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| Objective: | <ul style="list-style-type: none"> • Help user understand the need to gather business requirements • Help user prepare to gather business requirements. |

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1. Defining organization strategic objectives

1.1 Defining strategic objectives

The formality of defining strategic objectives will depend on the organization. Larger organizations will tend to have clearly defined strategies and documented mission and vision statements, whereas as smaller organizations can tend to be more informal in this regard.

You will need to assess your organizational needs as to how much effort you place into this part of the selection process.

As a general rule, if the organization is growing or changing due to other factors, this section will be important as future changes could impact on organizational needs. If the organization is reasonable static in terms of growth and change, defining the business processes will be more important.

High change = increased focus on strategic direction

Low change = increased focus on business process

1.2 Document strategic objectives

When completing this section, ensure you document the following and understand the implications on your selection:

- Organization mission
- Organization stated strategic objectives
- Factors which make the organization successful
- Planned future acquisitions, structure changes, expansions etc

1.3 Gathering the information

In collecting this information to document, the following are critical to consider and take into account:

- Vision and mission statement;
- Press releases in the last 12 months;
- Internal communications;
- Strategy documents and/ or the business plan if available;
- Recent management reports or forecasts.

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1.4 Signing off on strategy

Once you have collected and documented this information, use the editable file in MyDelivery to document the findings and refer to senior management for review and approval.

2. Defining Organizational Structure

This section will depend on the size and complexity of the organization. Understanding upfront some of the items listed below will ensure there are no embarrassing changes or last minute inclusions at a later stage.

Ensure you have listed and confirmed the following:

- Legal entities;
- Reporting entities and/ or business units;
- Departments
- Consolidation structure;
- Geographic locations the organization operates in both local and international, with staff numbers to indicate size;
- Foreign currencies the organization operates in, as well as base reporting currency;
- Taxation registrations

Complete the User document on structural requirements to ensure you have documented all of these.

3. Business requirements – data collection

3.1 Workshops and interviews

In assessing business requirements, the key is to capture all the requirements and opportunities for improvement. This can be done by either:

1. Process mapping key processes and assessing requirements and opportunities through process review and analysis;
2. Developing a list of requirements and opportunities, by function.

Either method can be used effectively and has their strengths and limitations. Process mapping requires some skill in converting input from stakeholders

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into accurate process maps that represent the function activities at the right level of detail. Developing a listing of requirements and opportunities is generally easier but can lack completeness, as there is no logical map to look at to get a visual representation and sequential flow of the activities.

You will need to assess the skill levels available and the complexity of the functions, as well as size to determine which method will work best for your organization. Process mapping with supporting metrics we believe is better practice.

In assessing business requirements and opportunities, you will need to gather data. This can be collected five different ways:

- Hard and soft copy reports
- Interviews
- Workshops
- Questionnaires
- Surveys

If you are uncomfortable or feel you are not suitably qualified to conduct workshops or interviews, or just do not have the time, you might consider finding other internal or external resources to conduct the interviews and a facilitator to conduct the workshops. The key is to ensure all outputs from this process are properly documented and the knowledge gained passed on.

The system selection online service includes various tools to assist you with these tasks should you wish to conduct them yourself. This includes ELP's, sample documents and templates.

3.2 Data collection – hard and soft copy

Data collection in hard or soft copy will provide accurate and detailed data about the process or department but is rarely in the form required and can take time to sort through. Consider the reports available and the data therein, as well as the timeframes of these reports before requesting them.

Alternatively, queries into the database or customized reporting maybe possible through either the department staff or IT department. Inquire what is available to assist with collecting data, but be sure to plan exactly what data is required before requesting it. Asking for data and not using it can get the people offside who have provided it.

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Key documents to request include:

- Management reports;
- Policy and procedure documents (If they exist);
- Authority matrices (If they exist)
- Budgets and business plans for the current year;
- Process maps (If they exist);
- Organization charts and structures;

Setting up your own documents, based on the data provided is usually ideal. Ensure you keep some references back to the source of the data should this be required or the outputs questioned.

3.3 Interviews

Interviews are generally used in the following situations:

- Senior management with time constraints;
- Individuals with specific knowledge of a certain function;
- Individuals with time constraints;
- External stakeholders.

You will need to assess each situation to determine the best method of gathering data. Interviews will encourage individuals to speak more freely but are more time consuming. Having at least one or two interviews in a department will give you a good idea of the culture and informal structures etc, which you would not normally get out of a workshop.

After each interview, the interview notes should be shared with the individual for review.

