Continuous Improvement Toolkit

PROJECT CHARTER

PROJECT CHARTER

Once a project opportunity has been identified, it must be translated from a concept into a well-written project charter.

A project charter is a **one-page** document that summarizes the fundamental information of a project before it begins.

The completed project charter is a **requirement** for the project kick-off.

PROJECT CHARTER

A project charter is one of the first essential steps in many different types of projects:

- In **Lean Six Sigma**, a project charter is used to summarize the findings of the Define phase.

- A project charter as per the PMBOK is a document that formally authorizes the existence of the project and issued by the sponsor or the initiator of the project.

APPROVED

PROJECT CHARTER

The information in the project charter is critical for obtaining **leadership support** and commitment to provide the necessary funding and resources.

Once signed, it **authorizes** the project leader to formally start the project and use the necessary resources and funding to complete the project successfully.

PROJECT CHARTER

A Project Charter . . .

Clarifies project **objectives** and **scope**

Addresses the **needs** of stakeholders

Defines **roles** and responsibilities

PROJECT CHARTER

A project charter ensures that the project is . . .

Business focused	Well scoped
Executed in a timely manner	Have the necessary resources & Support

PROJECT CHARTER

BENEFITS

01

Establishes a shared understanding of the project scope and objectives

02

Acts as a contract between the project sponsor, key stakeholders and the project team

03

Enables everybody to review the project and commit it

04

Communicates the summary of the project to those who are usually not interested in the details

05

Communicates the objectives to those outside the project team

06

Serves as a reference for future projects

PROJECT CHARTER

A project charter should provide answers to:

- ▶ What must be done?
- ▶ Why doing it?
- ▶ What are the benefits of implementing the project?
- ▶ When must it be done?
- ▶ Who does what?

PROJECT CHARTER

The project charter requires significant preparation time to include key elements such as . . .

Project title

Business case summary

Problem statement

Goal statement

Scope & boundaries

Project plan

Project team

Project metrics

Project authorization section

PROJECT CHARTER

The **components** of a project charter vary depending on the methodology used.

In a Six Sigma project for example, it is useful to include the following . . .

- ▶ Voice of the customer.
- ▶ Baseline data and COPQ.
- ▶ Defect definition.
- ▶ Estimated defect level.
- ▶ Five major milestones based on the DMAIC.

PROJECT CHARTER

Key Elements – Business Case

A **business case analysis** should precede any project to justify why the project is being selected.

A business case analysis is a tool used to evaluate a potential business decision and help decide whether some sort of action should be taken.

PROJECT CHARTER

Key Elements – Business Case Summary

The business case summary should describe:

▶ The impact on the business in terms of benefits or savings.

▶ How the project is aligned to the company strategy.

Business case   VS.   Business case Summary
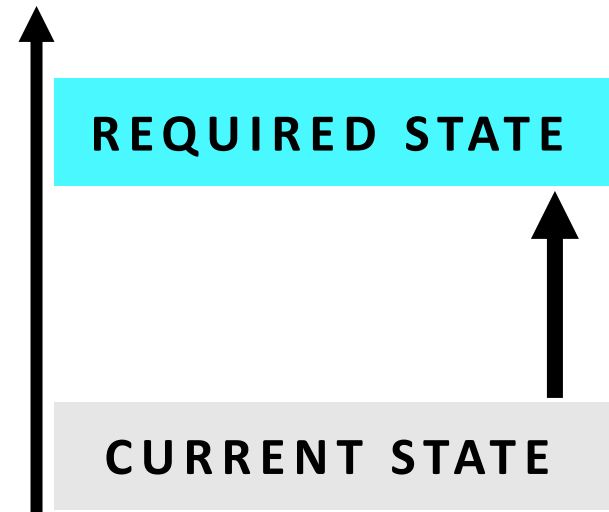
A report that describes why the problem needs to be solved

A section in the project charter that summarized the business case

PROJECT CHARTER

Key Elements – Problem Statement

Identifies what is not working and where the pain point lies.

A problem exists when there is a difference between **where we are** and where we want to be.

REQUIRED STATE

CURRENT STATE

PROJECT CHARTER

A problem statement . . .

