

Establishing and Maturing a Business Analysis Center of Excellence

The Essential Guide

An ESI International
White Paper



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Abstract

Many organizations are scratching their collective heads over how to build and mature a business analysis center of excellence (COE). Where do we start? What does a business analysis center of excellence look like? Who owns it? How does it evolve?

This paper outlines the standard operating practices necessary for a business analysis center of excellence and provides maturity level descriptions to help your organization determine the stage at which its business analysis practice is currently operating. It also offers step-by-step guidance not only on the specific mini-projects that comprise a center of excellence, but also on the bigger picture—such as how to gain the support you need by showing every level of the organization how they'll benefit, and tips for planning and breaking down your overall goals into smaller, more manageable pieces.



Introduction: The As-Is State

2002 Business Analyst: *I'm a business analyst . . . Analyst. It's like a systems analyst . . . or a business systems analyst, I mean project manager. . . Yeah. I collect, document and analyze project requirements and do some software development . . . no, it's not exactly the same as a project manager, though sometimes I do perform their role. . . It's mostly IT, but not always, no. From here? I don't know. Maybe I'll be a systems architect? That's not even a title right now where I work, but that could be the path, I guess. Who knows. . .*

Current Business Analyst: *I'm a business analyst. Thanks, yeah, things are going well. I get a lot of respect at my company. We have standard operating practices within my department, and I get most of the resources I need. I have a very clear view of how the rest of the business units I work with integrate with each other in terms of common processes and procedures. . . we really are change agents for the entire organization. Things in my group are running pretty smoothly according to the last client satisfaction survey, and I certainly know what my roles and responsibilities are—and what the rest of the team expects of me.*

Business analysis, as a profession, has come a long way in the past few years. Once an undefined role that changed from project to project—and from one organization to the next—business analysts have now settled into their roles and are getting much of the support they need to perform their job in good form.

Though there are still issues surrounding the practice of business analysis, the issues organizations face today are preferable to the ones they were facing several years ago. The state of the overall field has significantly advanced. Some organizations are maturing in structure for their business analysts and business analysis practices. However, others are still determining titles and working to define and outline job competencies.

And, even the more “advanced” organizations—those with outlined skill sets and job responsibilities for their business analysts—are still struggling to deal with issues such as:

- Many business analysts have a “silo” mentality—focusing solely on the projects presented to them, without an understanding of what the rest of the organization is doing strategically.
- Business analysts throughout the organization have different methods—and objectives—for eliciting, documenting, organizing, modeling, testing and tracking requirements.
- “Internal value” is becoming harder and harder to prove, just as outsourcing is becoming easier to rationalize.



Why a Center of Excellence?

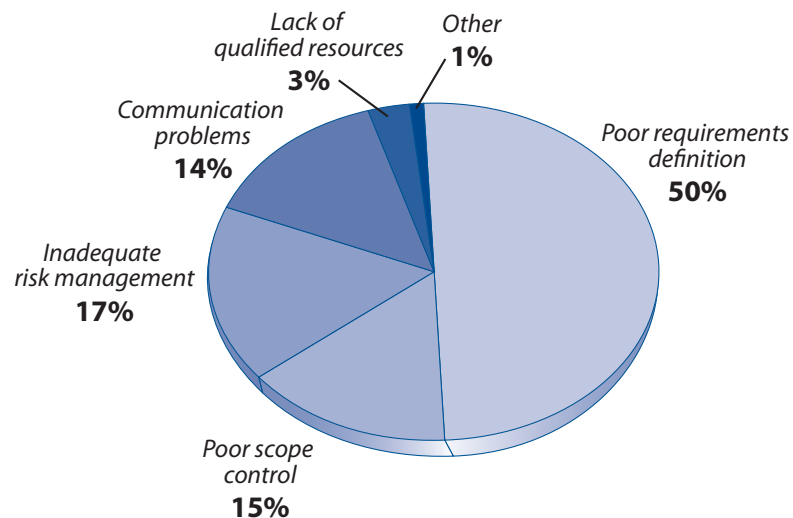
In order to combat these issues, the business analysis community has been begging for direction, recognition and more formalized processes for the profession. Part of this call has been answered through the International Institute of Business Analysis (IIBA™), the independent nonprofit professional organization for business analysts. Their Certified Business Analysis Professional™ (CBAP™) designation has been well received in the community, as it outlines clearly those tasks and activities associated with a well-defined business analyst role. However, the IIBA™ cannot address the individual cultures, needs and idiosyncrasies of every existing organization in order to help them formalize processes and support an organization-wide understanding. To form a truly mature business analysis structure or business unit, steps must be taken from the inside.

