"THE PROBLEM WITH REQUIREMENTS"
AKA
THE REQUIREMENTS OF THE PROBLEM
PART 2

It is commonly said that 75% of IT projects fail to deliver results on time and on budget. It is interesting to note that when this statement is made there has been a subtle and often un-conscious shift in perspective. The question being asked is "Was the committed business value (or ROI) generated? In my terms this is asking "Were the Requirements of the Problem met?" IT may have delivered on the Requirements of the Solution, but now the project is being held to the higher standard.

Consider the following uber-simplified scenarios:

Outcome	*Adequate Definition of the Solution Requirements*	*Adequate Definition of the Problem Requirements*
Success	Yes	Yes
Failure	No	Yes
Failure	Yes	No
Failure	No	No

In this forum and in countless others there have been endless discussions of how to improve the art and science of eliciting and analyzing the "Requirements of the Solution". While extremely valuable these are directed at improving only one of the four scenarios, leaving two of the four to chance or assumptions. Is this all there can be? Is there no hope for the 50% of "failed" projects? Let us investigate some common failure scenarios resulting from improper definition of the Problem.

In my experience many of the issues flow from a fundamental and implicit idea of the IT Project as occurring "outside" of the business. I'm speaking of the traditional waterfall method where IT "Gathers Requirements", goes off and does some magic, and then there is a "System Implementation" phase at the end. We can only hope that the necessary business planning, communication and training have occurred in the meantime.

From a true business value / ROI perspective all significant solution implementations must be considered as part of a much larger change management initiative involving business process improvement (or at least change), communicating with and re-training internal users, communicating with affected external customers or agents, coordination with other internal business functions, etc. From this point of view the IT solution project is often less than half of the total effort and cost of achieving true change and therefore business value creation.

On one hand this is just another way of saying that IT must "partner" with the business. Everyone nods their head at that but what does it really mean? What do you do when you partner with the business? Which information do you need? Who must be involved? When and where does it happen?

Various methods such as Agile have been put forth as improvements to dealing with the issues of eliciting the Requirements of the Solution. While all suggested approaches may improve this process, they do not directly address the Requirements of the Problem. My point is that once the IT Project is defined with a specific scope, timeframe and budget there is a 50% chance that its failure is already assured because these decisions have been made without a thorough and factual analysis of the true nature of the problem. Note that this does not alter the need for all of the good work being done here and elsewhere regarding elicitation of the Requirements of the Solution. Those efforts will continue to add significant value to the other half of the cases where the Problem is correctly or at least adequately understood.

I realize that this can be very much an uphill battle which many organizations are not ready to take on. The potential benefits are so great, however, that I would encourage you to try whenever there is even a small crack through which you might be able to make it work. I have tried this in several companies across several industries, and here are some of the lessons I have learned.

The first thing to do is to apply everything just said to your own situation, that is to describe, define and quantify the "Problem" of why projects fail in your particular organization and the "Opportunity" represented by potential improvements. In my experience the first question to ask is the nature of how decisions are made at the executive level in your organization.

Most organizations in my experience make strategic decisions based on personal relationships between the executives and their peers in other organizations (note: there may be financial or other analysis done after the fact to make the decision appear to be based on a rational foundation, but that is not the same as fact-based decision making). This is perhaps the toughest scenario in which to promote an analytical approach to problem definition but it is not without hope. In this case the best method is to gain entrance to the corporate strategic planning and/or governance processes where we can directly influence the definition of the problem/opportunity before it becomes a solution-based project. To do so from the IT ranks is difficult at best and may be impossible if prior experience within the organization has generated an atmosphere of distrust between the business units and IT. The better approach is to partner with an external consultancy to present the proposal with the understanding that the actual work will be done by internal resources so that talent, skill and success can be built and leveraged until the approach becomes self-sustaining.

In organizations which are driven primarily by financial measures a good approach is to work with the CFO to develop an Opportunity Cost model to be applied to IT project spending. I learned this approach from a business which expanded by building new manufacturing plants close to their markets. There were 8 Regions who each wanted a new plant every year, but the company only had enough capital and manpower to build three per year (the plants cost from $35M to $50M each). In this scenario it was entirely reasonable to spend money up front to do market studies, environmental impact analysis, infrastructure analysis (water, power, etc.) to quantify each proposal before the decision was made on which Region would get a new plant this year. This company spent $150,000 to $350,000 on this preliminary analysis for each proposal (including proposals which did not make the cut for the current year) in order to make the best decision possible on where to apply there scarce capital and human resources. Consider how this preliminary analysis

phase could be applied to IT Project Governance. [Note: the main pushback on this approach is that the money spent on the analysis of projects which end up not making the cut is "wasted", however I would argue that finding out in advance that the proposed project would have failed after spending tens of millions of dollars is actually a financially sound approach.]

Engineering or process driven organizations should be the easiest in which to sell the need for this kind of approach. Generally the executives will feel comfortable with a straightforward explanation of the costs and benefits of the approach and you may be able to draw corollaries from other decision-making processes inside the company. This approach can also be presented as a method to rationalize the differences of opinion between the relationship-oriented marketing and sales departments and the fact-oriented engineering and production departments (the fundamental Problem being that they each see the world from very different perspectives). This is also a good scenario in which to use Porter's Value Chain analysis as part of your approach (see http://www.valuebasedmanagement.net/methods_porter_value_chain.html).

It is just as important to know when not to promote this kind of approach; that is when the approach itself is doomed to failure because the nature of the problem is not one that can be solved in this manner. For example when organizations are going through merger or acquisition there is a period during which the disparate organizational cultures are melded and the various executives are fighting for prominence in the combined company. While this scenario cries out for careful analysis of the problems and opportunities it is my experience that the chances of success are the lowest because some executive will see it as a threat to their future and will actively work to squash the initiative.

In summary I have tried to describe a significant opportunity for practitioners to add tremendous value for their organizations. This approach should be undertaken only when there is a glimmer of hope and only by someone who can have a serious discussion with C-level executives purely in business terms. It requires great tact to suggest to a business executive that you can improve their decision-making process, but if you were to become successful then you can become indispensible for them. I wish you the best of luck and please do respond with stories of either success or failure as we can all learn from either.