



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 Office¹

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 multipage 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

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> 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.

| | Project Charter Project Widger |
|--|---|
| | Project weather |
| Project Authorization | |
| | orizes the Widget Project to develop and implement a new system for use in |
| | ect plan will be developed and submitted to the Project Sponsor for approval. |
| | e statement, schedule, cost estimate and budget, resource requirements, and statiolans covering: communications, quality, risk, procurement, and |
| | and project change control will also be provided. All resources will be assigned |
| | ne Doe, Chief Financial Officer. |
| | |
| Project Scope | |
| | t project is to improve the timeliness and accuracy of payroll operations. This ts Payable department's need for improved efficiencies by reducing the |
| | is regained department's need for improved efficiencies by reducing the inimizing staffing required for payroll operations. The project deliverables |
| | in design, all coding, testing, implementation of an integrated system for use |
| | ure, and a uner's guide. The objectives of the Paurol project are to reduce |
| | and reduce payroll shaffing by 20%. High level risks for this project include |
| | is completed without impacting orgoing payroll operations and ensuring there |
| are no issues with migratin | g payroll accounts from the legacy system to the new system. Success will be |
| | Sponsor once the system is implemented and one full payroll cycle has been |
| completed that meets the | objectives with no discrepancies. |
| Product Manager Assignment | the second se |
| the Project Manager, Bill 1 | imits, is hereby authorized to interface with management as required. |
| negotiate for resources, d | elegate responsibilities within the framework of the project, and to |
| | tractors and management, as required, to ensure successful and timely |
| | The Project Manager is responsible for developing the project plan, |
| | cost, and scope of the project during implementation, and maintaining control |
| over the project by measu | ring performance and taking corrective action. |
| Major Milestones | |
| | bmitted and approved in accordance with the milestone schedule below. |
| | ect plan resources will be assigned to the project and work will commence |
| | e Project Sponsor must approve any schedule changes which may impact |
| | edule will be included in the project plan. The high level milestone schedule is: |
| Feb I, 20xx - Project Flan Mar 31, 20xx - Payroll Des | |
| Mar 31, 20xx - Payroll Des May 31, 20xx - Coding Cos | |
| June 30, 20xx - Testing Co | |
| July 31, 20xx-Beta Testin | |
| Sept 30, 20xx - Implement | |
| Oct 15, 20x - One Payrol | Cycle Complete and Project Completion |
| Budget Statement | |
| | project is \$420,000. It is to be funded through the Ptick Human Resources |
| Technology Budget. | huder a service of a residence of a desidence TW service and a service |
| annough sector. | |
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| 1(7+2+ | |
| | |

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 Cited¹

¹United 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)

