Business Analysis Benchmark

*The Impact of
Business Requirements
on the Success of
Technology Projects*

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IAG
CONSULTING

BUSINESS ANALYSIS BENCHMARK

Executive Summary

The Business Analysis Benchmark report presents the findings from surveys of over 100 companies and definitive statistics on the importance and impact of business requirements on enterprise success with technology projects. The survey focused on larger companies and looked at development projects in excess of $250,000 where significant new functionality was delivered to the organization. The average project size was $3 million.

The study has three major sections:

1. *Assessing the Impact of Poor Business Requirements on Companies*: Quantifying the cost of poor requirements.

2. *Diagnosing Requirements Failure*: A benchmark of the current capability of organizations in doing business requirements and an assessment of the underlying causes of poor quality requirements

3. *Tactics for Tomorrow:* Specific steps to make immediate organizational improvement.

In addition to this full text report, these sections and an executive summary have also been published as stand-alone white papers for ease of use. All can be accessed from www.iag.biz .

The study provides a comprehensive analysis of business requirements quality in the industry and the levers for making effective change. The following issues are addressed in the report: the financial impact of poor quality requirements; the information needed to identify underlying issues critical to success; and, the data necessary to target specific recommendations designed to yield performance improvement.

Findings Review

The report finds 2 basic scenarios for companies:

a) Scenario 1 (68% of companies): project success is 'Improbable': Projects *might* succeed – but not by *design*. Based on the competencies present, these companies are statistically unlikely to have a successful project. 68% of companies fit this scenario.

b) Scenario 2 (32% of companies): project success is 'Probable': Companies that can expect to have successful projects, by design, due to the investments that they have made in Business requirements process. 32% of companies fit this scenario.

Organizations recognize that requirements are important to project success, yet 68% did not take effective action on strategic projects.

The following are a few key findings in the study:

1) Companies with poor business analysis capability will have three times as many project failures as successes.

2) 68% of companies are more likely to have a marginal project or outright failure than a success due to the way they approach business analysis. In fact, 50% of this group's projects were "runaways" which had any 2 of:

- Taking over 180% of target time to deliver
- Consuming in excess of 160% of estimated budget
- Delivering under 70% of the target required functionality

3) Companies pay a premium of as much as 60% on time and budget when they use poor requirements practices on their projects.

4) Over 40% of the IT development budget for software, staff and external professional services will be consumed by poor requirements at the average company using average analysts versus the optimal organization.

5) The vast majority of projects surveyed did not utilize sufficient business analysis skill to consistently bring projects in on time and budget. The level of competency required is higher than that employed within projects for 70% of the companies surveyed.

Findings: Tactics for Organizational Improvement

Organizational improvement is dependent on making systematic change to people process and tools. Companies that made broader-based changes were consistently successful with 80% of companies using mature practices in a large number of areas reporting successful projects. Those that were strong in one or two areas did not show a consistent pattern of success.

The findings of the Business Analyst Benchmark describe both the poor state of requirements maturity at most companies surveyed, and a clear path for organizational improvement. The detailed report analyzes the actions to take to make fundamental, lasting improvement.

Overall, the vast majority of companies are poor at both establishing business requirements, and delivering on-time, on-budget performance of IT projects. Satisfaction with IT and technology projects wanes significantly as the quality of requirements elicitation drops. This report is both a benchmark of the current state of business analysis capability, and, a roadmap for success.

The Bottom Line

The challenges in making quantum improvement in business analysis capability should not be underestimated.

Organizations understand conceptually that requirements are important, but do not internalize this understanding and change their behavior as a result. The most successful of companies do not view requirements as a *document* which either existed or didn't at the beginning of a project, they view it as a *process* of requirements discovery. Only companies that focus on both the process and the deliverables are consistently successful at changing project success rates.

For companies that have made the leap to the use of elite facilitation skills and solid process in requirements discovery there are significant benefits. Not only were these projects rarely unsuccessful, these projects are delivered with far fewer budget overruns and in far less time. Years of sub-optimal performance – experiencing significantly higher cost to produce applications, longer wait times for implementation, and poorer achievement of strategic project objectives – is debilitating to organizations. Quite simply, capital investment in technology at companies with poor requirements process is inefficient.

To illustrate this inefficiency of capital expenditure on technology at companies with poor requirements practices, use the average project in this study:

- The companies using best requirements practices will estimate a project at $3 million and better than half the time will spend $3 million on that project. Including all failures, scope creep, and mistakes across the entire portfolio of projects, this group will spend, on average, $3.63 million per project.

- The companies using poor requirements practices will estimate a project at $3 million and will be on budget less than 20% of the time. 50% of time, the overrun on the project both in time and budget will be massive. Across the entire portfolio of successes and failures, this company with poor requirements practices will (on average) pay $5.87 million per project.

If overruns are common at your company, or if stakeholders have not been satisfied with more than five of the last ten projects larger strategic projects, there is definitely a problem and your company is likely paying a substantial premium on every project.

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Assessing the Impact of Poor Requirements on Companies

What is the link between business analysis and successful delivery of major projects?

It is generally understood that most major IT projects – especially, those designed to deliver significant operational change – come in late, over budget, and often, with less functionality than was originally envisioned. On the other hand, there are some projects that deliver exactly what was expected: on time, on budget, and to the specification set at the outset of the initiative.

What distinguishes the "stunning successes" from the "all-too-typical failures"? And what role do business analysts play in determining the ultimate success of a project? Finally, what is the cost to the business of requirements failure – or conversely – the benefit of requirements excellence? Every project manager will have their own gut-level conviction about both the role of an analyst and the impact these people have on projects. *The data shows that many of these entrenched beliefs about requirements are wrong and doom 68% of companies to project failure before the project ever really gets rolling.*

> *68% of companies simply did not use the necessary competency in requirements discovery at the start of their project to assure project success. These companies are likely to spend almost 50% more for their solution than their peers that use a superior process.*

At the executive level there is an ongoing struggle to optimize resources and produce the results necessary to galvanize organizational change. The research here shows that many executives are overlooking a fundamental lever for organizational improvement – or tackling the problem of poor requirements in an ineffective way. *The result is that the average organization will consume over 41.5% of its new project development resources on unnecessary or poorly specified requirements.* To these executives, the question becomes: What is the overall impact of the analyst function on delivery efficiency? How do I best organize to minimize waste? What are the optimal short term and longer term initiatives that will deliver efficiency gains?

To answer these questions, IAG launched a comprehensive survey with technology research expert Michael O'Neil and the Info-Tech Research Group. The project asked respondents to report on recent business application projects costing in excess of $250,000. IAG also eliminated 'technology only' projects such as a PC-roll-out to focus on a class of development that is organizationally strategic and focused on introducing new functionality. This research uncovers startling insight into the connection between business analyst skills and overall project success.