- ▶ Should be specific and brief.
- ▶ Should describe when and how often the problem occurs.
- ▶ Should be supported with data.
- ▶ Should not include background information.
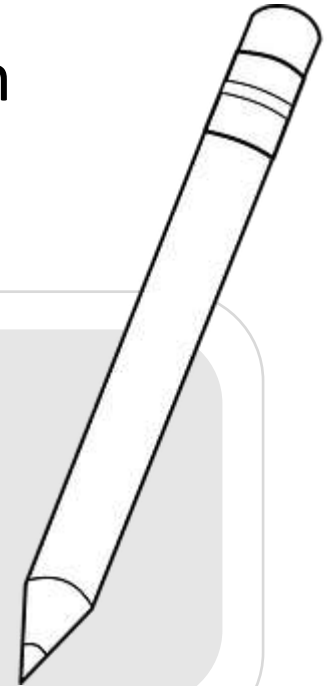- ▶ Should not discuss causes and solutions.

PROJECT CHARTER

A problem statement is sometimes written in the following format . . .

- ▷ The problem of...
- ▷ Is affecting...
- ▷ The impact of which is...

PROJECT CHARTER

Example of a problem statement

The manual oil refilling process using drums in the forming machines in line #4 make it difficult to control oil losses which may reach more than 4% per drum

PROJECT CHARTER

Key Elements – Problem Statement

What is the Problem of this Problem Statement:
"The business is not making enough profit"
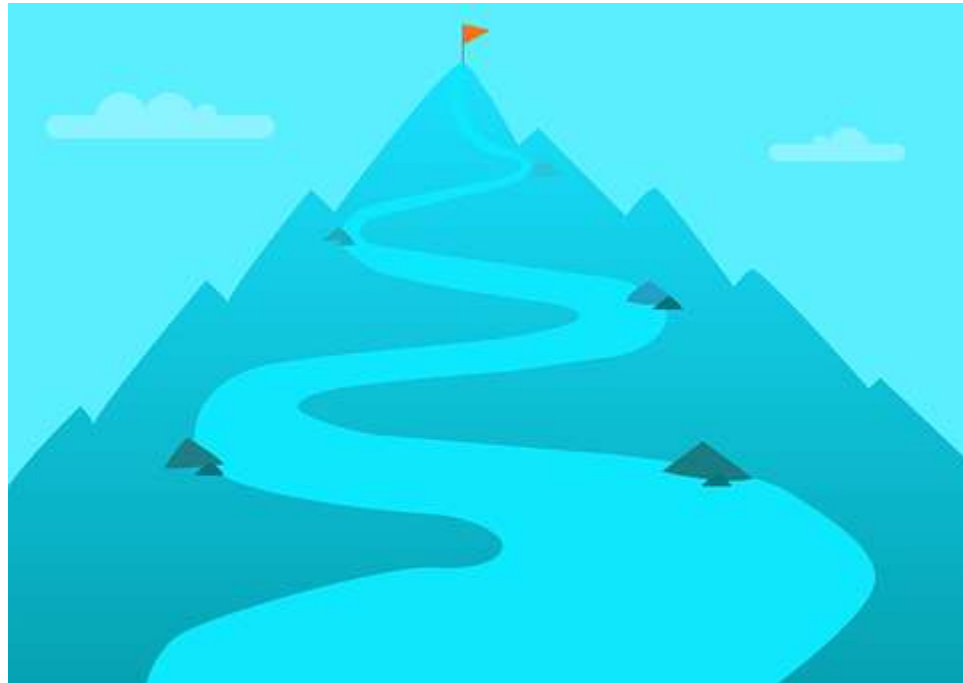
Too general which you can't solve at once	Not supported with data

PROJECT CHARTER

Key Elements – Goal Statement

Responds to the problem statement

Defines the **target** of the project

PROJECT CHARTER

Key Elements – Goal Statement

Should be brief and **specific**	Should have a **measurable** target	Often starts with a **verb**

SMART

Increase . . .

Reduce . . .

