

BUSINESS ANALYSIS TASK:
ASSESS RISKS

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INSIGHT

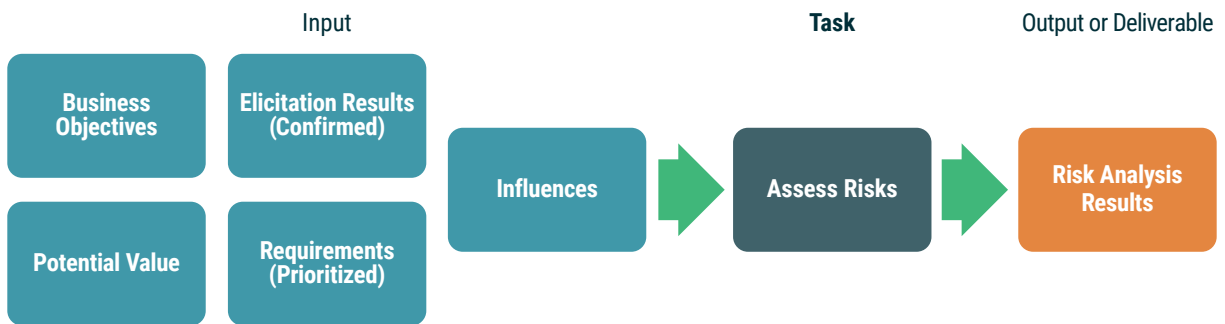
Introduction

A Guide to the Business Analysis Body of Knowledge (BABOK Guide) aims to comprehend unintended consequences that occur during the transition to or within the future state and to provide recommendations.

Risk analysis involves identifying those consequences and understanding their impact, their likelihood of occurring, and when they might occur. When risks are understood, they can be managed and mitigated.

The BABOK Guide lists the following inputs to assess risk:

- Influences (internal and external)
- Elicitation Results (confirmed)
- Designs (prioritized)
- Requirements (prioritized)
- Business Objectives
- Potential Value

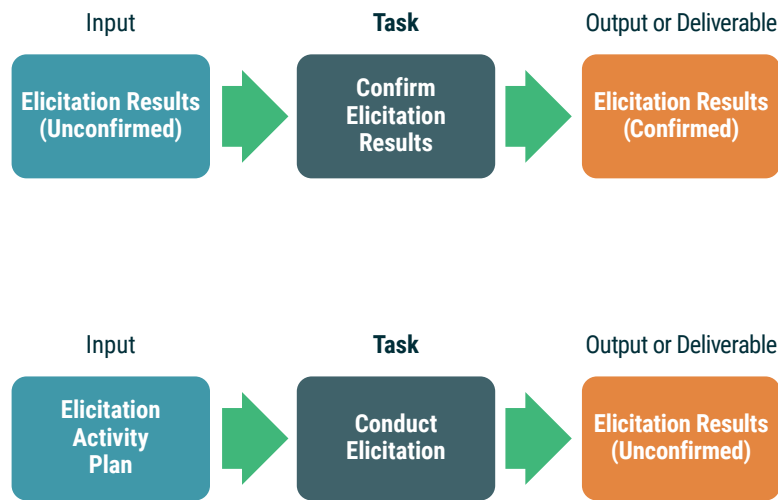


The tasks and techniques listed as inputs to assess risk are well identified. However, I suggest revisiting them to better understand and anticipate events that could impact the change process toward the future state, enabling us to determine and manage their consequences.

Elicitation Results (confirmed)

Listed as an input is Elicitation Results (unconfirmed), which in turn has Conduct Elicitation as an input. The former's purpose is to draw out, explore, and identify information relevant to the change. During elicitation planning, inputs include the needs and understanding of stakeholders. At this stage, some risks can be identified early. When examining unanalyzed or unelicited needs, we can assess the level of risk that might impact the change strategy. For instance, stakeholders' wish lists may include solutions that are expensive, have an overly ambitious timeframe, or entail a significant scope of change. Elicitation empowers the business analysis professional to thoroughly research stakeholder needs. During interviews, however, you may learn that stakeholders already have a predefined solution for their need, which poses a significant risk.

When a business analysis professional carefully articulates the stakeholder’s exact need, the risk diminishes. Similarly, by explaining the technical environment to stakeholders, their understanding of their own needs increases. While this may reduce the scope of the need, it mitigates the risk of scope creep.



Another input is Stakeholder Engagement, where a business analysis professional defines how to approach and communicate with each stakeholder and assesses whether their requirements pose any risks to the initiative.

When managing a stakeholder seeking an expanded scope, maintaining close communication is crucial. This facilitates a thorough understanding of their needs and the solutions they envision. A business analysis professional may take additional time to explain certain issues that the stakeholder values and manage their expectations regarding the need to extend the scope, thereby lowering the associated risks.

Designs (prioritized) / Requirements (prioritized)

This is an output task for Prioritize Requirements. Here, we take all requirements and the solution design and prioritize their implementation based on different factors. These include benefits, penalties, costs, dependencies, time sensitivity, stability, regulatory or policy compliance, and risk.



