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A gap analysis is the process of comparing your actual business performance with your desired performance to see whats missing. You can use these analyses to create company strategies and identify possible shortcomings in your business. Learn how a gap analysis can help fortify your business goals and the four steps to perform your own.Here's a scenario: your team is about to start their strategic planning initiatives for the next year, but they don't really know where to start. What do you do next?A gap analysis (also known as a needs analysis) is the process of comparing your current business performance with your desired performance. It helps you identify the "gap" between where your business currently stands versus where you want your business to be. In short, youre looking for whats missing.Learn how to transform your teams goals into measurable outcomes with powerful OKRs. When teams can understand how their work ladders up to the organizations overall goals, better results follow.What is a gap analysis?A gap analysis (also known as a needs analysis) is the process of comparing your current business performance with your desired performance. The "gap" in a gap analysis is where your business currently stands versus where you want your business to be.Creating a gap analysis can help your business in a few ways. Here's how:Brainstorm strategies. Creating a gap analysis can help strategic teams figure out potential action plans they can use to hit their goals.Identify weak points. If your business didn't perform as expected, using a gap analysis can help your team figure out the root cause of certain performance gaps.Measure actual resources. If your team has a surplus of resources at the end of the year, a gap analysis can help identify specifically how everything was performing, and how resources were allocated so they can be used more efficiently in the future.Benefits of using a gap analysisCreating a gap analysis is a way to review your current strategies to see whats working, and whats still needed. Performing one can help your business in a number of ways, including:Identifying weak points. If your business didn't perform as expected, you can use a gap analysis to help your team figure out the root cause of performance gaps.Measuring current resources. If your team has a surplus of resources at the end of the year, a gap analysis can help identify specifically how resources were allocated so they can be used more efficiently in the future.When to perform a gap analysisA gap analysis is a useful project management tool to help you identify how to get from point A to point B. While a gap analysis can be used at any time, you can get the most out of your analysis when you apply it strategically to a specific project or initiative. Here are a few scenarios where using a gap analysis can help you gather the contextual data you need to improve your business.During strategic planningIf your team is looking to create a strategic growth plan, using a gap analysis early in the strategic planning process can help give your team a good starting point. A gap analysis provides data-driven guidance on how your team goes from their current state to a specific end goal. For example, if youre planning next quarters strategy, you can use a gap analysis to review what you achieved in the current quarter. Compare that to the goals you had originally set and youll be able to identify opportunities to improve in the coming months.Read: New to strategic planning? Start here.When you encounter performance issuesIf your team is unexpectedly underperforming, a gap analysis can be a useful tool to identify any shortcomings. Once you identify the root cause of the gap in your current situation, your team can improve processes to fix the issue without interrupting production. For example, a project manager at an assembly line may notice that production is not meeting expectations. After completing a gap analysis, they find the root cause to be an issue with some machinery. Now they know exactly what to fix to improve production.When stakeholders need additional contextIf your team is compiling business information for investors or for other business requirements, a gap analysis can be an extremely helpful tool. A gap analysis is useful in this situation because it provides more contextual information than just hard numbers. If management is worried that your team is underperforming for whatever reason, a gap analysis can quell any worries with a detailed plan of how your team is going to close the gap.Gap analysis examplesThe best time to use a gap analysis is when youre looking for ways to improve, or youve realized something isnt working quite as expected. In practical, real-life examples, heres what that might look like:Software development: Gap analyses can show you missing items in your software, helping you to potentially catch errors before you go to market.Project management: Use gap analyses during the project planning or review stages of project management to show you the areas that arent up to speed with the rest of your project. Then, you can make requests for and allocate resources to that work as needed.Human resources: If youre on an HR team, you can use a gap analysis during the hiring processes to show you whats lacking on a team, which in turn, you can look for in a new candidate.Team leads: As a lead, youre often looking at the big picture problems. So sometimes, details slip through the cracks that can cause delays or issues down the line. A gap analysis can help you identify when you may have overlooked something, and it might be able to catch them before they create a bigger problem.Competitive research: Competitive analyses are important tools to boost customer satisfaction. One way to perform the necessary competitive research is through a gap analysis, where you look at the market gap for your industry and strategize ways that your business can fill it.The 4 steps of a gap analysisWhile it may seem complex, using the gap analysis process is not as complicated as it seems. Try this four-step process to create a gap analysis for your team.1. Define your business goalsIn order to compare current performance to desired performance, you first need to define what your ideal future state looks like, or, in other words, set goals. Anygoal settingmethodology works. If you dont already use one, try usingobjectives and key results (OKRs) orkey performance indicators (KPIs) to create targeted, specific metrics and business goals. Regardless of which goal type you use, make sure your objectives are SMART: specific, measurable, achievable, realistic, and time-bound. The goals you're setting here define how youll measure performance and represent the desired state you want for your business. Read: Write better SMART goals with these tips and examples2. Benchmark your current business performanceUse goals, historical data, and past gap analyses to benchmark your current business performance, processes, or workflows, and set the standard for how you work.At the same time, evaluate your current processes with a business process analysis (BPA). If you're aiming to make process improvements as part of your strategy, looking at the current state of your business process is important. This can help you identify which process improvement methodology your team should use to reach the desired target state. Read: The beginners guide to business process management (BPM)3. Analyze gap dataRemember that the gap in a gap analysis is the difference between where your business currently stands and where you want your business to be. Now that you understand the difference, its time to hypothesize different strategies and tactics your team will need to close that gap.The next step in this process is to ensure your goals are actually achievable, and not too far out of your teams reach. You dont want to set a goal so high that it feels impossible. In the same vein, its important to ensure that your team is able to complete their goal in the set time period. If you make changes to your current performance strategy, will your team still be able to achieve the goals you set based on the desired time frame?It's during this step when you meet with your stakeholders to brainstorm strategic planning initiatives to hit