The research provides quantifiable support for concepts that are ingrained within many corporate cultures. For example, most managers intuitively understand that it's hard for a project to recover if the project team does a poor job on the business and software requirements; but failure to focus on getting good requirements had a negative impact on over two-thirds of the projects analyzed through the survey. Further, a mere 20% of companies have made the kind of investment needed to get excellent business and software requirements on a repeatable basis. *This data suggests that while people intuitively recognize the need for good requirements, they have not internalized the impact of poor requirements in a way that makes them change behavior.* It is also true that people who see business requirements as simply a

While people intuitively recognize the need for good requirements, they have not internalized the impact of poor requirements in a way that makes them change behavior. It is also true that people who see business requirements as simply a 'deliverable' or written document of some kind will continue to fail. Excellence is achieved only through changing the process of requirements discovery.
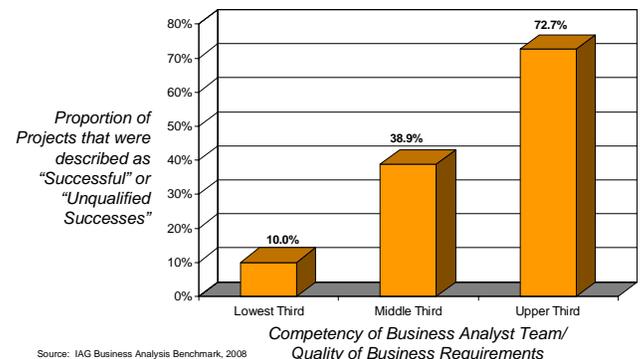
'deliverable' or written document of some kind will continue to fail. The findings clearly indicate that only companies which are committed to achieving excellence in business requirements through improvement involving people, process, and documentation/ information quality standards will be consistently, predictably successful. **The pay-off for those companies that have made pervasive change to their people and processes of requirements is quite substantial:**

- *over 70% of companies in the upper third of requirements discovery capability reported having a successful project.*
- *Better than half of their projects (54%) are on time, on budget and on function,*
- *As a group, these companies pay about 50% less for their applications.*

Again, organizations understand these issues, but the findings here are that almost 70% did not take effective action. The data to support these findings are presented below.

IAG Found Two Scenarios - and found that 68% of companies are unlikely to have successful projects

The IAG survey finds that 68% of companies did not do a good job on requirements when rolling out their last major project. As a result, only the top third of companies had a reasonable success rate on projects – the others had a higher probability of a marginal or unsuccessful project than they did of delivering one that was successful. To underscore this point: **companies in the lowest third of requirements competency had three times more project failures than project successes.** There are two basic scenarios which emerge from these statistics:

Proportion of Projects that were described as "Successful" or "Unqualified Successes"

10.0% — Lowest Third
38.9% — Middle Third
72.7% — Upper Third

Competency of Business Analyst Team/ Quality of Business Requirements

Source: IAG Business Analysis Benchmark, 2008

1. *Scenario 1 – Improbable Success:* 68% of companies are in this category. These companies will have successes, but statistically, are both more likely to have a marginal project or an outright failure than a successful project. As a group, these companies spent 49% more money and took 39% more time to deliver applications than their counterpart Scenario 2 companies. **A mere 21% of projects reviewed from this group were on time and on budget while delivering the functionality expected by the business.**

2. *Scenario 2 – Probable Success:* 32% of companies are in this category. These are likely to have successful projects. Over 72% of the time, companies in this group reported a successful project and not one of these companies reported a failed project. As a group, these companies delivered their applications on time, on budget, and on function in over 54% of cases.

Based on the sampling of these 110 projects:

Scenario 1: Improbable Success (68% of Sample)	**Scenario 2: Probable Success (32% of Sample)**
More likely to deliver a marginal project or outright failure than a success	If a company focuses on business requirements and executing consistently, 73% of projects should turn out successful with only the rare project ending up a failure
50% chance of a run-away (>160% budget/time, <70% functionality)	
This group expends: • 49% more money • 39% more time	54% of group delivered on time, on budget, on function

N=110
Source: IAG Business Analysis Benchmark, 2008

It is important for readers to determine whether their company is Scenario 1 or 2. Much of the analysis in this paper looks at the underlying issues of Scenario 1 versus Scenario 2 and it will be helpful for readers.

The High Premium Paid for Poor Quality Business Requirements

According to Meta Group research in 2003, the requirements definition phase of a project consumes only 10% of total budgetary expenditure with *ALL* pre-coding activities consuming something in the order of 39% of project expenditure.

Definition 10.0% Analysis 13.1% Design 15.8% Coding 23.0% Systems/ Integration Testing 10.3% Acceptance Test 6.7% Documentation 5.4% Implementation 7.1% Support 8.5%

Source: META Group, 2003 Worldwide IT Benchmark Report

The data from this study demonstrates clearly that a project manager who believes the quality of requirements received is below average would be better served to *REDO* requirements than to proceed on a large project despite the uproar this decision would create with business stakeholders. **79% of Scenario 1 projects were over time and over budget and a whopping 50% of these projects were runaways.** A runaway is the combination of any 2 of:

1. Taking over 180% of target time to deliver
2. Taking in excess of 160% of budget
3. Delivering under 70% of the target required functionality

A project manager with requirements that are below average, *which then proceeds with the project coding and implementation,* is betting against overwhelming odds that they will achieve a successful outcome.

In absolute terms, the quality of requirements will dictate the time and cost of the solution.

The Business Requirements Premium[1] (graphic beside) illustrates the data from the survey. There is a direct and substantial premium paid in time and budget by companies that failed to use optimal business requirements practices on their project. The quantification of Business Requirements Premium presented is further confirmed by a second study of IAG customers[2] which had similar results.

BUSINESS REQUIREMENTS PREMIUM*

Premium paid in cost and time required for project relative to projects with High Quality requirements

* Average increase in the overrun on time or cost versus projects that used high quality requirements

N=109
Source: IAG Business Analysis Benchmark, 2008

Based on these two IAG studies with similar findings there is strong support for the finding *" there is a 60% time and cost premium to be paid on projects with poor quality requirements"*.

Determining the Impact of Poor Quality Requirements for the AVERAGE Company

As is seen from this research data, organizations often do not internalize the importance of business requirements analysis and the impact it has on overall development effectiveness. Almost 70% of organizations did not take effective action despite knowing that requirements are important to project success. It may be that there is a pervasive belief that requirements analysis is not seen as being part of the "real work" of a project, or that superior technical skills make the analysis phase unimportant. In other cases, it seems that requirements is considered to be the 'document' rather than the cumulative processes, practices and templates that were used to achieve consensus on needs. The research shows that all these above beliefs are false:

1. Lack of success in requirements analysis carries a significant and debilitating cost premium for the average company
2. It is possible to achieve consistently excellent results
3. Excellent requirements – used to deliver excellent projects – are achieved through use of excellent process.

[1] Calculated as the difference in performance divided by value achieved with there is high quality requirements. IAG also verified that each grouping had similar project size and company type.
[2] Study of 6 customers across 36 matched projects – one using IAG methods, and one using an alternative which found the adoption of the IAG methods:
1. Reduced requirements cost and development cost by 58% and 60% respectively.
2. Compressed time required for delivery at the same rate.

