BPP 1113

Project Charter

Lecture Objective

- Define the meaning of Project Charter
- Describe the elements in a Project Charter
- Construct a sample of a project charter

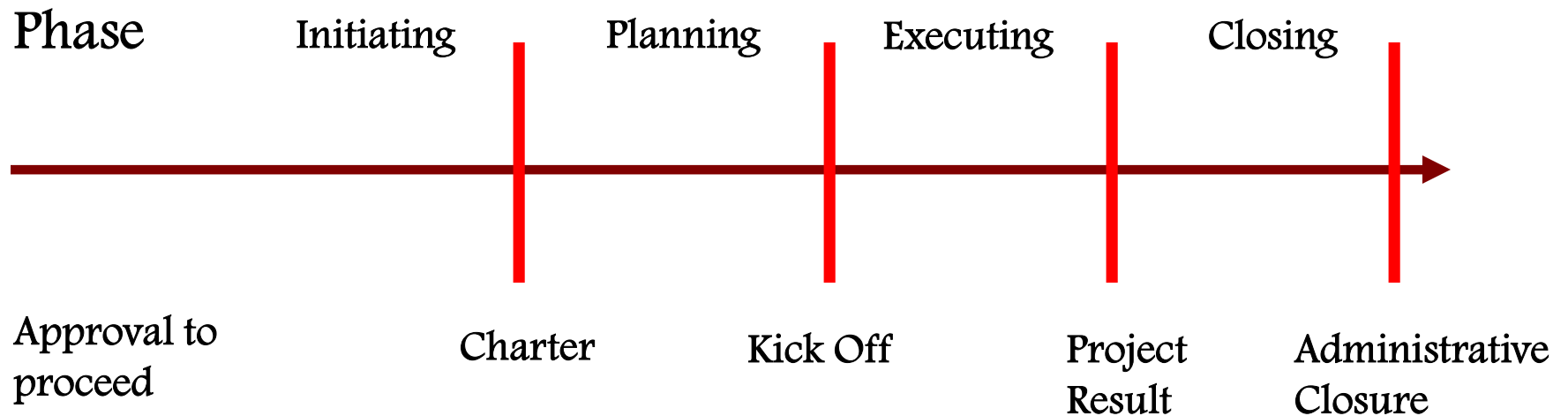# Project Management Process Groups

Project Management Process Groups

- Required for any project

  - Clear dependencies and are typically performed in the same sequence on each project

  - Individual process groups and individual constituent processes are often iterated prior to completing the project

  - Constituent processes can have interactions within the process group and among process groups

Project Management Process Groups (cont'd)

- A process group includes the constituent project management processes that are linked by the respective input and output where the result or outcome of one process become the input to another

- **The process groups are NOT project phases**

Project Management Process Groups (cont'd)

Phase   Initiating   Planning   Executing   Closing

Approval to proceed   Charter   Kick Off   Project Result   Administrative Closure

Project Integration Management

Project Integration Management

- Processes and activities needed to identify, define, combine, unify and coordinate the various processes and project management context

- Entails making choices about resource allocation, making trade-offs among competing objectives and alternatives and managing inter-dependencies among the project knowledge management areas

Project Integration Management (cont'd)

- **Develop Project Charter** – process of developing a document that formally authorizes the project or a phase and documenting initial requirements that satisfy the stakeholder's needs and expectation

- **Develop Project Management Plan** – process of documenting the action necessary to define, prepare, integrate and coordinate all subsidiary plans

Project Integration Management (cont'd)

- **Direct and Manage Project Execution** – Process of performing the work defined in the project management plan to achieve the project objective

- **Monitor and Control Project Work** – Process of tracking, reviewing and regulating the progress to meet the performance objectives defined in the project management plan

Project Integration Management (cont'd)

- **Project Integrated Change Control** – Process of reviewing all change requests, approving changes, and managing changes to the deliverables, organizational process assets, project documents and project management plan

