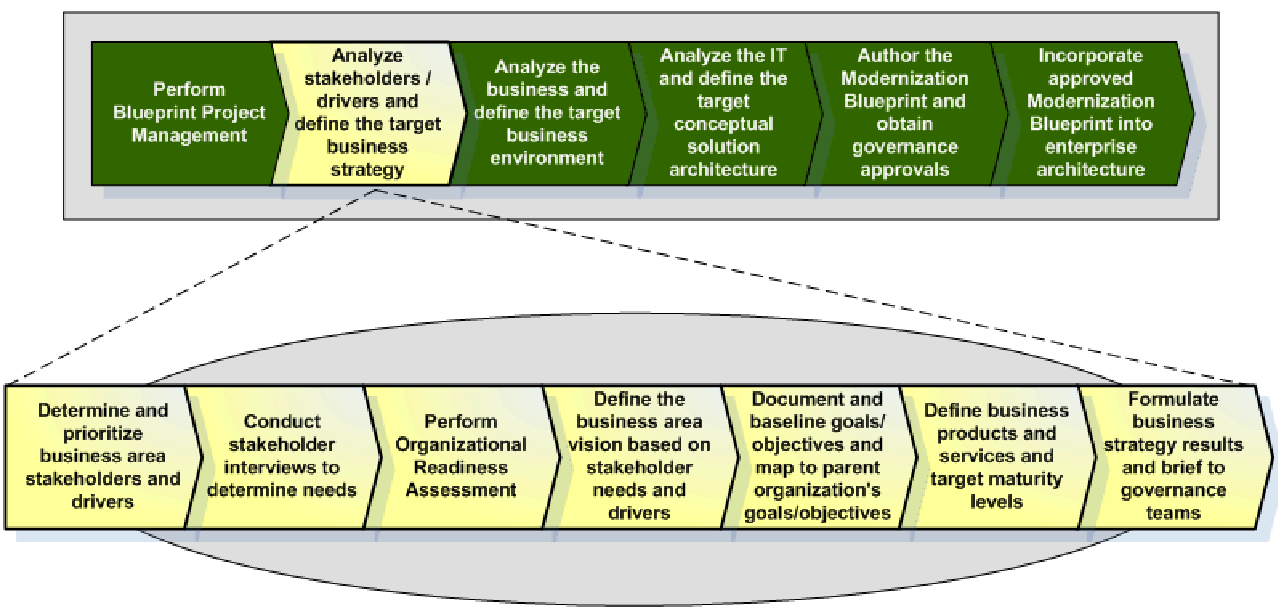
Step 2:

Analyze Stakeholders/Drivers and Define the Target Business Strategy

Version 1.5, December 2006

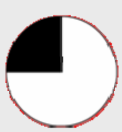
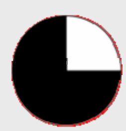
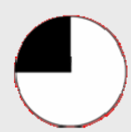
1. Step Description and Purpose

The step *Analyze Stakeholders/Drivers and Define the Target Business Strategy* provides the opportunity to evaluate the strategic objectives, business mandates/drivers, organizational readiness, products and services and the principal stakeholders of the business area. With the intended purpose of the blueprint identified and established in MBT Step B, Step 2 creates the strategic business context and the key components of the line of sight. Step 2 instantiates the line of sight relationship from stakeholder needs and business mandates/drivers to mission performance and scorecard through to the supporting products and services. The gathering and analysis of stakeholder needs and business drivers will provide the required information assets to create the target business vision and strategy for the business area. The subsequent MBT steps and blueprint development effort must align with the target goals (scorecard) and vision of the business area established in this step.

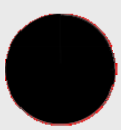
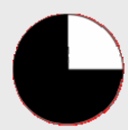


2. Activities within this Step

The table below provides a quick reference for the activities within this step.

