Needs Analysis Guideline

Purpose

This Guideline provides practical guidance to public authorities on how to undertake a needs analysis and details the benefits that can be achieved and the considerations that are needed to determine a clear and justifiable procurement need.

What is a Needs Analysis?

Needs analysis is a systematic and reproducible process of determining and prioritising needs in a stakeholder group for the purpose of taking action. There are many benefits associated with undertaking a needs analysis, including purchasing more relevant and effective goods and services, and enabling a more systematic and transparent distribution of resources.

As part of the planning process for all procurements, it is important to define the reasons why there is a need to buy goods or services and plan for associated risks[1].

These needs may arise from various sources, such as:

- government decisions, such as to acquire a new or revised capability
- market, community, or social demand
- technology impacting how a public authority operates
- feasibility study
- advice from management or a consultant to upgrade an IT system, replace equipment or refurbish a building.

A needs analysis specifies how the proposed procurement will support the achievement of the public authority's procurement objectives and should identify and outline:

- who you are buying for and who needs the goods or services
- how the goods or services will benefit the people (i.e., clients and end-users) you are buying for, now and in the future
- when these goods or services are needed
- geographical areas / location that need the goods or services
- the expected outcomes of the procurement.

A needs analysis process can help to:

- confirm the public authority has a demand for the goods or services
- identify the key public authority strengths, weaknesses and issues related to the procurement
- provide a better understanding of the requirements through engagement with stakeholders and the collection and assessment of supporting data
- assist with determining the procurement objectives for the goods or services
- ensure that the subsequent market analysis undertaken is relevant and focused.

[1] Identify the need and assess risk (buyingfor.vic.gov.au)

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When undertaking a needs analysis, it is important to consider how the following can be addressed:

- what represents value for money
- the estimated cost
- budget, environment, and time
- organising the availability of specialist advisors/subject matter experts
- technical requirements and compatibility with current systems
- installation
- training
- safety
- maintenance and other whole-of-life cost considerations.

How to undertake a needs analysis.

There are seven steps[2] for conducting a successful needs analysis, they are:

1. develop a statement of needs
2. scope the needs analysis
3. establish the assessment criteria
4. plan for data collection
5. collect, analyse and present data
6. apply criteria and prioritise needs
7. identify next steps and report back

Step 1 – Statement of needs[3]

The first step is to consult with key stakeholders and develop a high-level statement of needs. This statement can later be developed into a detailed requirements specification that will provide an articulate, clear, and comprehensive statement of needs.

The consultation should aim to ensure that:

- all stakeholders constructively engage and have 'buy-in'
- stakeholders can self-identify their current, predicted, and emerging needs
- the consultation elicits information about individual and collective needs.

During the consultation, it is important to consider:

- what is the purpose of the procurement?
- who will be impacted by the procurement?
- who are the key stakeholders and what are their expectations?
- who are the major internal clients and what are their highest needs?
- who are major external users or recipients of the goods/services and what are their highest needs?

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[2] Needs assessment | Child Family Community Australia (aifs.gov.au)

[3] Developing a statement of needs | New Zealand Government Procurement and Property

- what similarities and differences become apparent between the needs of the two groups?

From the consultation it will be important to:

- distinguish ‘needs’ from ‘wants’ and ‘desires’
- remove ambiguity, achieve clarity, and obtain consensus
- bundle needs into related groups
- prioritise groups
- develop an articulate, clear, comprehensive high-level statement of needs
- obtain stakeholder verification and endorsement of the statement of needs.

The statement of needs will later inform:

- the type and extent of further provider community research and analysis
- any economic and social procurement opportunities, issues, and risks
- ways to identify potential industry engagement approaches
- ways to identify the capability of potential suppliers
- ways to select the preferred market approach
- a specification of requirements detailing the scope of the goods or services that will be required to satisfy the needs
- the evaluation criteria and weightings.

Step 2: Scoping the needs analysis

The scope of a needs analysis can vary immensely and can be conducted for many different reasons: it may be to inform future activities, to explore whether stakeholder needs are being met, or it might be to determine the focus of future policy.

A small needs analysis may be used to inform the activities for an initial small-scale pilot or trial, or a more comprehensive needs analysis may be used to inform regional or statewide service delivery or the activities of a whole agency over a period of years.

Whatever the scale, it is important to:

- limit the scope of a needs analysis to what can be reasonably addressed
- ensure the scope details the characteristics of the end-user
- identifies the users of the needs analysis
- includes the ways and formats results will be communicated to stakeholders
- consider who will be involved in decision making, and how they will be involved.

Step 3: Assessment criteria

A needs analysis is likely to identify a range of issues, and there are different and sometimes conflicting ways to determine the order in which they should be addressed. For example, an issue could be deemed a high priority based on how many people are affected by it or it could be deemed a high priority because of its impact on people's lives.