Beyond these long-term business analysis needs, organizations are also facing the more immediate—and seemingly detrimental—problem resulting from this lack of structure: Project failure.

We all know it's happening. One study may state that we're at a 52 percent failure rate...one claims that two-thirds of all projects will fall short of expectations...yet another alleges a jarring 28 percent success rate. Regardless of the specific number, it's become abundantly clear that overall project success rates in organizations are not what they should be. The question now is "Why?"

According to an online poll of more than 2,000 business professionals (Figure 1), the answer is clear: Poor requirements.

Figure 1: Key Challenges in Translating User Needs into Systems Specifications



Source: ESI International survey of 2,000 business professionals, 2005.

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“The business analysis center of excellence has provided our organization with a common language, common templates and, most importantly, a common vision. The center of excellence establishes the requirement as the key component for successful projects, and the business analyst as a highly desired resource. We have created a focus on effective requirements processes that had not existed in our organization previously.”

— Amy Nichols, PMP
Senior Vice President, Wachovia

Why are requirements such a challenge? According to many organizations, all signs point to the lack of structure and discipline where they are most needed—in requirements gathering and management.

In order to get to the root of why projects fail, we also must consider how poorly defined requirements affect other areas of the project. Risk management was cited by 17 percent of respondents as their biggest challenge. If requirements were more clearly defined, would this number go down? Poor scope control accounted for 15 percent. Would the scope of the project be more manageable if everyone had a better handle on project requirements as a whole? Would projects be more successful with a defined organizational standard for business analysis?

These are the questions organizations across the world have begun to ask. And in response, business analysis centers of excellence (COEs) have begun to sprout up in organizations of all sizes. Most of these companies have already seen the positive results of an organized, dedicated group—namely in the form of project management offices (PMOs), another type of center of excellence. Although ROI on PMOs is difficult to quantify, most studies claim improved project success rates. Additionally, it’s been established that the longer a PMO is in practice, the greater the improvement in project success rates (Santonus).

Building and maturing a business analysis COE is no easy task. However, as organizations across the world are seeing, it is a worthwhile one. And, with the proper framework and planning, it’s not as far out of reach as many people think. From a high-level perspective, introductory steps are as follows:

- 1) Establish the need for a COE to the executive team by showing the benefits to the organization. Practice what you preach and demonstrate this through your due diligence and conducting the appropriate analysis and feasibility studies.
- 2) Determine where your business analysis group’s strengths and weaknesses truly are. This will give you an opportunity to prioritize projects that are the most important. (For example, while all aspects of building the COE are certainly important, developing methodologies should take precedence over developing metrics or assessments.) Planning is crucial.
- 3) Approach development iteratively, like a series of projects. Break the work down into smaller, more manageable pieces.
- 4) Realize that a COE takes significant time and effort to reach its full potential. Be patient. The cultural change will be significant.



Making the Case for a COE

A center of excellence is, essentially, its own specific business unit within an organization with the responsibility of enterprise-wide operations in a specific area (project management, business analysis, etc.). It builds both the work environment and stakeholder awareness and representation across business units, customer relationships and vendor relationships (Hill). It also sponsors and conducts evaluations of functionality and effectiveness. In addition, the business analysis COE represents the business interests of the organization and the working interests of the individual business analysts.