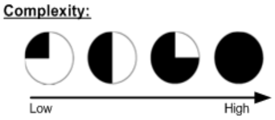
CTRL + click the activities for activity details ->	**Determine and prioritize business area stakeholders and drivers**	**Conduct stakeholder interviews to determine needs**	**Perform Organizational Readiness Assessment**	**Define the business area vision based on stakeholder needs and drivers**
Inputs (source)	Blueprint Purpose Statement (Step B) Communications Plan (Step 1) Known Drivers/Mandates (PART, GAO, OMB reports) Strategic Plan(s), Performance Reference Model(s) (PRM)	Stakeholder Hierarchy Diagram and Prioritized List Business Drivers/Mandates Hierarchy Diagram and Prioritized List	Stakeholder Exchange Diagram SWOT Diagram	Stakeholder Hierarchy Diagram and Prioritized List Business Drivers/Mandates Hierarchy Diagram and Prioritized List SWOT Diagram Stakeholder Exchange Diagram Strategic Plan(s), Performance Reference Model(s) (PRM) Organizational Readiness Assessment
Outputs	Stakeholder Hierarchy Diagram and Prioritized List Business Drivers/Mandates Hierarchy Diagram and Prioritized List	Stakeholder Exchange Diagram SWOT Diagram	Organizational Readiness Assessment	Vision Document
Who (role)	Core Team [R, I] Executive Sponsor [C] Enterprise Architect [Support]	Core Team [R] Stakeholders [I] Enterprise Architect [Support]	Core Team [R, I] Executive Sponsor [C] Enterprise Architect [Support]	Core Team [R, I] Executive Sponsor [C] Enterprise Architect [Support]
Duration (calendar days for an average project based on past projects)	5 day	30 days	10 days	5 days
Complexity				

Step 2 Guidance: Analyze stakeholders/drivers and define the target business strategy

CTRL + click the activities for activity details ->	**Document and baseline goals/ objectives and map to parent organization's goals/objectives**	**Define business products and services and target maturity levels**	**Formulate business strategy results and brief to governance teams**
Inputs (source)	Strategic Plan(s), Performance Reference Model(s) (PRM) Business Drivers/Mandates Hierarchy Diagram and Prioritized List Organizational Readiness Assessment SWOT Diagram Stakeholder Exchange Diagram Vision Document	Goals and Objectives Hierarchy Diagram with Baseline Data Business Area Goals and Objectives to Parent Organization's Goals and Objectives Matrix Business Area Balanced Scorecard Business Area Strategy to Mandates Matrix Organizational Readiness Assessment SWOT Diagram Stakeholder Exchange Diagram	All products from this step
Outputs	Goals and Objectives Hierarchy Diagram with Baseline Data Business Area Goals and Objectives to Parent Organization's Goals and Objectives Matrix Business Area Balanced Scorecard Business Area Strategy to Mandates Matrix	Business Area Products and Services Maturity Model	Presentation on Business Area Strategy and Products and Services
Who (role)	Core Team [R, I] Executive Sponsor [C] Enterprise Architect	Core Team [R, I] Executive Sponsor [C] Enterprise Architect	Core Team [R, I] Executive Sponsor [C] Governance Teams [C] Enterprise Architect CPIC Coordinators/Capital Planning [I]
Duration	20 days	30 days	5 days
Complexity			

Legend

Complexity:



Who:

R = Responsible
I = Informed
C = Consent

Keys to Success:

The rest of the MBT Blueprint Creation phase is based on the information gathered and formulated during this step. Effective stakeholder interviews and a thoughtful development and acceptance of the Products and Services Maturity Model are critical to the Blueprint's success.

3. Activity Details

Activity 1 – Determine and prioritize business area stakeholders and drivers/mandates

Activity Short Description:

This activity establishes the key stakeholders and business drivers/mandates. The team needs to develop the list of mandates and business drivers for the business area. Typically, these will include a number of general drivers like the Strategic objectives and goals, President's Management Agenda, E-Government, GAO reports, OMB Program Assessment Ratings, existing major investments etc. These are important considerations but the discussion should not be restricted to these topical areas. It is very important to use one's subject matter expertise and explore the needs and demands of the external customer base or stakeholders like the citizens, affected industries or special interests.

The Core Team needs to create the list of stakeholders. The team should use the initial list of stakeholders from the communication plan as a starting point. The team should review, and if necessary update, the stakeholder list. Once agreed upon, the team should prioritize the stakeholders based on importance to the business. It is critical for the Core Team to prioritize stakeholders to ensure the most significant issues and subsequent resource allocations are focused effectively.

