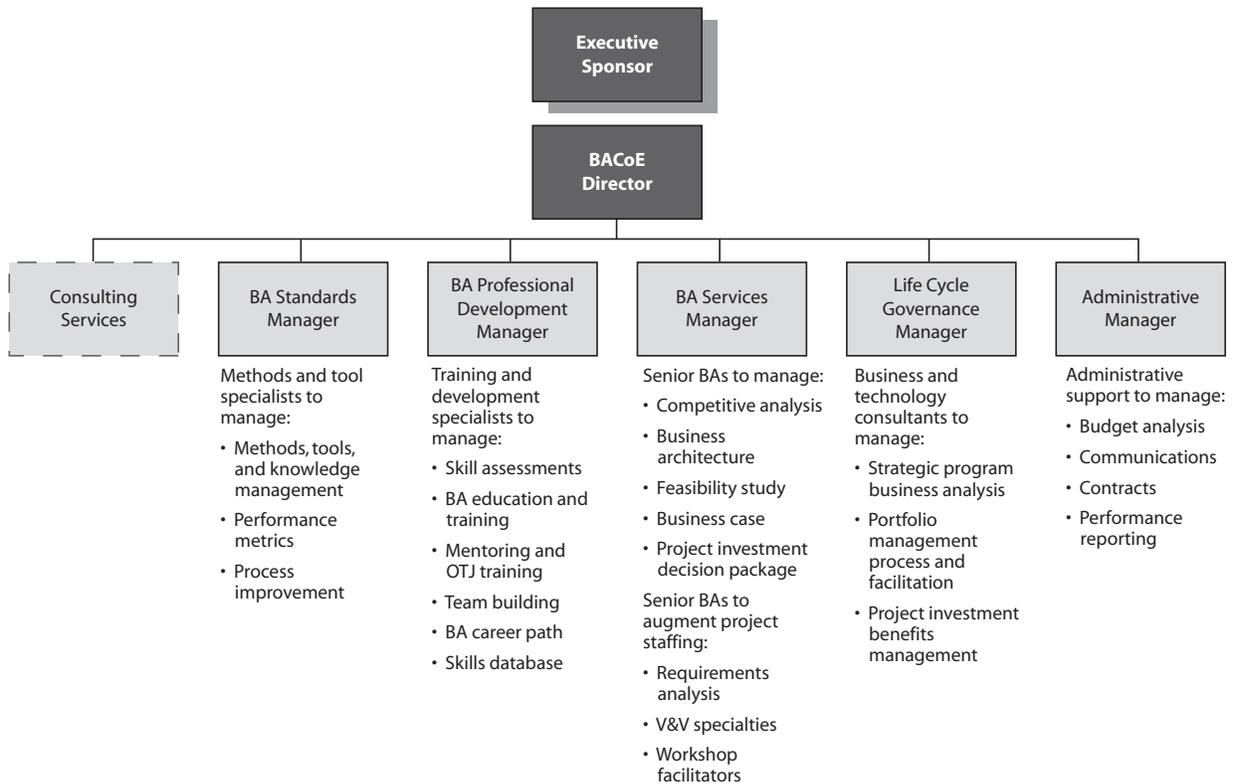
Figure 7: Typical BACoE Organization

- *Project time and cost savings* – Track the number of requirements defects discovered during testing and after the solution is in production prior to the implementation of the BACoE, and for those projects that are supported by the BACoE. Quantify the value in terms of reduced re-work costs and improved customer satisfaction.

- *Project portfolio value* – Prepare reports for the executive team that provide the investment costs and expected value of the portfolio of projects; report actual value new solutions add to the organization as compared to the expected value predicted in the business case. When calculating cost, be sure to use the total cost of ownership (see above).

Great Teams…You Need One

When staffing the BACoE, establish a small but mighty core team dedicated full-time to the center, co-located, highly trained, and multi-skilled. Do not over staff the center, as the cost will seem prohibitive. Augment the core team's efforts by bringing in subject matter experts and forming sub-teams as needed. Select team members not only because of their knowledge and skills, but also because they are passionate and love to work in a challenging, collaborative environment. Develop and use a team operating agreement. Develop team-leadership skills and dedicate efforts to transitioning your group into a high-performing team with common values, beliefs, and a cultural foundation upon which to flourish.

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