If your people and processes in business requirements are only AVERAGE, rather than excellent, this lack of excellence will consume approximately 41.5% of the IT development budget for people (internal and external) and software on strategic projects. Average competency people, producing average quality had the following effects as seen in the study results:

1. The "average" project in the study cost approximately $1.1 million more than the "optimal" project. This creates a 36% cost premium.
2. The "average" project took 24% longer than an optimal project. This means that projects scheduled to be completed near the end of one fiscal year are often being delivered in the second quarter of the next fiscal year.
3. The average analyst fails 5.5% more times than needed. One in eighteen projects will likely need to be redone and consume a further 5.5% of budget.

To further illustrate the impact of "average" in requirements analysis: our analysis shows that it is unlikely that the average analyst team will be able to deliver on essential goals which are typically fundamental to the business case, such as restructuring for improvement and cost cutting:

1. The data shows that in 63% of cases where a significant change to business processes was a primary or important secondary consideration for the project, an average analyst will fail to deliver to business expectations.
2. In 56% of circumstances where cost cutting is a primary or important secondary consideration for the project, the average analyst will fail to achieve the goal.

In contrast to the above, process change and cost cutting objectives were achieved by the high competency analyst teams on 88% of the projects reviewed. As seen later in the study findings, excellence is not simply a matter of hiring better people. Excellence comes from rethinking the approach to how requirements are done.

Describing the effect of using only average people and process as 'debilitating' is perhaps unfair, since companies do not collapse as a result of poor quality analysis. In fact, IT organizations and the stakeholders involved will overcompensate through heroic actions to deliver solid and satisfactory results. However, 'debilitating' is an accurate word to describe the cumulative effect of years of average performance in requirements analysis when results are compared to competitors who are optimal.

It's a myth that the average analyst can be assigned any project. The evidence here: an average analyst will fail to achieve process reengineering objectives over 60% of the time. Average analysts do not deal well with process change objectives. Their requirements discovery process appears to be fundamentally different than that used by elite analysts.

Excellence comes through a rethinking of how requirements are done.

Capturing Economic Value in the Requirements Process

To help executives to visualize the issues created by sub-optimal requirements IAG has distilled some of our experience and related research into the following checklist. Executives need to internalize that massive change can occur by focusing on business requirements. This diagnostic tool on the next page is designed to provide a guideline for diagnosing where money and time is being inefficiently utilized. It will also help determine if there is substantial savings to be made at your corporation through focusing on the process of requirements discovery.

Business Requirements Efficiency Assessment

Factor	Is this an issue at your company? (Y/N)
The excellent analyst will have the effect of minimizing scope while still delivering the essential functionality needed by the business. They do this at the point in time when opinion on scope and function is being set by leading the discovery so the projects will tend to get *smaller* over the cycle of requirements discovery. If projects at a company always seem to get *bigger* over their lifecycle, then that company is likely a Scenario 1. The net result is paying far more for applications than is absolutely necessary.	
Excellent business requirements done using excellent process will have very little change. It is not that these project definitions *cannot* change, it's that they don't because the defined requirements are more complete and stakeholders are satisfied that they have achieved consensus. IAG found that our Requirements Discovery Process™ reduced requirements change in a controlled study by 75%. If changing requirements effected any more than 8 statements in 100 on average[3] there is likely a problem and the company is a Scenario 1. According to a variety of studies the average company has 30% to 35% rework on projects but many have well in excess of 50%. Further studies have seen that 75% of this rework is attributable to requirements change. Cutting rework translates into direct savings on project expenditure.	
Excellent requirements have unambiguous scope. Projects with excellent requirements will be delivered on time and budget 61% of the time. If your company's average variance is greater than 120% of target, or if the "contingency" used by IT when estimating projects is greater than 30%, there is likely a problem and the company is likely a Scenario 1.	
An excellent analyst process is precise and repeatable. This means that the analyst team should be able to forecast the amount of time needed by business stakeholders to conduct the assignment and stakeholders should expect efficient and effective meetings in the discovery of requirements. The average project in this study which used poor requirements practices overran the amount of time expected of stakeholders for participation by 200%. If a company has difficulty getting stakeholder involvement in projects, or the business analysis teams cannot consistently forecast the amount of time needed to do the business requirements for a project, or the stakeholders are thinking that they personally spend about twice as much time on projects as expected, there is likely a problem. Companies with this type of problem will see higher turnover, people working heroic hours to complete assignments, and poor quality sign-off processes on requirements.	

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[3] IAG reference study: Requirements change was shown to be reduced by 75% through the introduction of RDP™. The average number of changes to requirements was a mere 8 statements in 100 being affected by changes. Changes to requirements are largely attributed to unambiguous, unclear or inaccurate interpretation of the user requirement. Changes are typically made during requirements review and sign-off, during design or prototype walkthroughs, and during testing. Changes also occur as maintenance change requests but these are not part of this measure. Changes counted in this measure are additions (due to missed, imprecise or inaccurate requirements), changes (due to inaccurate or ambiguous specifications) and valid removals. Requirements *removed* as a result of changes in project scope and implementation are not counted in this measure.

For the external studies referenced, please see IAG's "Executive Guide to Business Requirements"

The impact of poor requirements on organization is significant and can be quantified. To make this cost tangible, IAG has provided the four tests above to diagnose where costs may be hidden. There is one final test which is more qualitative but well supported by the survey findings: if your stakeholders are not satisfied with more than five of the last ten projects completed by your organization, there is definitely a problem. **The direct interpretation of the bar chart on page four is: Being a Scenario 1 company with Improbable Success is synonymous with the phrase 'stakeholders are generally dissatisfied with the results of development efforts'.** This last test is easy to assess and makes it difficult for the senior IT executive to ignore the problem – eventually, dissatisfied customers get angry. If one of the five problems outlined above affects your organization, take a more detailed look at DIAGNOSING ORGANIZATIONS (next section). Diagnosing Organization is a step-by-step look at effective and ineffective strategies and behavior within organization surrounding the discovery of business and software requirements. These benchmark statistics are provided to further assist a senior executive pin in dispelling myths and identifying other underlying problems.

