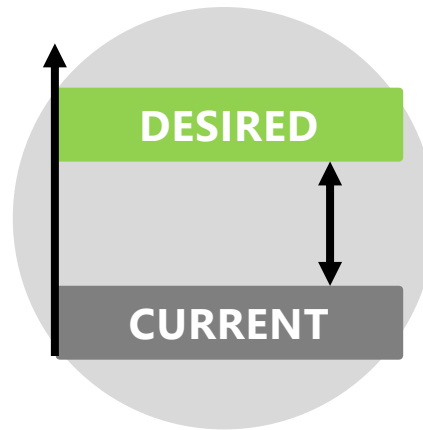


Continuous Improvement Toolkit

Gap Analysis



The Continuous Improvement Map



Gap Analysis

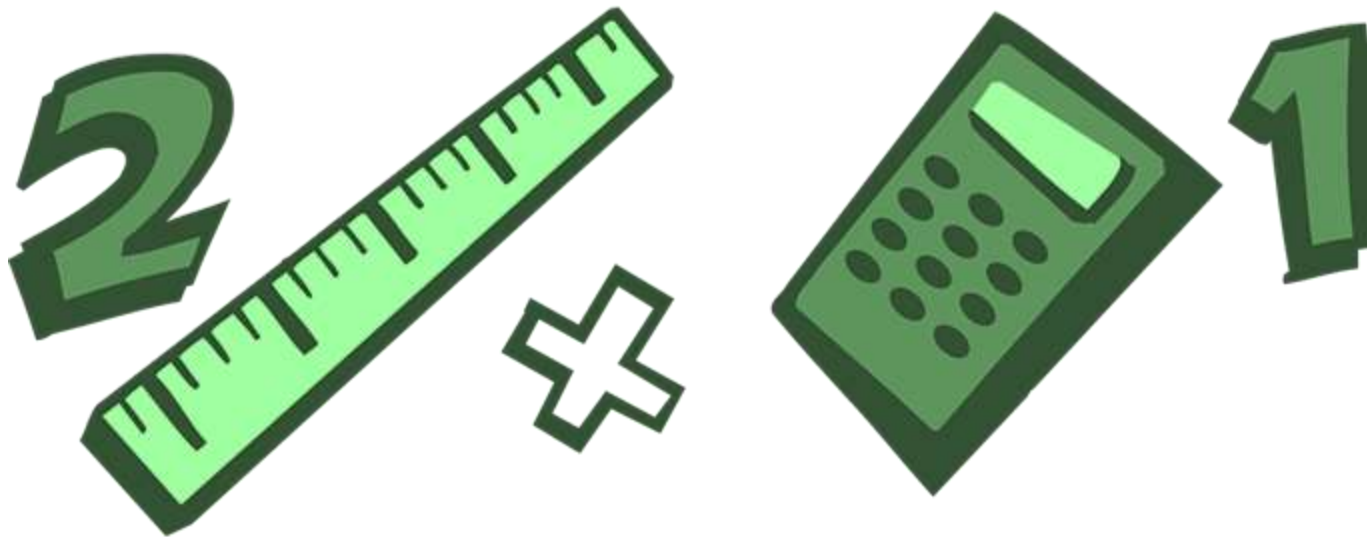
A **gap** is a problem, issue or challenge



