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Business Analysis Key Concepts

The Business Analysis Key Concepts chapter includes information that provides a foundation for all other content, concepts, and ideas within the *BABOK® Guide*. It provides business analysts with a basic understanding of the central ideas necessary for understanding and employing the *BABOK® Guide* in their daily practice of business analysis.

This chapter consists of:

- **Business Analysis Core Concept Model™ (BACCM™):** defines a conceptual framework for the business analysis profession.
- **Key Terms:** provides definitions of essential concepts, which are highlighted because of their importance to the *BABOK® Guide*.
- **Requirements Classification Schema:** identifies levels or types of requirements that assist the business analyst and other stakeholders in categorizing requirements.
- **Stakeholders:** defines roles, and characteristics of groups or individuals participating in or affected by the business analysis activities within a change.
- **Requirements and Designs:** describes the distinction between—and the importance of—requirements and designs as they relate to business analysis.

2.1 The Business Analysis Core Concept Model™

The *Business Analysis Core Concept Model™* (BACCM™) is a conceptual framework for business analysis. It encompasses what business analysis is and what it means to those performing business analysis tasks regardless of perspective, industry, methodology, or level in the organization. It is composed of six terms that have a common meaning to all business analysts and helps them discuss both business analysis and its relationships with common terminology. Each of these terms is considered to be a core concept.

The six core concepts in the BACCM are: Change, Need, Solution, Stakeholder, Value, and Context. Each core concept is an idea fundamental to the practice of business analysis, and all the concepts are equal and necessary. Each core concept is defined by the other five core concepts and cannot be fully understood until all the concepts are understood. No single concept holds greater importance or significance over any other concept. These concepts are instrumental to understanding the type of information elicited, analyzed, or managed in business analysis tasks.

The BACCM can be used to:

- describe the profession and domain of business analysis,
- communicate about business analysis with a common terminology,
- evaluate the relationships of key concepts in business analysis,
- perform better business analysis by holistically evaluating the relationships among these six concepts, and
- evaluate the impact of these concepts and relationships at any point during a work effort in order to establish both a foundation and a path forward.

Table 2.1.1: The BACCM

| Core Concept | Description |
|--------------|---|
| Change | <p>The act of transformation in response to a need.</p> <p>Change works to improve the performance of an enterprise. These improvements are deliberate and controlled through business analysis activities.</p> |
| Need | <p>A problem or opportunity to be addressed.</p> <p>Needs can cause changes by motivating stakeholders to act. Changes can also cause needs by eroding or enhancing the value delivered by existing solutions.</p> |
| Solution | <p>A specific way of satisfying one or more needs in a context.</p> <p>A solution satisfies a need by resolving a problem faced by stakeholders or enabling stakeholders to take advantage of an opportunity.</p> |

Table 2.1.1: The BACCM (Continued)

| Core Concept | Description |
|--------------|--|
| Stakeholder | <p>A group or individual with a relationship to the change, the need, or the solution.</p> <p>Stakeholders are often defined in terms of interest in, impact on, and influence over the change. Stakeholders are grouped based on their relationship to the needs, changes, and solutions.</p> |
| Value | <p>The worth, importance, or usefulness of something to a stakeholder within a context.</p> <p>Value can be seen as potential or realized returns, gains, and improvements. It is also possible to have a decrease in value in the form of losses, risks, and costs.</p> <p>Value can be tangible or intangible. Tangible value is directly measurable. Tangible value often has a significant monetary component. Intangible value is measured indirectly. Intangible value often has a significant motivational component, such as a company's reputation or employee morale.</p> <p>In some cases, value can be assessed in absolute terms, but in many cases is assessed in relative terms: one solution option is more valuable than another from the perspective of a given set of stakeholders.</p> |
| Context | <p>The circumstances that influence, are influenced by, and provide understanding of the change.</p> <p>Changes occur within a context. The context is everything relevant to the change that is within the environment. Context may include attitudes, behaviours, beliefs, competitors, culture, demographics, goals, governments, infrastructure, languages, losses, processes, products, projects, sales, seasons, terminology, technology, weather, and any other element meeting the definition.</p> |