your goals.4. Compile a detailed reportOnce you've solidified all of your numbers and business goals, create an action plan that clearly dictates how your team plans to close the gap. It's important to use both quantitative data, like the benchmark data you compiled in step two, in addition to qualitative data, such as current processes and past process improvement strategies.Universal reporting for todays leadersWhat is the difference between a gap analysis and a SWOT analysis?A SWOT analysis is a type of gap analysis thats commonly used in project management to identify strengths, weaknesses, opportunities, and threats for a business. Usually, people complete a SWOT analysis via a 2x2 matrix.Once this matrix is filled, use it to identify gaps that come to light as your team brainstorms each quadrant of the matrix.Read: SWOT analysis: What it is and how to use it (with examples)McKinsey 7S modelDeveloped by Robert H. Waterman and Tom Peters, the McKinsey 7S framework is a management model that is often used for organization analysis. The idea is that an organization needs seven elements that are all aligned and reinforcing one another. If one part of the seven elements is off, it can affect the entire business.The seven S's in this model stand for:Structure: How your business is organized. This could mean how activities are divided and how teams communicate with each other.Strategy: The hard set of plans that your team uses to move the business forward.Systems: How performance is measured, along with procedures the team uses to do business.Skills: The competencies your team members provide for your business.Style: The behavior patterns of certain groups within your business.Staff: The individuals that work for you. This also refers to their characteristics and ways the company nurtures and develops their team.Shared values: Values are the core principles that define how your company approaches work.You can use this model by testing the relationship between each of the seven Ss. When you change something in strategy, how does that affect systems? Performing a gap analysis here can give you concrete answers to how each of these facets of your organization relate to each other.Nadler-Tushman congruence modelThe Nadler-Tushman congruence model is a business management tool that identifies the root cause of performance issues. It was developed by organizational theorists David A. Nadler and Michael L. Tushman in the early 1980s.The idea of the Nadler-Tushman model is that there are four main elements to a business and they each have unique relationships to one another.Those four main elements are:Work: All of the individual tasks that make up your business's performance. There are two different perspectives on how to look at work: what is done and how that work is processed.People: The interaction of individuals during work. Some examples of this include a manager and their direct report, or a team lead and a contractor. Organizational structure: How your business organizes itself, like how work is delegated, what teams work on what, and how processes are built.Culture: This is how your team implements group norms, best practices, ideals, and shared values throughout your company. The Nadler-Tushman model then pairs each of these elements off into six different combinations, so teams can analyze how their business is performing. Those six pairs look like this:Work and people: This looks at which employees are doing what work. Are the right people completing the right tasks?Work and structure: This is how your team develops processes to complete work. Is there enough structure and organization that clearly dictates what work needs to be completed?Work and culture: This focuses on the environment that's created. Does your company culture promote habits that are beneficial to performance?People and structure: This identifies the organizational structure of your team. 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Learn more about how you can use Asana to assist with work management.Universal reporting for todays leaders Strategic gap analysis is a business management technique that requires an evaluation of the difference between a business endeavor's best possible outcome and the actual outcome. It includes recommendations on steps that can be taken to close the gap. Strategic gap analysis aims to determine what specific steps a company can take to achieve a particular goal. A range of factors including the time frame, management performance, and budget constraints are looked at critically in order to identify shortcomings. The analysis should be followed by an implementation plan. Strategic gap analysis measures the difference between an ideal outcome and the real outcome.The analysis identifies the steps that must be taken to close that gap.For a business or other organization, the analysis can lead to an action plan for greater success. A strategic gap analysis is one method that is used to help a company or any other organization determine whether it is getting the best return from its resources. It identifies the gap between the status quo and the best possible result. Performing a strategic gap analysis can point to potential areas for improvement and identify the resources that are required for an organization to achieve its strategic goals. Strategic gap analysis emerges from a variety of performance assessments, most notably benchmarking. When the performance level of an industry or a project is known, that benchmark can be used to measure whether a company's performance is acceptable or if it needs improvement. Such a comparison informs a strategic gap analysis. From that point, the organization can determine what combination of resources such as money, time, and personnel are needed for a better outcome. Many businesses fail to plan strategically. They have the resources and competencies to achieve their basic business targets but fail to realize their full potential. A strategic gap analysis could help such a business bridge the gap between its current and potential performance levels. A small mom-and-pop restaurant in a seaside town has a loyal clientele of locals but its owners yearn to serve the summer vacation crowd as well. A strategic gap analysis identifies the changes required for the restaurant to meet its goals. These changes might include relocating to a busier street, staying open later to appeal to vacationers, and updating the menu. The restaurant owners don't have to take any of these recommendations. But it might do so if it wants to reach that higher level of business success. The three fundamental components of a gap analysis are (1) the current state, (2) the desired state, and (3) the gap. The current state is where the company is now and how it operates, the desired state is where it wants to be as defined by certain metrics, such as improved efficiency, better margins, etc., and the gap is the difference between the current state and the desired state, which allows a company to create an action plan to close it. A SWOT (strengths, weaknesses, opportunities, threats) analysis can be seen as a type of gap analysis because it details where a company currently stands. It allows a company to see what it does well and what it does not do well and thereby determine a way to improve the latter. To conduct a gap analysis, you first need to take note of the current situation. This usually involves determining what kind of metrics are important to your company or your department, such as margin, inventory turnover, conversion rates, or efficiency levels. Next, set the goals of where you want to end up. Benchmarking towards industry standards or competitors is a good way to get an idea of where you want to improve to. The goals should be measurable and achievable.The next step is an analysis of the gap between where you are and where you want to be. Determine why your metrics are the way they are and not better. This could be due to a variety of issues: marketing, hiring, training, etc. Lastly, create an action plan that will lead you to close the gap. Companies conduct strategic gap analyses to determine the difference between current performance and the ideal performance. By identifying this gap, a company can create an action plan to achieve its ideal performance or desired goals. The information is usually