# Chapters to Go

## Agile Extension to the BABOK Guide, Version 2

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**Skillsoft**

# Chapter 4: Strategy Horizon

## 4.1 Purpose

The purpose of analysis at the Strategy Horizon is to inform decisions regarding the organization's business goals.

## 4.2 Description

Value is created at the Strategy Horizon through understanding and achieving the business' goals. Business goals change; consumer tastes change; competitors create disruptive technology; regulations change. At the Strategy Horizon, the priority of business goals are continually reassessed and emerging opportunities evaluated. Agile business analysis enables organizations to rapidly and effectively adapt the organization's business goals and quickly redeploy the organization's available resources.

Organizations that are agile embrace change. They redeploy their resources as fast as they learn what the evolving business goals are. At the Strategy Horizon, the information that informs these decisions is frequently overwhelming, obscure, uncertain, and even contradictory. In rapidly changing contexts, there is a risk that strategic decisions may be made on outdated data. Even if clear, understandable information is available, effectively communicating this information is challenging. The lack of effective communication to stakeholders creates the risk that decisions may be made on the wrong information, even though dependable information exists within the organization. Agile business analysis responds to these challenges by enabling quick and effective decision making in complex and rapidly changing contexts.

While the practices and techniques used at the Strategy Horizon may differ from those employed at the Initiative and Delivery Horizons, the principles, mindset, and capabilities needed for agile business analysis are consistent throughout all three Horizons.

## 4.3 Elements

### 4.3.1 Observe Change Across a Broad Horizon

The value of agile business analysis at the Strategic Horizon is founded in the broad scope of the analysis and the ability to communicate information across the organization – both to senior decision makers and to those operating within different initiatives within the organization.

Agile business analysis is aware of the need for timeliness of observations. It ensures that observations of change are acted upon sufficiently quickly to make them relevant to the decision process.

### .1 Scope of Analysis

Agile business analysis has a broad scope at the Strategic Horizon. Its scope of analysis is beyond the individual initiative and involves analyzing and communicating information learned from the organizational context. At the Strategic Horizon, agile business analysis involves making sense of changes across the following areas:

- **Changes to customer expectations**: teams working on initiatives notice changes in customer expectations resulting from new product introductions and the resulting social and economic changes. There are also changes to customer expectations that are not visible to these teams. At the Strategy Horizon, the scope of analysis extends beyond individual initiatives and involves analyzing and communicating information received through customer research and analytics, as well as research into emerging customer trends.

- **Changes to the outside environment**: organizations exist within an organizational context where competitors are constantly innovating, economic and social conditions are changing, and new technologies are emerging at a rapid rate. Business analysis practitioners constantly monitor and evaluate these changes, forming new hypotheses and changing old assumptions.

- **Changes within the organization**: organizations constantly change. As a result, organizations must constantly redirect resources and potentially set new goals. Agile business analysis provides timely, useful information to those making decisions based on internal changes.

- **Learning from the front line**: teams operating at the Initiative and Delivery Horizons are constantly making changes and discoveries. Some of this information has an impact on the goals and resource allocation beyond the initiative. A major

economic driver for agile adoption is the ability to quickly learn which initiatives to stop funding because they either have delivered their promised value or have not realized their potential value, or on which initiatives to increase resources because they have opened new strategic opportunities. At the Strategy Horizon, business analysis practitioners synthesize and analyze information from multiple initiatives in order to inform decisions that impact the organization's business goals and priorities.

- **Threats and opportunities**: with constant change occurring within and beyond the organization, new threats and opportunities appear (and fade) constantly.

  Agile business analysis practitioners continually analyze threats and opportunities that enable the organization to

    - start a new initiative to counter a threat or exploit an opportunity,

    - change the resourcing, scope, or success criteria for existing initiatives in response to changing circumstances, and

    - cancel an existing initiative that has become less relevant or less likely to succeed.

At the Strategy Horizon, the focus of business analysis is on the discovery and analysis of evolving threats and opportunities. Successful outcomes depend on decisions being made quickly and correctly on changes as they occur.