Eliminate . . .
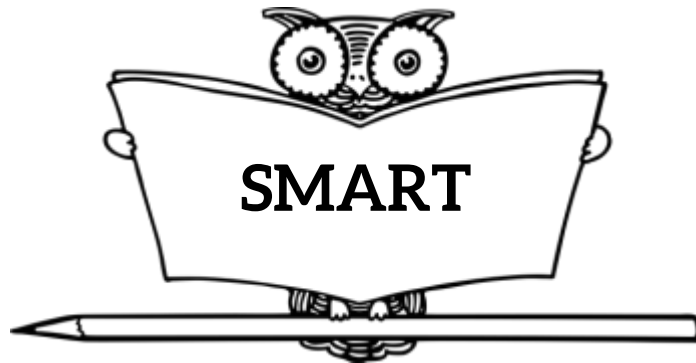
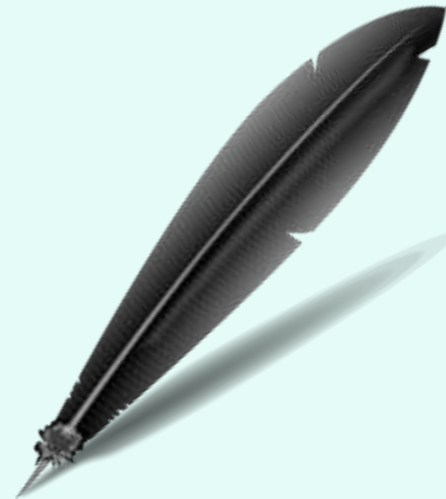# PROJECT CHARTER

Typically written in the following format . . .

Improve (primary metric) from

(baseline performance) to

(desired future performance)

by (desired date of completion)

PROJECT CHARTER

Key Elements – Goal Statement

▶ Avoid using technical language when writing a goal statement.

▶ Avoid suggesting or assuming a solutions.

PROJECT CHARTER

Specific

Measurable

Time bound

Defines
the scope

Does not refer
to solutions or
causes

**Example of
a GOAL statement**

Reduce oil losses of the manual
refilling process of the forming
machines in line #4 to less than
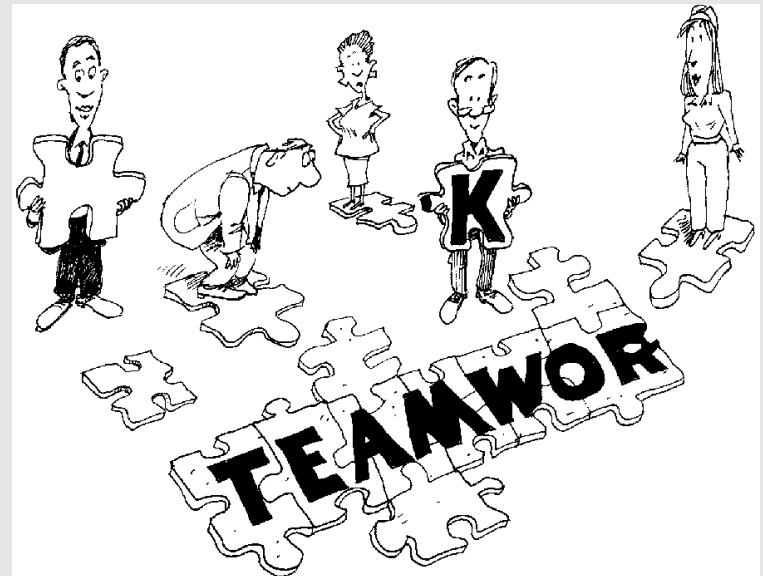1% per drum by the
30th of October

PROJECT CHARTER

Key Elements – Project Team

Should be selected along with their expected time contribution to the project.

Composed of a dedicated **project leader** and **team members** directed by a **project sponsor**.

PROJECT CHARTER

A project leader . . .

Provides the purpose	Establishes a shared ownership
Communicates and facilitates	Monitors and tracks

PROJECT CHARTER

Key Elements – Project Team

The **team members** are responsible for executing the project activities to produce the desired deliverables.

PROJECT CHARTER

A **project sponsor** has the ultimate accountability for the project and owns the project charter.

He or she should have the authority to afford the necessary resources and provide support as needed.

PROJECT CHARTER

Key Elements – Project Scope

Defines what is involved in the project and what is not.

It is important to identify . . .

Departments	Locations	Customers	Products	Services	Processes

Consider using SIPOC mapping

PROJECT CHARTER

Avoid the temptation of expanding the scope of the project . . .

- You will not be able to complete the project within the allocated time.
- More resources will be required.
- The action and control plans will be too detailed.

PROJECT CHARTER

Key Elements – Voice of the Customer (VOC)

Customers are the elements that identify the need for executing the project.

It is important to take the VOC (or the Voice of the business) into account during the project definition phase.

PROJECT CHARTER

Key Elements – Voice of the Customer (VOC)

Remember that a customer may be and internal or external.

