

Gap analysis

In [management](#) literature, **gap analysis** involves the comparison of actual performance with potential or desired performance.^[1] If an organization does not make the best use of current resources, or forgoes investment in [capital](#) or technology, it may produce or perform below an idealized potential. This concept is similar to an economy's production being below the [production possibilities frontier](#).

Gap analysis identifies gaps between the [optimized allocation](#) and integration of the inputs (resources), and the current allocation-level. This reveals areas that can be improved. Gap analysis involves determining, documenting and improving the difference between business requirements and current capabilities. Gap analysis naturally flows from [benchmarking](#) and from other assessments. Once the general expectation of performance in an industry is understood, it is possible to compare that expectation with the company's current level of performance. This comparison becomes the gap analysis. Such analysis can be performed at the strategic or at the operational level of an organization.

Gap analysis is a formal study of what a [business](#) is doing currently and where it wants to go in the future. It can be conducted, in different perspectives, as follows:

1. [Organization](#) (e.g., Human Resources)
2. Business direction
3. [Business processes](#)
4. [Information technology](#)

Gap analysis provides a foundation for measuring investment of time, money and human resources required to achieve a particular outcome (e.g. to turn the salary payment process from paper-based to paperless with the use of a system). Note that "GAP analysis" has also been used as a means of classifying how well a product or solution meets a targeted need or set of requirements. In this case, "GAP" can be used as a ranking of "Good", "Average" or "Poor". (This terminology appears in the [PRINCE2](#) project management publication.)

Gap analysis and new products

Use to develop a better process

See also

References

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