derived from performance assessments and industry benchmarks which allow a company to identify gaps and allocate resources correctly.All BlogsManagement ResourcesGap AnalysisCorporate Planning and Performancekey performance indicators (KPIs)Key Performance IndicatorsFull-Form of KPIScenario PlanningScenario PlanningBusiness ImpactBusiness Life Cyclemanagement reportingManagement ReportingAction Item TemplateCorporate Planning and PerformanceBOOT CAMP - Financial Modeling (6 Hrs)Boot Camp: LEARN Financial Modeling in Just 6 Hours!Table Of ContentsIn Gap Analysis, the actual performance of a company is compared to the desired goals. It determines the deviation between the current state and the expected future state. In response, an effective action plan is strategized to straighten the deviation.A company lags behind competitors when assets, materials, human resources, capital, and technology is not employed efficiently. In such scenarios, a Gap Analysis offers companies detailed feedback, highlighting potential causes of deviation.You are free to use this image on your website, templates, etc..Please provide us with an attribution link.Gap analysis is an approach used to recognize the difference between a companys current position and its desired future state.It studies the efficient utilization of capital, assets, human resource, material, and technology.The Four popular tools used for such studies include PESTLE analysis, SWOT analysis, McKinsey 7s Framework, and Nadler-Tushman Congruence Model.The steps in gap analysis involve analyzing the focus area, deciding future goals, interpreting the current state, comparing the current state with the future state, enforcing corrective measures, formulating an action plan and preparing the final report.Such a study contributes significantly to business growth and goal achievement in various aspects. As a result, most start-ups adopt this practice to set performance benchmarks. The Gap Analysis process involves the following steps.First, companies recognize the problems. They ascertain whether the issue is related to profit, product, performance, or human resources. Then, they ascertain a realistic and attainable future target. Additionally, companies comprehend the current situation in terms of performance, resources, and process. Using that data, companies evaluate the gap or difference between the desired future position and the present situation. This includes calculating the gap density, reasons, and shortcomings. At this stage, analysts propose imperative measures to eliminate the identified difference. Additionally, they set the key performance indicators (KPIs) for periodical analysis of subsequent progress. To apply the corrective measures, companies strategize a course of action. Finally, a report incorporating the findings and suggestions is presented to the companys management.Evaluation is applied from different perspectives. The four possible scopes of improvement in any company are as follows.It determines the reasons behind low profitability. It is ascertaining whether it is due to internal factors or the external environment. For example, the negative impact of the pandemic on business sales and profit are analyzed.A products incompetency is evaluated through this technique. Problems could be potentially caused by outdated features, change in consumer preference, or emerging competitors.This method reviews the companys strategic objectives and highlights the factors causing the lag in performance.This method discovers human resource insufficiency and highlights a lack of skills among the personnel if any.XYZ Pvt Ltd is a detergent manufacturing company. It conducted an evaluation intending to increase its profits by 30%. Following is an example of a gap analysis report.You are free to use this image on your website, templates, etc..Please provide us with an attribution link.It is evident that to increase the profit by 30%, the company has to ramp up sales by 30%. Also, it needs to set up new depots to reach more retailers.The IT industry carried out a Supply-Demand Gap Analysis to discover the reasons behind the global chip shortage. There was a boost in demand during the pandemic. The analysis also studied the impact on the automotive industry, which has a great need for the chips. According to CNBC, the chip shortage will continue till 2023.Companies use such a study for realizing short-term business goals both at strategic and operational levels. The various use of such analysis is as follows.Sales: The study reviews sales targets and highlights the reasons for inadequate profitability. Productivity: Companies use this technique to check whether they can meet the target production levels. If not, the method discovers the reasons behind low productivity. Quality Control: Companies pay significant attention to product quality and identify any non-adherence through this study. Product Performance: It determines the market acceptability, demand for a product, and the need for product improvisation. Supply Chain Management: Companies study delays in the supply cycle, raw material acquisition, and product delivery. Asset Management: This study ascertains the risk associated with rate-sensitive assets and liabilities. Human Resource: Companies diagnose workforce shortages, skill gaps, and talent gaps hindering human resource efficiency. Based on such analysis, companies plan relevant training and employee development strategies. Employee Satisfaction: Companies can use this study to gather essential input from employee feedback about job satisfaction. Based on the conclusions, companies incorporate changes. Individual Assessment: Employees can also make use of such a study for self-analysis and personal development. Table of Content Gap Analysis is an important strategic tool that the organization uses to analyze gaps between the target as well as anticipated results. The Strategic Gap Analysis helps the organization to determine the specific steps that the organization needs to adapt to achieve a particular goal. The use of this model allows the organizations to compare their current position with the organizational goals and then to determine various ways to bridge that gap. The Strategic Gap Analysis involves the examination of the current performance of the organization considering the future state of the organization. The Gap Analysis is an important tool for strategic planning that helps in comparing where the organization is now, where the organization wants to be and how to bridge the gap between the current and future state. Gap Analysis is also referred to as the Strategic-Planning Gap Analysis and needs assessment. The need for the Strategic Gap Analysis The Strategic Gap Analysis is done to determine the gaps between the current and future state and to better adjust the organizations strategies towards the business goals and objectives. The Gap Analysis is one of the powerful tools that help in performing a realistic assessment of the current situation. The other main reason to perform Gap Analysis is to scrutinize the reasons for the poor performance of the organization which then helps in strategic planning to mitigate the gaps. Thus, the Strategic Gap Analysis helps to evaluate the current actions and policies of the organization and to provide clarity on different areas of improvement. How to undertake Strategic Gap Analysis? The Gap Analysis can be done by adopting two different approaches focusing on the desired state of the organization. The first approach to perform Gap Analysis is to consider the goals and objectives of the organization while determining the current performance of the organization. The second approach is to consider the futuristic vision when analyzing the business performance. The first step in performing the Gap Analysis is to examine the pre-defined goals or the futuristic vision of the organization which focuses on determining the target state or position of the organization. This step can help to provide clarity on the desired position of the organization. The second step in performing the Gap Analysis is examining the current state. After examining the futuristic vision, the organization needs to evaluate the current performance as it can help the organization to keep track of its performance towards the future vision and business