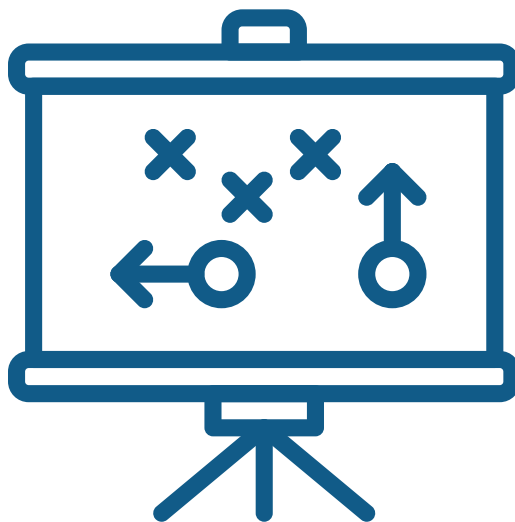# GAP ASSESSMENT

WHAT CAN A GAP ANALYSIS DO FOR YOU?

A gap analysis is a process that compares actual performance or results with what was expected or desired. The method provides a way to identify suboptimal or missing strategies, structures, capabilities, processes, practices, technologies or skills, and then recommends steps that will help the company meet its goals.

By comparing the current state with the target state, companies, business units, or teams can determine what they need to work on to make their performance or results better and get on the right path quicker. Companies can also use the gap analysis process to elevate individual or team performance and look at attributes such as task competency, performance level, and productivity. Other names for the process include need-gap analysis, needs analysis and needs assessment.

As opposed to a risk assessment, which tends to be forward-looking, a gap analysis examines the current state. ANSI (American National Standards Institute), ASIS (American Society for Industrial Security), and RIMS (Risk and Insurance Management Society) standards say that risk assessment includes the identification, analysis, and evaluation of uncertainties to objectives and outcomes of an organization.

You can also look at a gap analysis as a means of comparing performance to potential. In other words, how far did a person, group, or product fall from their capacity? Did the resources fall short of the needs?
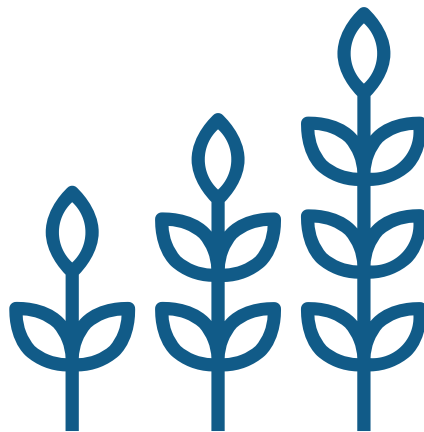
Gap analysis is a process that, when applied to other business processes, becomes a reporting process used for improvement. When applied to manufacture or production, a gap analysis can help balance the allotment and integration of resources from their current allocation level closer to an optimal level. Those resources can be time, money, material or human resources

HOW TO PERFORM A GAP ANALYSIS

In larger organizations, the gap analysis process generally falls under the purview of business analysts, project managers, process improvement teams or management. But with a little training and a well-designed template, anyone can work through the process. Some organizations may already have a process outlined that you can follow. However, the basic steps for performing a gap analysis are explained below.

STEP 1: IDENTIFY THE AREA TO BE ANALYSED AND IDENTIFY THE GOALS TO BE ACCOMPLISHED.

For example, you may want to figure out why your factory is not meeting its output target. The goal will be to discover the causes that contributed to targets not being met, and recommend how to remove the causes.

STEP 2: ESTABLISH AN IDEAL FUTURE STATE.

If everything worked according to plan, where would you be?
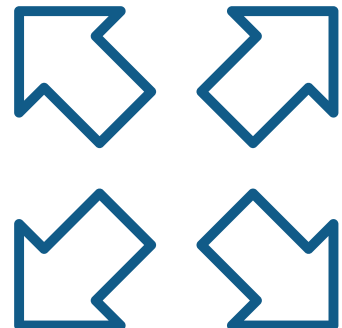
STEP 3: ANALYSE THE CURRENT STATE

What causes contributed to the targets being missed? For example, were the workers not trained well enough? Was the production floor short-staffed? Were the required materials consistently available? Did the layout of the production floor slow things down?

## STEP 4: COMPARE THE CURRENT STATE WITH THE IDEAL STATE.

How far from the target was actual production? For example, did you expect to produce 1,000 units per hour, but only managed to produce 800 units per hour?

STEP 5: DESCRIBE THE GAP AND QUANTIFY THE DIFFERENCE.

In the unit production example (described in step 4), there would be a 20% shortfall. After researching the potential causes, outline the contribution of each to the gap. In this example, we may find that insufficient training caused 5% of the gap, staffing problems caused 7%, material shortages caused 2%, and inefficient layout of the factory floor caused 14%. Companies can use other rating systems to quantify the difference that can be as basic as simple terminology like good, fair, and poor, to something more detailed like a 1-50 scale.

STEP 6: SUMMARIZE THE RECOMMENDATIONS AND CREATE A PLAN TO BRIDGE THE GAPS.

Decide what needs to be changed and determine what steps need to be taken to fix things. In this example, the team performing the analysis may decide the layout issue is the easiest to tackle and will have the greatest impact, so they might recommend ways to address it. Then they could work with the supply chain and staffing teams to create recommendations for those issues as well. They would summarize their ideas and present it to management to begin planning the improvements.
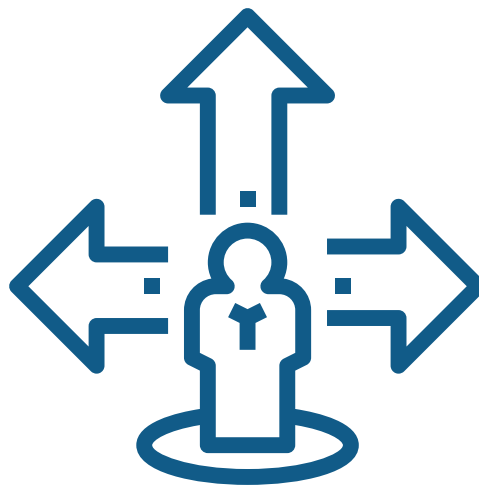
SWOT FRAMEWORK

SWOT is an acronym that stands for strengths, weaknesses, opportunities, and threats. While some experts see gap analysis and SWOT analysis as separate tools, SWOT is a useful tool for organising both the causes and the recommendations. However, the threat portion veers into risk assessment, and as mentioned previously, a gap analysis is not a risk assessment.

SWOT ANALYSIS

	HELPFUL	HARMFUL
INTERNAL	Strengths	Weaknesses
EXTERNAL	Opportunities	Threats