On the most basic level, the business analysis COE provides for stronger, more successful projects—a benefit for the entire organization and its customers. However, the advantages extend well beyond this. The COE will:

- 1) Provide a centralized point of expertise
- 2) Integrate processes and practices
- 3) Provide oversight control
- 4) Reduce waste (and rework)

The chart below outlines all parties affected by the COE, the role they'll play in the unit, and how each will benefit from a mature, organizationally aligned COE.

Figure 2: COE Stakeholder Contributions and Benefits

Stakeholder	How they'll contribute to the COE	How they'll benefit from the COE
Executive Team	Makes strategic decisions for the organization and regarding the fate of the COE	Increased probability of tying overall corporate vision, strategic objectives and key metrics to the overall business needs
Executive Sponsor	Provides resource allocation	Increased probability of providing desired deliverables and expectations
Customers	Participate in the assessment and provide feedback on standards and operating practices, influencing methodologies and standards	Improved services by virtue of standardized methodology and more complete overall work
Business Analysis Director	Establishes and manages business analysis activities and paths to maturity	Increased structure, governance and overall development
Project Manager	Collaborates and guides business analysis team within the context of the overall project life cycle	Better requirements and more closely aligned work being performed to aid their specific projects
Functional Manager	Provides specialized resources	Ability to provide and deliver more to their own stakeholders through the COE's work
Project Team Members	Perform technical work elements	Stronger, well-aligned requirements to alleviate rework down the line
Business Analyst	Responsible for conducting the business analysis activities	Gains resources, services and support to assist in requirements management

Competencies

We refer to competencies here as consistent knowledge, skills and abilities across the COE.

A Structure for Performance Standards

In order for a business analysis COE to truly become a means for more accurate requirements, stronger enterprise analysis and better performance standards—and, ultimately, successful projects—a variety of factors must be taken into consideration.

The COE Standard Operating Practices Model (Figure 3) was created for just this purpose: to help organizations start the complex process of developing a COE and, as time goes on, to assess the COE's maturity level. Think of it as the basis of your project plan. At the top of the grid, you'll see four disciplines:

- Framework
- Environment
- Resources
- Business Alignment

Below these disciplines are the competencies each requires for a successful, mature center of excellence. Each competency supports its respective discipline, as well other areas across the model.

Figure 3: COE Standard Operating Practices Model

Disciplines	Framework	Environment	Resources	Business Alignment
Business Analysis COE Competencies	Standards & methodologies	Organization & structure	Competency & career development	Enterprise analysis
	Metrics	Governance	Training & development	Customer relationships
	Tools	Assessment	Virtual team development	
	Knowledge management			

These standard operating practices can be used to develop a high-level project plan for building the COE. Each one should be tasked as a project in itself. For instance, you might build a project plan solely for metrics or to focus distinctly on customer relationships.



As time goes on, these same competencies can be used to measure and assess the progression of the COE. You might examine the model and see that your organization has practices in place for virtual team development and governance, but has not yet undertaken the knowledge management competency. Each component identifies a major milestone in the complex process of establishing and growing a COE, whether it's a brand new endeavor or an office you're working to mature.

Below you'll find considerations and action items for each discipline in the Standard Operating Practices Model. These will help with both initial project planning and with maturity analyses down the line.

Framework

The framework discipline helps COE planners put into place a broad, common approach for conducting business analysis activities within the organization.

Action Items—Standards & Methodologies

- Examine the as-is state and the to-be state for both methodology and a solutions development life cycle (SDLC)
- Determine overall "maturity" of business analysis practice
- Establish the basis for the SDLC
- Establish the foundation for a methodology or methodologies
- Create an implementation plan
- Be prepared to demonstrate patience in managing the process through to maturity

Action Items—Metrics

- Determine what metrics are needed
- Establish the degree to which measurement will be applied over time
- Look at all varieties of reporting, including such concerns as resource utilization, time spent within the context of each area of the SDLC, estimated number of change requests and the number of iterations



Solutions Development Life Cycle (SDLC)

The process by which a team of architects, analysts, programmers, testers and users work together to create a new system—IT-related or otherwise—that will enable an organization to work more effectively. The SDLC process includes analysis of requirements, design, construction, testing, implementation and post-implementation support.

