

Continuous Improvement Toolkit

Project Charter



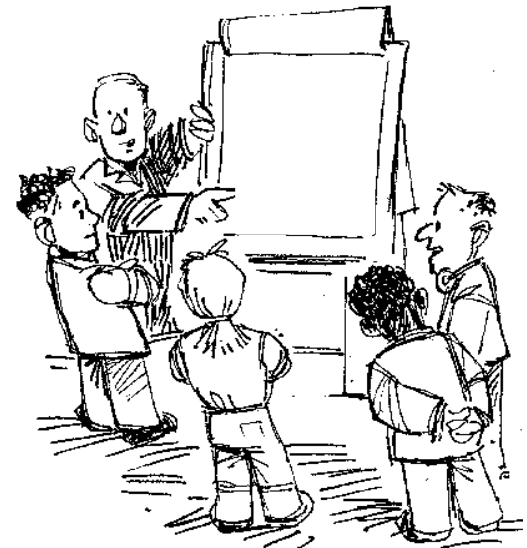
- Project Charter

- ❑ A document that summarizes the finding of the project definition process.
 - Clarifies the project objectives and scope.
 - Addresses the stakeholders needs.
 - Determines the roles and responsibilities of the project team.
 - Etc.
- ❑ The information in the charter is critical for obtaining leadership support and commitment.
 - And to provide the necessary funding and resources.
- ❑ Once signed, it authorizes the project leader to formally implement the project and use the necessary resources.



- Project Charter

- ❑ Establishes a shared understanding of the scope and objectives.
- ❑ Enables all stakeholders to review the project and commit to it.
- ❑ Acts as a contract between the project sponsor, key stakeholders and the project team.
- ❑ Communicates the objectives to those outside the project team.
- ❑ Serves as a reference for future projects.



- Project Charter

- ❑ A short document that may refer to more detailed documents.

- ❑ **It should answer:**
 - What must be done?
 - Why doing it?
 - When must it be done?
 - Who does what?
 - Who will be benefited form the results of the project?



- Project Charter

Key Elements of a Project Charter:

- ❑ The components will vary depending on the methodology used.

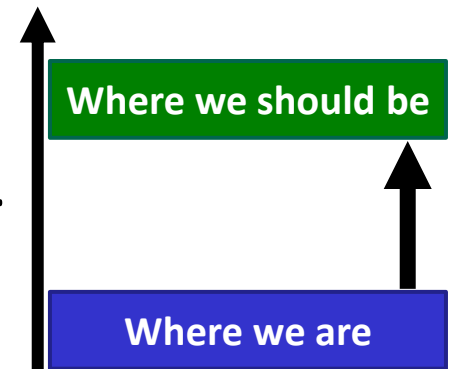
- ❑ **Often Includes:**
 - The business case.
 - The objectives.
 - The scope and boundaries.
 - The business impact.
 - The personnel participating.
 - The time period for executing the project.

<i>Problem</i>	<i>Goal</i>
<i>Team</i>	<i>Scope</i>
<i>VOC</i>	<i>Metrics</i>
<i>Time frame</i>	<i>Signatures</i>

- Project Charter

Key Elements of a Project Charter:

- ❑ A problem exists when there is a difference between where we are and where we want to be.
- ❑ A **problem statement** should be brief and specific.
- ❑ It should describe the impact on the customer when it occurs.
- ❑ It should not include a background information.
- ❑ It should not discuss the causes or solutions.
- ❑ It should state the symptoms and their effects.

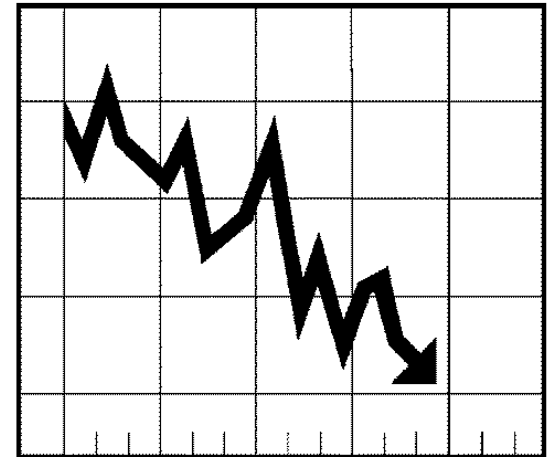


No problem means ... No improvement!

- Project Charter

What is the Problem About this Problem Statement?

- ❑ “The business is not making enough profit”.
- ❑ Not supported with data.
- ❑ Too general.
- ❑ You can't solve all the problem at once.
- ❑ ...



- Project Charter

Key Elements of a Project Charter:

- ❑ A **goal statement** responds to the problem statement.
- ❑ It defines the target of the project.
- ❑ It should be brief and specific.
- ❑ It is often written in the following format:

Improve (primary metric) from (baseline performance) to (desired future performance) by (desired date of completion).