objectives. After considering the future vision and business goals, the most important step is to identify the gaps between the current and future state of the organization. The analysis of the current state of the organization also provides a clear insight into the performance gaps. The next step in the Gap Analysis is to determine the extent of the performance gap and to evaluate the reasons for the performance gaps. Determining the reasons for the performance gaps is a must to eliminate such issues and to improve future performance outcomes. Strategic Gap Analysis real example Let us delve deep into Adidas Gap Analysis for a more lucid comprehension of how this model helps organizations in crucial strategic planning for future success. To conduct Gap Analysis, we will follow the objective-based approach by considering the business objectives and current state of the organization. Adidas has announced the Five-Year Plan under its new strategic plan Own the Game to improve brand credibility and create a unique customer service experience. The key objective of Adidas is to increase the gross margin of the company to around 52 percent in 2021. Thus, the desired state of Adidas is to increase the gross margin of the company to 52 %. The current state of Adidas is lagging behind the desired state and the gross margin of Adidas is 49.7 % which is shown as follows- The above figure exhibits that the gross margin of Adidas has declined in 2020 by 20 %. Thus, the current state of the organization shows that Adidas is facing the problem of declining sales and gross margins. The analysis of the current state of Adidas shows that there is a gap of 2.3 % in the gross margin of Adidas. The main reason for increasing the performance gaps includes the impacts of COVID-19. In addition to this, the supply chain of Adidas was also negatively impacted during the COVID-19 pandemic. Also, Adidas faced a sales loss of $ 1.13 billion in the first quarter of 2020 due to the US-China trade war and the closure of various stores due to the COVID-19 pandemic. In addition, the company also experienced a huge decline in sales in Japan and South Korea. The consideration of the reasons for the declining financial performance of Adidas shows that Adidas needs to adopt diverse strategies such as vertical integration to deal with the supply chain issues, establishment of new retail stores, etc. to improve the organizations profitability. Business objective Current state Gap Reasons for the performance gap Action to be taken Timeline To increase the gross margin to 52 % in 2021 Gross margin of 49.7 % in 2020 Gross margin by 2.3 % Closure of retail stores due to the outbreak of COVID-19 and supply chain issues Vertical integration and establishment of new retail stores 3 months Thus, from the above Gap Analysis of Adidas, you must have got to know that the Gap Analysis helps to track the organizations performance against the business objectives and implement strategic actions to achieve the business goals. This way Gap Analysis is one of the important strategic planning tools that help to plan the organizations actions on the basis of the current position and the desired state. BAAs and Contracts Clean up disorganized BAAs maintained by different departments or across varying systems. With HIPAAtrek, you can organize and categorize BAAs, and centralized storage in the cloud keeps all stakeholders plugged in. Keep tabs on the status of every BAA, with collaborative tools to edit and review contracts within the HIPAAtrek platform. Shared access eliminates the back-and-forth so you can finalize faster. Dont worry about version control. HIPAAtrek maintains 10 years of version history, automatically. Whether you need to refer to a previous contract or show a trail of compliance to the OCR, you have the backup you need. HIPAA Training Efficiently manage your HIPAA training program to create compliance in action. Assign role-specific HIPAA training videos and follow-up quizzes, with built-in reporting to track training assigned and completed, as well as quiz results. Using the HIPAAtrek platform, you can automate security reminder emails, as required under HIPAA, to address critical HIPAA policies and procedures. Built-in documentation records both reminders sent and emails opened. Use our built-in training videos, created in alignment with our policy templates, as required under HIPAA. Our in-house experts craft short, role-specific videos for efficient, effective training. Already have training videos? Feel free to upload and assign your own. Policies & Procedures Policies and procedures are the foundation of your HIPAA compliance. Thats why the HIPAAtrek platform is built around intuitive policy workflows, so you can create policies, assign reviews, store relevant documents, and even train on your policies in one platform. No need to worry about documentationHIPAAtrek automatically stores version history of policies for 10 years, exceeding the requirements outlined in HIPAA regulations. Our in-house compliance experts create and maintain updated HIPAA policy templates, included with your HIPAAtrek subscription, without the need for costly consultants and lawyers. Breach & Risk Assessment The Breach Risk Assessment tool built into the HIPAAtrek platform allows you to seamlessly assess organizational risks and identify breaches and incidents. HIPAAtrek is designed to truly protect your organization from undue risk. Using our self-assessment tools and built-in alerts, you can identify incomplete tasks that may pose a risk to your organization in the case of an investigation. Identify and log breaches within the HIPAAtrek platform to create reports, identify training opportunities, and track trends over time. We retain the necessary documentation, stored in the cloud for 10 years, so youre always audit-ready. Grab our cheat sheet to help you with your HIPAA compliance. Enter your details and we will email it to you! Grab our Breach Notification Letter template to help you with your HIPAA compliance. Enter your details and we will email it to you! Do you need a BAA under HIPAA? This BA Decision Tree will help you determine whether you need a BAA in place with your vendors. Just enter your information to get your free BA Decision Tree. Clarify what does and does not qualify as PHI under HIPAA, so you can effectively secure and protect patient information. Submit this form to get your free PHI decision tree. Are you ready for modifications to HIPAA? We can help. Enter your details and we will email it to you! Grab our checklist to help you with HIPAA compliance. Enter your details and we will email it to you! Grab our cheat sheet to help you with your HIPAA compliance. Enter your details and we will email it to you! Grab our guide to policy management to help you with your HIPAA compliance. Enter your details and we will email it to you! Are you ready for modifications to HIPAA? We can help. Enter your details and we will email it to you! Grab our checklist to help you with HIPAA compliance. Enter your details and we will email it to you!code here Gap Analysis is the examination and comparison of two views of a business system: the current or as is view the situation as it exists, and the desired or to be view a conceptual, desired future.The aim of Gap Analysis is to determine where the current situation has problems or gaps that need to be resolved. The differences identified between the two views provide the basis for defining the actions needed to implement/improve the future view.Gap Analysis is a systematic process that follows the following steps:Source: Business Analysis[1]By performing a Gap Analysis, organizations benefit from a high-level view of the business that identifies suboptimal or missing strategies, processes, technologies, or skills. By discovering such gaps early, corrective actions can be taken in advance.Source: Business Analysis Techniques[2]Some of the reasons why a business might choose to perform a Gap Analysis are[3],[4]:Assess gaps between new strategies and existing resources to guide informed adjustments for successful shifts.Analyze gaps caused by market shifts, enabling timely adjustments to stay competitive.Identify gaps when introducing or updating products, ensuring seamless integration and success.Uncover process gaps for targeted enhancements, boosting