

GETTING CONSENSUS
ON BUSINESS
REQUIREMENTS:
TIPS AND TRAPS

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Executive Summary

Out of every 100 IT projects started, 94 will start over again at least once. Before your company launches its next package selection, implementation or upgrade, make sure you don't cripple the project from the start by failing to identify your requirements – the number one reason that projects spin out of control. Make sure that your company has a clear understanding of how important the requirements definition stage is, has a proven way to carry it out properly, and doesn't skip this critical phase in the rush to get an RFP out of the door.

This white paper summarizes some of the key lessons we have learned through our industry-leading requirements definition practice. Here are tools and ideas you can put into practice immediately:

- A self-diagnosis – does *your* company have a requirements gap that affects the probability of success for all projects, not just complex ERP package implementations?
- What can you do in the requirements stage to improve the probability of project success dramatically?
- Tips and traps we have learned in consistently building consensus around a robust and detailed definition of requirements.

Table of Contents

| | |
|--|---|
| Symptoms of a Requirements Gap | 2 |
| What is the Number One Issue in Improving the Way a Company Deals with Requirements? | 3 |
| A Look at the Way System Selection is Often Done | 3 |
| Two Weeks that will Save Your Project, and your Sanity | 4 |
| Tips and Traps in Getting Consensus on Requirements | 6 |
| <i>Tips for Accelerating Consensus Building</i> | 6 |
| Stakeholders must OWN the requirements | 6 |
| Speed and efficiency are the essence of the process | 6 |
| Defined beginning and end point in the requirements gathering stage | 6 |
| <i>Traps that Get in the Way of Consensus Building</i> | 7 |
| Getting too focused on a technology too early in the process | 7 |
| Insufficient detail in how the data flow needs to be handled | 7 |
| "Best Practices" Trap | 7 |
| The Benefits of Better Requirements | 8 |
| About the Author | 9 |

Symptoms of a Requirements Gap

How do you know you have a requirements gap on a project? Probably not until the project is late and over-budget, and the scope is creeping out of sight. No amount of project management can fix a project where requirements are poorly defined. A failing project will eventually die under the weight of user frustration and antipathy. However:

Sometimes it is not the project, but the corporation that has a requirements gap.

How can you recognize if your company has a requirements gap?

Score your company using this simple test on a scale of 1 to 5:

- 1 = never a problem on projects
- 3 = this problem sometimes impact projects
- 5 = this always occurs in projects

| | |
|--|---|
| | Your company cannot launch a requirements gathering stage and predict how long the requirements phase will take +/- a few days. |
| | Your users say they are "too busy" or unavailable to participate in defining requirements. |
| | Your projects struggle to gain early stage momentum. |
| | Your business analysts feel that the business stakeholders cannot tell them what they want. |
| | Business stakeholders see the technology department as the "owners" of requirements. |
| | Business stakeholders keep describing their needs in terms of what technology to use. |
| | The company has no formal methodology for eliciting and documenting requirements. |
| | You cannot "lock" the requirements specification at a particular point in time, having achieved consensus amongst your stakeholders on the specification. |
| | Your process is: they (the users) tell you what they want ... you write it up ... you propose solutions... you show them the write-up and the solutions ... they claim those are not what they want... and the cycle begins over again. |
| | Once the requirements specification has been drafted, you can't tell where a particular requirement originated. |

If you scored a perfect "10," you are likely already heavily invested in a repeatable and predictable way of getting the requirements for new projects. If you feel the company is scoring above 25, there is room for improvement and the ideas in this paper will certainly help you.

What is the Number One Issue in Improving the Way a Company Deals with Requirements?

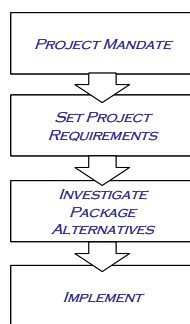
Traditional solutions to poor requirements definition, while helpful, are simply not enough. These include:

- Implement the role of business analyst as a bridge between Line of Business and IT delivery
- Improve the underlying systems development methodology, tools and templates used to document requirements
- Improve the requirements management technology
- Implement stronger business case management, scrutiny on projects, and enforce benefits traceability

None of these deals with the fundamental issue of how a company *elicits* the requirements from its stakeholders. Companies need to introduce a more consistently successful approach to getting users to tell their business analysts what they want. No amount of methodology or project management skill can compensate for a company's failure to extract requirements *reliably* from people's heads in the first place. Once a project team knows what is needed, *at the right level of detail*, it can decisively begin systems selection and implementation.