Summary of Study Findings: Assessing the Impact of Poor Requirements on Companies

The nine key findings from the above are:
1. Many entrenched beliefs about requirements are wrong, and doom 68% of companies to project failure before the project ever really gets rolling.
2. If your people and processes in business requirements are only AVERAGE, this lack of excellence will consume approximately 41.5% of the IT development budget for people (internal and external) and software on strategic projects.
3. While people intuitively recognize the need for good requirements, they have not internalized the impact of poor requirements in a way that makes them change behavior
4. The pay-off for those companies that have made improvements to the people and processes involved in requirements analysis is quite large, with over 70% of these companies reporting successful projects.
5. Fully one-third of companies surveyed had three times more project failures than project successes. Given that their counterparts with excellent requirements processes had over 70% of projects being considered successful, this pervasive failure can only be attributable to requirements quality.
6. 68% of companies are Scenario 1 – They are unlikely to have successful projects. Moreover, 79% of Scenario 1 projects were over time and over budget. A whopping 50% of these projects were runaways (significantly over budget/time or under functionality).
7. Two different IAG studies have now produced identical findings: there is a 60% time and cost premium to be paid on projects with poor quality requirements.
8. Elite competency analyst teams achieved process change and cost cutting objectives on 88% of the projects reviewed
9. A direct interpretation of project data is: Being a Scenario 1 company with Improbable Success is synonymous with the condition of 'stakeholders are generally dissatisfied with the results of the development effort'

Diagnosing Organizations:

Benchmark of the current state of organizations and assessment of the underlying causes of poor quality requirements

Diagnosing Organizations

Most organizations surveyed were larger corporations which have an inherent level of complexity which may not be experienced by very small companies. The IAG survey focused on companies spending in excess of $250,000, with the average project surveyed being $3,000,000. This type of project is strategic to the company, and the findings would be applicable to the larger projects of a mid-sized company, or many projects of a very large multinational.

Further demographics:

- Median number of people impacted by the solution: 250. Because of some very large projects, the average is skewed to ~1,300

- The median number of stakeholders involved in defining requirements: 15. Again, because of some very large projects the average is skewed to 35.

- Nearly 70% of companies have more than 5 locations or are multinationals

These results are descriptive of Fortune 1000 companies or the very large projects of mid-size companies within North America.

In general: most organizations are not well set up to be successful in getting business requirements right – over 50% of them do not have even basic pieces in place to be successful at business and software requirements and 70% of organizations do not have the fundamental competencies within business requirements discovery to consistently bring in projects on time and on budget.

The chart to the right illustrates a significant underlying problem:

- The red line indicates the average competency score for organizations that were +/- 10% on budget and time for projects was 70 (read from the horizontal axis). The blue line indicates the proportion of organizations that have the given skill level meaning that only 30.8% of organizations have this skill or roughly 70% of organizations lack the requirements discovery competence needed to deliver predictable project success.

% of companies that have the given skill level

% OF COMPANIES THAT HAVE THE GIVEN SKILL LEVEL

Average competency in requirements discovery for companies that reported their project +/- 10% of estimated time, +/- 10% of estimated budget, and on function

Competency in Requirements Discovery (Scale 0-100) measured on 12 factors
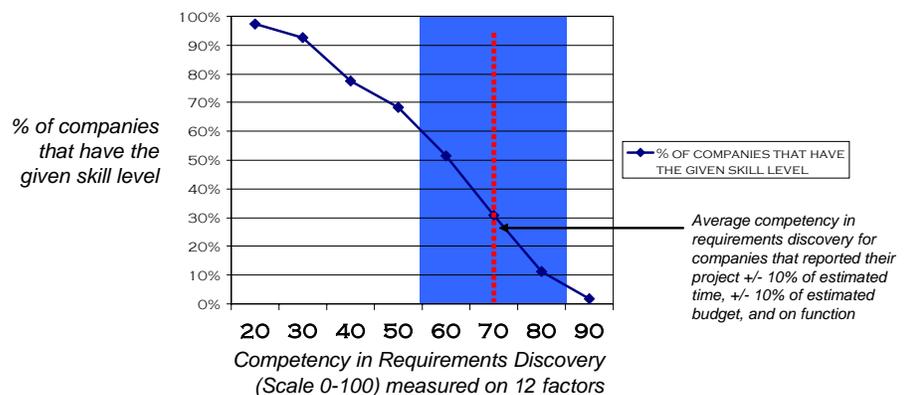
N=109
Source: IAG Business Analysis Benchmark, 2008

- 40% of organizations have *significantly* less competency than is needed for predictable success (1 standard deviation is the left edge of the blue shaded are). These organizations will have significantly more trouble bringing in projects on time and on budget. In fact this group fails 3 times more often than succeeds and reports an average budget overrun of 195%.

The findings here map closely to Scenario 1 and Scenario 2 findings presented earlier.

Business Implications in the Data

Having a competency score of 70 is critical to predictable IT performance. There is the further implication that if an organization is consistently better than most of their competitors in this area, there should be a noticeable performance difference in the company as a whole versus its competitors. Capital dollars in information technology for Scenario 2 companies are simply better allocated.

Companies should realize that the competency bar for achieving sustained performance difference is quite high. This performance gain is not realized by simply implementing a tool, or training analysts for a few weeks. Achieving change will require a holistic approach to developing people and processes. The level of effort and investment needed should not be underestimated.

Snapshot of the Current State of Organizations

The data table below shows that more than 50% of companies do not have professional, trained staff dedicated to the function of getting requirements, and the vast majority view the process of getting requirements to be inefficient. In general, the current state of capability in organizations in requirements discovery is poor.

Snapshot of the Organization: Do you agree with the following?	Per Cent of Respondents that Agree with Statement
Business requirements are traceable, and well integrated into testing at our organization	47%
Our organization treats business analysis as a profession and has trained staff dedicated to this function	46%
Our organization has a formalized approach to doing business requirements which is consistently followed by business analysts on projects	42%
Our organization is excellent at transitioning requirements from business departments into the information technology department	36%
Our organization has defined standards for business requirements documentation quality, and assess the work of analysts against these standards on projects	34%
Our organization can predict how much stakeholder time will be needed, and which stakeholders will be involved in the requirements phase of a project	33%
Stakeholders feel that the process of extracting and documenting requirements is efficient at our organization	29%

N=110
Source: IAG Business Analysis Benchmark, 2008

One observation about the above table: IAG believes that it is unlikely that so many respondents had traceability through testing. Probably this should be interpreted as "47% of respondents use the requirements documentation in testing". To achieve traceability (what

requirement is linked to which process and strategic objective of the project, AND, assuring that the code delivered matches up to the requirements) a fairly high quality requirements document is needed and the data clearly indicates that companies are not producing the requisite quality level.