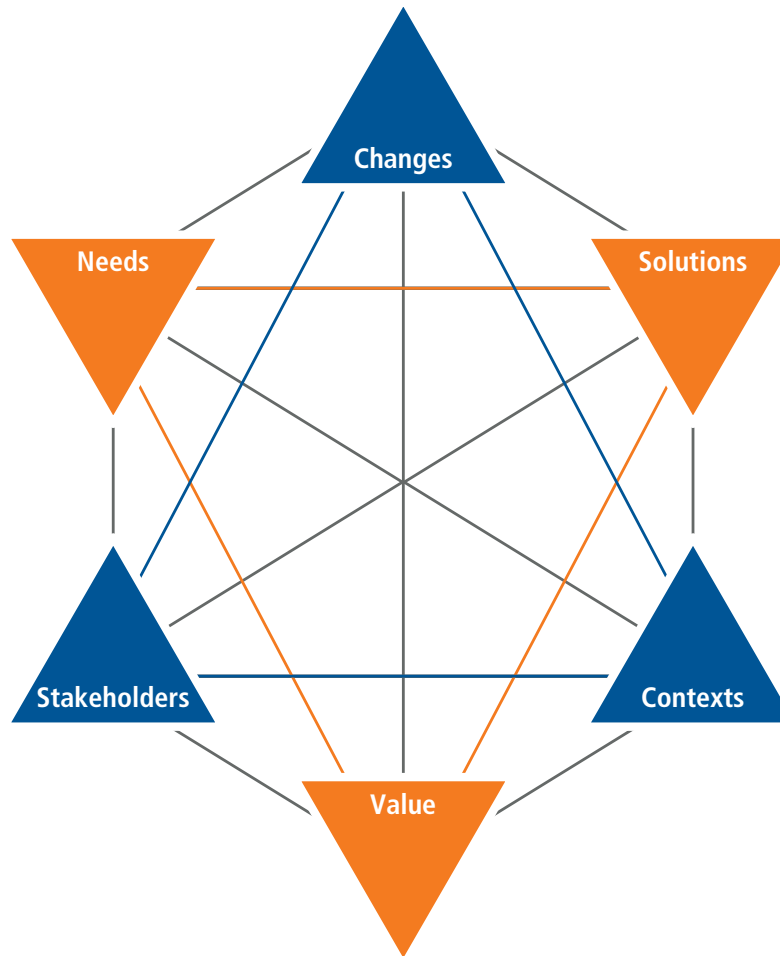
The core concepts can be used by business analysts to consider the quality and completeness of the work being done. Within each knowledge area description there are examples of how the core concepts may be used and/or applied during the tasks within the knowledge area. While planning or performing a task or technique, business analysts can consider how each core concept is addressed by asking questions such as:

- What are the kinds of *changes* we are doing?
- What are the *needs* we are trying to satisfy?
- What are the *solutions* we are creating or changing?

- Who are the *stakeholders* involved?
- What do stakeholders consider to be of *value*?
- What are the *contexts* that we and the solution are in?

If any of the core concepts experience a change, it should cause us to re-evaluate these core concepts and their relationships to value delivery.

Figure 2.1.1: The BACCM



2.2

Key Terms

Business Analysis

The *BABOK® Guide* describes and defines business analysis as the practice of enabling change in an enterprise by defining needs and recommending solutions that deliver value to stakeholders.

Business Analysis Information

Business analysis information refers to the broad and diverse sets of information that business analysts analyze, transform, and report. It is information of any

kind—at any level of detail—that is used as an input to, or is an output of, business analysis work. Examples of business analysis information include elicitation results, requirements, designs, solution options, solution scope, and change strategy.

It is essential to expand the object of many business analysis activities from 'requirements' to 'information' to ensure that all inputs and outputs of business analysis are subject to the tasks and activities described in the *BABOK® Guide*. For example, when performing 'Plan Business Analysis Information Management' it includes all the examples listed above. If the *BABOK® Guide* described 'Plan Requirements Management', it would exclude important outputs like elicitation results, solution options, and change strategy.

Design

A design is a usable representation of a solution. Design focuses on understanding how value might be realized by a solution if it is built. The nature of the representation may be a document (or set of documents) and can vary widely depending on the circumstances.

Enterprise

An enterprise is a system of one or more organizations and the solutions they use to pursue a shared set of common goals. These solutions (also referred to as organizational capabilities) can be processes, tools or information. For the purpose of business analysis, enterprise boundaries can be defined relative to the change and need not be constrained by the boundaries of a legal entity, organization, or organizational unit. An enterprise may include any number of business, government, or any other type of organization.