IAG focuses almost exclusively on this elicitation gap. We achieve a 50% to 75% compression in the time needed to take a project from ambiguous description to consensus on detailed requirements.

A Look at the Way System Selection is Often Done

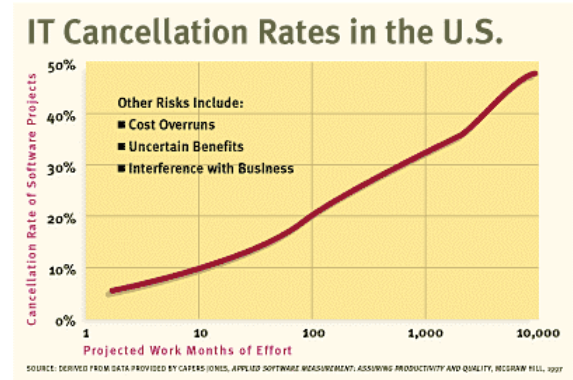


This picture illustrates a generic approach to system selection. The idea is that after a project has general funding approval, the business analyst assigned to manage the requirements begins to interview the various stakeholders to determine their needs. This process is likely to be complemented by some facilitated group sessions, where these needs are compared, and any conflicting priorities resolved. Almost immediately, the company then begins its assessment of potential solutions that both fit these functionality requirements, and handle data in the way typical of the company's industry. For example, an architecture firm might say:

"We need a contract management system that can help us with invoicing; we'd better make sure that this system can do progress draws based on certified complete work."

Unless yours is a very small company, defining requirements and gaining consensus only to this level of detail leaves a project open to massive amounts of scope creep. This is because:

- The cost and effort required to change the processes of the organization to fit the application will eventually be found to be too great, and the development team will be forced to fit the application to the organization.
- Individual stakeholders have a different perception of what each of the key words (“contract management”, “invoicing”, “progress draw”, certification”, “make sure”, etc.) means in terms of functionality and usability.



If your company is following this type of process, it is highly likely to have a requirements gap. Any package implementation of significance (ERP system, supply chain, etc.) is large enough to begin climbing the IT cancellation rate curve depicted above unless the requirements specification can be precisely managed. The basic statistics on project success are hardly encouraging anyway. The landmark Standish Group study on the factors that drive success and failure of IT projects showed that:

- The larger the company, the more likely projects are to fail
- The larger the project, the more likely it is to fail
- Only one project in three makes it through to completion.

What causes a project to get into trouble? The Standish Group study shows decisively that trouble starts in the way a company engages its users to elicit and manage a comprehensive set of requirements.

| Project Challenged Factors | % of Responses |
|---|----------------|
| 1. Lack of User Input | 12.8% |
| 2. Incomplete Requirements & Specifications | 12.3% |
| 3. Changing Requirements & Specifications | 11.8% |
| 4. Lack of Executive Support | 7.5% |

The Standish Group, CHAOS REPORT, 1995

Two Weeks that will Save Your Project, and your Sanity

While we've done about 1,000 engagements, here are four relatively large projects where our methodology for eliciting requirements has laid the groundwork for project success:

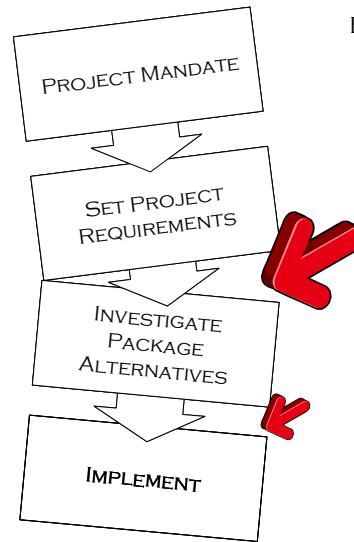
- An insurance policy administration system for commercial lines
- A highway safety system for large State Department of Transport
- A customer information management system for a major utility
- A supply chain integration software selection for global distiller

Our objective in each case was to describe, in detail, all of the data flows, the business rules, processes, and functionality needed as if our client's next step was to build the system in-house regardless of whether or not the system is a commercial package purchase. In each case the

entire process took less than three weeks, from initiation to sign off on the business requirements documentation by stakeholders. For the average project we tackle, getting to an extremely detailed level of requirements by inserting a “business requirements definition” stage only adds ten business days of cycle time to a project.