In another interesting observation, IAG's analysis found that not one of these organizational improvement variables is individually highly correlated with successful project outcomes. In the table below, only the top two variables stand out as something a CIO could implement on a stand-alone basis and expect to get improvement on individual projects as an outcome. In the Tactics for Tomorrow section (following), IAG will review these two areas in more detail.
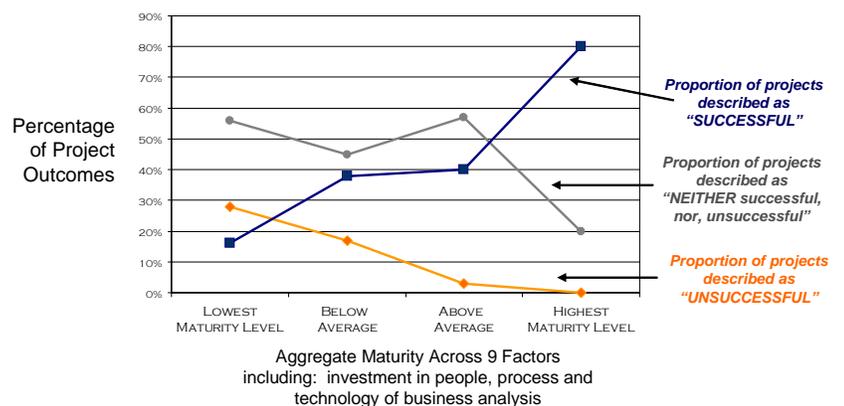
Area of improvement	*Correlation* *1 is perfect* *0 is no relationship*
Our organization has defined standards for business requirements documentation quality, and assesses the work of analysts against these standards on projects	**0.38**
Stakeholders feel that the process of extracting and documenting requirements is efficient at our organization	**0.32**
Our organization treats business analysis as a profession and has trained staff dedicated to this function	0.25
Our organization has a formalized approach to doing business requirements which is consistently followed by business analysts on projects	0.24
Our organization can predict how much stakeholder time will be needed, and which stakeholders will be involved in the requirements phase of a project	0.23
I believe the automated business analysis tools that we currently have in place are excellent at helping us manage requirements and requirements change	0.23
Our organization is excellent at transitioning requirements from business departments into the information technology department	0.21
I believe the automated business analysis tools that we current have in place are excellent at helping us elicit requirements	0.20
Business requirements are traceable, and well integrated into testing at our organization	0.17

N=110
Source: IAG Business Analysis Benchmark, 2008

The conclusion from the above: there is no single silver bullet for making organizational improvement. CIOs must look at making improvement across all the areas of people, process, and tools used to support processes to gain organizational improvement.

Only a systematic change to all areas of people, process and enabling tools yields material improvement. 80% of projects from the companies which had made these broad-based changes had successful projects. *It is an almost a linear progression – the greater the organizational focus on the combined aspects of business requirements (people, process and enabling tools), the better the expected project outcome.* We describe this approach of focusing on all areas of business

Percentage of Project Outcomes

Proportion of projects described as "SUCCESSFUL"

Proportion of projects described as "NEITHER successful, nor, unsuccessful"

Proportion of projects described as "UNSUCCESSFUL"

Aggregate Maturity Across 9 Factors including: investment in people, process and technology of business analysis

N=109
Significance: a difference will be found in performance 99.97 times in 100
Source: IAG Business Analysis Benchmark, 2008

requirements "Integrated Investment" and show the project success ratios of 4 groups from lowest to highest in the chart above. Every increase in the level of investment brings about a meaningful result.

Business Implications in the Data

This data demonstrates that point changes made to organization and deliverables doesn't yield meaningful improvement. Only when the process is considered in combination with these other items is meaningful improvement to performance realized. It is this finding that leads IAG to conclude that companies simply do not visualize business requirements as, first and foremost, a process rather than a document. *The focus of companies must shift to the quality of Requirements Discovery as a process and away from "Business Requirements" as a thing that either happened or didn't at the beginning of a project if they hope to consistently deliver successful projects.*

Organizing Business Analysts – Uncovering the Myth of Business Requirements Leadership

Who should have primary responsibility for business requirements – non-IT business management or Information Technology? The question is essential to knowing how to effectively organize business analysis skill sets and position them optimally into an organizational structure. IAG asked which area had primary responsibility for business requirements, and looked at how successful each group was in bringing applications in on time, on budget and on target function.

The data here was insightful:
1. Non-IT business analysts: On average, applications based on analysis by non-IT business professionals came in at almost 200% of budget and over 245% of time, while delivering beyond the original functionality specification.
2. IT-managed requirements analysis: Generally performed better on budget and time than the non-IT business analysts, but delivered less functionality than was expected by the business.
3. Jointly owned requirements analysis: This was found to be the optimal approach, with the lowest overall time and budget expenditure and generally on-target application delivery.

Who Owned Primary Responsibility for Requirements?	Budget % of target	Time % of target	Functionality % of Target	Stakeholder time % of Target
IT Organization	162.9	172.0	91.4	172.9
Non-IT Business	196.5	245.3	110.1	201.3
Jointly Owned	143.4	159.3	103.7	163.4

N=109
Source: IAG Business Analysis Benchmark, 2008

The characteristics of each grouping suggest that the '*process of requirements*' changes depending on which organization is has primary responsibility for the activity. This process change is positive when business requirements are considered a joint activity involving the business, and negative when business does requirements without contribution from the IT organization. Success rates are almost exactly the same for all organization types. This means

that while budgets and timeframes can be better managed by implementing either IT or joint ownership of business requirements, success rates are governed by a completely different and independent variable. The data presented earlier in this report demonstrates that success is driven by the competency of the business requirements team.

Business Implications in the Data

These findings indicate that enterprises would be best served by creating an independent Center of Excellence for business requirements which is jointly owed by business and IT. Institutionalizing joint ownership appears to positively influence the cost and timeliness of application delivery, while a correctly established center of excellence can be charged with maintaining the appropriate work standards and be effective in this role. Only when both structure and high levels of competency are brought together are superior resource efficiency *and* superior success rates achieved.

The idea of a center of excellence for business requirements is gaining momentum particularly for larger companies with a need to deal with complex projects. In the absence of this structure it is harder to manage the requisite competency base of the corporation, and optimize the use of elite analysts across the enterprise.

Assessing Organizational and Project Risk Factors

This report is designed to help the C-level executive take action to improve results. To meet this need IAG focused on diagnosing various types of project risks to analyze underlying issues impacting project failure rates. The analysis looks at three major areas:

1. The impact of project objective types on project success.
2. The impact of project size and budget on project success.
3. The impact of adopting packaged versus a custom build approach on project success.

The findings indicate that success rates are changed by some of these variables, but perhaps not in the way people might think. In conclusion to this section, IAG presents a project risk assessment tool designed to help project executives proactively identify increased potential for failure at the start of a project.

Assessing the Risk Associated with Complex Project Objectives: The Downfall of the Average Practitioners versus the Elite Practitioners of Requirements Discovery

Companies have been grappling with getting requirements right for a long time. More mature companies often have large business analyst teams tasked to working projects. The ratio at a few companies IAG works with is 1 analyst for every 2 developers. The challenge is that many of these people will simply not be effective in certain roles. Data from this project underscores the real issue: *the "average" business analyst team will fail to get successful results in over 60% of projects where a significant change to the existing approach to doing business is needed*.

IAG investigated the connection between the competencies of the business analysis team and certain business outcomes expected by the business such as cutting costs, launching new products, regulatory compliance, reengineering the business, etc. The results demonstrate a remarkable difference between the performance of 'average' analysts and elite practitioners where process change is an expectation of the project. The elite analyst MUST be following a different process than the average analysts to create their success. There is no other explanation for elite being successful in achieving objectives on 80% of projects, while in 60% of cases the average analyst fails to achieve the same objective.

IAG speculates that the underlying variable driving the discrepancy is the degree to which analysts can rely on their personal industry or company understanding versus relying on the requirements discovery skills of a professional analyst. To elaborate – take the insurance industry example:

> An insurance company adding a new product (a coverage) is a fairly well established process. There is a well established business pattern and information set needed (rating rules, exclusions, terms, etc); the analyst can simply 'fill in the blanks". Most new products do not have significant process or processing changes so the average analyst with a high degree of industry or company understanding would perform the task very well.

