

BUSINESS ANALYSIS TASK:

# ANALYZE CURRENT STATE

Contributed by Felicia Joyner



INSIGHT



The Analyze Current State process is a critical step in business analysis. It aims to understand the reasons for change within an enterprise and assess the various elements that make up the current state. Here is an analysis of the purpose, description, inputs, and elements of this process.

## Purpose

The primary purpose of Analyze Current State is to comprehend why an enterprise needs to change certain aspects of its operations and how those changes will impact the organization directly or indirectly. It sets the foundation for change initiatives by identifying business needs, problems, and opportunities.

## Description

This process starts by acknowledging that any change in an enterprise should be grounded in a clear understanding of why it is necessary. It emphasizes that potential changes are driven by problems or opportunities that require modifications to the current state. Business analysis professionals play a crucial role in helping stakeholders identify and articulate the business needs motivating the change.

## Key points

- Understanding the current state is essential to determine what needs to change to achieve a desired future state
- The scope of the current state can vary, from assessing the entire enterprise to specific components or solutions
- The current state is dynamic, influenced by internal and external factors, which may require adjustments to the change strategy

# Elements

## Business need

These are the core problems and opportunities that drive the enterprise to consider change. Identifying and defining these needs is a crucial step in business analysis, as it guides the entire process.

“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 of the initiative.”<sup>1</sup> Business analysis professionals will need to collaborate with the sponsor and other stakeholders to develop a change strategy and future state that will meet those needs.

Business need may be identified in several ways:

- **Top-down:** start with a strategic goal to be achieved
- **Bottom-up:** start with a problem in the current state of processes, functions, or systems
- **Middle management:** speak to managers, who can provide the business need and may require additional information to make decisions or automate functions to meet business objectives
- **External drivers:** customer demand or business competition can define business need

### Techniques

- **Business case** documentation provides information about the business case or opportunity
- **Focus groups** are used to obtain information about the current state from stakeholders
- **Interviews** with stakeholders help understand the current state and business need

## Organizational structure and culture

The formal relationships and culture within the organization can either support or impede a change initiative. Understanding the impact of the current structure and culture is essential.

### Techniques

- Business analysis professionals perform **cultural assessments** to:
  - Identify if cultural changes are required to better achieve the goals
  - Identify if stakeholders understand the current state of the enterprise and the value it delivers
  - Determine if the stakeholders view the current state as satisfactory or if change is needed
- **Organizational modelling** describes the roles, responsibilities, and reporting structure in the organization

<sup>1</sup>International Institute of Business Analysis, *A Guide to the Business Analysis Body of Knowledge (BABOK Guide)*, Version 3.0 (Toronto: International Institute of Business Analysis, 2009), 18.



## Capabilities and processes

Capabilities and processes describe what the enterprise does and how it does it. Business analysis professionals may use:

- **A capability-centric view** of the enterprise, which is useful because capabilities are generally organized in a functional hierarchy with a relationship to other capabilities. This makes it easier to identify gaps.
- **A process-centric view** of the enterprise, which is useful because processes are organized in an end-to-end fashion. This makes it easier to ensure that a change increases performance.

Analyzing these elements helps identify gaps and opportunities for improvement.

### Techniques

- **Business capability analysis** identifies gaps and prioritizes them in relationship to value and risk
- **Process analysis** explores opportunities to improve the current state
- **Diagramming tools** such as Visio, draw.io, Lucidchart, Miro, and OpenOffice help to diagram the current state (I have used Visio and draw.io, which allows the development team to add their code to automate processes documented in this application)

## Technology and infrastructure

This element involves assessing the information systems, technology, and physical components supporting the enterprise's operations.

## Policies

Policies define the decision-making framework within the enterprise and may constrain or guide change efforts. Business analysis professionals will identify policies that shape the scope of the solution and the policy constraints.

### Techniques

- Perform a **document analysis** to identify relevant policies

## Business architecture

Understanding how all the elements of the current state fit together and support one another is critical for making effective recommendations. Business architecture involves creating models of the entire enterprise to demonstrate how the strategic needs of key stakeholders are addressed and to facilitate continuous business transformation.

The scope of business architecture encompasses the entire enterprise rather than focusing on isolated initiatives, processes, or pieces of information. By taking a holistic view, it contextualizes these elements within the broader business framework. This comprehensive approach aids in understanding how different aspects of the business interact, identifying opportunities for integration, spotting redundancies, and pinpointing inconsistencies. Essentially, business architecture aims to provide a macro-level understanding of the organization for better strategic planning and operational efficiency.

### Techniques

- Architectural concepts provide blueprints to align strategic objectives with tactical needs. The scope of business architecture is the entire enterprise. It puts initiatives, processes, and information into the larger business context, providing an understanding of interactions, integration opportunities, redundancies, and inconsistencies.
- **Analytical thinking** and **problem-solving** skills require business analysis professionals to investigate problems and opportunities. They can then determine which changes will deliver the most value.

## Internal assets

It is crucial to identify and value tangible and intangible assets that play a role in the current state. Examples of internal assets are financial resources, patents, reputation, and brand names.

### Techniques

- A **review** of the balance sheet or other financial documents can provide information on a company's financial resources
- A **business model canvas** examines the value proposition the enterprise provides to its customers
- Use **data mining** to measure enterprise performance



**STRENGTHS**

**WEAKNESSES**



**OPPORTUNITIES**

**THREATS**



### External influencers

External factors such as industry structure, competitors, customers, suppliers, regulatory environment, technology, and macroeconomic conditions can affect the current state and potential changes.

#### **Techniques**

- A **SWOT analysis** evaluates the strengths, weaknesses, opportunities, and threats to the current state enterprise