

Best analytical tools for business analysis

[Business](#)



Business Analysis is a set of tasks and techniques used as a connection between stakeholders. These help them to understand the firm's structure and policies. The process can also recommend solutions which help to attain business goals. In order to apply Business Analysis effectively, analysts employ different analytical tools.

I will discuss all the tools that are commonly used by business analysts. Some of these are more common than the others. Depending on the nature of business and problem, you can use one or more of these tools. Analysts often use SWOT, PEST, MOST and Heptalysis before facilitating business changes. Some of the other tools are de Bono's Six Thinking Hats, CATWOE, Five Whys, MoSCoW, SCRS, and VPEC-T.

Below, I have provided brief explanations for each of these business analysis tools.

SWOT Analysis

This is often used in the initial stages. SWOT analysis helps to focus on what the external and internal factors are. The analysis helps to focus on the strengths and identify where the best opportunities are. It helps spot danger and to improve weaknesses.

The 4 factors you will work within SWOT analysis are:

- Strengths:

In this step, you identify what advantages your company has. The task is to find which area your company performs best in.

- Weaknesses:

Here, you will try to spot areas which could be improved. Try to find what your company performs weakly.

- Opportunities:

Focus on the opportunities you company has. This is often the area where competitors perform poorly.

- Threats:

This step is about the obstacles your business is facing. Often, this is the area where competitors are performing well.

PEST Analysis

This is a framework you can use to analyze the external environmental analysis. The process entails learning about various external factors which affect the organization.

It is an acronym of 4 factors. The 4 elements studied in PEST are:

- Political:

This factor studies the current political situation. It also includes the potential political influences.

- Economic:

This factor is about the national and global economy impact.

- Sociological:

This external factor focuses on the ways a society can affect your company.

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- Technological:

This factor discusses the effect of emerging technology.

Other variations of the PEST analysis are STEP, STEEP, STEEPLE, and PESTLE.

Some additional external factors which can be studied are the legal, environmental and ethical factors.

MOST analysis

To conduct internal environmental analysis, you can rely on MOST. This tool ensures that your project is well-aligned to the 4 attributes. The 4 factors assessed in MOST are:

- Mission:

Determining where your business intends to go

- Objectives:

Deciding what goals will help attain the mission

- Strategies:

Planning options to help move forward

- Tactics:

Planning how the strategies will be implemented

Heptalysis

You can use this tool to run a detailed analysis of early stage businesses.

This done based on 7 essential categories. They are:

- Market Opportunity
- Product or Solution
- Execution plan
- Financial engine
- Human capital
- Potential return
- Margin of safety

de Bono's Six Thinking Hats

You can rely on de Bono's Six Thinking Hats during brainstorming sessions. It is also known as the Six Thinking Hats. It helps generate and analyze varying ideas and options. It is a useful tool as it encourages specific kinds of thinking. In fact, the analytical tool restricts the group to think in certain ways only.

The 6 colors/moods you should know about are:

- White symbolized pure and logical facts
- Green means creative.
- Yellow suggests bright, optimistic and positive.
- Black symbolizes negative or devil's advocate.
- Red is seen as emotional.
- Blue signifies cold and control.

CATWOE

CATWOE helps prompt thinking about business aims. 6 important elements make up the acronym. They are:

- Customers:

Identify who are the beneficiaries of your business process. Also, find how the issue affects them.

- Actors:

Actors are the ones directly involved in the process. They will be part of the implementation process. Try to find out what might impact the actors' success.

- Transformation Process:

Focus on the processes which are impacted by the issue.

- World View:

Think about the big picture. Ponder about the overall and wider effects of the issue.

- Owner:

This is basically about the person who owns the process. Investigate about him. Figure out what role he plays in the solution.

- Environmental Constraints:

Think about the constraints and boundaries. You must know how these will affect the solution.

Five Whys

You might use this tool to find the main cause. This help to understand what is really happening in a particular moment. Try to answer as many 'whys' as possible.

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MoSCoW

This analytical prioritizes requirements. You can do this by allocating a priority, evaluating it based on the validity of requirements. It consists of the following elements:

- Must have:

Without these, you cannot complete the delivery

- Should have:

Without these, you will have to find a workaround

- Could have

If you have these, the delivery satisfaction will increase

- Won't have

You won't have these now, but you'd like to have them in the future

SCRS

This is another effective business analysis tool. It claims that the analysis must flow from the current state and requirements from high-level business strategy towards the solution.

The term is an acronym for:

- Strategy
- Current State
- Requirements
- Solution

VPEC-T

You can use the VPEC-T technique to analyze the expectations of several parties with different views of a system. Their priorities and responsibilities are different.

- Values:

This step includes the objectives, beliefs and issues of all participants. The concerns can be social, financial, tangible and intangible

- Policies:

These are constraints that direct what should be done. These also dictate in which manner it can be done.

- Events:

These are the real-world proceedings which fuel activity.

- Content:

Content are the meaningful part of documents, conversations, and messages.

- Trust:

It is essential to establish trust amid users.

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