However, with this new stage in place, the project team is in a far stronger position:

- It has detailed process and data requirements that can be reviewed with bidders to determine the exact gap between the company's preferred process and that of an application
- It has locked scope with its stakeholders on the precise meaning of the functions, the business value of this functionality, and priorities for implementation
- It has tested the management team's assumptions on the intended benefits of implementation, and likely found a few more that could be used to further justify systems implementation
- It has gained consensus with stakeholders that the process can be implemented as documented
- It has reduced the time needed to issue the RFP and for the winning vendor to perform the detailed design.



BUSINESS REQUIREMENTS DEFINITION

- Remove uncertainty on business rules
- Lock scope of functionality and priorities
- Test assumptions on intended benefits
- Determine required data flow to support process
- Precise requirements for RFP to check exact fit of function to needs

----- Leads to -----

VENDOR CONTRACT

- Unambiguous purchase terms for schedules
- Well-identified service needs for customization

Check how these improvements stack up against Standish.

| Project Challenged Factors | % of Responses | How our methodology addresses the problem |
|---|----------------|--|
| 1. Lack of User Input | 12.8% | Requirements elicited directly from User stakeholders. Users 'own' the Business Requirements Document (BRD). |
| 2. Incomplete Requirements & Specifications | 12.3% | BRD is far more detailed on data and process flow. It is exacting with tests for completeness. |
| 3. Changing Requirements & Specifications | 11.8% | BRD is 'locked' at a point in time because CONSENSUS is gained on the specification |
| 4. Lack of Executive Support | 7.5% | With consensus, a rapid execution timetable, and focus on benefit realization, sponsorship strength improves dramatically. |

The Standish Group, CHAOS REPORT, 1995

Tips and Traps in Getting Consensus on Requirements

The toughest job in the requirements definition stage is to get stakeholder agreement as a systematic, expected deliverable in the project cycle. It is absolutely essential (even on the most agile of projects) for a team to have consensus on the requirements. After over 1,000 engagements, we've never missed getting consensus and signoff on a requirements specification. Here is what we have learned.

Tips for Accelerating Consensus Building

Stakeholders must OWN the requirements

It's almost trite to say that stakeholders must feel a sense of ownership of the requirements, but we see all too often a process for requirements elicitation that actually *diminishes* this sense of ownership. A good example is when requirements are framed in the technical jargon of IT architecture. It is impossible to get stakeholders to take ownership of requirements they don't understand, but may be reluctant to admit.

A sound process for requirements elicitation includes:

- Holding facilitated sessions where all stakeholders are present
- Using techniques and tools that engage the non-technical participant
- Setting the expectation that the stakeholder representatives will sign off on the detailed requirements specification.

Speed and efficiency are the essence of the process

Stakeholders will not participate if they feel their time is being wasted. Companies need to cut in half the amount of time they demand from users to define their requirements. After this, if it takes more than a week to produce and approve documentation of the requirements, it is likely that the original requirement will have shifted somewhat. Speed is fundamental. Any approach that is not highly accelerated is unlikely to be consistently applied over a wide range of project types.

The essence of getting speed is to use a highly disciplined approach to managing the elicitation sessions. Such an approach forces the right questions to be asked at the right times, and prevents a group from going backward to rehash decisions that have already been made. A disciplined approach is productive, comprehensive, and exciting for participants.

Defined beginning and end point in the requirements gathering stage

Stakeholders will participate in a process in which there is a clear beginning, clear momentum during the process, and a valuable product at the end. If the requirements definition process starts to wander, stakeholders lose interest, and then it is extremely difficult to rebuild their motivation and energize the project.

Our suggestion is that a company use activity-based methods for managing the process. This way large projects are broken into clear, discrete and logical components. With these activities identified, a business Use Case combines with data or object modeling and definition techniques to produce a more complete decomposition of the process and data requirements. Enacting objective standards enables tests on the completeness of the requirements so that quality can be assessed. Having a clear decomposition and elicitation approach enables participants to more easily keep track of progress toward completion, and understand precisely the degree of completeness expected.

Traps that Get in the Way of Consensus Building

Getting too focused on a technology too early in the process

The focus of requirements definition must be 100 percent on what is the business objective of the system. Don't make these common mistakes:

- While the requirements may include non-functional specifications such as responsiveness, they should be technology-agnostic
- Arguing the merits of one technology over another, too early in the process distracts from the need to have absolute clarity on what the technology needs to do.
- Getting too technical muddies the water on the ownership of requirements since it forces ownership away from the business stakeholder.
- Selecting a particular application package too early in the process will tend to disengage consensus building.

