

6.4 Define Change Strategy

6.4.1 Purpose

The purpose of Define Change Strategy is to develop and assess alternative approaches to the change, and then select the recommended approach.

6.4.2 Description

Developing a change strategy is simpler when the current state and the future state are already defined because they provide some context for the change. The change strategy clearly describes the nature of the change in terms of:

- context of the change,
- identified alternative change strategies,
- justification for why a particular change strategy is the best approach,
- investment and resources required to work toward the future state,
- how the enterprise will realize value after the solution is delivered,
- key stakeholders in the change, and
- transition states along the way.

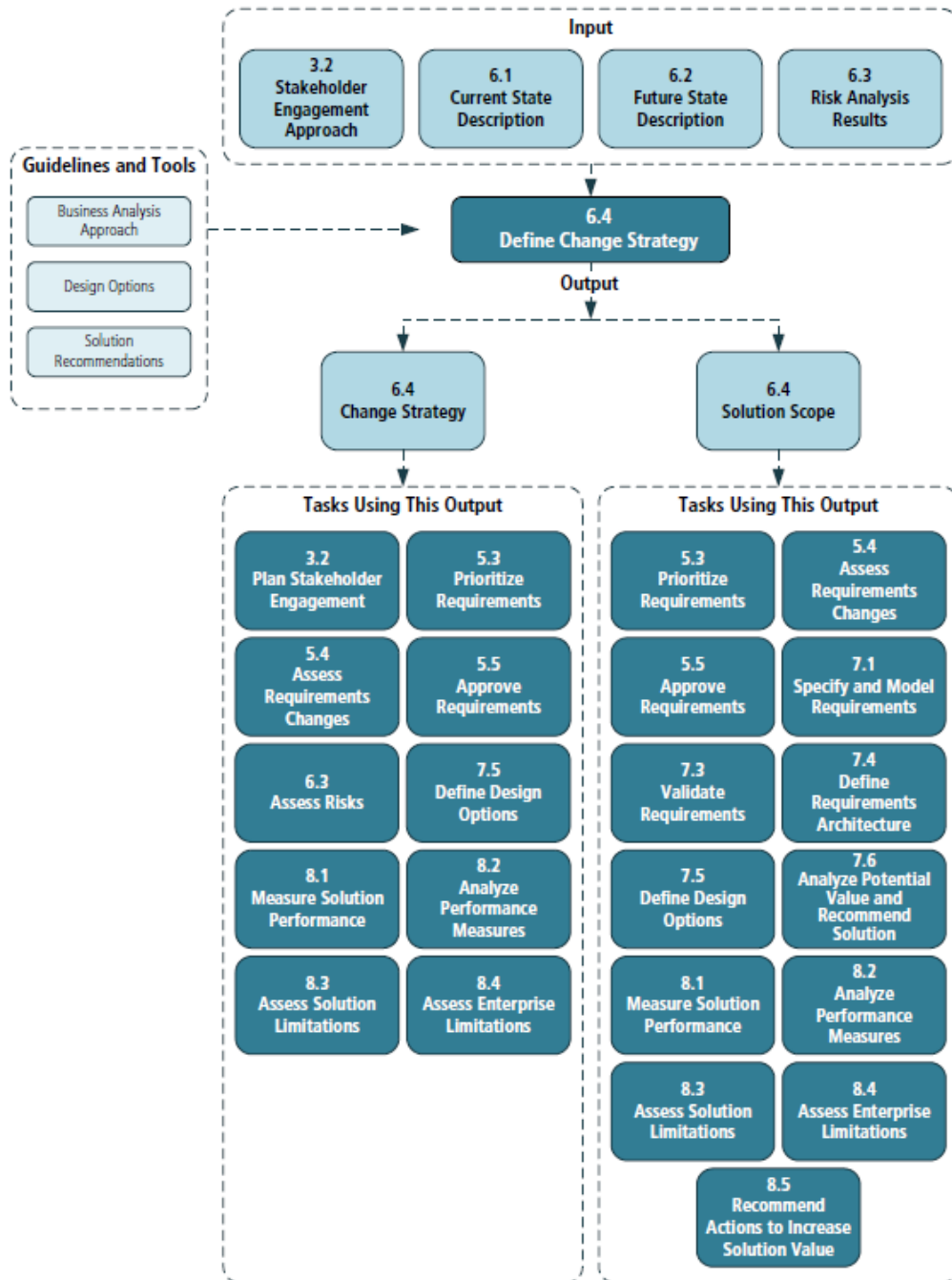
The appropriate representation of a change strategy depends on the perspective of the change team and their stakeholders. The change strategy might be presented as part of a business case, Statement of Work (SOW), an enterprise's strategic plan, or in other formats.