Activity Tasks:

1. Review Blueprint Purpose Statement from MBT Step B
2. Review Communication Plan from MBT Step 1 for classes of Stakeholders
3. Establish a complete list of business drivers and mandates. Use the knowledge of the Core Team to identify existing internal and external enterprise information sources that are critical to the business area. The following is a general checklist for guidance:
    a. Extract the existing mandates and business driver information from the Enterprise Architecture (EA) Repository. Use the existing data as appropriate to improve data quality and more complete understanding of the impact of the mandates/drivers on the business areas.
    b. Identify and review existing Performance Assessment Rating Tool (PART) for assessment results and recommendations of programs or services associated to the business area
    c. Review Strategic Plans for the Department and related Bureaus for performance objectives and goals related to the business area. Use EA Repository PRM reports to list the end and intermediate outcomes and measures
    d. Identify and review any ongoing Workforce planning or transformation initiatives (Competitive Sourcing, A-76 actions) that would affect the business area
    e. Identify and review existing major investments within the business area from the Information Technology (IT) Capital Planning Investment Control (CPIC) perspective. Use the EA Repository system to generate the report on existing investments.
    f. Identify and review existing GAO reports, Inspector General audit reports, and independent auditor reports that have been issued within the last several years that would affect the business area

  g. Identify and review existing e-Gov requirements within the business area
  h. Identify and review externally driven standards requirements or cooperative agreements or contracts that will exert an influence on the business area
  i. Ensure key regulatory and legal requirements are identified.
  j. Identify any fixed asset planning issues or activities that affect the business area.
  k. Review the Management Initiatives Tracking System (MITS) for identified enterprise activities that would address the deficiencies in e-Gov, GAO or PART assessments and reviews.
  l. Have the Core Team identify additional business drivers

4. Establish the complete list of Stakeholders with the Core Teams assistance
   a. Use the EA Repository to extract lists of existing stakeholders that have already been defined. Stakeholders may cross business areas.
   b. Using inputs from activity 3 generate draft list of stakeholders
   c. Use Core Team, or their assigned resources, to complete the stakeholder list
   d. Review and finalize list of stakeholders
5. Ensure that the stakeholder list does not contain duplicates and the items in the list are at the same level of specificity. Classify the stakeholders into groups and build the Stakeholder Hierarchy Diagram.
6. Prioritize the Stakeholders list with Core Team's using a facilitated rating and ranking scoring process. It is preferred to do this in a workshop setting.
7. Develop the list of business drivers or mandates that address Federal and Departmental and external stakeholder drivers. Note that the list will continue to evolve as more information is discovered through the stakeholder and business analysis activities.

Activity Communications Considerations:

The prioritized list of business drivers/mandates should be input into Step 2 activity 7 communication activities

The prioritized list of stakeholders should be used to fine tune the communication plan developed in MBT Step 1. With the most significant stakeholders identified, the communication plan should develop more targeted messages and strategies to keep them apprised of blueprint developments and issues.

Activity Work Products and Templates:

Stakeholder Hierarchy Diagram and Prioritized List: The Core Team along with the architecture support staff will develop a list of stakeholders. These stakeholders will be classified and prioritized. The list is used to create the stakeholder hierarchy diagram to support issue prioritization, communication efforts, visualization and future information reuse.

- **TEMPLATE:** Stakeholder Hierarchy (Adobe Acrobat format)
- **TEMPLATE:** Stakeholder Hierarchy (Visio format)

Business Drivers/Mandates Hierarchy Diagram and Prioritized List: The Core Team along with the architecture support staff will develop a list of business drivers/mandates. These drivers/mandates will be classified and prioritized. The list is used to create the business drivers and mandates hierarchy diagram to support communication efforts, visualization and future information reuse purposes.

- **TEMPLATE:** Business Drivers/Mandates Hierarchy and Prioritized List (Adobe Acrobat format)
- **TEMPLATE:** Business Drivers/Mandates Hierarchy and Prioritized List (Visio format)

Activity 2 – Conduct stakeholder interviews to determine needs

This activity is designed to ensure the issues and ideas identified and managed throughout the blueprint project are grounded in the actual needs of the prioritized stakeholder community. The activity, using techniques like questionnaires, structured interviews or surveys, will collect the critical concerns and needs of the stakeholder community.