efficiency and productivity.Evaluate gaps during mergers, harmonizing strategies, and processes for smooth integration.Respond to unexpected gaps swiftly, adapting to emerging challenges or opportunities.For benchmarking comparing results against external criteria, for example industry performance or competitors.Examining product portfolio to look for both new product opportunities as well as existing products that are not selling well.Determine reasons why a company is/was unable to achieve targeted profits.Performance indicators-based Gap Analysis such as new customer acquisition, average order amount, or return on investment (ROI).Analyze usage gaps, such as the difference between the current market size for a product or service and the potential market size.As seen from its applications, a Gap Analysis can be performed for different reasons and can tackle specific challenges and opportunities within an organization. They are classified as shown in the figure below:Source: Business Analysis Techniques[2]Prior to performing a Gap Analysis, a good understanding of the organizations mission, objectives, and tactics becomes necessary. This can be achieved by analyzing the documentation or liaising with the leadership team.The MOST technique[5] can be used in this step. MOST involves defining the Mission, Objectives, Strategy and Tactics of an organization and helps analyze its direction.Mission defines the sole purpose for which the firm exists. For example, McDonalds mission is to deliver/serve reasonably priced fast food with consistent quality worldwide.The Objective contains clear long and short-term goals and obligations that the firm wants to achieve. For example, a banks long-term goal can be to attain a high level of asset quality. A short-term objective can be to reduce paper transactions to 20% while an obligation could be to contribute to price stability in the region.Strategy generally refers to a long-term plan of action to achieve long-term goals. An example of strategy can be use technological advancements to maximize performance and improve operations.Tactics are short-term plans of action. For example, Engineer a system to cater to real-time monitoring of social media posts.Having analyzed the organizations internal capabilities, the way Gap Analysis is conducted depends upon the techniques used to represent the two views (as-is and to-be).The process typically involves the following steps:(tools referred to in these steps are explained later in this article)This involves the use of diagrammatic techniques such as Mind Maps and Rich Pictures that help effectively represent the range of issues inherent within an existing situation, including cultural and personal issues.A set of as is Business Process Models are also used to represent a process view of the existing situation.The POPIT model is another effective tool that sets out the five areas to consider Process, Organization, People, Information, and technology.It is important to acknowledge that no one tool addresses the investigation and modeling process. A variety of techniques are needed to depict the range of issues present in an existing business situation.This step involves the analysis of perspectives, concerns, and objectives, and developing a representation of the desired situation. The techniques used in this step should provide a conceptual representation of a future business situation. This is sometimes referred to as the target model.Business Activity Modeling could be used for this purpose as it provides a holistic view of a business system and is a conceptual modeling technique.Sometimes to be Business Process Models are used, but they can only provide a process perspective rather than a target operating model for the entire business system. While they explain how the work is carried out, they do not cover all the required areas, such as the planning and enabling activities. As a result, they should be supplemented by other techniques, such as organization charts and Business Capability Models.Compare and contrast the two views to identify the differences and the actions that would be required to move from the existing situation to the target situation.A Gap Analysis contrasts the existing and target views by considering the following questions:Do the desired activities, processes and tasks exist in the current business system?Do the current activities, processes and tasks work well, or are there problems?How extensive is the problem with the current activities, processes and tasks?When a Business Activity Model is developed, each of the activities on the model should be classified into one of the following categories:Existing and satisfactory.Existing but not satisfactory.Not existing.Once the activities have been classified, they must be prioritized for further, more detailed analysis. It is possible that some areas are of low priority due to little room for improvement or because they are not within the scope of the study.Gaps that are of priority can be further analyzed by asking the following questions:What work should the activity cover, as compared with what it currently covers?How important is the activity and how imperative is it to business success?What business events should the activity handle?Is there an existing process that carries out this activity and handles this event?What are the gaps between the existing and future processes (represented by as is and to be process models) to handle these business events?Are there any standards (internal or external) that should be followed when performing this activity?Are there any existing performance measures to be monitored and are there any new ones to be defined?How well do the IT systems support the activity?This analysis work often requires additional investigation of the activities and processes to clarify the gaps and problems.Gap Analysis results in a list of change actions that need to be made to bridge the gap between the current and desired business system. These change actions form the basis for the next step, which is Options Identification[1] to bridge the gap.Gap Analysis can apply at different levels, depending upon the situation and may call for a localized or extensive change. The extent of the change determines the scope of the Gap Analysis activity and the tools/techniques used to represent the existing and target situations.Approaches to Gap Analysis for localized and extensive change can be separated as follows:Source: Business Analysis[1]Task analysis[6] is a technique used to analyze the work conducted during a given task. The analysis considers the event that triggers the task, the input information, outputs, steps, measures and decisions.Task analysis is also a useful technique for uncovering the decisions made while performing a task and identifying the alternative scenarios that may result. A task definition must typically include the following elements:Task identifier: A unique identifier for the task. This is usually a combination of an identifier for the business process within which the task is conducted and the individual task; for example, 2/1 would indicate that this is process number 2, task number 1Name: The name of the task as shown on the process model. This name should use the format ; for example, Review complaintActor: The title of the actor who performs the task; for example, Customer services managerPrerequisites: Anything that must be true before performing the task; for example, there must have been a prior discussion with the customer. The complaint must have been made formally in writing.Business event: The trigger that initiates the task; for example, Complaint received.Inputs: The information used to perform the task or, in physical processes, resources such as materials that are needed to perform the task. Some inputs may be received during the task. Inputs also include documents used during the task.Output: The information created by the task or the artifacts that result from the task; for example, the decision regarding the complaint. This may also include documents created or updated during the task.Goals: The goals to be achieved by the task; for example, to resolve the complaint in line with company regulations.Performance measures: The measures used to evaluate the performance of the task. These may be concerned with accuracy