Action Items—Tools

- Evaluate existing tools to determine the types of tools required to support overall framework, including standards and methodologies
- Plan and manage selection of prescribed tools
- Provide appropriate training
- Ensure integration of other tools that support the organization—the PMO, for example

Action Items—Knowledge Management

- Develop a standard system for the knowledge management of the COE, including information, documentation, processes and collaboration
- Introduce the knowledge management system
- Launch the content
- Implement the system
- Construct a library and ensure accessibility
- Consider the “integration” of a knowledge management system with what already exists in your PMO today
- Facilitate the collaboration of business analysts and project managers across the organization and geographically dispersed teams

Environment

This column of the model outlines the organization’s capacity to examine the as-is state of business analysis to determine future state. The environment discipline will ultimately lead the COE to growth and maturity.

Action Items—Organization & Structure

- Create a charter as the “guiding document,” including the actual COE structure and organizational alignment
- Designate team members and their roles and responsibilities
- Define stakeholders
- Identify the relationships between business units and stakeholders
- Consider the effectiveness and direction of the organization and its overall value and impact

Environment

Organization & structure

Governance

Assessment



For more information about developing individual business analysis competencies, download ESI's free white paper, *Eight Things Your Business Analysts Need to Know* at www.esi-intl.com/competencies.

Action Items—Governance

- Establish the authority and guidance to provide a consistently business-driven business analysis practice with compliance to operating standards, including business standards, policies and procedures, and directives of the COE
- Appoint committees to provide guidance and collaboration on high-profile projects and recommend solutions
- Define the business analyst's scope of authority, requirements and project classifications, and necessities for cross-functional business support

Action Items—Assessment

- Evaluate conditions in competency, capability and maturity
- Develop strategies and action plans for continuous improvement
- Validate standards and practices within the enterprise
- Analyze benefits from all other areas

Resources

The "resources" referenced in the model refer to both the support the COE provides to the rest of the organization and the support it provides to the business analysts within the group itself.

Action Items—Competency & Career Development

- Ensure that job descriptions are tied to the overall SDLC
- Recognize levels of ability
- Incorporate degrees of performance

Action Items—Training & Development

- Identify the curriculum and certification standards
- Involve local and greater communities, specifically through the IIBA™

Action Items—Virtual Team Development

- Coach and mentor
- Align virtual team relationships

Resources

Competency & career development

Training & development

Virtual team development



Business Alignment

The business alignment discipline represents the movement from tactical to strategic organizational contributions.

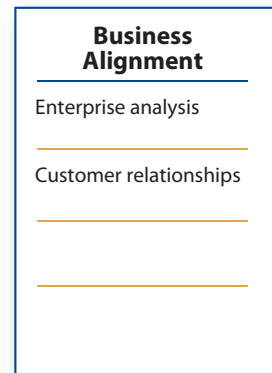
Action Items—Enterprise Analysis

- Consider support for overall strategic plan development
- Align the COE with the overall growth and maturity of the project management practice, including investing in the most valuable projects, planning activities to obtain business value as early as possible, ensuring alignment with strategic objectives, and considering applications, technology, security and lessons learned

Action Items—Customer Relationships

- Develop customer satisfaction measurements and determine criteria for these measurements
- Manage pre-and post product deployment, including such items as user-acceptance testing
- Track and improve customer satisfaction
- Provide insight into the development of training requirements

It's crucial to understand that the disciplines and competencies outlined in Figure 3 are intricately interdependent. For example, in the **business alignment** discipline, you might be working to improve the level of quality you're providing to your **customers**. Are they getting the quality they expect from your organization? How do you know? The answer might come in the form of **assessments**. In performing these assessments, a specific deficiency might become clear, such as testing. It's then the responsibility of the COE to determine whether the group is truly weak in testing, or if they just don't have the right tasks and activities identified in their solutions development life cycle. It is also possible that they lack clear approval guidelines for proposed test scripts and test plans, or lack a process of escalation in the event of a test failure. This is likely something that could be improved through **governance**. The lack of metrics may also be cited as a weak point from a benchmarking perspective. Through these connections, it becomes easier to realize the phenomenon of traceability—to see the links between the steps on the project path. This is crucial for the center of excellence.