3.4 Workshops

Workshops are best used to get input from a group on a specific process or processes, especially when that process runs across departments, functions or business units. It is uncommon to get data on structures, culture and other detail in workshops. It can also be unproductive if a workshop is used to discuss an individual's area for any length of time.

Workshops should be ideally conducted with around 7-10 individuals at a time to be productive. Smaller workshops for four are possible, as long as individuals are able to get their opinions across, and there are sufficient people to get a good level of diversity.

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The workshop outputs should be shared back with the individuals for feedback and confirmation.

3.5 Questionnaires and Surveys

Where there are a large number of individuals, or individuals are widely dispersed, using a questionnaire or survey can be useful. These tools generally are limited by the fact that the interpretation is up to the individual and there is no opportunity to clarify any comments or suggestions made. In addition, the number of questions asked usually has to be limited for obvious reasons. Some suggestions if you do intend using either questionnaires or surveys include the following:

- Be clear on the meaning of your questions and test these to ensure these is no ambiguity;
- Limit the number of questions and try to ensure the answers will not require detailed research. If the answers are too hard, response rates will suffer;
- Send reminders to complete regularly;
- Use a web tool if possible to deliver the questionnaire or survey via the web and ensure you can obtain aggregate reporting on responses;
- Use them to gauge support or views, it is almost impossible to build detailed user requirements from these tools.

4. Business requirements – business process

4.1 Defining business processes

The first step in documenting business process is to **identify what processes exist in the organization**. These should be attempted before going into a workshop or interview environment, or any uncertainty can create confusion.

At a high level, first consider what the business does and then how these activities are supported. Most organizations will create a product or service, deliver it to customers, and then support these processes with the right information technology, recording of transactions and management of resources.

Sub processes then make up the process. It is important in addition to identifying the processes to also identify the sub processes and to be clear on

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what is included. For the purposes of a workshop or interview, these must be reasonably clear. If they relate to a department you are uncertain of, you might work through the detail with a senior member of the department before interviewing further or conducting workshops.

An example of processes and sub-processes in finance could look as follows:

| Process | Sub processes |
|------------------|---|
| Accounts Payable | - Process invoices and matching process |
| | - Approval of invoices process |
| | - Payment process |
| | - Supplier master file maintenance |

Processes and sub-processes will differ by organization due to:

- the structure of the organization;
- the way it has always been done;
- the individuals doing it and their past experience;
- existing systems capabilities and the nature of the organization.

One size generally does not fit all, however there are best practices for each sub process to make the process most efficient.

4.2 Developing requirements lists

Once you have completed your interviews and workshops, gathered your strategic, structural and IT environment information, you can combine all these outputs into a requirements listing.

Build a consolidated list of requirements and categorize then by process, function or department, whichever makes the most sense for your organization. From these develop questions for the vendor and prioritize them based on the critical success factors and objectives identified in phase 2, in the project charter. Many of these questions might be simple yes/ no questions. **Critical here is getting the level of detail right. Remember you are not writing detailed system specifications, but rather to highlight critical functional and informational requirements.** The focus should be on the key and unique requirements.

Make sure you validate and signoff this listing with the project sponsor and ultimately the steering committee. Should additional requirements arise after this, list them in the issues log to keep track and action them.

4.3 Business process mapping

Business process mapping includes the outputs of interviews and workshops, and should always be confirmed with the participants. Getting these down at the right level of detail is important. Processes mapped at too high a level are meaningless and processes mapped in too much detail, can become confusing and difficult to use and read. Consistency in the level of detail is also important. The template document on process mapping will help.

There are a number of process mapping tools available, the most common of which is Visio, which will allow you to map processes with supporting detail. If you do not have a process-mapping tool, use PowerPoint. We have found most people have access to PowerPoint, and if they do not, they can still open a PowerPoint show and that PowerPoint can be used to easily and logically show process maps.

We recommend the following guidelines when process mapping:

- Understand the departments, individuals or groups involved in the process and mark these on the process document;
- Always present the processes from **left to right**, processes which go around in circles can be confusing;
- If the process map goes over two pages, clearly mark the end and start point on the two pages, so if they are laid down next to one another it will be easy to follow the process from one page to another;
- **Agree on symbols** to be used and use them consistently. Example shapes are as follows:
 - Diamond = decision point;
 - Triangle = start or end of process;
 - Drum shape = database or file;
 - Rectangle = activity;
- Use arrows to show the flow direction of the process;
- **Always confirm the processes back with the workshop or interview participants;**
- **Focus on mapping the processes, which will add value**, where inefficiencies exist. For example mapping the process for general ledger chart of account management, although important is not probably done on a daily basis and will not add that much to the organizations efficiency. Focus on processes which have a lot of

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transactions flowing through them and need to be consistent and efficient;

- If there is more than one stakeholder using the outputs of a process, you may have more than one process doing the same thing for each stakeholder group. For example, different customer types, leasing versus cash purchases;
- Develop supporting documentation to support the process maps with relevant metrics, details and other relevant information.