Defining a change strategy usually involves identifying several strategies and ultimately selecting the strategy that is most appropriate for the situation. Change strategies can entail attaining only parts of a future state initially, and therefore include only some components of a complete solution. For each transition state along the path to reaching the future state, the change strategy should clarify which parts of the solution are completed and which are not, as well as which parts of the value can be realized and which cannot.

6.4.3 Inputs

- **Current State Description:** provides context about the current state, and includes assessments of internal and external influences to the enterprise under consideration.
- **Future State Description:** provides context about the desired future state.
- **Risk Analysis Results:** describe identified risks and exposure of each risk.
- **Stakeholder Engagement Approach:** understanding stakeholders' communication and collaboration needs can help identify change-related activities that need to be included as part of the change strategy.

Figure 6.4.1: Define Change Strategy Input/Output Diagram



6.4.4 Elements

.1 Solution Scope

The solution is the outcome of a change that allows an enterprise to satisfy a need. Multiple solution options might be evaluated and, as part of a change strategy, the best solution approach is justified and selected. The solution scope defines the boundaries of the solution, and is described in enough detail to enable stakeholders to understand which new capabilities the change will deliver. It also describes how the proposed solution enables the future state's goals. The solution scope might evolve throughout an initiative as more information is

discovered.

The solution scope might be described in different ways, including the use of:

- capabilities,
- technology,
- business rules,
- business decisions,
- data,
- processes,
- resources,
- knowledge and skills,
- models and descriptions of markets,
- functions,
- locations,
- networks,
- organizational structures,
- workflows,
- events,
- sequence,
- motivations, or
- business logic.

The solution scope can also include descriptions of out-of-scope solution components to provide clarity.

.2 Gap Analysis

A gap analysis identifies the difference between current state and future state capabilities. To perform gap analysis, both current state and future state should be defined. Using the same techniques to describe both current and future states assists in gap analysis, as it simplifies the comparison.

Gap analysis can help identify the gaps that prevent the enterprise from meeting needs and achieving goals. It can be used to determine if the enterprise can meet its needs using its existing structure, resources, capabilities, and technology. If the enterprise can meet the need with the current state capabilities, then the change will likely be relatively small, or there may be no change at all. In any other case, a change strategy is needed to create the missing capabilities or improve the existing ones. The capabilities analyzed in a gap analysis can include:

- processes,
- functions,
- lines of business,
- organizational structures,
- staff competencies,
- knowledge and skills,

- training,
- facilities,
- locations,
- data and information,
- application systems, and
- technology infrastructure.

The gaps will need to be addressed in the transition and future states.

.3 Enterprise Readiness Assessment

Business analysts analyze the enterprise to assess its capacity to make the change and to sustain the change in the future state. The readiness assessment considers the enterprise's capacity not only to make the change, but to use and sustain the solution, and realize value from the solution. The assessment also factors in the cultural readiness of the stakeholders and operational readiness in making the change, the timeline from when the change is implemented to when value can be realized, and the resources available to support the change effort.

.4 Change Strategy

A change strategy is a high-level plan of key activities and events that will be used to transform the enterprise from the current state to the future state. Change strategies may be a singular initiative composed of smaller changes which might be structured as a set or sequence of projects, or as various continuous improvement efforts. Each element of change might not completely address the need, so multiple changes might be necessary.

During the course of the development of a change strategy, several options are identified, explored, and described in enough detail to determine which options are feasible. Alternatives can be identified through brainstorming and consulting subject matter experts (SMEs). Sources of ideas can include historical ideas, historical changes, other markets' strategies, and competitors' approaches.

A preferred change strategy is selected from this set of options and developed in more detail. The preferred change strategy should be selected considering:

- organizational readiness to make the change,
- major costs and investments needed to make the change,
- timelines to make the change,
- alignment to the business objectives,
- timelines for value realization, and
- opportunity costs of the change strategy.

Business analysts may develop a business case for each potential change strategy to support decision making. The opportunity cost of each change strategy also needs to be considered. Opportunity cost refers to the benefits that could have been achieved by selecting an alternative change strategy. The options considered and rejected are an important component of the final strategy, providing stakeholders with an understanding of the pros and cons of various approaches to making the change.

When defining the change strategy, the investment to make the change to the future state is also considered. The net benefits of a future state may be very high,

but if the investment is unbearable ("they just can't afford the change") the enterprise may pass on the opportunity, and invest in something else.

The potential value, including the details of the expected benefit and costs, are key components to making a business case for the change.

Relating descriptions of potential value to measures of actual value currently being achieved enables stakeholders to understand the expected change in value. While every change facilitated by business analysts is intended to increase value, some changes decrease value in parts of an enterprise while increasing it in others.