Could be an opportunity for improvement

Gap Analysis

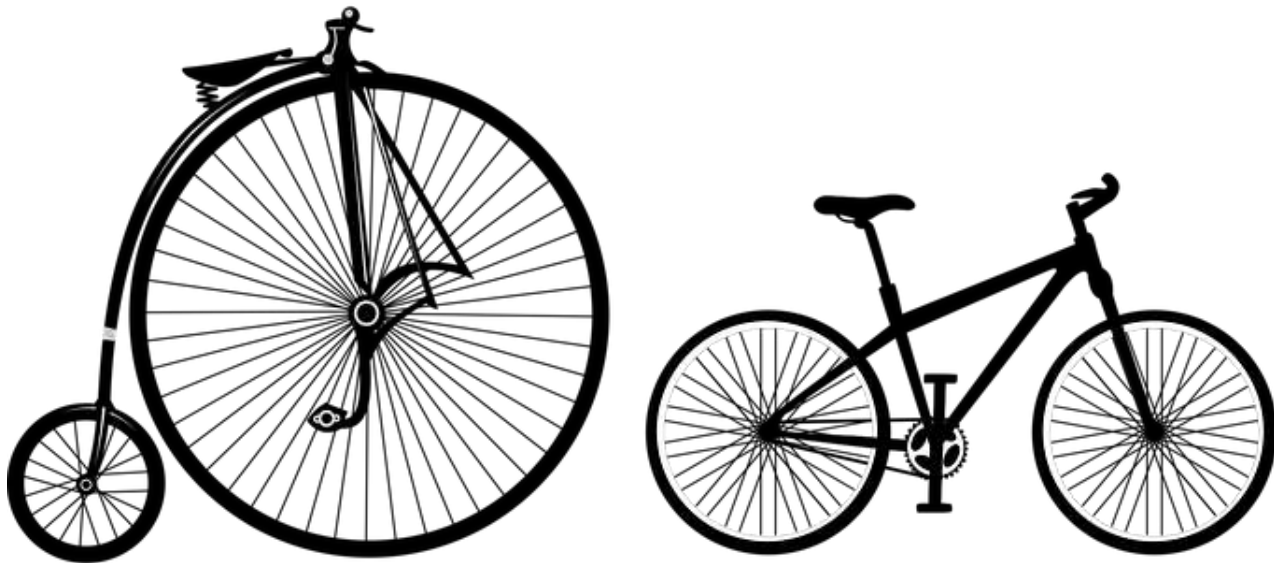
Gap analysis **compares** two things, what is with what should be