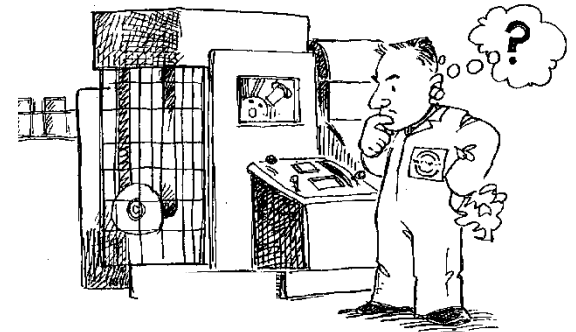
- ❑ Avoid using technical language when writing a goal statement.

There is always room for improvement

- Project Charter

Example of a Problem Statement:

- ❑ “The manual oil refilling process using drums in line #3 for the cupper and bodymakers make it difficult to measure the oil usage and control oil losses which may reach more than 4% per each drum”.



Example of a Goal Statement:

- ❑ “Reduce oil losses of the manual refilling process of the cupper and bodymakers in line #3 to less than 1% per drum by the end of the year”

It does not refer
to solutions or causes

It defines
the scope

It provides data
and timeframe

- Project Charter

Key Elements of a Project Charter:

- ❑ A **project team** is often composed of:
 - A dedicated project leader.
 - Team members from different groups.
- ❑ A **project leader**:
 - Provides the purpose.
 - Establishes a shared ownership
 - Communicates, facilitates, monitors and tracks.
- ❑ **Team members** are responsible for executing project activities.
- ❑ It is common to have a **project sponsor** who has the authority to commit the necessary resources and provide the support.



- Project Charter

Key Elements of a Project Charter:

- ❑ A **project scope** defines what is involved and what is not.
- ❑ It is important to identify: the products, services, processes, departments, locations, lines and customers.
- ❑ Also identify the main steps of the process to ensure that they are aligned with the project goals.
- ❑ **Avoid the temptation of expanding the scope:**
 - You will not be able to complete the project on time.
 - More resources will be required.
 - The control plan will be overly detailed.

Use SIPOC mapping to identify key Suppliers, Inputs, Process boundaries, Outputs, Customers.



- Project Charter

Key Elements of a Project Charter:

- ❑ Customers are the business units that identify the need for executing a project.
- ❑ They may be an internal or an external.
- ❑ It is important to take the **Voice of the Customer** into consideration.



- Project Charter

Key Elements of a Project Charter:

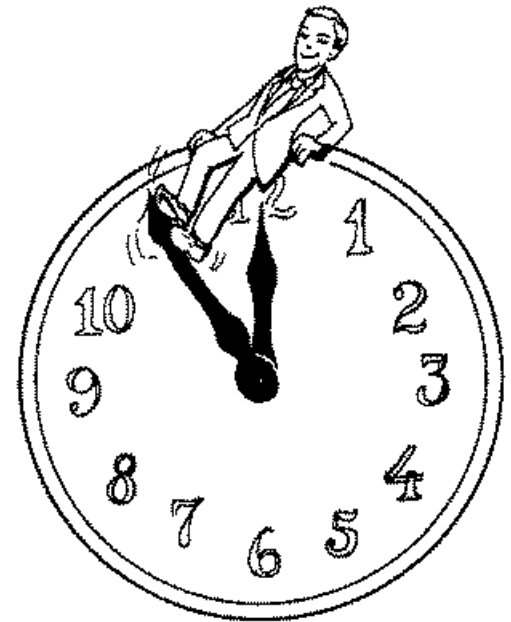
- ❑ Using **project metrics** brings attention to the progress made.
- ❑ It keeps the team focused to achieve the project goals.
- ❑ **The success of any project is measured by:**
 - A primary metric: measured at the baseline and when the project ends.
 - A financial metric.



- Project Charter

Key Elements of a Project Charter:

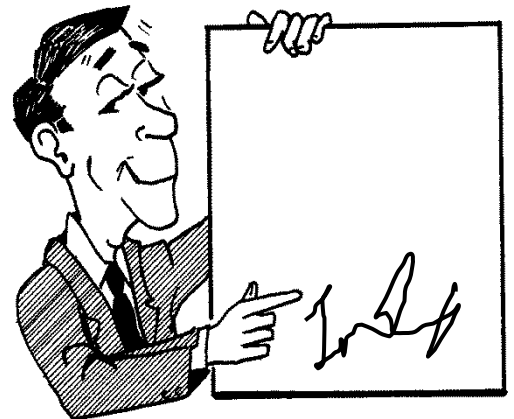
- ❑ The **time frame** is the time required to complete the project.
- ❑ It is represented by the **start** and **estimated completion** date.
- ❑ It will only be possible to assign approximate completion date which may need to be revised as the project progresses.