Organization

An autonomous group of people under the management of a single individual or board, that works towards common goals and objectives. Organizations often have a clearly defined boundary and operate on a continuous basis, as opposed to an initiative or project team, which may be disbanded once its objectives are achieved.

Plan

A plan is a proposal for doing or achieving something. Plans describe a set of events, the dependencies among the events, the expected sequence, the schedule, the results or outcomes, the materials and resources needed, and the stakeholders involved.

Requirement

A requirement is a usable representation of a need. Requirements focus on understanding what kind of value could be delivered if a requirement is fulfilled. The nature of the representation may be a document (or set of documents), but can vary widely depending on the circumstances.

Risk

Risk is the effect of uncertainty on the value of a change, a solution, or the enterprise. Business analysts collaborate with other stakeholders to identify, assess, and prioritize risks, and to deal with those risks by altering the likelihood of the conditions or events that lead to the uncertainty: mitigating the consequences, removing the source of the risk, avoiding the risk altogether by deciding not to start or continue with an activity that leads to the risk, sharing the risk with other parties, or accepting or even increasing the risk to deal with an opportunity.

2.3 Requirements Classification Schema

For the purposes of the *BABOK® Guide*, the following classification schema describes requirements:

- **Business requirements:** statements of goals, objectives, and outcomes that describe why a change has been initiated. They can apply to the whole of an enterprise, a business area, or a specific initiative.
- **Stakeholder requirements:** describe the needs of stakeholders that must be met in order to achieve the business requirements. They may serve as a bridge between business and solution requirements.
- **Solution requirements:** describe the capabilities and qualities of a solution that meets the stakeholder requirements. They provide the appropriate level of detail to allow for the development and implementation of the solution. Solution requirements can be divided into two sub-categories:
 - **functional requirements:** describe the capabilities that a solution must have in terms of the behaviour and information that the solution will manage, and
 - **non-functional requirements or quality of service requirements:** do not relate directly to the behaviour or functionality of the solution, but rather describe conditions under which a solution must remain effective or qualities that a solution must have.
- **Transition requirements:** describe the capabilities that the solution must have and the conditions the solution must meet to facilitate transition from the current state to the future state, but which are not needed once the change is complete. They are differentiated from other requirements types because they are of a temporary nature. Transition requirements address topics such as data conversion, training, and business continuity.

2.4 Stakeholders

Each task includes a list of stakeholders who are likely to participate in the execution of that task or who will be affected by it. A stakeholder is an individual or group that a business analyst is likely to interact with directly or indirectly. The

BABOK® Guide does not mandate that these roles be filled for any given initiative. Any stakeholder can be a source of requirements, assumptions, or constraints.

This list is not intended to be an exhaustive list of all possible stakeholder classifications. Some additional examples of people who fit into each of these generic roles are listed in the definitions below. In most cases there will be multiple stakeholder roles found within each category. Similarly, a single individual may fill more than one role.

For the purpose of the *BABOK® Guide*, the generic list of stakeholders includes the following roles:

- business analyst,
- customer,
- domain subject matter expert,
- end user,
- implementation subject matter expert,
- operational support,
- project manager,
- regulator,
- sponsor,
- supplier, and
- tester.

2.4.1 Business Analyst

The business analyst is inherently a stakeholder in all business analysis activities. The *BABOK® Guide* presumes that the business analyst is responsible and accountable for the execution of these activities. In some cases the business analyst may also be responsible for performing activities that fall under another stakeholder role.

2.4.2 Customer

A customer uses or may use products or services produced by the enterprise and may have contractual or moral rights that the enterprise is obliged to meet.

2.4.3 Domain Subject Matter Expert

A domain subject matter expert is any individual with in-depth knowledge of a topic relevant to the business need or solution scope. This role is often filled by people who may be end users or people who have in-depth knowledge of the solution such as managers, process owners, legal staff, consultants, and others.

2.4.4 End User

End users are stakeholders who directly interact with the solution. End users can include all participants in a business process, or who use the product or solution.

2.4.5 Implementation Subject Matter Expert

An implementation subject matter expert is any stakeholder who has specialized knowledge regarding the implementation of one or more solution components.