## 4.3.2 Level of Detail

At the Strategy Horizon, business analysis practitioners are required to understand the organizational goals and how they map to the goals of individual initiatives. Analysis at the Strategy Horizon generally stops before getting into the details of specific initiatives. Business analysis practitioners working within each initiative are generally better placed to analyze information, collaborate with stakeholders, and inform good decision making for the initiative.

At the Strategy Horizon, business analysis practitioners identify a potential need and then provide enough detail to the team working at the Initiative Horizon for them to understand the need and develop potential solutions and features.

The detailed analysis of the solution is done at the Initiative and Delivery Horizons. At the Strategy Horizon, business analysis practitioners focus on risks, changing circumstances, and new needs that might change the prioritization of decisions made by the organization as multiple initiatives progress.

Due to the great need for collaboration, feedback, and learning between the Strategy, Initiative, and Delivery Horizons, there is no clean line where the responsibility for analysis is handed over from one business analysis practitioner to another.

## 4.3.3 Reducing Complexity to Support Decision Making

At the Strategy Horizon, agile business analysis involves breaking down systems and ideas into small parts to understand each component sufficiently to either create a new solution, solve a specific problem, or modify an existing solution.

The systems being analyzed (for example, the performance of individual initiatives, the actions of competitors, and the changing inputs to strategy) are unstable and understanding is always incomplete. Business analysis practitioners use tools such as models to reduce the complexity of large volumes of confusing data, and enable decision makers to have sufficient information to make a defensible and testable decision.

## 4.4 Time Frames

The Strategic Horizon involves looking further into the future than the Initiative and Delivery Horizons. While some analysis does happen in real time, much of it focuses on speculating on what might happen in the future. How far the organization looks ahead depends on the organization and the context in which it is operating. Business analysis practitioners may look as short as three months, to as long as multiple years ahead. This time frame continually shifts and moves forward, creating what can be considered a rolling time frame.

When looking into the distant future business analysis practitioners consider broad analysis and uncertain data. Analysis is likely to be at a higher level and more abstract than when looking at the immediate future. The further business analysis practitioners look into the future, the more plans and models become aspirational and a hypothesis to be tested, rather than facts. When considering the distant future, the business analysis practitioner constantly asks the question "as an organization, what do we need to learn to either prove or disprove our long-term hypothesis?"

At the Strategy Horizon, business analysis practitioners continually switch their analysis from understanding the micro-details of a potential change to understanding the broader view of the impact of the change and the opportunities it might present to the

organization as a whole.

## 4.5 Feedback and Learning

Decision makers frequently delay launching initiatives until the information they have provides them with confidence that the initiative will be successful. These decisions to delay are made because decision makers lack the ability to learn quickly and make timely strategic decisions.

At the Strategy Horizon, agile business analysis provides just enough information to decide whether to begin a new initiative. Specifically, this means answering the questions:

- Is there a need to satisfy?

- Is the need aligned with the organization's strategic objectives?

- Is it worth satisfying that need?

- Do we believe we have the right team to provide a good enough solution?

- Are we able to measure the success of the initiative?

Once the decision to start a new initiative is made, further analysis is done at the Initiative Horizon.

Communications between Horizons is a continuous process of feedback and learning. Analysis done at the Strategy Horizon provides useful information to teams at the Initiative and Delivery Horizons. Learning is created at both the Initiative and Delivery Horizons that enables effective decision making at the Strategy Horizon.

Continuous and timely feedback loops enable rapid decision making. The constant flow of information from multiple initiatives to the decision makers at the Strategy Horizon facilitates the making of timely strategic decisions.

At the Strategy Horizon, business analysis practitioners continuously analyze and communicate information that is available at the Initiative Horizon. Business analysis practitioners operating at the Strategy Horizon collaborate closely with the business analysis practitioners operating at the Initiative Horizon.

Agile business analysis at the Strategy Horizon involves analyzing large amounts of changing data with complex relationships. This generally involves multiple business analysis practitioners conducting analysis in different areas and multiple decision makers from different domains making independent decisions. For example, an accountant might be looking at changes to cash flows while a marketing manager is looking at changes in customer behaviour. Each independent decision may have an impact on the outcome of other decisions made elsewhere in the organization. Business analysis practitioners play a central role in facilitating the continuous feedback and learning between stakeholders within the Strategy Horizon.