A **customer representative** may be needed to evaluate the outcomes of the project definition process and provide feedback as necessary.

PROJECT CHARTER

Key Elements – Project Metrics

- Bring attention to the future progress and results.
- Keep the team focused to achieve the project goals.

PROJECT CHARTER

Key Elements – Project Metrics

The success of any project is measured by each or both of . . .

| Primary metrics | **&** | Financial metrics |

Tracking these metrics is important not only during the project period but also several years after the project completion

PROJECT CHARTER

Key Elements – Project Time Frame

Project duration must be determined so that a project could be managed in terms of schedule, cost and resources.

Often represented by the start and expected completion dates.

It is possible to assign an **approximate completion date**, however, you need to revise it as the project progresses.
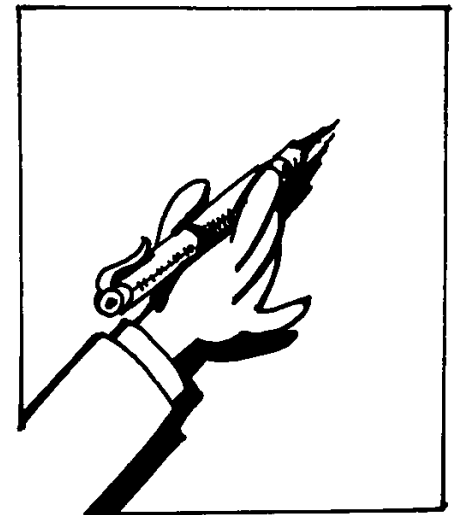
PROJECT CHARTER

Key Elements – Project Authorization Section

Obtain approval by letting key stakeholders view and sign the project charter.

Signing on the project charter . . .
- Serves as a formal approval of the project.
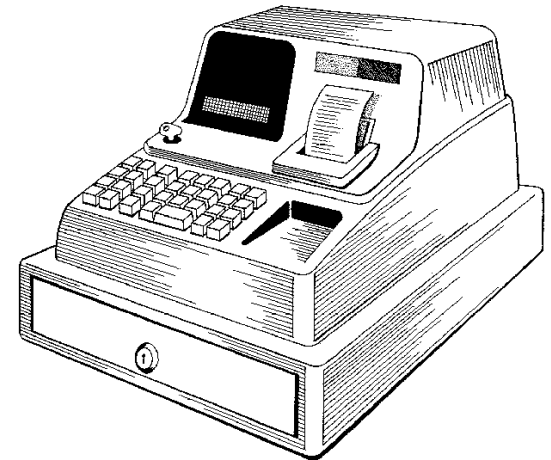- Empowers the project leader to proceed with the project.

Who should sign?

PROJECT CHARTER

Key Elements – Project Authorization Section

A signature from a **financial representative** provides credibility and support to the proposed financial gains.

In is important that companies considers financial approval as a requirement for any project to be qualified.

PROJECT CHARTER

A Project Charter May Contain

Deliverables

Key stakeholders

Required resources

Risks and obstacles that could hinder the team

Assumptions and constraints

Key milestones

Cost benefit analysis & type of savings

Communication Plan

Methodology Used

PROJECT CHARTER

A Project Charter May Contain

A list of **key stakeholders** affected by the project, and their expectations and concerns.

We need to get their support in order for the project to be successful.

PROJECT CHARTER

Key milestones which could be simply the completion of each project stage.

| Highlight important dates | Help you stay on schedule | Provide regular opportunities to review progress |

PROJECT CHARTER

A Project Charter May Contain

- **Project approach** or implementation methodology.
- The **deliverables** at every stage (If a deliverable is significant, it may be a milestone).
- A **communication plan summary** (to communicate the man messages to the key stakeholders).

PROJECT CHARTER

A **go/no go decision** to decide whether to move forward with the project as defined or to stop.

PROJECT CHARTER

A Project Charter Template

PROJECT CHARTER

PROJECT TITLE:

Problem Statement:	**Goal Statement:**	**VOC:**
Project Team: Leader: Team member1: Team member2: Team member3:	**Project Information:** Project start: Project end: Project scope:	**Key Metrics:** : **Resources:** :

MILESTONES:

SIGNATURES: _____   _____   _____   _____

PROJECT CHARTER

**How to Prepare an Effective Project Charter?**

- ▶ Should be **customer focused** and addresses their specific needs and expectations.
- ▶ Should be clear and concise (preferably one page).
- ▶ Should contain realistic and achievable objectives (use the SMART checklist).