Risk prioritization is defined as the likelihood that a requirement may not deliver its potential value or may not be met. Factors include the difficulty of implementation, the possibility of stakeholder rejection, or the costs involved.

Many prioritization methods can help in identifying and managing risks. For example, prioritizing requirements by development cost can highlight the risk of insufficient funds to complete the solution. Similarly, prioritizing requirements based on policy compliance enables evaluation of the implications and risks of non-compliance, such as potential fines, reputational damage, and loss of operating licences.

Business Objectives

This task is the result of Define Future State, whose purpose is to determine the set of necessary conditions to meet the business need.



Business goals and objectives are used to describe the future state in terms of the desired outcomes and targets of the change. They play a crucial role in shaping the development of the change strategy and identifying potential value.

Failure to meet business goals is a risk many organizations are unwilling to take. Aligning business objectives with the requirements prioritization process can provide insight into how meeting or not meeting those requirements through the solution can increase risks.

For example, if an organization aims to increase market share and the requirement involves offering more channels to reach potential customers, such as online chats with representatives on their website, then failure to provide these channels reduces the likelihood of expanding their customer base. As a result, it heightens the risk of failing to increase market share.

Elements of Assessing Risk

Now that we have identified risks in various business areas, we are better prepared to do so using the guidelines outlined for this task. This will help us better understand their impact, likelihood of occurring, and timing.

1. Assessing Unknowns

When assessing elicitation results and identifying a source of risk, such as a long wish list from a stakeholder, it is important to evaluate the likelihood of that list being included in the scope. While scope creep is a common risk, additional scope may be accommodated with adequate funding and time.

It is possible to analyze the probability of such occurrences in the future, given the right conditions. With this analysis, we can transform a previously identified risk into an opportunity for the stakeholder requesting expanded scope. Although we are managing future unknowns, we are also getting better prepared to deliver a potential solution.

2. Constraints, Assumptions, and Dependencies

Continuing from constraints, assumptions, and dependencies, we can evaluate each requirement's specific constraints or dependencies within a prioritized list of requirements, considering whether implementing it first or last aligns with the assumptions we have identified. This approach allows us to comprehensively understand the interconnections and potential impacts of each requirement within the broader context of the project.

Identifying these factors allows us to determine when a solution to a requirement can be implemented, assess associated risks, determine the implications of not meeting a specific requirement within a given timeframe, and identify any dependencies that must be resolved sequentially. Even if a requirement is designated as high priority, the presence of numerous dependencies may elevate the risk associated with fulfilling this need.

3. Negative Impact On Value

Returning to the example of the organization trying to increase its market share (and its sales and revenues), each risk associated with this task may have a greater effect when considering the overall level of risk that an initiative may entail. When it comes to offering more channels to customers, it is not certain that adding a chat with a representative will increase the probability of a sale. Having identified risks related to expanded scope, as well as those tied to requirement prioritization and associated dependencies and constraints, we can now take a holistic view of all identified risks in the process to gauge the value of the initiative and its corresponding risks.

4. Risk Tolerance

How much risk can we tolerate? What are we doing as a business analysis professional to help either the organization or a stakeholder facing risk?

Returning to the above example, the likelihood of the organization continuing business as usual while aiming to achieve its objective through costly development and webpage redesigns, and without ensuring the initiative adds value, is uncertain. Without careful consideration of the risks and potential outcomes, there is a significant chance that the initiative may not deliver the desired results and could incur unnecessary expenses.

Can the organization risk doing nothing? Is securing funding feasible to address the need for enhanced communication, even at a considerable cost? What if the investment yields no success?

Many factors of risk can affect an expected solution to this need. However, determining our risk tolerance enables us to effectively manage present and future risks—whether we aim to avoid all risks, accept some, or embrace a higher level of risk.

5. Recommendation

As business analysis professionals, we can now make a recommendation based on all identified risks, including their probability of occurring, the mitigating actions implemented, potential effects, impact on values, and the risk tolerance of stakeholders.

When making a recommendation, adopt a holistic approach that considers all aspects, including external influences, internal strengths, and expected results. Consider lessons learned in past initiatives, too. Present recommendations based on facts and findings from the risk assessment process. Consider the perspectives and specific needs of all stakeholders, along with the likelihood of success given all the conditions, including risk.

Whether to proceed with the initiative, address partial needs to mitigate risks, or halt operations altogether depends on the unique circumstances of the situation.

The BABOK Guide highlights the need to identify the best solution and guides us step by step to minimize the likelihood of overlooking critical aspects.

I cannot overstate the significance of performing a risk assessment. Throughout this article, I have emphasized the importance of prioritizing risk analysis, which is equal to that of requirements analysis and the identification of solutions. From this learning experience, I have gathered these three takeaways:



- Risk is everywhere. It is up to you to identify and avoid it



- There is no timeline specific to identifying and averting risk



- Assessing risk, and being adequately prepared to deal with it, is as good as reaching your goals