

WHAT IS BUSINESS ANALYSIS?

What is business analysis? The answer seems obvious to you as a business professional, doesn't it? You know that business analysis looks at your business and tells you characteristics that you want to know about it. But your understanding will differ from that of your colleagues in other parts of your organization. Analysis of your business from a Human Resources perspective will not be the same as from the Accounts Receivable viewpoint. In fact, separate business analyses might also focus on your organization's management, investor relations, sales and marketing, information technology, engineering and research, operations, safety, security, profitability, governmental compliance, and so forth. Each stakeholder in your company will have a different, yet valid, view of the success of your business.

There may be a common denominator among these views that could give you a unified perspective of the way your business operates. There may even be several common denominators. Understanding these might give you some sort of competitive advantage, don't you think? What would you do with that knowledge?

Let me suggest that the central commonality among all your organization's aspects of is an abstract notion called the "business requirement." That doesn't sound so abstract, though, does it? It is some fact, which you know, that is a need for you to do business. Whether you perform a business management analysis, a unit profitability analysis, a performance analysis, or some other sort of business analysis, what you focus on is defining the baseline requirements you must meet in order for you to harvest a profit. That is the bottom line.

Now here's the kicker, the icing on the cake. Once you have a clear notion of a business requirement, you can refine it, quantize it, and then optimize it to produce a better business model. When you do that, you are beginning to transform your business. That realization should lead you to the "why?" of Business Analysis: It is the discipline of defining business requirements for the purpose of transforming business processes in order to make the business more efficient, more competitive, or more profitable.

In my next blog I will show you that there are requirements for defining business requirements. What a drag, right! The devil's in the details, though. If you get it right, Grasshopper, then many rewards await, though variously defined.