

What is the Likelihood and Impact of a BA Communicating Risk?

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When I started as a business analyst 15 years ago I did not consider risk analysis and communication within the realm of the BA's role but rather was an important part of the project manager's activities. But as I progressed through various projects, I realized that the communication of risk was a big part of my role.

Wikipedia definition of risk is:

“**Risk** concerns the deviation of one or more results of one or more future events from their expected value. Technically, the value of those results may be positive or negative. However, general usage tends to focus only on potential harm that may arise from a future event, which may accrue either from incurring a cost ("downside risk") or by failing to attain some benefit ("upside risk").”

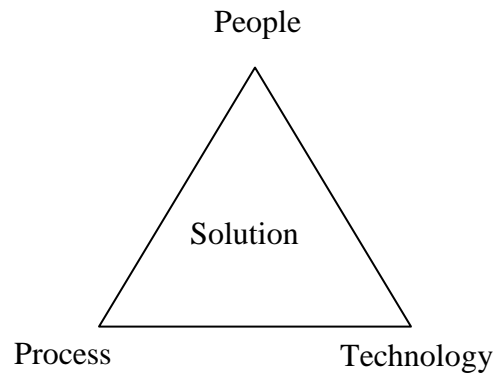
Risk is measured by multiplying a probability value x an impact value, or by using a grid such as the one below to map the level of risk.

I	Critical					
M	High					Unacceptable Risk
P	Moderate		Expert Judgement			
A	Minor	Acceptable Risk				
C	Minor					
T	Insignificant					
		Rare	Unlikely	Possible	Likely	Almost Certain
		LIKELIHOOD				

In my opinion risk analysis applies to the BA role in two areas:

1. Solution
2. Requirements activities

Let us start with the Solution side. I like to define solution as having a potentially to be comprised of needs in each of the areas in the diagram which follows.



Risk can be defined in each of these areas at any point in the business analysis cycle. It can be defined during process analysis, feasibility, certainly during the creation of a business case and at any point in the project cycle.

The risk inherent in the people side of the equation centres on the adoption of the solution. This is mitigated through organizational change activities such as organizational readiness assessment, communication and the engagement of the sponsor and key stakeholders. Key messages must be effectively communicated to the employees. These messages first must communicate where the organization is and why it can't stay here and the second must describe what the organization needs to become (Hammer & Champy, 1993, p. 149). The other important aspect of this communication (and a critical element needed by the business analyst) is a clearly defined vision. "Clarifying the direction of change is important because, more often than not, people disagree on direction, or are confused, or wonder whether significant change is really necessary" (Kotter, 1993, p. 69).

When a solution is not readily adopted by the end user the projected productivity or efficiency gains from the solution will not be realized as quickly. According to an article from Carnegie Mellon University's Software Engineering Institute the following elements are important for change: **vision, skills, incentives, resources and an action plan**. If any one of these is missing the initiative will have difficulties.

The following items should be a part of any solution that has a significant impact on the employees, such as process changes and new software applications. The risk is described as follows:

- If training is not provided to build skills, then employees will suffer from anxiety and will likely be resistant to the change.
- If incentives are not linked to motivate the change, then the change will be gradual and the benefits will not be realized in the specified timeline.
- If resources are not available then employees will be frustrated, make mistakes and resist the change.
- If an action plan is not in place you will have false starts and the solution and project will lose credibility thus delaying employee adoption.
- If a vision is not in place there will be confusion and misunderstanding of the organizational direction. Employees will not know when "success" is achieved and therefore will be frustrated and sceptical.

The business analyst should include organizational change requirements in the business requirements and communicate the impact if they are not included. The likelihood of a negative result from these missing requirements should also be considered and with the impact given a risk rating.

The other risk area, that is significant to business analysts, is the lack of subject matter expert (SME) and stakeholder involvement in the requirements definition process. It is often the result of a lack of management commitment and clear business objectives. Countless business analysts have told me, during my three years of training, that getting the commitment from SME's to provide requirements and participate in requirements reviews continues to be their biggest challenge.

The risks inherent in the lack of SME commitment include: missing requirements, requirements changes, incorrect requirements resulting in delayed implementations and additional costs. It has been widely reported that changes to requirements result in costs that can go as high as 100 times the original estimated cost. These costs could be avoided if the requirements were correctly stated and reviewed during the requirements phase.

According to the Standish Group in their 1995 report, "Opinions about why projects are impaired and ultimately cancelled ranked incomplete requirements and lack of user involvement at the top of the list." So, how do we get stakeholder involvement and mitigate this risk. Use your requirements plan as a tool to get commitment from management for the subject matter expert's time. Communicate using risk terminology, for example, "If we do not have the participation of a SME with the following qualifications, we run the risk of having incomplete requirements, resulting in a delayed project due to requirements changes, and an increase in costs of 30 times the original estimate."

The business analyst can also use risk as a way to facilitate requirements prioritization. We can ask questions such as "what is the impact if the requirement is implemented later?" "What is the probability this impact will occur?" You can map the answers to the risk rating grid or calculate the risk thus ensuring a more analytical approach to prioritization and fewer emotional responses.

Using risk thinking and language as part of the business analyst's routine will give the business, project manager and stakeholders a clearer picture of the requirements and a better understanding of why we need the resources we do to be successful.

About the Author

Maureen McVey is the Director of Business Analysis for IIL, she has 15 years of experience in business analysis in the areas of process and organizational change, defining software requirements and is one of the founding members of the IIBA.