In examining the **framework** discipline, one might decide that it's time to focus on improving **standards and methodologies**. While working to do so, it becomes clear that business analysis **standards** seem appropriate, but are impossible to measure—because the organization is lacking in the **metrics** area. From there, one might determine that new **tools** are necessary to improve **metrics** and, thus, **standards**. Crossing the model, **training and development** might play into properly implementing these valuable new **tools**.

The process of examining these disciplines—even at the highest levels—is in itself a level of maturity. Building and maturing a COE takes time, so it's important to recognize any improvement or attempt at improvement as a step in the right direction.

Without the COE Standard Operating Practices Model and all of its individual, inter-related pieces, all attempts to create or mature a COE will appear ad hoc, and more than likely be unsuccessful. It's best to approach this like you would any other project—by breaking it down into smaller tasks, disciplines and goals that all build upon one another.

From Capability to Maturity

The COE Standard Operating Practices Model will get you on the right path to a successful project plan for implementation. However, maturity will take more time—and more effort on the part of the people heading up the COE.

Figure 4: Business Analysis COE Maturity Model



The sum of all parts and the practice of organized and disciplined business analysis over a period of time constitutes maturity. Just because an organization has methodologies in place does not mean they are operating at a center of excellence level. Being honest about the true level of maturity will allow the organization to focus on the priority issues. Determining your organization's starting point is crucial—and often difficult. The three levels of maturity broken down in Figure 4 can help you determine where you are now—and make it easier to figure out where you need to go.

Level I: Community of Practice—Support

Most organizations today are performing business analysis at the community of practice level. They have seen what their PMOs did for the organization, and have begun to work toward a similar hub for business analysis. Many organizations without a PMO have also recognized the importance of the discipline, and have acknowledged the need to develop the skill sets of their business analysts.



Level I maturity often includes:

- Assessments and evaluations of business analysis competency levels
- Identification of gaps that might exist in both performance and overall competencies and job descriptions
- Development or redefinition of an SDLC
- Adoption and implementation of a standard methodology

At this stage, an overall acknowledgement by the organization of the role of the business analyst and its importance to the success of overall project deliverables is beginning to form. However, accomplishments are only beginning to have any real recognition at the middle-management level, due to the tactical nature of the work being performed.

Level II: Business Analysis Bureau—Maturity

At the business analysis bureau level, the business analysis group is, in fact, becoming "mature." They're beginning to be recognized as a distinct business unit within the organization and the level of business acumen is high. Level II requires more than the scattered competencies of Level I—it declares a more consistent, complete showing of skills and resources.



Level II maturity often includes:

- A direct reporting structure
- A Director of Business Analysis working to present his or her team as a distinct business unit
- A business analysis team as a distinct pool of resources
- Credibility amongst the business unit leaders as a result of consistent performance excellence
- Increased alignment with business units and perceived value as conduit to IT and other groups

At the business analysis bureau level, the group begins a shift from tactical business analysis to strategic business analysis as they start looking to other business units and asking, “What can we share? How can we aid one another?”

Level III: Center of Excellence—Strategic Alignment

At Level III, the business analysis group truly becomes a center of excellence. The group has demonstrated discipline both tactically and strategically.



Level III maturity includes:

- Strategic alignment—the business analysts are considered thought leaders in the organization
- Recognition as a key customer service solution
- Constant work to improve the business as a whole by helping other business units
- Enterprise-wide staff
- Clear definition of the art of enterprise analysis (EA) and demonstrated ability in the five areas of EA: business architecture, information architecture, application architecture, technology architecture and security architecture

At Level III, the COE is providing continuous assessment and evaluation of performance on internal processes and on customer satisfaction, ultimately improving projects within the entire organization consistently.