4.4 Business process analysis

Once the processes are mapped and confirmed, the easiest way to analyze them is to work through each process, color code certain activities and analyze them within a framework

Analyze – color coding for efficiency

All processes will have certain activities, which are common across all processes. Identifying these can aid in analyzing and developing new processes. This does not take long and provides a powerful visual tool:

- **Internal controls**: Identify any internal controls and color the activity block in **red**;
- **Bottlenecks or gatekeepers**: Identify activities where transactions get stuck or slowed and mark these in **blue**;
- **Manual processing**: Identify areas where there is manual processing, i.e. outside of the computer system and mark these in **yellow**;
- **Interfaces of handoffs**: Identify where data is transferred between systems, between systems and individuals or where there is manual integration between systems in **green**;
- **Reporting**: Highlight where reports are provided and differentiate between soft copy and hard copy reports in **purple**;

Analyze processes

Work through each process and consider the following, taking into account the activities marked as per above. Where there are no colored blocks of a certain type you should ask why and where there are numerous similarly colored blocks the same question may be asked.

When considering internal controls, consider each process for the following:

- **Accuracy or recording**: How do you know the transactions recorded, have been recorded accurately?

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- **Completeness** of recording: How do you know all the transactions have been recorded?
- **Validity of transaction**: How do you know the transaction is a valid one?

In analyzing processes, consider the metrics you have collected along with the processes and consider any opportunities for improvement. This will include for example:

- Where there is a high volume of transactions;
- Where processes take a long time to complete;
- If there is a high number of customer complaints;
- Where systems are not used for processing;

Develop to-be processes

When you have completed analyzing the processes, consider what the future processes might look like, taking into account the issues and opportunities for improvement identified above. The to-be processes may be a revised set of processes with the new requirements included or a listing by process of potential improvement opportunities.

Given, that in many cases there is some uncertainty about the capability and functionality of new systems, keeping these in a list to start and reworking the processes with vendor input on their specific system is advised.

4.5 Finalizing business requirements

When you have completed your requirements listing or business process mapping exercise, the following tasks should be conducted:

- From the work done, **identify selection criteria and differentiators. Selection criteria are key functional requirements or needs, usually answered by a yes/no. Differentiators are generally processes that can differentiate the organization and potentially gain some strategic advantage;**
- **The functional requirements should be validated through the vendors proposal, the differentiators through the vendors demonstration;**
- If you have mapped processes, develop to-be process detail for the key functional processes identified.

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5. Information technology (IT) environment

Getting the information technology department on board is important. If you have no formal technology department, then assessing the existing environment will fall within the scope of the system selection project.

Key requirements to keep in mind and understand include:

- Organization **IT strategy**;
- **Future IT projects and upgrades**;
- The **existing IT environment** and how it will support a new system;
- Existing **IT resources** and their skills with respect to a potentially more complex environment;
- Compatibility of the existing IT environment with a potential new system. This can range from desktop internet browsers to the server and communications software;
- **Integration requirements** between the various systems;
- **Mobile computing requirements** including laptops and other wireless or mobile peripheral devices.

In many cases, the vendor will be able to assist and may have already built integrations to your existing systems. The key is to ensure the vendor is aware of existing applications and infrastructure and can review these against the system they are proposing.

6. Conclusion

You should now be in a position to collect business requirements. **This is a critical part of the system selection**, as the outputs will be used in the request for proposal, as well as in developing new processes and training users on the processes during the implementation.

Key issues may also have come to light, which could impact significantly on the selection process and require a different approach by the organizations.

These issues might include:

- Concerns that the organization may **not be ready** for the proposed implementation;
- Indications are, that **significant process changes** may be required, and they have not been properly investigated;

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- The opportunity exists to **outsource certain business processes**, as well as the system provision;
- **Changes in the selection approach** (e.g. from defining unique requirements primarily to identifying comprehensive requirements);
- The need to establish a formal or **detailed business case**.

If this has occurred, these issues should be taken to senior management, and/or the steering committee for resolution and decision making on the next steps before proceeding.

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