## 4.6 Applying the Principles of Agile Business Analysis

### 4.6.1 See the Whole

At the Strategy Horizon, the agile principle of See the Whole is applied when business analysis practitioners work with decision makers in order to make effective decisions. Decisions at the Strategy Horizon incorporate a holistic view of the context in which the organization exists (the market, the political climate and many other factors). Decisions are also based on a realistic understanding of the current capabilities, strengths and challenges of the organization itself.

Agile business analysis facilitates a holistic understanding of the organization and its environment through constant analysis and evaluation, creating rapid feedback cycles and learning throughout the organization. It also facilitates a holistic understanding through constant, deep collaboration between business analysis practitioners and stakeholders throughout the organization.

### 4.6.2 Think as a Customer

At the Strategy Horizon, the agile principle of Think as a Customer is applied when business analysis practitioners maintain a strategic focus on customer value.

Thinking as a customer provides a clear focus on customer value and helps the organization to set goals and align work across the organization. Without customer focus, teams focused on the Initiative Horizon might create individual customer experiences that would be good as isolated experiences but create an inconsistent or sub-optimal experience when combined into an

ongoing customer journey.

Agile business analysis facilitates a customer focus by communicating learning between teams and by enabling decision makers to align the limited resources of the organization to most effectively focus on the greatest overall customer value.

### 4.6.3 Analyze to Determine What is Valuable

At the Strategy Horizon, the agile principle of Analyze to Determine What is Valuable is applied when identifying the strategic needs to be met.

Business analysis practitioners help decision makers better allocate resources in the pursuit of the organization's goals. This ensures that work done across the organization creates the most value possible for the effort expended.

In a rapidly changing environment, goals and plans are stable. New learning must be analyzed quickly and effectively on an ongoing basis and decisions must be made on recent, potentially uncertain data. Agile business analysis helps decision makers at the Strategy Horizon understand what is truly valuable as the organizational context evolves.

### 4.6.4 Get Real Using Examples

At the Strategy Horizon, the agile principle of Get Real Using Examples is applied when communicating current evidence based information to decision makers.

Effective planning is based on information that is relevant, easy to understand, and up to date. In a context of continuous change, there is a risk of making poorly informed decisions because projections or assumptions are out of date. There is also a risk that decision makers may make important decisions based on opinions or misunderstood evidence. Business analysis practitioners constantly identify new changes that impact planning assumptions and articulate the potential impact of those changes.

Agile business analysis is based on real evidence and real examples that occur in real time. This supports evidence-based decisions in rapidly changing and uncertain environments. A good example of this is the decision to start a new initiative. This decision should be based on effective analysis of the most current and reliable information available. Business analysis practitioners communicate the goals of the initiative, what is known, and which untested hypotheses they believe to be true. This allows the initiative team to better understand what can be achieved and when the initiative should be cancelled or re-scoped based on new information.

### 4.6.5 Understand What is Doable

At the Strategy Horizon, the agile principle of Understand What is Doable is applied when making strategic decisions regarding the organization's resources and the strategic needs the organization wishes to satisfy.

Planning at the Strategy Horizon is challenging. There are often numerous threats and opportunities to choose from, and there are impediments to redeploying the organization's resources in response to the latest information. The sheer volume of information that must be digested by decision makers means that deciding what to act on is a major challenge.

Business analysis practitioners continuously interpret the significance of new information in a way that decision makers can make effective decisions without being distracted by important seeming, but ultimately irrelevant, information. When this is done, decision makers can quickly decide what should be done next to add customer value, outperform competitors, or respond to emerging threats.

### 4.6.6 Stimulate Collaboration and Continuous Improvement

At the Strategy Horizon, the agile principle of Stimulate Collaboration and Continuous Improvement is applied to the agile organization's culture as a means of developing and supporting high-performing teams.

Collaboration and continuous improvement are core components of any high-performing team. It becomes increasingly difficult to collaborate and innovate as the size and number of teams increases in an organization. It is important the organization develop effective channels that allow teams that interact with customers to respond quickly, while sharing and benefiting from the learning that is happening across the rest of the organization.