Insufficient detail in how the data flow needs to be handled

It is relatively easy to get consensus on all the high-level functions or Use Cases that a system needs and to assign priorities to them. Even for a scope as large as an ERP for a major manufacturer, we can usually scope a project to this level in a week. But this level of detail is insufficient to compare application vendors' reliably, and it is a trap to think that consensus built at this level is adequate.

The issue is that the application may not manage the data flow in the same way that your people currently perform the work, and this won't be apparent from a high-level view of the requirements and the proposed solution. One of three things then happens:

- The application is implemented "vanilla" and people change the way they work to accommodate the application.
- The application is customized to address the gap.
- The functionality needed cannot be implemented.

In all three cases, unless the stakeholders anticipated and accepted this change of course, then the scope of the project will increase and stakeholder satisfaction with the result will decrease. Aside from this, "vanilla" no longer exists – almost all major commercial applications today are highly configurable so the organization must know how information is to be managed across the corporation - in detail.

"Best Practices" Trap

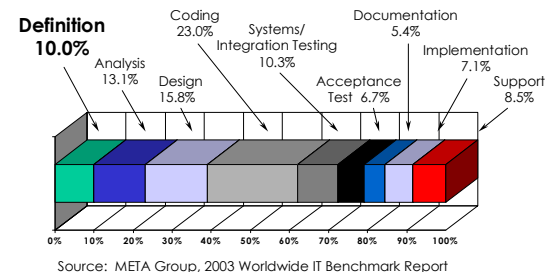
One of the claimed advantages of a package is that it embodies industry best practices. Focusing on this possibility can be a subtle trap. Most organizations obviously want to make a decisive leap forward in process efficiency through the implementation of a new package, so it is easy to get distracted by this prospect. However, without knowing the degree of change from the existing process that this implies, it is difficult to precisely control scope and ensure that essential aspects of functionality are not lost in shooting for this "uber-function."

When looking at best practices, keep le Châtelier's Principle in mind: *the greater the stress you put on a system, the more the system fights back to return to its state of comfortable equilibrium.* Achieving great benefit then means dealing with significant organization resistance unless consensus is first reached on how the change will impact at the grass roots of an organization.

The Benefits of Better Requirements

Improving a company's approach to defining business requirements for new systems has a tremendous impact on the systems development lifecycle and the efficiency of technology implementation:

- META Group describes the initial definition, analysis, and design as almost 40% of a project. This means there is huge opportunity in adopting an accelerated approach that allows a company to get to consensus quickly
- It is generally accepted that "rework" consumes an average of 30% of a total project's budget. This large amount of waste can be reduced substantially through better requirements definition.



The benefit of sound business requirements definition is most significant for ERP and related projects. They are large and complex, with a high intrinsic risk. Because they cross departmental boundaries and affect the way people perform their day-to-day activities, there is a premium on consensus. Effective implementation requires agreement not only on the function needed out of a new piece of software, but also on the process of that software in performing that function. Otherwise, it is very likely one person will interpret the list of needs very differently from another, and consensus is illusory.

Our advice is that for these projects you need a detailed view of how data flows through and is processed by the organization in support of actions people take. Two weeks' effort to gain this view will pay back many times over. In our experience, taking this extra step not only shortens the implementation and development cycle, it makes the entire process more predictable in performance.



About the Author

Keith Ellis is a Vice President at IAG Consulting, specialists in eliciting and managing business requirements for technology initiatives. In 2007, the two great business and software requirements specialists – Digital Mosaic and The Information Architecture Group – merged to form the leading requirements services company in North America. Mr. Ellis was co-founder of Digital Mosaic and worked closely with clients like Allstate, UPS, and Hydro One, conducted research, and assisted many organizations in dramatically improving their approach to extracting and documenting business and software requirements.

Prior to Digital Mosaic Mr. Ellis has been an executive and analyst in various roles within the technology industry. His roles have included Vice President Marketing, Financial Services - Corporate for the multi-billion dollar technology outsourcer, CGI Group, and industry analyst as Vice President of International Data Corporation (Canada) Ltd, where he directed the professional services research and consulting operations of this leader in technology market analysis, opportunity visioning, and trends research.

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ABOUT IAG CONSULTING

IAG specializes in business and software requirements. Over the last 10 years, our company 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 to our clients:

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

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