Project Management Office: The Simplicity of a Project Charter

Review of the process for writing the Project Charter.

Introduction

This whitepaper covers the project management topic of the project charter. The paper discusses the purpose, challenges and composition of an effective project charter. In addition, the paper will discuss the challenges that organizations typically face in composing the document and how to avoid these challenges.

Purpose of the Project Charter

One of the most misunderstood documents within the project management discipline is the project charter. Simply stated; the document is intended to **set the course of the given project** and to identify **who is leading the project**, so that those involved or impacted by the project have a common understanding.

For example, had Christopher Columbus created a project charter when he sailed across the Atlantic, it would have read: "*The ships will sail west in an attempt to find a quicker route to Asia with Christopher at the helm*".

A project charter is the genesis of any well-organized, well-planned and well-executed project.

At its essence, the document addresses two points. First, it should clearly and succinctly indicate the purpose of the project. In the example above this is the "sail west in an attempt to find a quicker router to Asia". The second point is to establish "who" is responsible for the effort. This second element can be refined further, as in our example the above "with Christopher at the helm." It is important to keep the project charter concise, so that stakeholders have a shared vision with simplicity making it easier to recall "why" the project is being pursued. To dilute the document any further does an injustice to the project, the project team, and the organization.

Many times project managers are given a project charter along with associated documents that provide for an incomplete or unrealistic plan. This can result in disaster for the project, but can be overcome by addressing it immediately during the project's initiation phase. Without the project charter, the planning phase of any project is crippled from the outset – as is the project itself.

"…through the Management Watch List process, OMB determined that 352 projects (total about $23.4 billion) are poorly planned." – United States Government Accountability Office[1]

Creation & Format

Selecting the correct project charter format

Project charters come in all shapes and sizes; a simple Google search for a project charter template will yield over 4 million results. The important point is to remember that a charter has only two basic tasks:

(1) setting the strategic direction of the project and (2) authorizing the project manager to lead the project. Regardless whether a pre-created template is selected, or if you create one yourself, as long as these two elements are clearly stated and defined the planning process has the necessary input.

Many times a simple one-page project charter is sufficient for even the most complex projects. This project charter consists of five paragraphs:

1. Formal Authorization of the Project
2. Project Scope
3. Project Manager Identification
4. Summary Milestone Schedule
5. Project budget

There are times when complexity, level of impact, and known elements of a project dictate a more robust project charter. At these times, one should leverage a multi-page project charter. The overall purpose of the document remains the same. It also maintains the same five elements as listed for the one-page project charter however; these points are more robust to ensure a thorough understanding of the project. An example of a multi-page charter may look like this:

1. Executive Summary
2. Scope Statement
3. Purpose & Description
4. Business Case & Justification
5. Objectives & Deliverables
6. Success Criteria & Requirements
7. Constraints, Assumption & Risks
8. Summary Milestone Schedule
9. Summary Budget
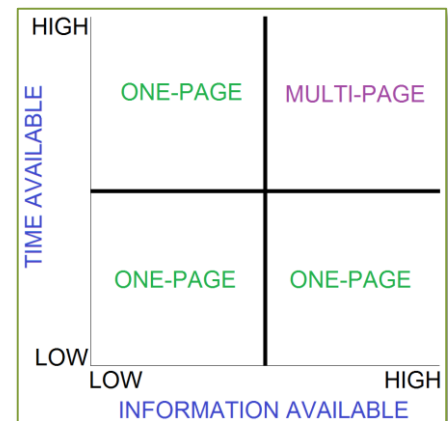10. Project Approval Requirements
11. Project Manager

Figure 1. Length of Project Charter

Figure 1, provides a decision matrix for selecting between the one-page versus the multi-page project charter. The matrix requires the author to answer only two questions. First, is time of the essence? Second, how much concrete information do I have about the project? A one-page project charter will typically meet the requirements of the project. Conversely, a multi-page charter can be leveraged when both a greater volume of concrete information and the necessary time are available.

The charter should help teams initiate a project in the most effective means possible and not complicate the effort. It is also important to remember that the charter is only the beginning. Throughout the project lifecycle, the charter will be built upon and supplemented with other documentations since teams will have more time and get access to additional information.

Creating the project charter

Many times a simple one-page project charter is sufficient for even the most complex projects. Below, we describe the of the five paragraphs:

1. **Formal Authorization of the Project**
   This paragraph states, in plain English, the project has formal authorization to begin. It states that a full project plan (including but not limited to the schedule) will be developed and submitted to the Project Sponsor for approval. This is to ensure that the sponsor continues to have a definitive line of control on the project to help ensure it success.

2. **Project Scope**
   This paragraph states the deliverables of the project, business needs, and the problems or opportunities, which the project is designed to address.

3. **Project Manager Identification**
   This is a short paragraph stating who, by name, the assigned project manager will be for this effort. It delegates the appropriate level of responsibilities from the Project Sponsor to the Project Manager needed to manage the project to its successful completion.

4. **Summary Milestone Schedule**
   While the first paragraph indicates that, a full project plan, including a schedule, will be submitted to the Project Sponsor this paragraph details the proposed dates of the major milestones of the project. For example, if the project is time-boxed (i.e. a project is given a maximum amount of time to complete) due to governmental regulatory oversight this paragraph may state the date at which the project will start, corresponding dates for development and testing, and the completion date.

5. **Project budget**
   Finally, the last paragraph is typically the shortest. It provides the overall budget for the effort in a dollar amount. It may also provide the source of the funding as well as the estimate parameters.

Coming Up···

Stay tuned for more information on Project Charters.
- Obtaining Project Charter Acceptance
- Authority and Use of the Project Charter

About Core Catalysts

Core Catalysts is a management consulting firm based in Kansas City, and we serve clients across the U.S. in various industries. Core Catalysts provides services such as process improvement, product/service commercialization, revenue enhancement, financial modeling, program/project management, software selection, enterprise risk management and business performance improvement through a team that is composed of results oriented individuals.

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Works Cited[1]

[1]United States. Government Accountability Office. INFORMATION TECHNOLOGY OMB and Agencies Need to Improve Planning, Management, and Oversight of Projects Totaling Billions of Dollars, GAO-080151T (Washington, D.C., July 31, 2008)