or productivity; for example, each complaint must be resolved within 48 hours.Steps: The individual steps required to conduct the task, including those to handle alternative scenarios. These steps may be documented as a list or a diagram.Decisions/ business rules: The decisions to be made when conducting the task and the rules that determine which decisions are correct.Source: Business Analysis Techniques[2]Having defined the task, its analysis begins with understanding where the task sits within the business process model of which it is a part. This helps to obtain a context for the task by understanding which tasks have preceded it and which will follow.In a Gap Analysis, this helps clarify aspects such as the name of the actor, any essential prerequisites and the initiating business event, and any outputs that will be used by any following tasks.Prototyping[7] involves building simulations of a process or system in order to review them with the business representatives and thereby increase understanding of the requirements. There are three aspects to be considered when building prototypes:Scope to be covered by the prototypes is it to demonstrate how a particular screen should look, or is it a prototype of an entire system or process?High or low-fidelity prototypes can range from sketches drawn on paper to detailed simulations of actual screen displays developed using the application software.Functionality how extensive should the functionality of the prototypes be? Should the prototype access and use data, and if so, will the data be created solely for the purpose of the demonstration or should the prototype access fully operational system data?Wireframes[8] offer a similar approach to prototypes but are created primarily to show the layout of a screen, document, or website page and to indicate how the elements and any navigation between them might work.Wireframes usually lack images, colors, or graphics, so they may be viewed as outline prototypes. They may be created using software applications designed for drawing purposes or may be created by hand using paper or a whiteboard. Collaboration tools, such as digital whiteboards, may also be used to create wireframes.Example of a wireframe document for a persons profile view (Source: Wikipedia[9])In a Gap Analysis, prototypes and wireframes offer a way of demonstrating how the new processes or system might work and by providing a concrete basis for evaluation and discussion.A Use Case[10] is something that an actor wants a system to do and describes the interaction between the actor and the system. Each use case has a stated goal and contains a description of the actions that a system must perform to achieve this goal.Use cases are shown as ovals and represent the functions that the system should perform in response to a triggering event initiated by the actor. The verb noun convention is used to name use cases. For example, Set up project or Book room etc.A use case diagram representing the interactions between a restaurant (the business system) and its primary stakeholders (business actors and business workers). Source: Wikipedia[11]A User Story[12] is used to define requirements for Agile software development projects. Compared to the use case, they are much smaller functional units.User stories are hierarchical and employ a standard syntax as below:As a (role or actor the who);I want (the capability that is required the what);So that (the business value that is being delivered the why).This standard syntax provides a basis for a rich conversation about the users story between business actors and developers.Example of a user storyUser stories always come with a confirmation element, which is essentially the addition of test and acceptance criteria that allow confirmation that the user story is complete and satisfies the business need.Example of confirmation criteria for a user storySimilarly, a Requirement Definition[13] also provides a communication channel between the business actors and those developing and testing the solution. They provide a clear definition of what is required from the solution and enable the creation of test plans and expected results.A key quality criterion for a requirement is that it is testable, which means that the requirement is defined such that the solution may be tested to confirm that the requirement has been satisfied. To facilitate this, each requirement description should include relevant acceptance criteria.In a Gap Analysis, use cases, user stories, and requirement descriptions clarify the current system state, user needs, and desired features. They aid Gap Analysis by revealing existing gaps, prioritizing improvements, and guiding development toward the desired future state.A Mind map (also known as a semantic network or concept map) is a visual representation of a set of ideas, words, things or tasks and the relationships between them[14].A mind map can be used in several situations, from analyzing dependencies to conducting workshops to organizing information. The range in style from hand-drawn to computer-generated and from simple text to highly illustrated. Hand-drawn mind maps can be used when taking personal notes or for display and discussion purposes during meetings.A mind map starts with a central idea that represents the trunk of the model. It then shows the subsidiary themes, the main branches of the idea. These branches can then be developed into more and more detail. Cross-connections can be made between the different twigs.The below diagram shows an example of a mind map:Mind Map FlowchartExample of a mind map. More example types can be found in Wikipedia[15]Creator Tony Buzan[16] claims that mind maps work because they reflect the way the human mind organizes information a central theme leading to subsidiary concepts that extend into further levels of detail.In performing a Gap Analysis, they help provide focus, clarity, and brevity whereas more conventional notes sometimes obscure key issues and information with irrelevant details.The fishbone diagram is a problem-analysis technique designed to help uncover the underlying causes of an inefficient process or a business problem. It has similarities to a mind map but its purpose is strictly diagnostic rather than recording.The technique was invented by Dr Kaoru Ishikawa and the diagrams are sometimes known as Ishikawa diagrams[17]. Fishbone diagrams are used to analyze the root causes of specific business problems.In any business problem, while some of the causes may be obvious or the stakeholders may be aware of the root causes of their problems, sometimes it is only the symptoms that are highlighted by the stakeholders because the causes are deep-rooted or have proved difficult to isolate.Fishbone diagrams help in identifying where the problems are and discovering their underlying causes. An example of a fishbone diagram showing possible reasons for poor customer satisfaction is shown below:Image Source: Business Analysis Techniques[2]A fishbone diagram is drawn by putting the business problem in a box on the right-hand side of the diagram. A line is drawn from this box towards the left of the page and represents the backbone of the fish. Radiating up and down from this backbone are spines, each of which suggests possible areas where the causes of the problem may be found.Several approaches may be used when labeling the spines, such as:The 4Ms: Manpower, Machines, Measures And MethodsAn alternative 4Ms: Manpower, Machines, Materials And MethodsThe 6Ps: People, Place, Processes, Physical Evidence, Product/Service and Performance measuresThe 4Ss: Surroundings, Suppliers, Systems, SkillsThese categories help list areas that have been found to be the sources of inefficiencies in many business systems. Data for this analysis can be found from workshops, interviews, observation, activity sampling and special-purpose records.As with mind maps, the spines may have more detailed elements associated with them. Each category along a spine is examined, and the factors within that category that may be affecting the problem are added to the diagram. The resultant diagram is shaped like a fishbone hence the name fishbone diagram.In performing a Gap Analysis, a fishbone diagram aids in identifying key causes of problems or gaps that may hinder the performance of an organization.Rich pictures[18] capture in pictorial form a holistic view of a business situation or problem and facilitate discussion and analysis. There are no rules as to what may be captured in a rich picture or which symbols should be used it is a completely free format technique.The standard aspects to represent in a rich picture include:The principal actors in the business process or system.The views, ideas, and concerns of those actors.Anything uncovered about the structure of the organization, including the type of structure in place, the geographical locations, and the levels of management.Information and impressions about the business processes, such as the IT support systems, whether the processes are bureaucratic or very informal etc.An impression of the culture and climate of the organization. For example, is it a supportive environment or does a blame culture exist?Example of a rich picture (Image