> There is limited process change in the above example – therefore the average analyst should perform quite well. If the new product had significant process change, then the analyst would not perform well.

Dealing with compliance issues in insurance – the average analyst may perform well since changes tend to effect how the company rates rather than its business process – while in pharmaceutical industries the average analyst probably performs poorly since regulation changes tend to significantly effect operation and distribution processes.
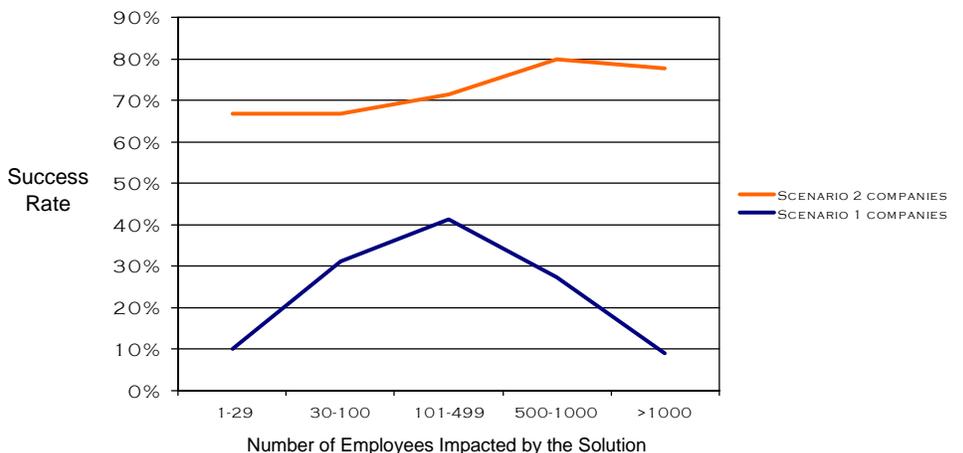
Business Implications of the Data

In business requirements, there is a difference between the "elicitation" methodology used by companies that achieve expectations when there is a significant degree of process change expected in the project and those that don't. Analysts must be able to bring consensus amongst stakeholders on requirements even when the business processes are totally different or they will fail.

Assessing the Risk Associated with Project Size

It is a common belief: large projects have large risk and small projects have small risk. While this may be true from a financial perspective, there was no correlation or meaningful pattern that exists in the data between overall budget and project success rates. The risk – regardless of budget – lies in the number of stakeholders impacted by the solution and secondarily, by the number of people required for requirements gathering, rather than specifically project budgets.

The data here is unusual, and revealing.

In the data presented to the right, projects which impact a small number of employees can be as risky as massive roll-outs that affect thousands or tens of thousands of employees. IAG's expectation prior to the survey was that there should be a simple relationship between the size of the stakeholder group and the success rate of projects (the larger the group, the lower the success rate). Looking under the data, projects that impact a small number of stakeholders have expectation management problems. Specifically:

Source: IAG Business Analysis Benchmark, 2008

1. The amount of time needed to implement the solution versus expectation
2. The amount of personal time consumed versus expectation

Business Implications of the Data

There are three key messages in this data for both business and IT executive:

1. Simply because a solution is small, or impacts few stakeholders, does not mean that this project is pre-disposed to success. The data shows quite the opposite.
2. Companies need to do a better job of scoping smaller projects which have process change to better set time expectations and control costs. The project governance frameworks at many companies may not be placing enough scrutiny on these smaller project types to make them more efficient.
3. For larger projects, there is a vast difference in performance success rates between the average analyst, and highly skilled analysts. Companies need to reconsider the wisdom of using the same people to perform all project types.

Success of Commercial Packaged Solutions and Business Requirements

There is an unusual belief that pervades the industry that an organization can simply pick a package and implement it – and they will be successful so long as few modifications are made. The idea is that the 'best-of-breed' processes within the application displace the existing processes of the company. The data finds that this is simply not true.

While commercial off-the-shelf (COTS) solutions with few modifications are more frequently delivered on time,

Which best describes the solution deployed?	Proportion On Time On Budget, on Function	Proportion Considered Successful
Developed ourselves	32%	46%
Based on Custom Software - Outsourced Development	9%	36%
Based on packaged with no modifications	45%	47%
Packaged: with high degrees of customization	28%	36%

budget and function than other approaches to development, there is very little difference in the success rate between companies that developed the solution themselves and the packaged solution approach. Secondly, neither the average success rate for COTS nor the proportion of projects delivered on time and budget is better than 50%. *Focusing on unmodified COTS implementation will not bring about a systematic predictability in success rates or time/budget performance of projects.*

Implementing a COTS solution without a solid foundation of business process and information flow understanding will most often lead to a marginal project implementation which is deemed "neither a success, nor a failure". This projects, for example, have the expected functionality delivered, but business benefits anticipated are not realized or the cost of changing processes to match the design of the system are far higher than expected.

As with all development approaches, the competencies of the requirements discovery team strongly influences the probability that the implementation will be deemed "successful" by participants. The average skill level of analyst teams implementing COTS successfully is as high as those implementing through other solution approaches. An interesting quirk of findings: unlike all other categories where the skill of the analyst team is equally effective at creating success as it is at mitigating the probability of failure, in COTS failure seems to be influenced by factors other than the skill of the business analysis team (i.e., the skill of the team could be relatively high, and the implementation still may not be successful).

In general, it appears that other processes within the generally accepted approach to selecting and implementing COTS are getting in the way of competent analyst teams actually achieving success. Some possible explanations of this "good execution with poor results" phenomenon associated with COTS:

1. Organizations are selecting and purchasing an inappropriate application – THEN – trying to do the detailed analysis of how the company processes will work.
2. Some other process is more heavily influencing and creating failures despite stronger analysis skill, such as:
   a. The quality of the software
   b. The contracting or project management approach.
   c. The IT department's approach to gap analysis and implementation.
   d. The software vendor's processes or implementation approach.
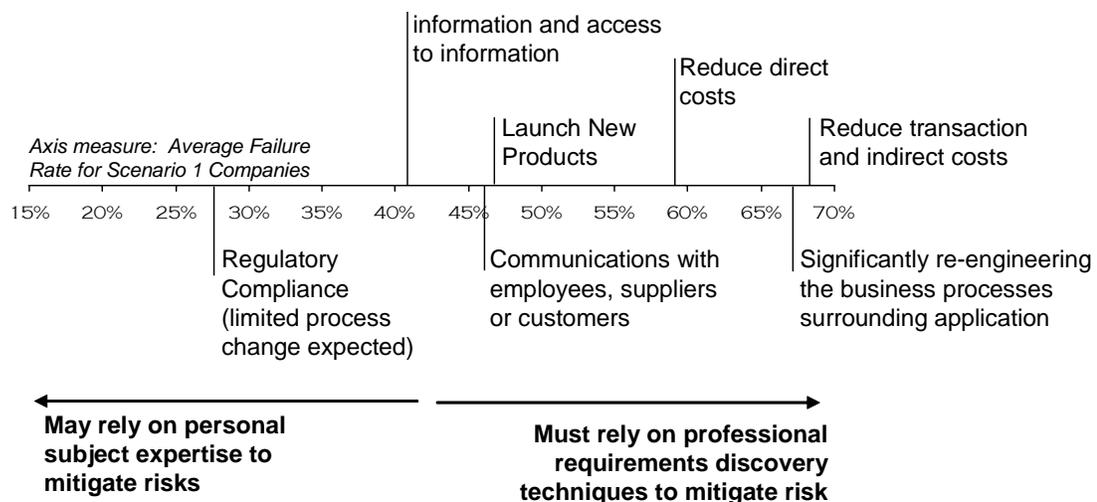
Business Implications of the Data