Also known as **need analysis** or need assessment

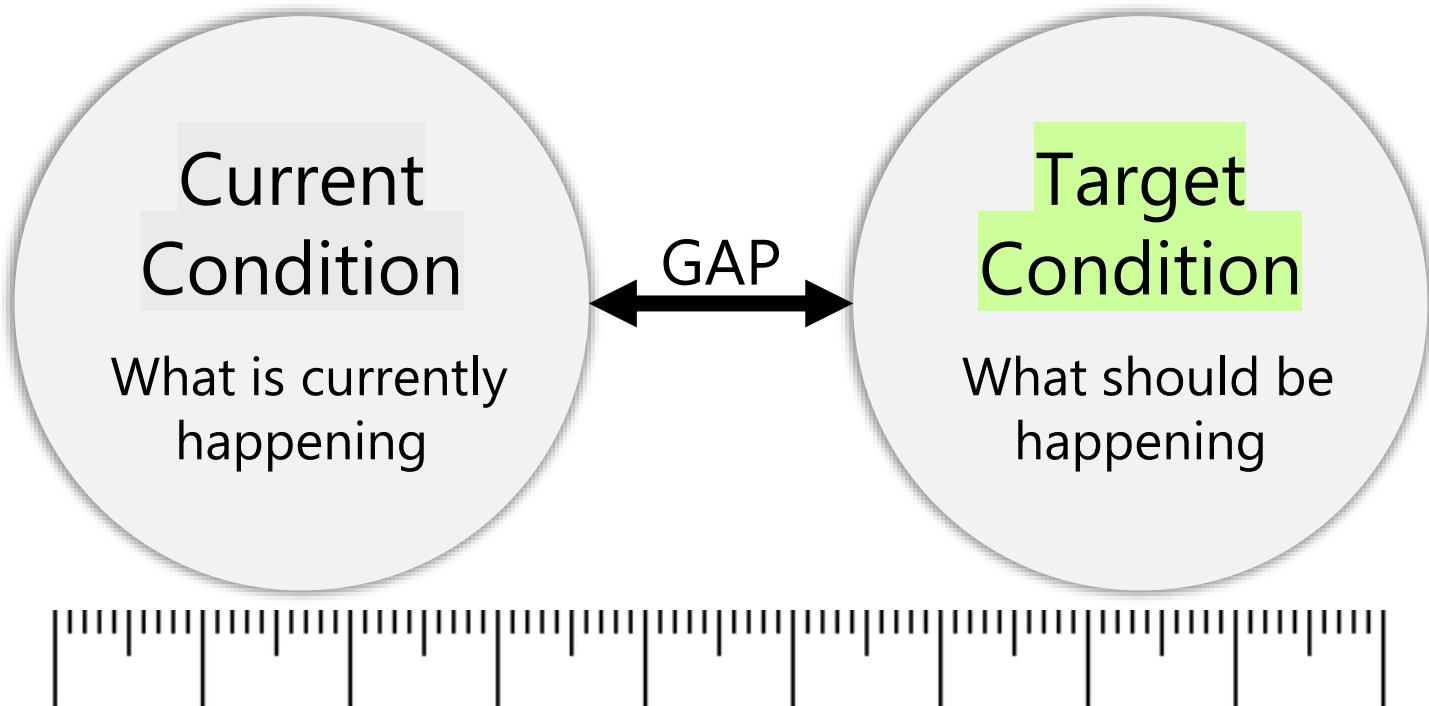
Gap Analysis

Often used to compare two different **states** of something,
the current state and the future state



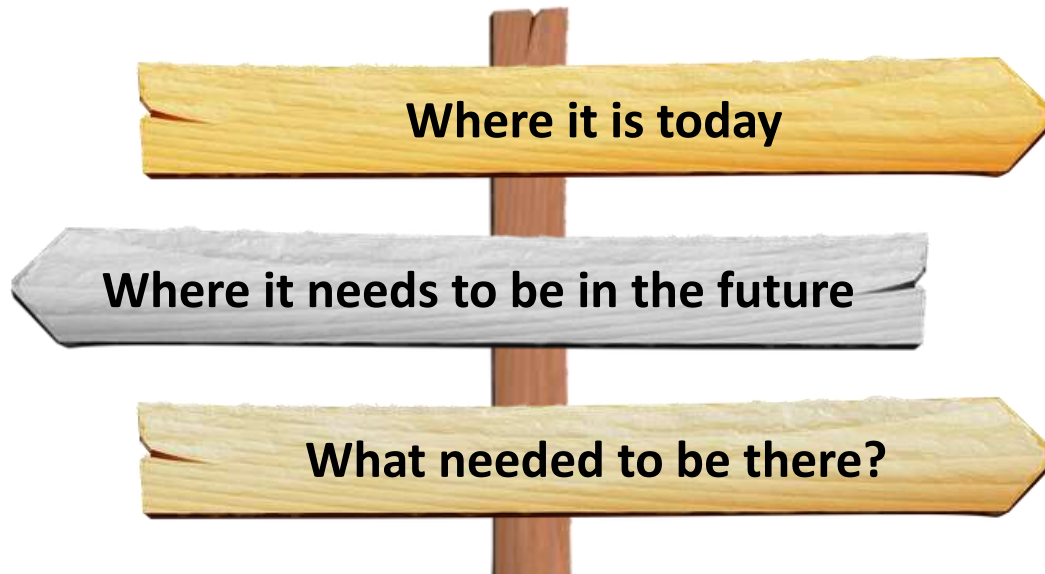
Gap Analysis

Involves assessing the gap between **two states** or conditions



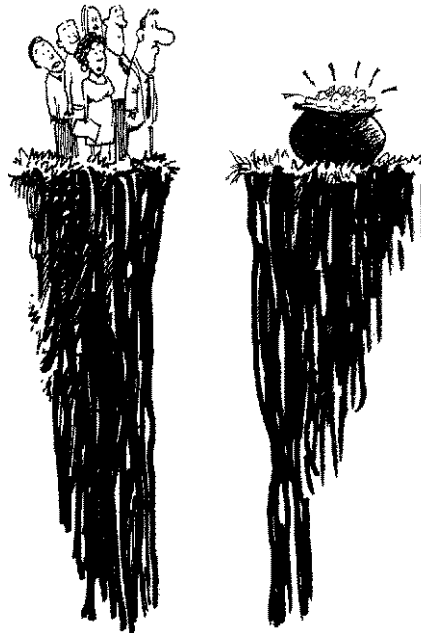
Gap Analysis

It is mainly used to **assess** where a **company** or **process** is today, where it needs to be in the future, and what needed to be there?