A clear set of criteria enables public authorities to evaluate systematically and effectively different needs to determine which ones should be prioritised.

Below are three different approaches to need definition and decision making[4].

1. Needs are defined by the end-users, which may include clients and community members. This is a community development-informed approach that views need definition by professionals as disempowering for end-users.
2. Needs analysis is viewed as a process that requires technical expertise; therefore, needs are defined and assessed by professionals such as public authority staff, external consultants or research and evaluation professionals.
3. This approach combines the first two approaches, seeking to bring together professionals and end-users. End-users are provided with resources to make more informed decisions, and through working together, professionals gain a more informed and sensitive understanding of the issues and needs.

Step 4: Plan for data collection

Regardless of the type of data that is collected, or the methods used, it is important to have a documented plan describing what data will be collected, from who, and how it will be analysed. There are many different methods for collecting data and as with all forms of research and evaluation, the best method of data collection depends on:

- the purpose of the needs analysis
- the available resources.

When developing a plan for collecting and analysing data it is important to:

- identify the data you will need - qualitative, quantitative, or mixed methods
- identify any existing sources of data
  - primary data – up-to-date data collected directly for the purpose of the needs analysis
  - secondary data - data that has already been collected by someone else and can be analysed for your needs analysis
  - other methods used to collect rich data on community views include community forums or consultations.
- Consider:
  - who has the skills and capacity to collect data?
  - who has the skills and capacity to analyse data?
  - how will the data be analysed and presented?
  - what information is needed to apply the criteria and make decisions about prioritising needs?

Once a plan is completed, data collection and analysis can be undertaken.

[4] Jim Ife (2016)

Step 5: Collect, analyse, and present data

Once data have been collected there may be a range of different issues which may need to be collated and grouped as similar needs so that there is a manageable amount of data to present.

If the needs analysis has a high degree of end-user or industry engagement, you should consider how they can lead or participate in this analysis. Needs that have been identified through multiple sources of evidence should also be noted as this is important information to present as part of the decision-making process.

The final stage in this step - presenting this data - will change depending on how decisions are being made and the number of people involved in decision making. For example, in a large needs analysis with a steering group, you might put together a presentation and summary of each need that has been identified, with a description of the need and a summary of the findings.

In a smaller need analysis, you are likely to have less information and fewer stakeholders, so a less formal meeting where you present your findings visually or on a single page may be more appropriate. Also, as the format for presenting the identified needs will depend on the audience, it is important to consider who is making the decisions and the best way for them to receive information.

Step 6: Apply the criteria and prioritise needs

Once a set of needs through data collection and analysis has been identified and presented to your steering group or the people who will be making decisions, it is possible that you have a list of competing needs.

In this scenario, needs are assessed and prioritised using the criteria identified in Step 3. This is essentially a decision-making process so there are different decision-making strategies that can be employed. Smaller projects could use consensus decision-making processes whereas needs analyses with larger groups of stakeholders may have to employ other strategies.

Rating and ranking strategies are commonly used and should be adapted to the status and complexity of the analysis being undertaken as set out in the example below.

- review the criteria to make sure that everyone understands and continues to agree on them
- discuss the issues that have been identified through the needs analysis and make sure that everyone understands the issues and their implications
- discuss each issue or need:
    - is it feasible to address this issue or need?
    - what are the larger implications of addressing it?
    - does this issue or need tie into other issues and strategies that are currently employed or planned?

    - will there be other benefits to addressing this issue?

- individually or in small groups, rate each issue in terms of its importance and the feasibility of influencing it
- discuss the ratings as a group, examining whether any issues can be eliminated or consolidated (by addressing two issues together)
- rank the issues or needs according to the agreed criteria and select the highest issues for action.

Step 7: Identify next steps and report back

The aim of this step is to work towards selecting the most appropriate goods and or services to address the issue. Step 6 may have prioritised a single issue or a few key issues, but often further exploration is required to build a deeper understanding of the identified issues. This may include gathering further information about an issue and reviewing the evidence for different interventions or methods to address the need. You may also consider what approaches to intervention design are most likely to be effective (e.g., co-design or collaborative approaches with other public authorities etc).

Questions you might ask at this final stage include:

- what are the risk and protective factors associated with the issue?
- what are the causes and consequences of the issue?
- who should be the target group for interventions or solutions?
- what evidence exists about effective approaches to this issue or need and with this stakeholder group?

It is vital at this stage not to lose momentum. A needs analysis can build community or executive readiness for action, so it is important that this stage of evidence gathering and decision making happens relatively quickly.

If research or consultation was done with end-users, industry or other stakeholders, it is good practice to report back the results and how this information will be used to inform the procurement process.

Respectful and transparent communication will ensure that people can see tangible results from their participation, help build support for responses and ensure that stakeholders feel valued and respected and are more likely to participate in future consultations.