Companies with business analysis centers of excellence will need to look at the process of COTS selection and implementation. As with other areas of system development, the quality of business requirements discovery should be strongly correlated with achieving successful outcomes. Where this is not the case, there is likely a process failure which needs to be addressed.

Risk Assessment Model

From the above data, the one factor that enables executives to proactively predict project success risk is the type of business objectives being pursued in the project. Using this, an executive can better forecast the risk of project failure, and take action to manage this risk.

Below, is a business requirements discovery risk scale designed for project managers to describe

information and access to information

Reduce direct costs

Axis measure: Average Failure Rate for Scenario 1 Companies

Launch New Products

Reduce transaction and indirect costs

| 15% | 20% | 25% | 30% | 35% | 40% | 45% | 50% | 55% | 60% | 65% | 70% |

Regulatory Compliance (limited process change expected)

Communications with employees, suppliers or customers

Significantly re-engineering the business processes surrounding application

May rely on personal subject expertise to mitigate risks

Must rely on professional requirements discovery techniques to mitigate risk

Source: IAG Business Analysis Benchmark, 2007

the probability of a failure to meet specific business goals unless mitigating action is taken.

Specifically, the table illustrates the expected failure rate to achieve a given business objectives for Scenario 1 companies. Failure rates for high process change objectives are in excess of 60%.

In order for the Scenario 1 company to achieve success when facing a high risk objectives, it must adopt the practices of a Scenario 2 company. In Scenario 2 companies, the process of elicitation and the competencies of the analysts deliver *success* rates of between 73% and 88% for the same set of objectives.

Since companies seldom have only one business objective on a project, they should consider the relative importance of these objectives and plot the overall project's business requirements discovery risk. The higher the risk level (to the right on the scale) the more often companies did not achieve their expected business objectives of the project. **IAG believes that as risk levels rise, companies must take steps to mitigate this risk.**

The research shows that companies mitigate risk when significant reengineering is required, but will tend to overlook the need for elite analysts when cost reduction goals are targeted.

Business Implications of the Data

The potential for failure on projects can be mapped based on the business objectives targeted by that project. Companies can, and do, mitigate this risk by engaging elite analysts which are consistently successful at achieving business objectives. However, companies tend not to apply this risk mitigation when cost cutting is a key goal of the company, and will therefore tend to under-achieve the goals targeted.

Companies must develop or have access to elite analysts to achieve certain business objectives of application implementation. Failure to deploy this asset will generally result in high failure rates. The Center of Excellence approach can be used to provide the resources capable of assessing the business objectives risk of a project (using the scale above), and to provide a supply of elite analysts to engage in projects where risk is unacceptably high.

Conclusions in Diagnosing Organizations

Most organizations are not well set up to be successful in getting business requirements right – over 50% do not have even basic pieces in place to be successful at establishing business and software requirements, and 70% of organizations do not have the fundamental competencies within business requirements discovery to consistently bring in projects on time and on budget. Having the requisite competencies is critical to controlled IT performance. It also means that if an organization is consistently better than 70% of their competitors in this area of competency, there should be a noticeable performance difference in the company as a whole versus its competitors. Capital dollars in information technology for Scenario 2 companies are simply better allocated.

Companies should realize that the competency bar for achieving sustained performance difference is quite high. This performance gain is not realized by simply implementing a tool, or training analysts for a few weeks. Achieving change will require a holistic approach to developing people and processes. The level of effort and investment needed should not be underestimated.

The data supports the creation of an independent Center of Excellence for business requirements which is jointly owed by business and IT. Institutionalizing joint ownership positively

influences the cost and timeliness of application delivery. A well-established center of excellence must be charged with maintaining the appropriate work standards if it is to be effective at influencing the quality of results as well as the cost. Only when both of these factors are combined are superior resource efficiency *and* superior success rates achieved.

The concept of Center of Excellence is further supported by the need for elite business analysts on certain types of projects. Companies must develop or have access to elite-competency analysts to achieve certain business objectives of application implementation. Failure to deploy elite analysts in these situations will generally result in a failure to achieve the target business objective.

Companies with business analysis centers of excellence will need to look at the process of COTS selection and implementation. As with other areas of system development, the quality of business requirements discovery should be strongly correlated with achieving successful outcomes. Where this is not the case, there is likely a process failure which needs to be addressed.

Perhaps the most critical findings of this section: Point changes to organization and deliverables don't yield meaningful change to results in and of themselves. Only when elements associated with the process of requirements discovery are considered in combination with these other organizational elements is meaningful change to performance realized. It is this finding that leads IAG to conclude that many companies simply do not visualize business requirements as, first and foremost, a process rather than a document. ***The focus of companies must shift to the quality of Requirements Discovery as a process and away from "Business Requirements" as a document that was either completed not at the beginning of a project if they hope to consistently deliver successful projects.***
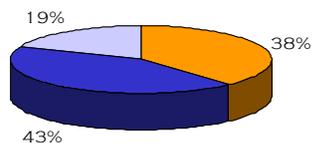
Tactics for Tomorrow:
Steps to make organizational improvement

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

19%
38%
43%

- No Plans to Make Improvement
- We Plan to Make Improvement
- This is a Priority for the Company

21%
25%
54%
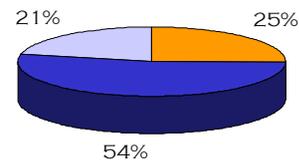
Improve Tools:
Analysis or Management of Requirements

12%
47%
41%
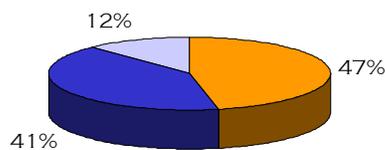
N=109
Source: IAG Business Analysis Benchmark, 2008