Gap Analysis

There are **many reasons** to perform a gap analysis and **many ways** to perform it



Gap Analysis

If you find that your team's skills are lacking, for example, performing gap analysis involves **assessing** the current skills and comparing them to the desired level.



The **difference** between the existing state and the desired state is the gap

Gap Analysis

There are many real-life examples where gap analysis can be applied



Customers become dissatisfied with a company's customer service.

A hospital is operating under stress as ICU beds are occupied by COVID-19 patients.



A facility has recently a significant increase in workplace accidents and incidents.

The food and drinks in a restaurant takes too long to be served.



Gap Analysis

It is common to use **performance indicators** when comparing the two conditions

$\frac{1}{2}$
3 +
5 % ÷

You may use these indicators **at any point** during the gap analysis process

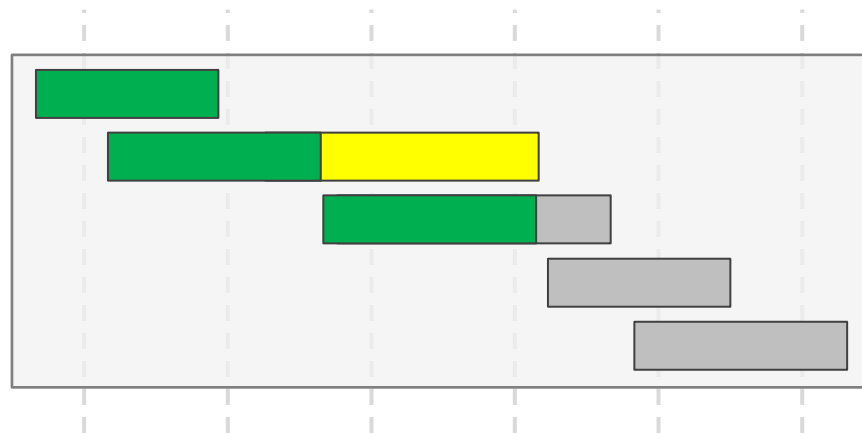
Gap Analysis

When you perform a gap analysis, use quantitative **metrics** that are related to the company's primary goals