With maturity comes the difference between simply having formalized processes and a shared outlook between organization silos—which are ideal beginning goals—and really making the COE a definitive source for:

- A centralized point of expertise
- Truly integrated processes and practices
- Oversight control
- Stronger projects through better pre-project work



Next Steps:

1. Examine the COE Standard Operating Practices Model outlined in this paper, as well as the descriptions for levels of maturity, to determine the stage at which your organization's business analysis practice is currently operating.
2. Talk to stakeholders in your organization to gain the support necessary to invest in a COE in terms of time, budgeting and human resources.
3. Prove the criticality of business analysis by virtue of gathering the necessary requirements to build the business case for the development of a COE. A strong business case is a great place to start.
4. Take the first step in tackling just one small area and focus on its improvement. Remember, any step forward helps to progress your practice.

Conclusion: The To-Be State

A business analysis center of excellence requires more than requirements document templates, more than training your business analysts on the basics of modeling, more than using the right tools. Simply put, a COE requires an immense amount of time and effort. However, if implemented correctly, the COE can benefit every level of the organization, as well as secure a successful future for projects.

As time goes on and organizations around the world continue to create business analysis COEs, proving the center's benefits to your organization will become easier and easier. In the meantime, past projects will probably speak for themselves. Additionally, **Figure 2: COE Stakeholder Contributions and Benefits** on page 7 will help organizations outline who will be most affected—and who stands to gain the most.

Here is a review of the key considerations when building and maturing a COE:

- Establish the need for a COE by showing the benefits to the organization.
- Plan. Using this paper as a guide, prepare in terms of scheduling, cost and resources.
- Approach development iteratively, like a series of projects. Break the work down into smaller, more manageable pieces.
- Realize that a COE takes significant time and effort to reach its full potential. Be patient.

In addition, it's important to acknowledge that your organization may demonstrate maturity at a variety of levels given the standard operating practices. It's also necessary to consider that true excellence must be demonstrated and evaluated as consistent over a period of time.

Knowing your capabilities is crucial. You should examine the maturity levels in this paper and analyze where your group falls within the three-level range. If you don't know where your organization stands at present, you'll have no idea what goals to set for advancement. Additionally, you can use the Maturity Model (Figure 4) to clarify what steps you've actually taken, then apply a distinct project plan for your first few priorities.

From a tactical perspective, the tasks and activities required to fulfill the needs of a developing center of excellence are easy to accomplish. However, from a strategic perspective, the development of a COE is not as easy. A cultural shift will never be immediate, as a change in business practice must be carefully nurtured over a period of time. The COE is not going to develop overnight, so persistence is key. It is important to remember how far the field of business analysis has come over the past decade, and understand how crucial the COE will be to its advancement in the future.

Have a plan, be patient and know your capabilities.

The ESI Solution

Whether your organization is in need of basic business analysis skills to start projects off right, or guidance in building and maturing a business analysis center of excellence, ESI International can help. We understand the unique needs of organizations like yours working to develop business analysis practices and methodologies. Our skills-based Business Analysis Professional Development Program provides comprehensive, actionable training for anyone working with requirements. Along with our academic partner, The George Washington University, we offer a Professional Certificate in Business Analysis. Additionally, ESI offers many resources to support learning, such as *BAAppraise*®, a powerful online tool for measuring individual and team knowledge of business analysis and establishing a baseline for improvement before training.

ESI International delivers continuous learning programs that help technical and specialized professionals better manage their projects, contracts, requirements and vendor relationships. Our high-quality training and professional services allow corporate and government organizations around the world to develop their employees' talents, consistently implement strategic plans and improve their internal systems and processes. With the support of our academic partner, The George Washington University, ESI has served nearly 900,000 professionals and 1,000 clients worldwide since 1981.

Glenn R. Brûlé, ESI Director of Client Solutions and IIBA™ Director at Large, was instrumental in the production of this paper.

For more information about how ESI can help your organization, call us at (877) 766-3337 or visit our Web site at www.esi-intl.com/BA.



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