- Project Charter

Key Elements of a Project Charter:

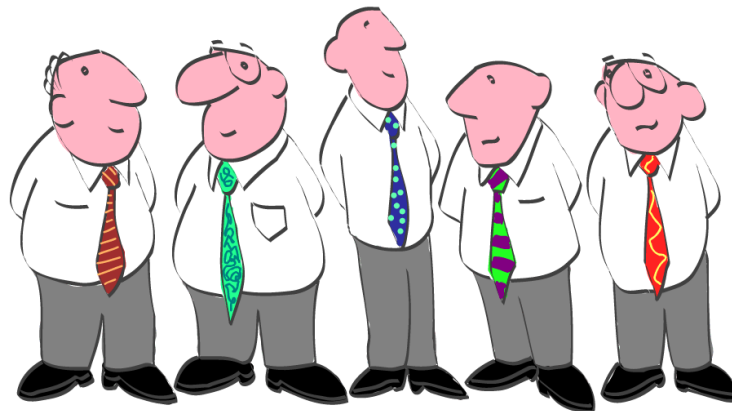
- ❑ It is important to obtain the **signatures** on the charter from the key project stakeholders.
- ❑ Signing on the project charter serves as a formal approval of the project.
- ❑ It empowers the project leader to proceed with the project.



- Project Charter

A Project Charter may Contain:

- ❑ The key **stakeholders** affected by the project, their expectations, concerns and possible resistance.
- ❑ The project will fail if their support were to be withdrawn.



- Project Charter

A Project Charter may Contain:

- ❑ The implementation **Methodology** of the project.
 - Lean Six Sigma.
 - Traditional Project Management (PM).
 - Etc.
- ❑ **Cost of Poor Quality** that will help determine the potential savings.
- ❑ Project cost and **Benefit Analysis**.



- Project Charter

A Project Charter may Contain:

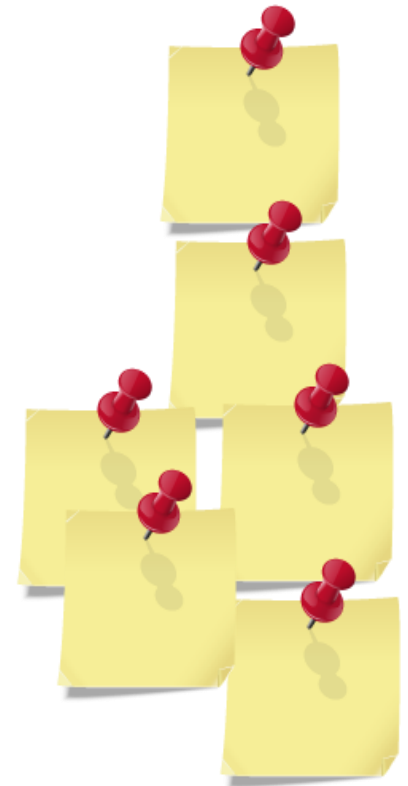
- ❑ **Risk** assessment of the planned activities.
- ❑ The **barriers** and obstacles that could hinder the team.
- ❑ The project **deliverables** at every stage.
 - If a deliverable is significant, it may have a milestone attached.
- ❑ The **milestones** of the project.
 - Provide regular opportunities to review progress.
 - Could be as simple as the completion of each project phase.



- Project Charter

A Project Charter may Contain:

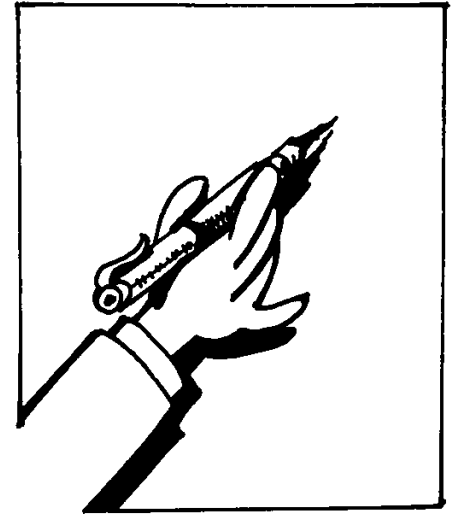
- ❑ The required **Resources** including the source of funding.
- ❑ Assumptions, constraints and dependencies.
- ❑ A communication plans.
- ❑ A **go/no go** decision to decide whether to move forward with the project as defined or to stop .



- Project Charter

How to Prepare an Effective Project Charter?

- ❑ It should be clear and concise.
 - Preferably one page.
- ❑ It should be customer focused and addresses their specific needs and expectations.
- ❑ It should contain realistic and achievable objectives.
 - Use the SMART checklist.
- ❑ It should be considered a live document during the project lifetime.
- ❑ It should be referred to and updated as the project progresses.