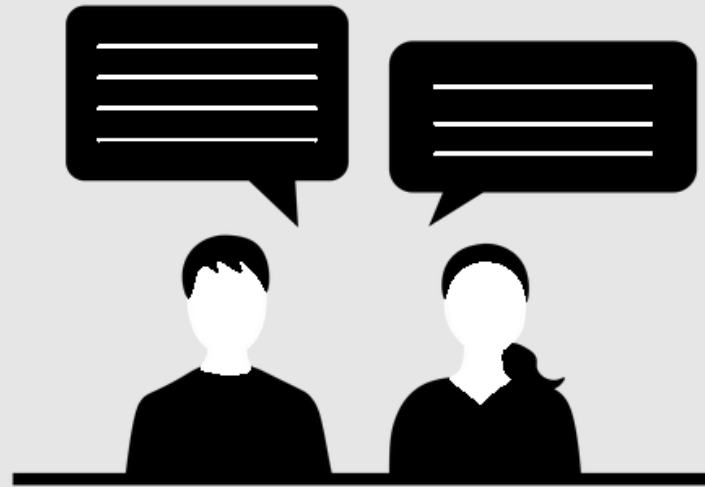
Gap Analysis

Once the gap is identified, an **action plan** can be developed to close the gap



Gap Analysis

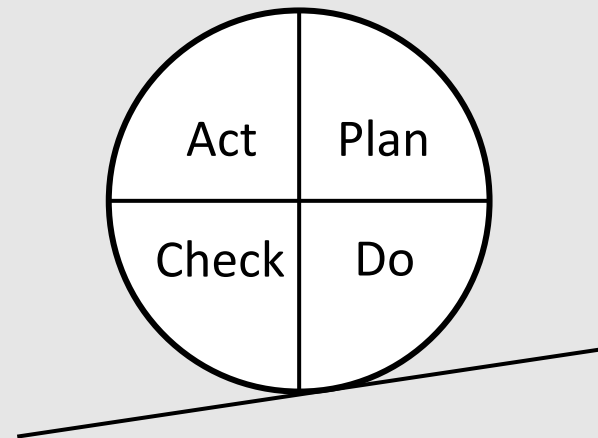
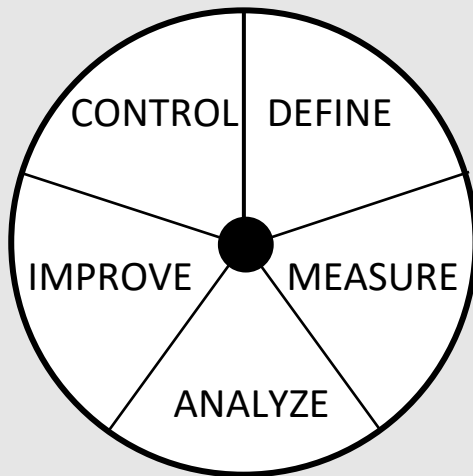
Used to identify areas where a business is performing **below quality standards** or customer expectations



It is important to **involve the customer** in the gap analysis process as they are key to close the gap

Gap Analysis

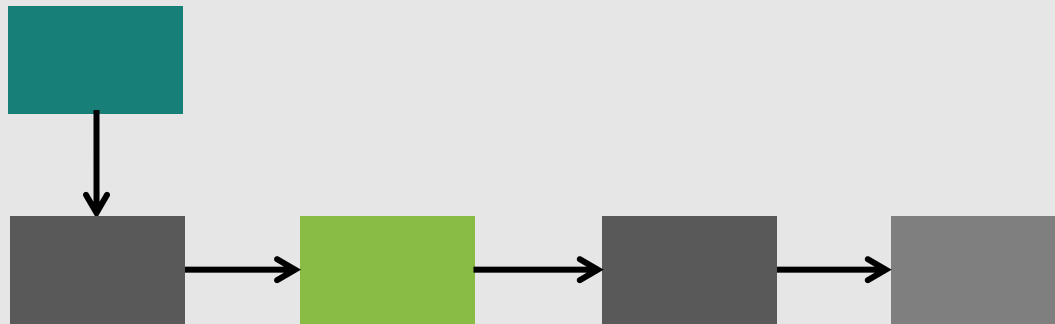
Help to select the most appropriate **improvement projects**



Often used before starting the project or at the definition stage which allows to understand business case of the problem