.5 Transition States and Release Planning

In many cases, the future state will need to be achieved over time rather than through a single change, meaning that the enterprise will have to operate in one or more transition states. Release planning is concerned with determining which requirements to include in each release, phase, or iteration of the change.

Business analysts help facilitate release planning discussions to help stakeholders reach decisions. There are many factors that guide these decisions, such as the overall budget, deadlines or time constraints, resource constraints, training schedules, and the ability of the business to absorb changes within a defined time frame. There may be organizational restraints or policies that must be adhered to in any implementation. Business analysts assist in planning the timing of the implementation in order to cause minimal disruption to business activities, and to ensure all parties understand the impact to the organization.

6.4.5 Guidelines and Tools

- **Business Analysis Approach:** guides how the business analyst defines a change strategy.
- **Design Options:** describe various ways to satisfy the business needs. Each option will come with its own set of change challenges and the change strategy will be impacted by the option selected as well as the specific change approach that will be used.
- **Solution Recommendations:** identifying the possible solutions which can be pursued in order to achieve the future state, which includes the recommendations of various subject matter experts (SMEs), helps the business analyst determine the types of changes to the organization.

6.4.6 Techniques

- **Balanced Scorecard:** used to define the metrics that will be used to evaluate the effectiveness of the change strategy.
- **Benchmarking and Market Analysis:** used to make decisions about which change strategy is appropriate.
- **Brainstorming:** used to collaboratively come up with ideas for change strategies.

- **Business Capability Analysis:** used to prioritize capability gaps in relation to value and risk
- **Business Cases:** used to capture information about the recommended change strategy and other potential strategies that were assessed but not recommended.
- **Business Model Canvas:** used to define the changes needed in the current infrastructure, customer base, and financial structure of the organization in order to achieve the potential value.
- **Decision Analysis:** used to compare different change strategies and choose which is most appropriate.
- **Estimation:** used to determine timelines for activities within the change strategy.
- **Financial Analysis:** used to understand the potential value associated with a change strategy, and evaluate strategies against targets set for return on investments.
- **Focus Groups:** used to bring customers or end users together to solicit their input on the solution and change strategy.
- **Functional Decomposition:** used to break down the components of the solution into parts when developing a change strategy.
- **Interviews:** used to talk to stakeholders in order to fully describe the solution scope and change scope, and to understand their suggestions for a change strategy.
- **Lessons Learned:** used to understand what went wrong in past changes in order to improve this change strategy.
- **Mind Mapping:** used to develop and explore ideas for change strategies.
- **Organizational Modelling:** used to describe the roles, responsibilities, and reporting structures that are necessary during the change and are part of the solution scope.
- **Process Modelling:** used to describe how work would occur in the solution scope or during the change.
- **Scope Modelling:** used to define the boundaries on the solution scope and change scope descriptions.
- **SWOT Analysis:** used to make decisions about which change strategy is appropriate.
- **Vendor Assessment:** used to determine whether any vendors are part of the change strategy, either to implement the change or to be part of the solution.
- **Workshops:** used in work with stakeholders to collaboratively develop change strategies.

6.4.7 Stakeholders

- **Customer:** might be purchasing or consuming the solution that results from the change. Customers can also be involved in a change as testers or focus group members, whose input is considered in the enterprise readiness assessment.
- **Domain Subject Matter Expert:** have expertise in some aspect of the change.

- **End User:** uses a solution, is a component of the solution, or is a user temporarily during the change. End users could be customers or people who work within the enterprise experiencing a change. Users might be involved in a change as testers or focus group members, whose input is considered in the enterprise readiness assessment.
- **Implementation Subject Matter Expert:** have expertise in some aspect of the change.
- **Operational Support:** directly involved in supporting the operations of the enterprise, and provide information on their ability to support the operation of a solution during and after a change.
- **Project Manager:** responsible for managing change and planning the detailed activities to complete a change. In a project, the project manager is responsible for the project scope, which covers all the work to be performed by the project team.
- **Regulator:** ensures adherence to laws, regulations, or rules during and at the completion of the change. The regulator might have unique input to the enterprise readiness assessment, as there might be laws and regulations that must be complied with prior to or as a result of a planned or completed change.
- **Sponsor:** authorizes and ensures funding for solution delivery, and champions the change.
- **Supplier:** might help implement the change or be part of the solution once the change is completed.
- **Tester:** responsible for ensuring that the change will function within acceptable parameters, accomplish the desired result, and deliver solutions that meet an appropriate level of quality. The tester is often involved in validation of components of a solution for which the results will be included in an enterprise readiness assessment.

6.4.8 Outputs

- **Change Strategy:** the approach that the organization will follow to guide change.
- **Solution Scope:** the solution scope that will be achieved through execution of the change strategy.