Source: Business Analysis Techniques[2])Rich pictures provide a mental map of a situation and summarize a significant amount of information, which could be many pages long if captured as text. It is a summary of the information that has been discovered in the initial situation investigation and the issues that may need to be investigated further.When using rich pictures, organizational culture and the communication preferences of key stakeholders must be first considered. As the technique is highly visual, it may not be well received by non-visual thinkers or within organizational cultures that support highly formal approaches to communication.In Gap Analysis, rich pictures can be used to capture current processes and express them in a highly visual form.A Business Process Model (BPM)[19] gives organizations a simple way to understand and optimize workflows by creating data-driven visual representations of key business processes. It is also known as a business process map, swim-lane diagram, or cross-functional diagram.BPMs show the interactions between different actors and departments and illustrate the key elements of a business process, such as:The business event that initiates the process.The tasks that make up the process.The actors that carry out the tasks or activities.The sequence or flow of the tasks.The decisions that lead to alternative process flows.The endpoint or outcome of the process.Optionally, a timeline for the business process (shown at the bottom of the diagram).Forks and joins when two or more tasks are performed in parallel.There are numerous approaches to business process modeling, and they each have their own notation set. The most commonly used notations are the Unified Modeling Language (UML)[20] and the Business Process Model and Notation (BPMN)[21].Example UML notations used in Business Process Models (Image Source: Business Analysis Techniques[2])BPMs are built to represent the organizational response to each event within the initial set. The process of building BPM uncovers additional business events for which further business process models may need to be created.BPMs are used for many purposes, including:To document an existing process.As a basis for training members of staff.To understand how the process works and where any problems lie.To provide a basis for business process improvement.To identify who carries out the work of a process.To show the sequence of process flow and the alternative flows.When building a BPM, it is important to understand the event that initiates the process, the required outcome, and any possible alternative outcomes. The model is then built by considering each task within the process in turn.The business event triggers an actor to carry out the initial task. At the conclusion of that task, the responsibility for the next piece of work passes to another actor and the flow between these tasks is represented in the model.If the work could be passed to more than one actor, the decision point is shown with the reasons for the alternative process flows. Analysis of the tasks and their outcomes continues until the endpoint for the process is reached for all alternative paths.As a visual documentation technique, BPMs are extremely useful when building a consensus view of processing.Example of a BPM diagram showing two actors Customer & Online-shop (Source: Peter Y. H. Wong[22])In a Gap Analysis, BPM helps by accurately depicting the current as-is situation, including actors, processes, and interactions.Value stream analysis is a conceptual modeling technique that shows the set of core activities required to offer a value item to an internal or external stakeholder. A value item may be defined as the product or service delivered by an organization that offers potential value to stakeholders.In a Gap Analysis, Value Stream Diagrams (VSD) can be used to model either the current or target state. The activities modeled within a VSD are focused on the delivery of the product or service and do not dwell much on the supporting activities.VSDs help to think creatively about how an organization might deliver value items and the potential for offering new value items in the form of new products or services. The activities that form a value stream are performed in collaboration with stakeholders, some of whom may be external to the organizational boundary.Value stream diagrams should comply with the following guidelines:They should be stakeholder-focused each stage should move towards the provision of the value item that offers benefit to the stakeholder.They should take a holistic, conceptual view value stream stages should not include representations of detailed processes.They should facilitate further decomposition of stages high-level stages on the value stream may be decomposed to help identify additional stakeholders and their value.They must identify where business capabilities may be utilized all stages of a value stream are enabled by business capabilities.They should focus initially on the ultimate customer for the value item. This focus should then move to consider the internal and external stakeholders required to carry out the work of the value stream.The POPIT[23] model identifies the five key elements to be analyzed when investigating and defining organizational change. These are People, Organization, Processes, Information and Technology.Any organization or business system consists of these five elements that need to work in tandem. Changing one of these inevitably has an impact on the other four. All aspects need to work together in synergy for a business to be successful.These five elements are described below:The POPIT modelFollowing are some of the example questions that can be asked while performing a situational investigation to construct a POPIT model:People:What are the skills and knowledge required of the business actors?What are the motivation levels of the business actors?How do individuals communicate with each other?To what extent do the business actors understand the organizations strategy?Organization:What is the organizations leadership and management style or business area?What is the culture of the organization?Is the structure of the organization, roles, and responsibilities documented and communicated? Is the structure optimal?Who are the key partners and suppliers?What is the nature of the relationship with each of these? Is this optimal?What resources does the organization have or rely upon?What is the business model of the organization? Is this optimal?Processes:Are processes efficient, documented and well-communicated?Do processes meet the expectations of stakeholders?Do processes rely upon other resources (such as technology, information or data)?Information:How variable are the outputs of processes?Do people have the information and data that they need to make decisions to work effectively?Are the information and data accurate?Are information and data seen as an asset?Are the information and data secure?Technology:How well does technology support business processes?Is the technology usable and accessible?Does the technology enable the organization to meet strategic goals and objectives?Does the technology meet stakeholder needs and expectations?In a Gap Analysis, the POPIT model can be used to identify the difference between the current and target states. It helps by defining the elements that need to be considered during a situation investigation to provide a holistic