Gap Analysis

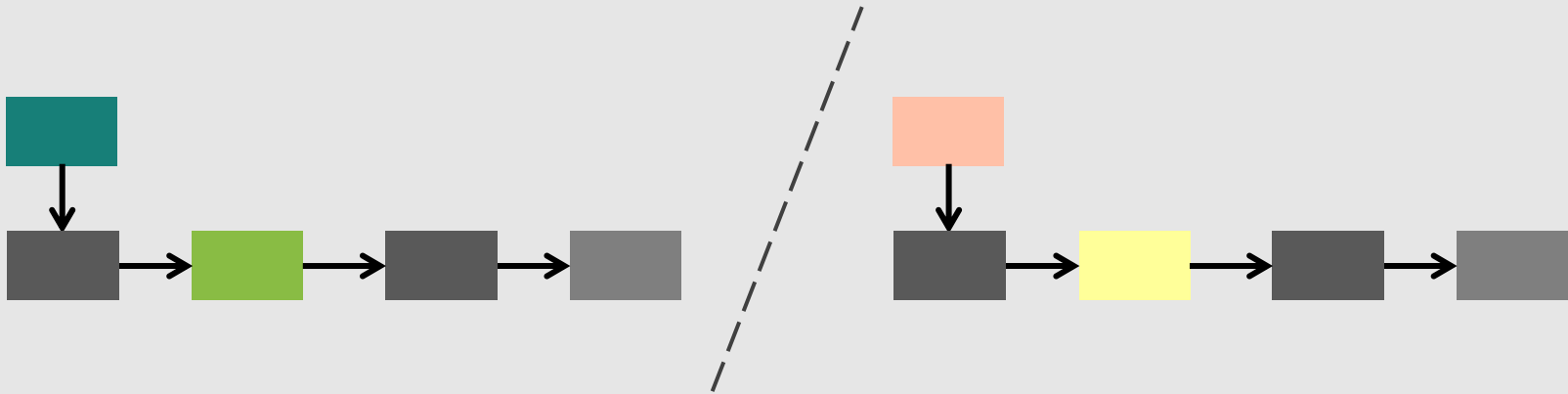
Can be used to address the unsatisfactory performance of a **process**



This allows to determine if the process needs to be simplified, streamlined or redesigned

Gap Analysis

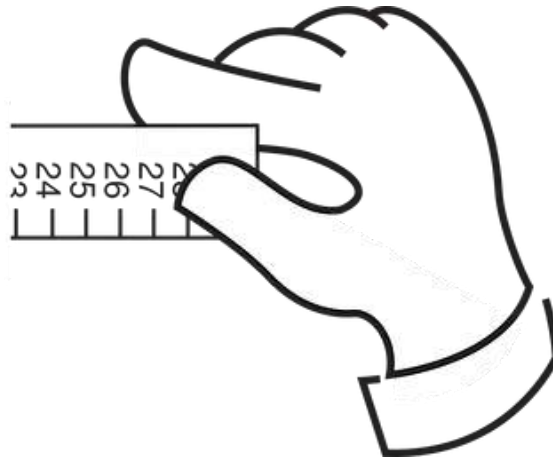
Also, useful when comparing an existing process to a process that is performed **elsewhere**



Provides an excellent opportunity to learn from **industry leaders**

Gap Analysis

Gap analysis allows to compare the **actual performance** of a company against the desired performance



It allows to determine if a company meets the desired level of performance, and if it doesn't, find ways to improve

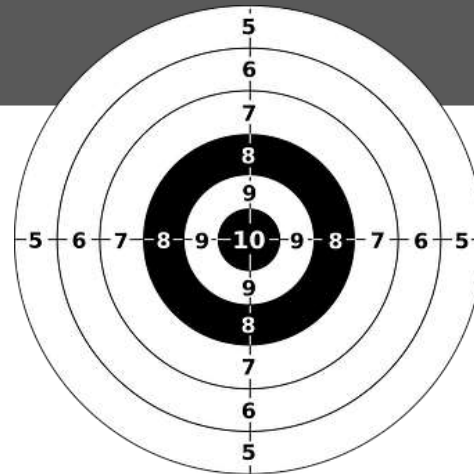
Gap Analysis

BENEFITS

Helps understanding whether your business needs are being met

Helps selecting the solutions and projects of greatest impact

Indicates potential opportunities and risks for your company



Gap Analysis

Can be performed at **any level** of an organization

Strategic level - comparing the condition of the business with that of the industry

Operational level - comparing the state of the performance with the desire state

Project and process levels



Gap Analysis

Various **tools** and **models** can be used to turn the theory into action plans and identify the gaps



SWOT Analysis

Fishbone Analysis

Bottleneck Analysis

SPC Analysis

McKinsey 7S

Nadler-Tushman Congruence Model

Gap Analysis

SWOT Analysis – examine the gap between where the **company** currently is, where it aims to be in the future.

Bottleneck Analysis – allows to understand the imbalances within a **process**.