Activity Tasks:

1. Determine which prioritized stakeholders will need to be involved
2. Determine what form the stakeholder interviews will take (e.g. brainstorming, formal interviews, questionnaires, etc.). Develop guidance for communicating how the results will be used. Ensure privacy of information.
3. Brainstorm on what questions and issues you need answered by the stakeholders. Topical areas would include quality of service assessment:
    a. What is it like working with our products or services?
    b. How can they be improved?
    c. Are we providing the correct products?
    d. What additional products or services would be of value to you?
    e. Are there other participants that we could work with to improve our products and services?
4. Establish schedule for stakeholder interactions
5. Conduct Stakeholder interviews, surveys etc.
6. Record the results of the discussions in detail
7. Organize the results of the stakeholder interactions through keywords, classifications or themes.
8. Analyze the stakeholder results and develop diagrams for Stakeholder Exchange and SWOT Analysis
9. Review and validate exchange diagram and SWOT with the Core Team.
10. Identify common needs across stakeholders
11. Normalize list of needs once validated with stakeholders

Activity Communications Considerations:

It is important to prepare the stakeholders with a communication (like an introductory slide presentation) prior to the interviews. Ensure that they know how the information gathered during the interviews will be used. Discuss any issues or concerns about the limits of how the information should be used.

Coordinate with the Public Affairs group when interacting with external stakeholders

Activity Work Products and Templates:

Stakeholder Exchange Diagram: The architect will create an exchange diagram that identifies the products and services that the Business Area is delivering to its stakeholder, defined within the stakeholder hierarchy. The diagram is useful to capture the as-is products and services as well as the target products and services, i.e. those the stakeholder community is requesting.

- **TEMPLATE:** Stakeholder Exchange Diagram (Adobe Acrobat format)
- **TEMPLATE:** Stakeholder Exchange Diagram (Visio format)

SWOT Diagram: The Core Team will develop a Strengths, Weaknesses, Opportunities and Threats (SWOT) diagram based upon the stakeholder needs assessments and interviews. This analysis and diagram provides an effective communication tool for characterizing the business landscape from both an internal perspective (Strengths and Weaknesses) and an external one (Opportunities and Threats). The diagram is intended to provide a simple means of focusing on issues affecting the Business Area.

- **TEMPLATE:** SWOT Diagram (Adobe Acrobat format)
- **TEMPLATE:** SWOT Diagram (Visio format)

Activity 3 – Perform organizational readiness assessment

The analyst is equipped with a quantitative scoring template that will aid in summarizing the analysis and interviews from the business analysis tasks. The "Organizational Readiness Assessment" is a scoring template designed for the analyst to work with the Core Team (and possibly stakeholders) to assess the business area's organizational, information, and human capital. Specifically, this self-assessment evaluates items like leadership, customer focus, process management, business results, and human resource focus. The criteria for this assessment are based on the Baldridge Performance Criteria from National Institute of Standards and Technology (NIST). Ultimately, the stakeholder interviews, blueprint research, data gathering and analysis are all used as inputs into this evaluation mechanism. Once complete, the assessment results provide a key defensible work product to support Blueprint's organizational, system and HR related findings.

Activity Tasks:

1. Facilitate a session with the Core Team so that they complete the Organizational Readiness Assessment in an efficient amount of time
2. Use the tools within supporting Work products to organize and analyze the information. Compile the multiple self assessments into an integrated worksheet.
3. Brief the Core Team on the results of the Organizational Readiness Assessment and solicit feedback

Activity Communications Considerations:

Results of the assessment will identify issues and opportunities for developing targeted communications messages for the organization or stakeholder communities

Activity Work Products and Templates:

Organizational Readiness Assessment: The organizational readiness assessment is a Microsoft Excel workbook containing several worksheets. There is an introduction, scoring assessment and visualization worksheet to orient, capture, and visualize the results of the self-assessment. The resulting visuals can be used to communicate the results of the assessment. The scoring results when compiled will help develop findings.

- **TEMPLATE:** Organizational Readiness Assessment (MS Excel format)

Activity 4 – Define the business area vision based on stakeholder needs and drivers

This document should be a synthesis of the work products developed in MBT Step 2 Activities 1, 2 and 3. It needs to articulate the strategic business direction for the business area, based on the strategic goals and objectives, stakeholder assessment, organizational readiness and business drivers and mandates. The vision provides a general understanding of the gaps in the current business model and the envisioned state. The vision is used in the remaining steps of the MBT to guide and ensure the business community needs are driving the MBT process.