At the Strategy Horizon, business analysis practitioners add value by facilitating the transfer of relevant knowledge between teams. This speeds the collaboration and continuous improvement because the teams learn quickly from each other and are not impeded by having to rely on a central authority to determine what they should know and what they should share.

### 4.6.7 Avoid Waste

At the Strategy Horizon, the agile principle of Avoid Waste is applied when business analysis practitioners ensure decisions are made on current and accurate information, and when the entire organization has a shared understanding of the organization's goals and priorities.

At the Strategy Horizon, waste is created when:

- decisions are based on bad information,

- initiatives deliver outcomes that are not aligned with each other, duplicate each other, or undermine the work done by other initiatives, and

- resources continue to be allocated to an initiative that no longer delivers value.

At the Strategy Horizon, business analysis practitioners reduce waste by providing the right information to

- teams at the Initiative Horizon about what is happening in the rest of the organization so they can make more effective local decisions,

- decision makers to support decisions about which initiatives should be initiated or cancelled, and

- organizational leaders regarding which initiatives will benefit most from the allocation of available resources.

## 4.7 Techniques

### 4.7.1 Agile Extension Techniques

- **Minimal Viable Product**: used to prioritize the allocation of resources and to increase the speed of organizational learning.

- **Planning Workshop**: used to plan the allocation or resources across multiple initiatives and to provide a shared understanding of the purpose of a new initiative.

- **Portfolio Kanban**: used to provide real time visibility of the progress of initiatives across the portfolio. May also be used in conjunction with Balanced Scorecards, Value Stream Maps and other approaches to optimize the allocation of resources across initiatives.

- **Product Roadmap**: used to communicate the expected future direction of the product and to improve collaboration among teams in different initiatives. Also used to support decision making and prioritization.

- **Purpose Alignment Model**: used to prioritize potential initiatives, understand the optimum resourcing mix on initiatives and to understand the overall focus of initiatives across the organization.

- **Real Options**: used to understand the appropriate time for making decisions.

- **Relative Estimating**: used to quickly understand the relative value and resource requirements of potential initiatives across the portfolio.

- **Value Stream Mapping**: used to understand the creation of value across the whole customer experience to prioritize, plan and integrate the creation of value and reduction of waste between initiatives across the portfolio.

- **Visioning**: used to understand decision options and clarify the organization's vision. Also used to identify the purpose and focus for a new initiative.

### 4.7.2 BABOK® Guide Techniques

- **Backlog Management**: used to track initiatives across the portfolio of work and also to understand critical risks, integration needs, and dependencies between initiatives.

- **Balanced Scorecard**: used to track value and measure progress across initiatives through continuous reporting and feedback across the core focus areas in the organization.

- **Benchmarking and Market Analysis**: used to provide input into decisions made in real time and to provide useful information to teams across the organization to support decision making and collaboration.

- **Business Capability Analysis**: used to support decision making and to provide input to teams making decisions that impact multiple initiatives.

- **Business Cases**: used to consider alternative approaches to solving strategic problems and to launch new initiatives.

- **Business Model Canvas**: used to consider multiple options when launching initiatives and to help scope the work of a new initiative. Also used to look at how value is created, captured, and delivered to stakeholders across the organization to allow decisions to made quickly at a strategic level, and to understand the impact of changes to both the organization and its environment.

- **Metrics and Key Performance Indicators (KPIs)**: used to communicate priorities and measure delivery across the organization. Also used to communicate what the organization defines as necessary to create value.

- **Organizational Modelling**: used to prioritize initiatives and understand the available resources that can be used in initiatives. Also used to ensure that business value is created across the organization rather than seeing individual initiatives create products and services that cannot be delivered effectively by the wider organization.

- **Risk Analysis and Management**: used to inform decisions in real time. Also used to prioritize new initiatives and to understand the need for changing priorities based on changing circumstances beyond the horizon of a single initiative.

- **Stakeholder List, Map, or Personas**: used to identify the people who need to be involved in decisions.

- **SWOT Analysis**: used to understand the context in which decisions will be made and to prioritize new initiatives.

- **Vendor Assessment**: used to understand the capabilities possessed by potential partners and vendors. Also used to understand the capabilities and available resources that vendors can provide to initiatives across the portfolio of work.