- Project Charter

Example of a Project Charter Template:

Project Charter		
Project Title:		
<u>Problem Statement:</u>	<u>Goal Statement:</u>	<u>VOC:</u>
<u>Project Team:</u> Leader: Team member1: Team member2: Team member3:	<u>Project Information:</u> Project start: Project end: Project approach: Project scope:	<u>Key Metrics:</u> : <u>Resources:</u> :
Milestones:		
<i>Signatures:</i> _____		

- Project Charter

Example of a Project Charter Template:

"Project Title"			
1. Problem Statement (A brief, but specific description of the problem)		2. Goal Statement (Defines the target for the project)	
3. Project Leader (Black Belt, Green Belt, Project Manager)		4. Project Approach (Six Sigma, Lean, Kaizen, Just-do)	
5. Project Team		6. Stakeholders (Any party who may have an interest in the project)	
Name	Role	Name	Role
7. Voice of the Customer (VOC) (Identify the key Customers & their needs)		8. Critical to Quality (CTQ) (Characteristics important to customers)	
9. Metrics / KPIs (Unit of measure)		10. The Big Y (The key metric to improve)	
11. Scope of the Project (What is involved and what is not in terms of products, departments, locations, processes etc..)			
12. Estimated Financial Benefits / Cost of Poor Quality (COPQ)		13. Defect (Definition, levels, costs)	
14. Assumptions / Constraints / Risks / Dependencies			
15. Start Date		16. Estimate Completion Date	
17. Signatures <i>(The Signatures of the people below document approval of the formal Project Charter)</i> <i>(The Project Leader is empowered by this charter to proceed with the project as outlined in the charter)</i>			
Position/Title	Title/Printed Name/Signature		Date
Project Leader			
Project Sponsor / Champion			
Process Owner			
Other Stakeholders			

- Project Charter

Project Closure:

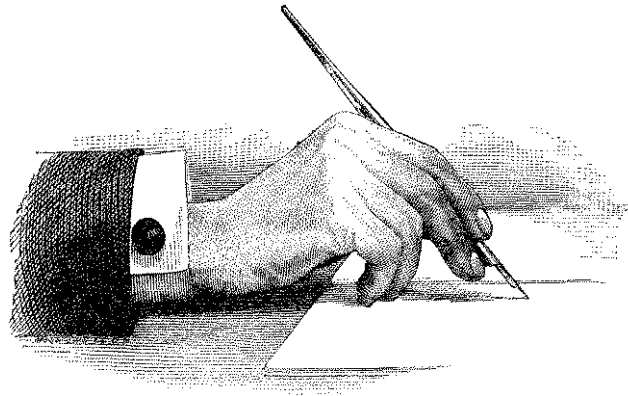
- ❑ Used to bring the project to its final state.
- ❑ Provides a formal place to record the final project outcomes.
- ❑ It formally hands off the project to the process owner.
- ❑ Allows to release the team from the project.
- ❑ It is important to obtain signatures from the key stakeholders to confirm the completion of the project and ensure controls are in place and sufficient to sustain the benefits achieved.



- Project Charter

Project Closure:

- ❑ All projects are designed for a specific period of time.
- ❑ It is important to obtain signatures from the key stakeholders to confirm the completion of the project and ensure controls are in place and sufficient to sustain the benefits achieved.



- Project Charter

Example of a Project Closure Template:

Project Closure		
Project Title:		
<u>Project Information:</u> Date of completion:	<u>Benefits:</u> • •	<u>Key Metrics:</u> • • •
<u>Project Deliverables:</u> • • • •	<u>Controls In Place:</u> • • •	<u>Shortfalls:</u> • • •
<i>Signatures:</i> _____		

- Project Charter

Further Information:

- ❑ A project charter can be made by the project team, the sponsor, or by a project leader external to the project team.
- ❑ It may be created for each phase for multiple-phased large projects.
- ❑ Financial and business metrics could be produced using the primary metric to translate the project impact into a business benefit and financial advantage.
- ❑ Sometimes the project should be stopped at the beginning:
 - The potential benefits might not be sufficient.
 - The availability of resources might be an issue.
 - What else?

- Project Charter

Further Information:

- ❑ Are you pursuing the right goal?
- ❑ The SMART stands for:

- **S:** Specific.
- **M:** Measurable.
- **A:** Achievable.
- **R:** Realistic.
- **T:** Time bounded.
- **P:** Positively stated
- **U:** Understood
- **R:** Relevant
- **E:** Ethical
- **C:** Challenging
- **L:** Legal
- **E:** Environmentally sound
- **A:** Agreed
- **R:** Recorded



Always check whether your goals correlates with the 14 requirements