Fishbone Analysis – allows to examine different type of factors in a **process** which may affect the quality of a product or service.

SPC Analysis – allows to understand how a **process** has been behaving over a time range

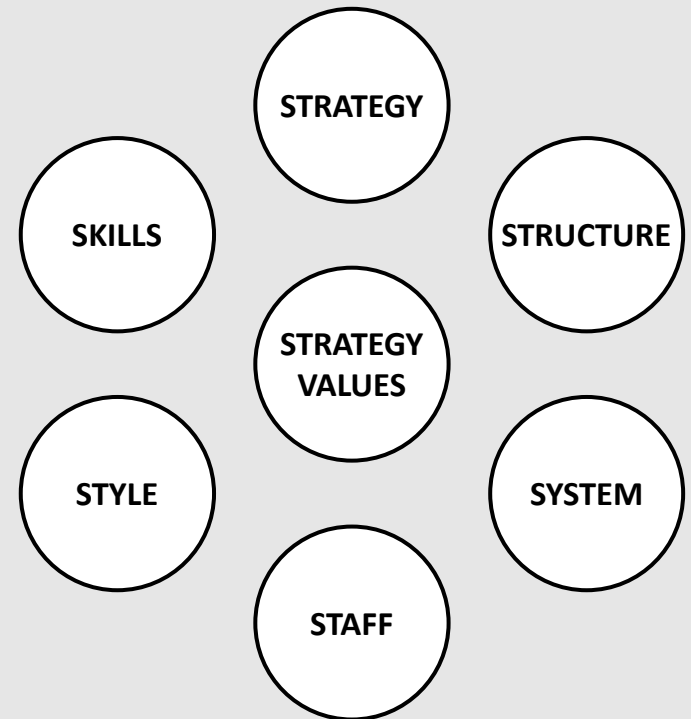
Gap Analysis

McKinsey 7S – a framework that provides a way to understand and monitor the gaps and changes of a **company**.

These elements need to be aligned and mutually reinforcing for the company to perform well.

Can be used with the different type of changes, restructuring, merger, change of leadership, change in processes, new systems, etc.

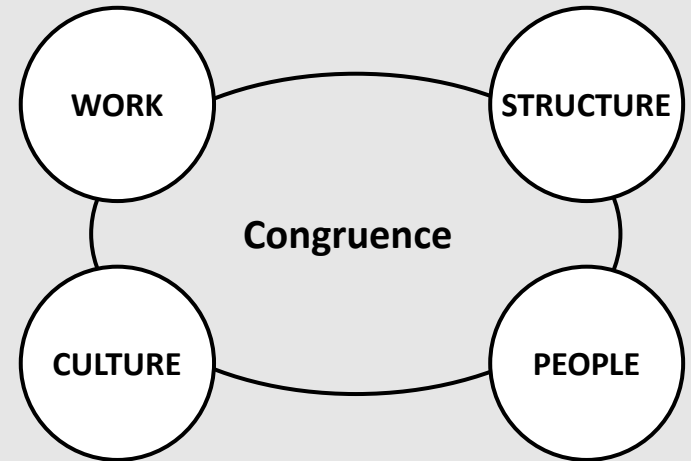
7S refer to key interrelated elements of any company . . .



Gap Analysis

Nadler-Tushman Congruence Model – examines the four aspects of that will transform inputs into outputs: work, culture, structure, and people.

The ‘congruence’ of all parts working together will make up the **organizational** flow.