While it is not possible to define a listing of implementation subject matter expert roles that are appropriate for all initiatives, some of the most common roles are: project librarian, change manager, configuration manager, solution architect, developer, database administrator, information architect, usability analyst, trainer, and organizational change consultant.

2.4.6 Operational Support

Operational support is responsible for the day-to-day management and maintenance of a system or product.

While it is not possible to define a listing of operational support roles that are appropriate for all initiatives, some of the most common roles are: operations analyst, product analyst, help desk, and release manager.

2.4.7 Project Manager

Project managers are responsible for managing the work required to deliver a solution that meets a business need, and for ensuring that the project's objectives are met while balancing the project factors including scope, budget, schedule, resources, quality, and risk.

While it is not possible to completely define a listing of project management roles that are appropriate for all initiatives, some of the most common roles are: project lead, technical lead, product manager, and team leader.

2.4.8 Regulator

Regulators are responsible for the definition and enforcement of standards. Standards can be imposed on the solution by regulators through legislation, corporate governance standards, audit standards, or standards defined by organizational centers of competency. Alternate roles are government, regulatory bodies, and auditor.

2.4.9 Sponsor

Sponsors are responsible for initiating the effort to define a business need and develop a solution that meets that need. They authorize the work to be performed, and control the budget and scope for the initiative. Alternate roles are executive and project sponsor.

2.4.10 Supplier

A supplier is a stakeholder outside the boundary of a given organization or organizational unit. Suppliers provide products or services to the organization and may have contractual or moral rights and obligations that must be considered. Alternate roles are providers, vendors, and consultants.

2.4.11 Tester

Testers are responsible for determining how to verify that the solution meets the requirements defined by the business analyst, as well as conducting the verification process. Testers also seek to ensure that the solution meets applicable quality standards, and that the risk of defects or failures is understood and minimized. An alternate role is quality assurance analyst.

2.5 Requirements and Designs

Eliciting, analyzing, validating, and managing requirements have consistently been recognized as key activities of business analysis. However, it is important to recognize that business analysts are also responsible for the definition of design, at some level, in an initiative. The level of responsibility for design varies based on the perspective within which a business analyst is working.

Requirements are focused on the need; designs are focused on the solution. The distinction between requirements and designs is not always clear. The same techniques are used to elicit, model, and analyze both. A requirement leads to a design which in turn may drive the discovery and analysis of more requirements. The shift in focus is often subtle.

The classification as a requirement or a design may become less significant as the business analyst's work progresses to a greater understanding of and eventual fulfillment of the need. The tasks in the BABOK® Guide such as Trace Requirements (p. 79) or Specify and Model Requirements (p. 136) may refer to requirements, but the intent is to include designs as well.

Business analysis can be complex and recursive. A requirement (or set of requirements) may be used to define a design. That design may then be used to elicit additional requirements that are used to define more detailed designs. The business analyst may hand off requirements and designs to other stakeholders who may further elaborate on the designs. Whether it is the business analyst or some other role that completes the designs, the business analyst often reviews the final designs to ensure that they align with the requirements.

The following table provides some basic examples of how information may be viewed as either a requirement or a design.

Table 2.5.1: Requirements and Design

| Requirement | Design |
|---|--|
| View six months sales data across multiple organizational units in a single view. | A sketch of a dashboard. |
| Reduce amount of time required to pick and pack a customer order. | Process model. |
| Record and access a medical patient's history. | Screen mock-up showing specific data fields. |

Table 2.5.1: Requirements and Design (Continued)

| Requirement | Design |
|--|--|
| Develop business strategy, goals, and objectives for a new business. | Business Capability Model. |
| Provide information in English and French. | Prototype with text displayed in English and French. |

Stakeholders may present a need or a solution to an assumed need. A business analyst uses activities found in Elicitation and Collaboration (p. 53), Strategy Analysis (p. 99), Requirements Analysis and Design Definition (p. 133), and Solution Evaluation (p. 163) to transform that request into a requirement or design. Regardless of the focus of the stakeholder, the importance of the role of the business analyst lies in continuously asking the question ‘why?’. For example, “Why is either the requirement or design necessary to provide value to an enterprise and to facilitate the realization of an enterprise’s goals and objectives?”

Figure 2.5.1: Requirements and Design Cycle