PROJECT CHARTER

How to Prepare an Effective Project Charter?

- Should be developed as a collaborative effort.
- Should be dealt with as a **live document during** the project lifetime.
- Should be updated as the project progresses.
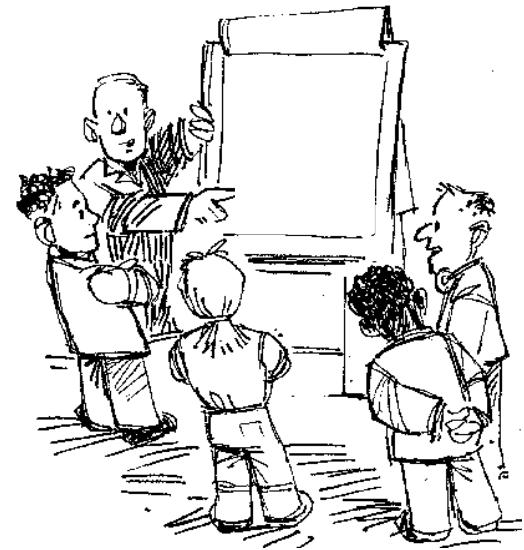
PROJECT CHARTER

Further Information

Although project charters are short and brief, they often refer to more **detailed** documents.

PROJECT CHARTER

Further Information

Project charters can be created by the project team, the project sponsor, or by an expert external to the project team**.**

PROJECT CHARTER

It may be created for each phase for multiple-phased large projects**.**

PROJECT CHARTER

Further Information

Sometimes, the project should be stopped at the beginning when:

- The potential benefits are insufficient.
- The **availability of resources** might be an issue.

Where else?

PROJECT CHARTER

Further Information

Are we following the right goal?

▶ **Use the SMART checklist**

|		
S - Specific	**P** - Positively stated	**C** - Challenging
M - Measurable	**U** - Understood	**L** - Legal
A - Achievable	**R** - Relevant	**E** - Environmental
R - Realistic	**E** – Ethical	**A** - Agreed
T - Time bound		**R** - Recorded

Always check whether your goals correlates with the 14 requirements

PROJECT CHARTER

A good problem statement concisely communicates the problem in terms of who, what, when, where, and how many.

- ▶ **Who** is affected by the problem?
- ▶ **What** does the problem appear to be?
- ▶ **When** does the problem occur?
- ▶ **Where** does the problem occur?
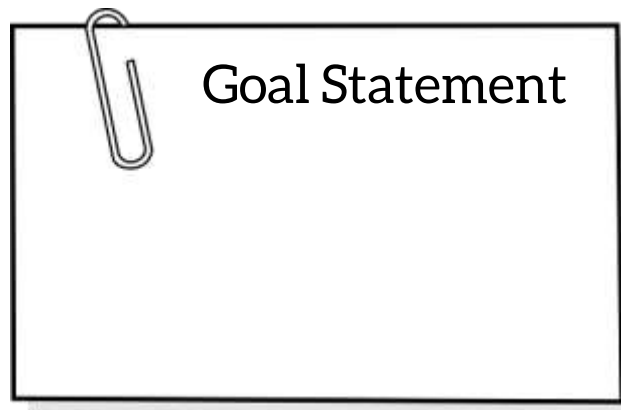- ▶ **How many times** has the problem occurred over the defined period?
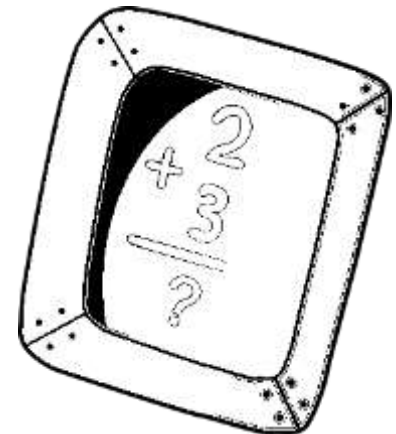
PROJECT CHARTER

A good goal statement describes . . .

- ▶ What do we want to do?
- ▶ By when?
- ▶ What is the level of performance we want to reach?

Goal Statement

PROJECT CHARTER

Further Information

In Six Sigma projects, the project charter must be filled in and agreed by the **Champion** before the kick-off.

Adjustments to the project charter are possible with the approval of the Champion.

PROJECT CHARTER

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