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

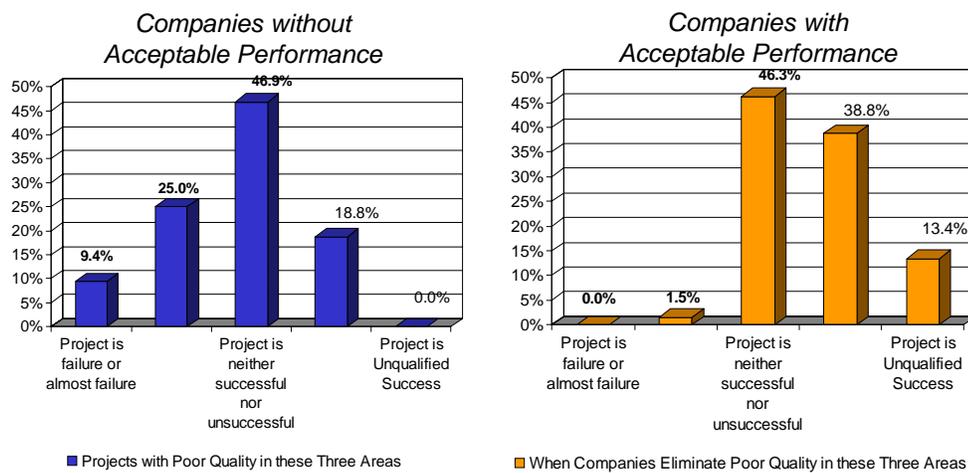**IAG found that project failure due to requirements failure can be substantially eliminated on over 80% of projects by auditing the quality of three key factors in requirements documentation.** Companies that were poor performers in these 3 areas reported projects that failed over 30% of the time, whereas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

Companies without Acceptable Performance

	Project is failure or almost failure	Project is neither successful nor unsuccessful	Project is Unqualified Success
Projects with Poor Quality in these Three Areas	9.4%	46.9% (peak), 25.0%	18.8%, 0.0%

Companies with Acceptable Performance

	Project is failure or almost failure	Project is neither successful nor unsuccessful	Project is Unqualified Success
When Companies Eliminate Poor Quality in these Three Areas	0.0%, 1.5%	46.3%, 38.8%	13.4%

Source: IAG Business Analysis Benchmark, 2008

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

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

Assuring that the scope does not change

With Requirements Elicitation Skill:
1. Getting requirements in a concentrated period
2. Get consensus on requirements
3. Effective meetings and use of stakeholder time

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.
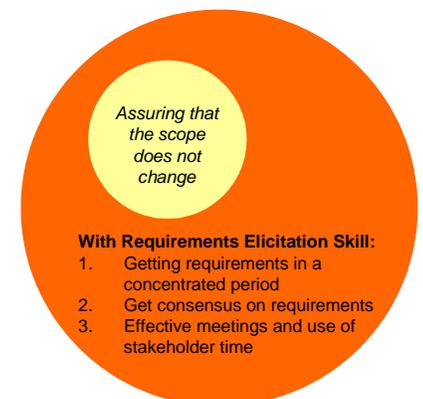
Experience shows that this interaction of scope and elicitation competence makes sense: an analyst with excellent elicitation skill is able to tightly control scope and help the client make decisions on inclusions and exclusions throughout the entire process of elicitation. This continuous focusing of 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).

All Companies

Project is failure or almost failure	3.0%
	9.1%
Project is neither successful nor unsuccessful	46.5%
	32.3%
Project is Unqualified Success	9.1%

■ General Sample

Get Scope Right and Strong Elicitation

Project is failure or almost failure	0.0% / 0.0%
Project is neither successful nor unsuccessful	18.2%
	54.5%
Project is Unqualified Success	27.3%

■ Any 1 competency in elicitation is high and competency in scoping and scope control is high

Achieve Excellence in Elicitation

Project is failure or almost failure	0.0% / 0.0%
Project is neither successful nor unsuccessful	21.4%
	35.7%
Project is Unqualified Success	42.9%

■ Excellence across 5 categories of elicitation competency

Generally Not Successful Projects   *Generally Successful Projects*   *Generally Excellent Projects*

Source: IAG Business Analysis 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[4]" 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

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[4] "Unqualified Success" is the highest success rating a stakeholder could assign a project.

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 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.

Contacting the Author

We encourage those with questions on the survey to reach out to the author and IAG. Send us your feedback, success stories, and experiences in making improvement. Personally, I'm an avid collector of data on requirements and business issues of performance change so I'm always interested in hearing about how your organization improved.

If you wish to send me an email, go to www.iag.biz and select [contact us] and send an email to the address listed with "IAG Business Analysis Benchmark" in the subject line.

About the Survey

This survey is designed to scrutinize the impact of business analysts on North American business, and the technology projects of these companies. The study started with a random sampling of approximately 400 projects and winnowed this down to the 110 projects which fit precise criteria. These criteria are:

1. The project budget must be in excess of $250,000 for development, software and external services. This means we eliminate simple or routine projects that lack a moderate amount of complexity.
2. The project must involve software development or application implementation. This means that we eliminate infrastructure or technology-only roll-out projects.
3. The project must deliver business capability or software functionality that is significantly different than those which existed prior to the project. By this we eliminate most maintenance, bug-fix, or technology replatforming projects which do not really change the business.

Using these criteria, IAG removed bulk of maintenance or technology-only projects, and focused on a subset of larger projects that are truly strategic to a company. In numbers, this subset may account for less than 10% of total projects completed by the IT organization in a year, but is also likely to account for as much as 50% of project spending. In fact, over 75% of projects reviewed in our research were considered either "critically important" or "very important" to the enterprise. This special class of project is typically:

- Fundamental to the performance of the business.
- Larger, and typically cross-functional in nature with a high potential for project interdependencies.
- Represents the bulk of larger-scale project work which is initiated at companies today.

This is a difficult class of projects for companies. Our research finds found only 20% delivered on time, a mere 28% are delivered on budget, and less than 45% that delivered the full functionality expected at the outset of the project. As a class, this grouping represents a significant amount of expenditure – and an area of generally poor performance for large companies.

This survey was developed by IAG Consulting and Michael O'Neil, and fielded in association with InfoTech Research Group.

About the Author

Keith Ellis is a Vice President at IAG Consulting, specialists in eliciting and managing business requirements for technology initiatives. Mr. Ellis was co-founder of the elicitation company Digital Mosaic (merged with IAG in 2007) and has extensive experience in technology research, business analysis issues. He regularly publishes articles, white papers and other research findings in these areas.

Mr. Ellis can be reached at (905) 842-0123 x228

About the Research Partners of this Report

Info-Tech Research Group
This research is done in association with InfoTech Research Group which managed the field research technology and related processes. InfoTech is a global leader in providing IT research with over 21,000 worldwide subscribers and a ten-year history of delivering quality.

ITinCanada.ca
Michael O'Neil and the team at ITinCanada.ca provided assistance in survey design and results analysis. Mr. O'Neil's global research background enabled us to bring together partners to syndicate the research and assisted us in getting the response rate needed to make this project a success.

About IAG Consulting

IAG specializes in business and software requirements. Over the last 10 years, IAG has worked with 300 of the Fortune 500 companies, completed over 1,000 business and software requirements assignments, and trained over 15,000 business analysts. 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 by:

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

CONTACTING AN IAG CONSULTING SPECIALIST: Email IAG by accessing www.iag.biz and selecting contact us or call our North American Toll Free line: 800-209-3616