

Gap Analysis

Problem

How to determine the needed improvement?

Difficulty

Some training required

- **Gap Analysis** is used to compare where you are (current state) against where you want to be (future state).
- There is no standard **Gap Analysis** process, the process is tailored as needed.
- A gap is an improvement opportunity. Metrics, such as performance indicators, quantify the gap.
- Gap analyses is often used for: HR, performance (most common), product, and profit.

Problem area with metrics

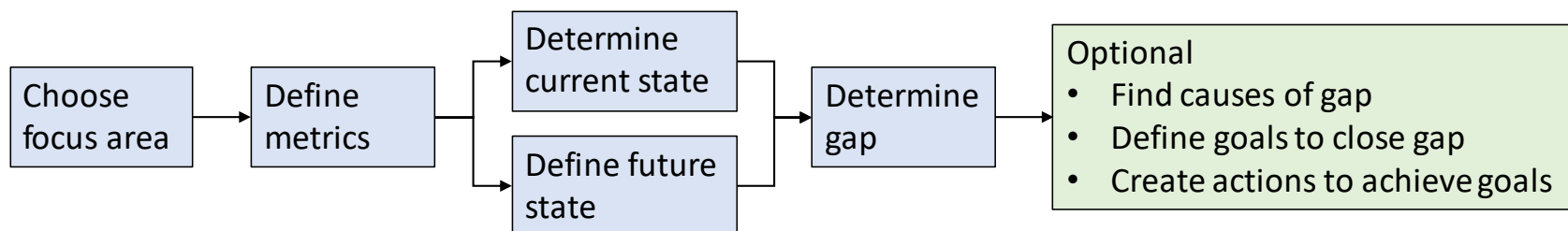
Current and future states

Gap Analysis Process

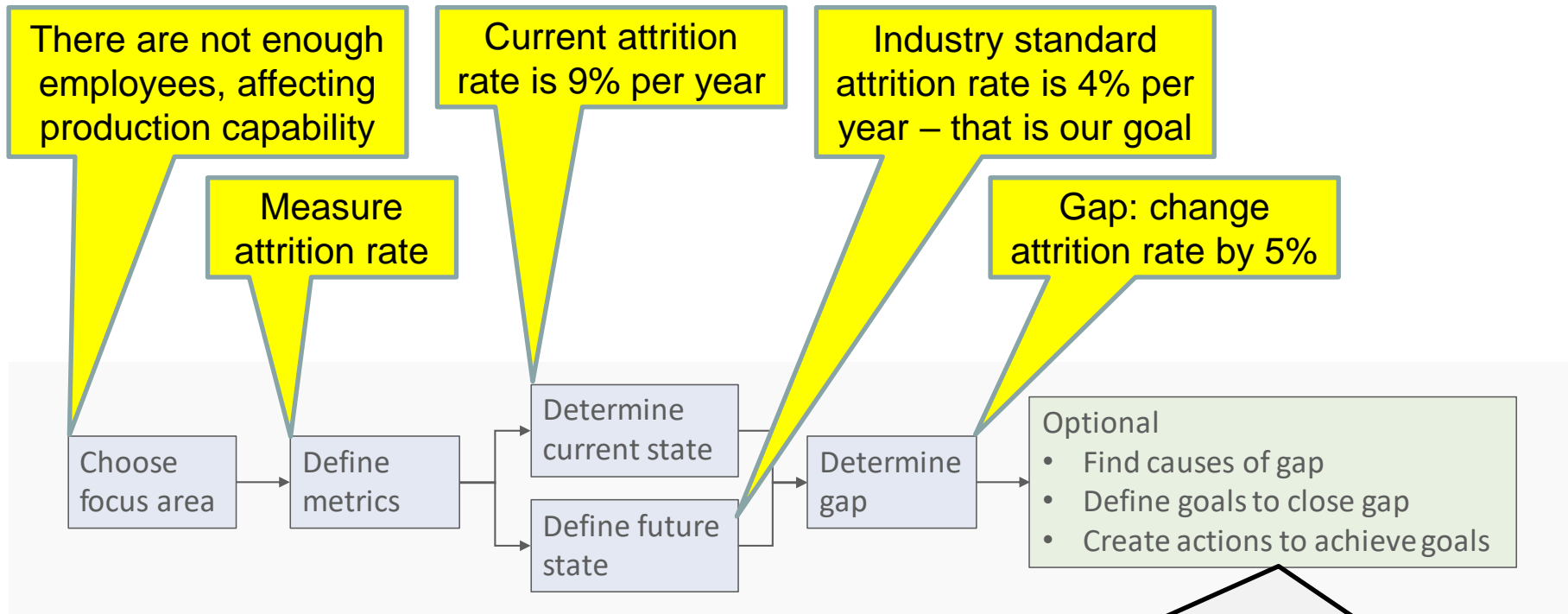
Gap

Actions to close gap

1. Select a specific problem area on which to focus.
2. Identify relevant metrics for the problem area.
3. Using those metrics, do the following (in either order):
 - A. Identify the desired future state
 - B. Use data to document the current state.
4. Compare the current and desired future states, this is the gap.
5. Sometimes a gap analysis includes gap closure steps:
 - A. Analyze the causes of the gap.
 - B. Create SMART goals to remove the gap.
 - C. Create action plans to achieve the SMART goals.



Gap Analysis – Example – Employee Attrition



1. Gap Causes

- A. Benefit package is worse than industry average.
- B. Less ability to work off-site than industry standard
- C. ...

2. Gap Closure Goals

- A. Within 2 months define changes to match industry standard benefit package and determine the cost.
- B. ...

3. Gap Closure Actions

- A. Form HR team to make recommendation, ...
- B. ...

Gap Analysis – Notes

Slide 1

1. You can use gap analysis to compare your business with others in the same area, especially industry leaders.
2. While a gap analysis uses the current state, a risk assessment uses estimated future states.
3. Gap analysis is also known as *need analysis* or *need assessment*.
4. A gap analysis can be performed at the strategic, operational, or process level.
5. Reasons to perform a gap analysis include:
 - Advertising: Identify underserved markets.
 - Benchmarking: Compare company to others.
 - Management: Determine why strategic goals or profit goals were not met.
 - Marketing: Determine potential market size.
 - Process performance: Identify inefficiencies.
 - Sales: Identify new products to sell and old products to discontinue.
6. A gap analysis is often followed by an improvement plan.

Slide 2

1. Normally, multiple metrics are selected and gaps for each area are identified.
2. Once a gap is identified and quantified, an improvement plan can use six sigma tools to reduce the gap.