view of the business situation.A Business Activity Model (BAM)[24] builds on the transformation element of a CATWOE technique and presents a conceptual view of the business activities required to fulfil the worldview captured in the stakeholder perspective.The CATWOE[25] technique is an approach to understanding the various perspectives of each stakeholder within a business and usually uncovers the following elements through interviews with each stakeholder: Customer(s), Actor(s), Transformation, World view, Owner and Environment.A BAM model shows the high-level activities and the logical dependencies between them. This conceptual or idealized view can then be compared with representations of the current business situation to identify areas where, potentially, the performance of the organization could be improved.A BAM is created after the initial investigation of the situation has taken place and the stakeholder perspectives have been analyzed. In a Gap Analysis, BAM provides a basis for identifying options for business improvement by showing what an organization would need to do to fulfill a stakeholders perspective.A BAM model, however does not show how the activities are carried out. There are five types of business activity shown on a BAM as described below:Descriptions of types of BAM activities (Source: Business Analysis Techniques[2])A BAM does not represent an actual or required business system but a conceptual view of the activities required to fulfill a stakeholders worldview. If there are several different world views among the stakeholders, it may be necessary to build several BAMs to explore these differences and negotiate an agreed worldview and BAM.When building a BAM it can be useful to apply a numbering system to the activities for identification and cross-referencing purposes. This can also be used to indicate the type of each activity. In the example shown below, E1 is an enabling activity and M2 is a monitoring activity.Example of a Business Activity Model (Source: Business Analysis Techniques[2])In a GAP analysis, a BAM provides a conceptual view of an agreed future state when compared to a representation of a current state.A Business Capability Model (BCM)[26], also known as a capability model, provides a high-level abstract representation of the capabilities possessed by an organization. These capabilities enable the organization to deliver products and services, each of which offers value to customers.BCM shows what the organization can do, not how, who or where this is done. It provides a static view and does not show the movement of work, materials, or data.In principle, there should be only one business capability model for an organization (or business domain under study) with each capability rationalized into a unique definition. The model covers the entire scope of the organization.When an organization works with external suppliers and partners to deliver its products or services, the business capability model represents the capabilities that are available across the entire ecosystem.Defining a BCM helps businesses respond to changes in the business environment effectively and rapidly by being able to assess more accurately the impact and difficulty level of any proposed changes earlier and before too many resources have been expended.Following guidelines must be followed for producing a BCM:Capabilities must always be defined in business terms.Capabilities must be at a higher level of abstraction than the actual end-to-end business processes that support them.Capabilities should always be named using a noun/noun structure (for example, complaint management rather than manage complaint).Capabilities must be unique across the entire capability model.BCM is represented as a hierarchical taxonomy and is developed using the following approach:Foundation-level capabilities are first identified within each of the three main strata. (In the example below, Sales is identified under Core/Customer-facing capability).The foundation-level capabilities are expanded and the lower-level capability groups they contain are identified (Sales is an agglomeration of 7 level 2 capabilities in the example below).The re-usable standalone business capabilities within the capability groups emerge and are added to the model (Levels 3, 4 and 5 in the example below).Example of a capability model (Data source: Ciopages[25])Irrespective of the level of definition for capabilities, the acronym SUAVE helps to ensure that they are described well and consistently:Stable: The capability should represent the essence of the business, which does not change significantly over time.Unique: The capability should be distinctive and not duplicated across the organization. Each capability must occur once in the model; this encourages a standard implementation of the capability across the organization.Abstracted: The capability should not be concerned with the detailed process, people and technology required to conduct the work.Valuedriven: The capability should be focused on the delivery of service to the end customer.Executive: The capability should be of interest to the organizations management.In a Gap Analysis, each subsequent decomposition of a capability provides a more granular view of what a business can do. This helps highlight where the gaps are and to identify which changes may not be feasible.The 7S model[27] provides a representation of seven elements that collectively make up an organization. These seven elements offer different perspectives that may be analyzed to identify areas for improvement or gaps when implementing business change.Three elements strategy, structure and systems are often described as hard because they are tangible, and four elements shared values, style, staff and skills are described as soft.All seven elements require attention if changes are to be executed successfully because where one element changes, others are inevitably affected.The elements are described below:McKinseys 7S modelStructure: This is the organizational management structure which includes functional, divisional, matrix and virtual structure. Structures may be centralized or decentralized, flat or tall. Each structure determines how information is communicated and distributed and where management responsibilities lie.Systems: The processes, tasks, procedures, applications, and data that enable the organization to carry out its work. This element is considered within the Processes POPIT dimension (processes, tasks and procedures) and the Information and Technology dimensions (applications, data).Style: The leadership approach adopted by senior executives. Possible styles include collaborative or directive.Skills: The skills of the people within the organization and the capabilities of the organization itself. People skills are covered within the People POPIT dimension, while capability is part of the Business Capability Model.Staff: The type of people employed within the organization and how they are appraised and developed. This is covered within the People POPIT dimension.Shared values (also known as superordinate goals): This dimension concerns the values, beliefs and behavioral norms of the organization or business area. They are the guiding concepts and fundamental ideas of the organization.Strategy: The actions that an organization decides upon to respond to changes in its external business environment. These changes may include actions taken by competitors or new requests from customers. Strategy concerns the planned approach an organization adopts in order to improve its competitive position.While performing a Gap Analysis, key aspects of the McKinsey model are not only the individual elements but the lines that connect them.For example, unless the shared values are explicit and communicated, they will not effectively drive other areas, such as the systems and structures. Likewise, the style reflected by the management approach and culture also needs to be in line with the values and the strategy.1. Business Analysis. Debra Paul, James Cadle, Malcolm Eva, Craig Rollason, and Jonathan Hunsley, . Accessed 08 Aug 20232. Business Analysis Techniques 123 Essential Tools for Success. James Cadle, Debra Paul, Jonathan Hunsley, . Accessed 06 Aug 20233. Do We Need a Mature GAP Analysis?. 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