Activity Tasks:

1. Review work products and results of MBT Step 2 Activities 1, 2, and 3
2. Develop Draft Vision
3. Review with Executive Sponsor
4. Review with Core Team
5. Develop and publish Final Vision

Activity Communications Considerations:

The vision provides a critical communication document for the lifecycle of the project. The approved vision provides the opportunity for a general strategic communication to the stakeholder community.

Activity Work Products and Templates:

Vision Document: The Core Team will create a vision document for the Business Area. This document should consider the work products from MBT Step 2 Activities 1, 2 and 3 and focus on the target state of business services and products based on stakeholder assessments.

- **TEMPLATE :** Vision Document (MS Word format)

Activity 5 - Document and baseline goals/objectives and map to parent organization's goals/objectives

With the business drivers/mandates, stakeholder needs, organizational readiness and vision work completed, the blueprint project now has enough strategic insight to begin the process of establishing its goals, objectives, and measures for the business area. These goals, objectives, and measures need to be created in the context of the overall organization's performance reference model, system and strategic plans. Any business area goals need to be defined in relation to existing strategic goals or directly contribute to their respective measures and ensure the integrity of the line of sight. The recommended technique here is the balanced scorecard.

The topical areas for business area improvement should be considered relative to the following categories: Business Results, Customer Results, Processes and Activities, People, Technology, and Other Fixed Assets. Often the MBT Step 2 discovery process will identify performance gaps, faulty measures or need for more focused performance understanding. When creating goals, objectives, and measures for the business area, it is important to be practical. Do not introduce strategic elements that are costly to obtain and/or do not yield significance to overall effectiveness. Objectives should be specific, measurable, achievable, realistic, and time-bound (SMART). Business area goals, objectives, and measures need to be reviewed by the core team and the executive sponsor. The business area goals, objectives, and measures will be used throughout the MBT to help establish the value of the findings and recommendations to the business.

Activity Tasks:

1. Review Strategic Plans and Performance Reference Model (PRM) for the business area
2. Create the goals and objectives hierarchy diagram from the strategic plan, the PRM, and the stakeholder interviews.
3. Analyze the outputs from Activities 1 through 4 and derive performance improvement areas and measures
4. Develop business area measures and document as the balanced scorecard. Use the goals and objectives previously developed.
5. Map the goals, objectives, and measures in the context of the parent organization's goals and objectives to establish relationships and ensure the line of sight integrity
6. Review scorecard and hierarchy diagram with Executive Sponsorship and Core Team
7. Baseline the business area performance model
    a. Update the goals and objectives hierarchy diagram
    b. Update and publish scorecard

Activity Communications Considerations:

This activity produces the critical performance items for the business and how they relate to the larger organization’s strategic goals. Be sure to communicate this strategic message through your communications plan.

The Value Measuring Methodology Activity in MBT Step 5 will require this information.

Activity Work Products and Templates:

Goals and Objectives Hierarchy Diagram with Baseline Data: The Core Team will create a hierarchical goals and objectives diagram derived from the organization’s strategic plan(s) as well as the stakeholder interviews from earlier in this step. This diagram covers the performance responsibility of the business area and the additional goals and objectives discovered during the Step 2 analysis. When available, the baseline measurement data for these goals and objectives should be documented.

- **TEMPLATE:** Goals and Objectives Hierarchy Diagram with Baseline Data (Adobe Acrobat format)
- **TEMPLATE:** Goals and Objectives Hierarchy Diagram with Baseline Data (Visio format)

Business Area Goals and Objectives to Parent Organization's Goals and Objectives Matrix: This matrix product ensures the goals and objectives are correctly mapped into the overall performance model of the organization. The establishment of these relationships to the overall performance model, ensures the financial value, efficiency or effectiveness contributions are traceable back to the source.

- **TEMPLATE:** Business Area Goals and Objectives to Parent Organization's Goals and Objectives Matrix (Adobe Acrobat format)
- **TEMPLATE:** Business Area Goals and Objectives to Parent Organization's Goals and Objectives Matrix (Visio format)

Business Area Balanced Scorecard: The Core Team will build from the business area goals and objectives to develop measures in the context of the balanced scorecard. This product provides an organized technique to weight and manage categorized performance improvements for the effort based on the discovery and analysis of existing capabilities and performance needs.