Gap Analysis

Involves **organizing information** in such a way that allows for proper comparison and analysis



Such organizing of information can be simply accomplished using a table or chart without the need for a specific theoretical model to be effective

Gap Analysis

Many tools can be used to collect the needed data



Records and documentations

Subject Matter Experts

Observations

Interviews and focus groups

Surveys

Self-assessments

Brainstorming

Benchmarking

Gap Analysis

There is **no standard process** to conduct a gap analysis, and don't need complicated methodology or software



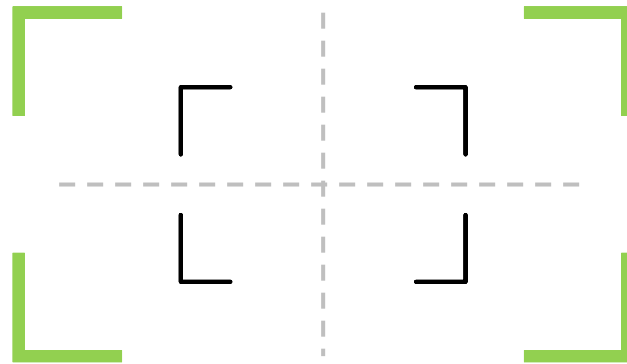
It should be tailored depending on the **situation** and your needs

Gap Analysis

Typical Steps for Conducting a Gap Analysis

Choose a specific **problem** area you need to focus on

Identify your objective and what you are trying to achieve



Gap Analysis

Typical Steps for Conducting a Gap Analysis

Understand the **current situation** and know where you are standing

Gather as much data as possible to clarify how you are performing at present



Gap Analysis

Typical Steps for Conducting a Gap Analysis

Understand the current situation and know where you are standing

Ask questions such as . . .

Is the information documented somewhere?

Who has the knowledge that you need?

What data collection tools do you need to use?

Is there a need to conduct benchmarking?

Gap Analysis

Typical Steps for Conducting a Gap Analysis

Identify the **desired outcome** you want to be in

Set SMART goals and make them aligned with your business goals



Gap Analysis

Typical Steps for Conducting a Gap Analysis

Identify the **gap** between the two states

You need to answer why it exists and what you can do about it



Gap Analysis

Typical Steps for Conducting a Gap Analysis

Analyze the causes and agree on the **steps** you need to take to close the gap

Identify the requirements and actions needed to be taken



Gap Analysis

Example – High Spoilage Rate at Line #3

1. THE PROBLEM

High spoilage rate at line #3.

2. CURRENT SITUATION

Spoilage rate is too high according to industry standards (>8%).

3. DESIRED OUTCOME

Spoilage rate should be reduced below industry standards (3%).

4. THE GAP

More than 5%.

5. ACTIONS / REQUIREMENTS

- Improve spoilage measurement system.
- Improve spoilage awareness among employees.
- Focus on areas with the largest number of defects.

Gap Analysis

Example – The Food Takes Too Long to be Served

1. THE PROBLEM

Customers complained that, the food takes too long to be served.

2. CURRENT SITUATION

The food takes on average 14 minutes to be served.

3. DESIRED OUTCOME

The food should be served no more than 11 minutes from ordering.

4. THE GAP

More than 3 minutes.

5. ACTIONS / REQUIREMENTS

- Obtain more opinions from customers about their experience.
- Ask employees what would help them provide faster customer service.
- Train employees to provide faster service.

Gap Analysis

Example – Having a Poor External Audit Score

1. THE PROBLEM

The last audit results were negative in all areas.

2. CURRENT SITUATION

External audit score is below expected standards (<60%).

3. DESIRED OUTCOME

External audit score should be above 90%.

4. THE GAP

More than 30%.

5. ACTIONS / REQUIREMENTS

- Improve documentation and control of documents.
- Comply with legal and other requirements.
- Maintain all external and internal communication records.

Gap Analysis

Example – There is a Significant Increase in Incidents

1. THE PROBLEM

There is a significant increase in workplace incidents.

2. CURRENT SITUATION

Workplace incidents have increased 60% this year.

3. DESIRED OUTCOME

Reduce workplace incidents to be zero.

4. THE GAP

60%.

5. ACTIONS / REQUIREMENTS

- Review and analyze workplace accident and incident reports.
- Investigate the root cause of workplace accidents and incidents.
- Conduct safety training that includes risk assessment and safe work practices.

Gap Analysis

Further Information

Operations should regularly be involved in performing gap analysis as it allows to quickly gauge the state of a business and operations versus an industry benchmark