- **TEMPLATE:** Business Area Balanced Scorecard (MS Excel format)

Business Strategy to Mandates Matrix: This product ensures the goals, objectives, and measures established for the business area relate, via a matrix, to the business drivers and mandates created in Activity 1. This provides a means for ensuring that all relevant mandates are being addressed and conversely, that all business strategies have a legitimate driving force.

- **TEMPLATE:** Business Area Strategy to Mandates Matrix (Adobe Acrobat format)
- **TEMPLATE:** Business Area Strategy to Mandates Matrix (Visio format)

Activity 6 – Define the business products and services and target maturity levels

This activity establishes the listing of key products and services that are required for the business area. The analysis of the stakeholders, vision and organizational readiness determine the need for which products and services are required. With the justification established, the Core Team works to put these services into a time based maturity model. This maturity perspective is critical to subsequent analysis and the organizations capacity to adopt and accommodate change. It provides a pragmatic and managed tool to achieve the business area objectives as laid out in the balanced scorecard.

Activity Tasks:

1. Meet with the Core Team and review stakeholder analysis and strategy analysis
    a. Review prioritized stakeholder needs
    b. Review goals and objectives as well as the vision document
2. Review the balanced scorecard
3. List the products and services that the business area needs to provide or improve upon
4. Match the list of products and services against the goals and objectives and stakeholder analysis to determine the services most demanded
    a. Match each business product and service to a scorecard goal and objective
    b. Match each business product and service to a stakeholder based on the stakeholder exchange diagrams and the SWOT drivers that the individual stakeholders provided
    c. Note that the business products and services that match to the most SWOT drivers and goals and objectives are the highest demanded products and services
5. Brainstorm and document three levels of maturity for each product and service
6. Identify the desired level of maturity to be offered in 1-2 years, and 5 years

7. Adjust the scorecard performance measures to match the time based maturation of the product and service

8. Review the scorecard and the maturity model with the Core Team and Executive Sponsor

Activity Communications Considerations:

The maturity model will be a part of Activity 7 briefing to the governance community. The maturity model will provide a valuable communication perspective to stakeholders. It puts key areas of focus into a time based maturity view that addresses perceptions of risk.

Activity Work Products and Templates:

Business Products and Services Maturity Model: The Core Team will identify and discuss the key products and services that are now required to address the business drivers/mandates, vision, stakeholder needs and the balanced scorecard resulting from the MBT Step 2 discovery and analysis. The discussion should address a reasonable maturity strategy for each of the critical products and services that are deemed to be needed. The objective is to develop a practical framework for the subsequent analysis of the business (Step 3) and technology (Step 4) to provide scoping guidance and ensure analysis maps back to the strategic intent.

- **TEMPLATE:** Business Area Products and Services Maturity Model (MS Word format)

Activity 7 – Formulate business strategy results and brief to governance teams

This activity is designed to ensure the strategic business direction that the Core Team has established is communicated to the DOI governance community. The briefing required by this step should address the key business drivers, vision, stakeholder priorities, stakeholder analysis findings, business objectives and product and services maturity strategy decided by the Core Team. The briefing should communicate how the vision and product and services maturity strategy address the stakeholder analysis findings and support the overall organizational goals and objectives.

Activity Tasks:

9. Create a briefing that depicts the target business products and services, organizational readiness, the stakeholder analysis results and how these relate to organization goals and objectives and mandates.

10. Schedule and brief the Governance Teams and collect comments

11. Manage and resolve comments from the briefing sessions

12. Update Step 2 work products based on comments

Activity Communications Considerations:

This governance briefing will put together the strategic business information that will be required by the communication plan. The communication should be conveyed in common business language and be free from technical jargon.

Activity Work Products and Templates:

Presentation on Business Area Strategy and Products and Services: This briefing will describe the summary results of the strategic business analysis conducted in Step 2. It should address the balanced scorecard, vision, stakeholder analysis, and product and services maturity.

- **TEMPLATE:** Presentation on Business Area Strategy and Products and Services Template (MS PowerPoint format)

4. Step References

Kaplan, R. S. and Norton, D. P., "The balanced scorecard: measures that drive performance", Harvard Business Review Jan/Feb, 1992, pp71-80

Rohm, H. and Halbach, L., “Developing and Using Balanced Scorecard Performance Systems”, August 2005.