- **Close project or phase** – process of finalizing all activities across all of the project management process groups to formally complete the project or phase
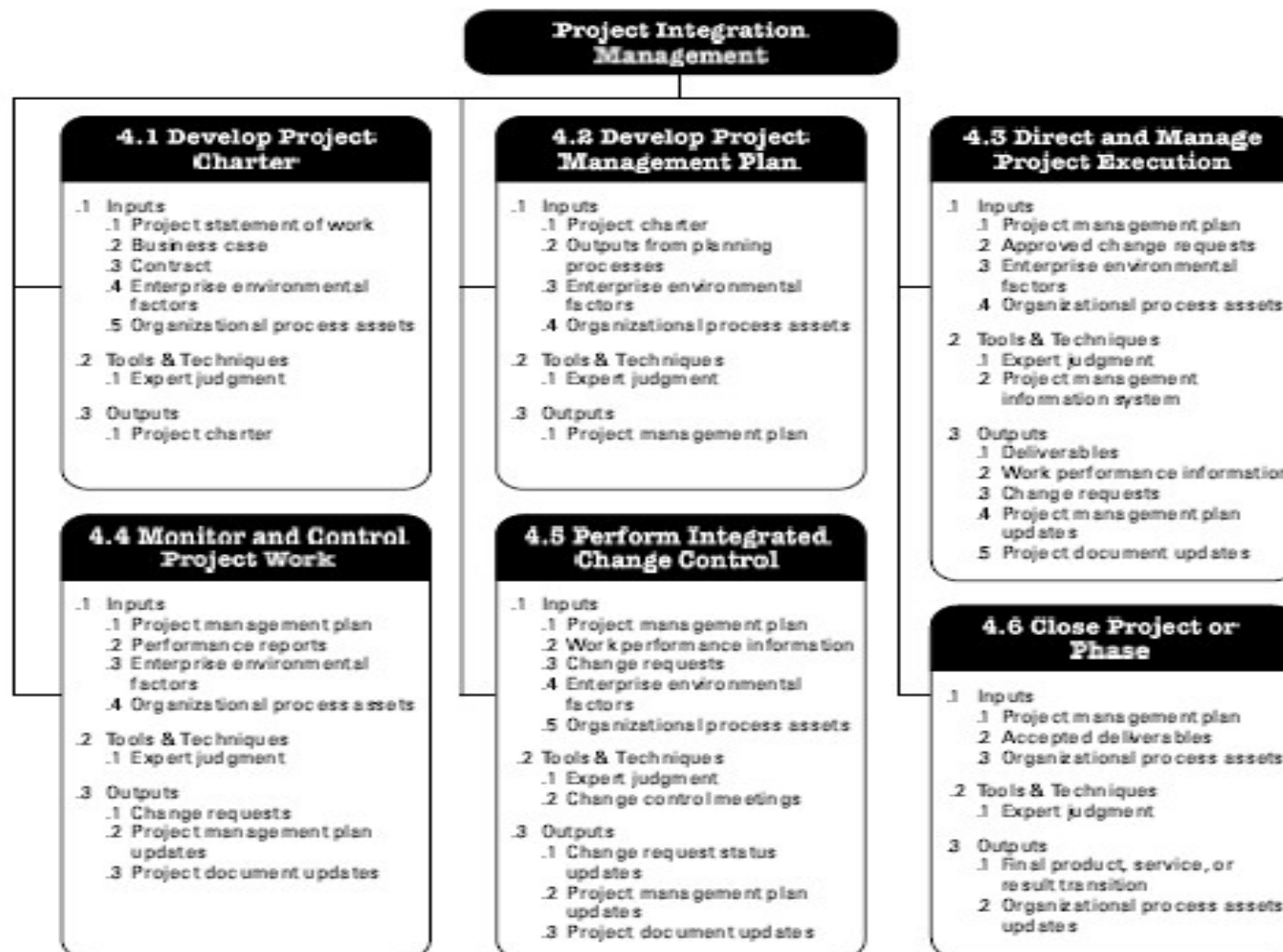
Project Integration Management (cont'd)

Project Integration Management

4.1 Develop Project Charter
1. Inputs
   1. Project statement of work
   2. Business case
   3. Contract
   4. Enterprise environmental factors
   5. Organizational process assets
2. Tools & Techniques
   1. Expert judgment
3. Outputs
   1. Project charter

4.2 Develop Project Management Plan
1. Inputs
   1. Project charter
   2. Outputs from planning processes
   3. Enterprise environmental factors
   4. Organizational process assets
2. Tools & Techniques
   1. Expert judgment
3. Outputs
   1. Project management plan

4.3 Direct and Manage Project Execution
1. Inputs
   1. Project management plan
   2. Approved change requests
   3. Enterprise environmental factors
   4. Organizational process assets
2. Tools & Techniques
   1. Expert judgment
   2. Project management information system
3. Outputs
   1. Deliverables
   2. Work performance information
   3. Change requests
   4. Project management plan updates
   5. Project document updates

4.4 Monitor and Control Project Work
1. Inputs
   1. Project management plan
   2. Performance reports
   3. Enterprise environmental factors
   4. Organizational process assets
2. Tools & Techniques
   1. Expert judgment
3. Outputs
   1. Change requests
   2. Project management plan updates
   3. Project document updates

4.5 Perform Integrated Change Control
1. Inputs
   1. Project management plan
   2. Work performance information
   3. Change requests
   4. Enterprise environmental factors
   5. Organizational process assets
2. Tools & Techniques
   1. Expert judgment
   2. Change control meetings
3. Outputs
   1. Change request status updates
   2. Project management plan updates
   3. Project document updates

4.6 Close Project or Phase
1. Inputs
   1. Project management plan
   2. Accepted deliverables
   3. Organizational process assets
2. Tools & Techniques
   1. Expert judgment
3. Outputs
   1. Final product, service, or result transition
   2. Organizational process assets updates

Figure 4-1. Project Integration Management Overview

Project Charter

What is Project Charter?

- The process of developing a document that formally authorizes a project or a phase and documenting initial requirements that satisfy the stakeholder's needs and expectations.

  PMBOK 4th Ed.

What is Project Charter? (cont'd)

- This is an official, written acknowledgement and recognition that a project exists. The project charter is issued by senior management and gives the project manager the authority to assign organizational resources to the work of project

Kim Heldman

What is Project Charter? (cont'd)

- Short document serves as an informal contract between the project team and the sponsor
- It is deliverable that grants a project team the right to continue into the more detailed planning stage of a project
- The charter should be short enough

Universiti
Malaysia
PAHANG

What is Project Charter? (cont'd)

- An agreement entered into freely by two or more parties

- One party cannot arbitrarily change it

- There is something value in it for each party

- It is a living document that can evolve with changing conditions if both parties agree and receive something of value for making the change

What is Project Charter? (cont'd)

- Project charter documents the business needs, current understanding of customer's needs, new product or service or result that it is intended to satisfy, such as;
  - Project purpose or justification
  - Measurable project objective and success criteria
  - High-level requirements
  - High level project description
  - High level risks
  - Summary milestone budget

What is Project Charter? (cont'd)

– Summary budget

– Project approval requirements

– Assigned project manager, responsibility and authority level

– Name and authority of the sponsor or other person(s) authorizing the project charter

Purpose of Project Charter

- Project charter is used for:
  - Authorize the project manager to proceed [**authorization**]
  - Help the project team and sponsor develop common understanding [**understanding**]
  - Help the project team and sponsor commit [**commitment**]
  - Quickly screen out obviously poor project [**screening**]

Project Charter
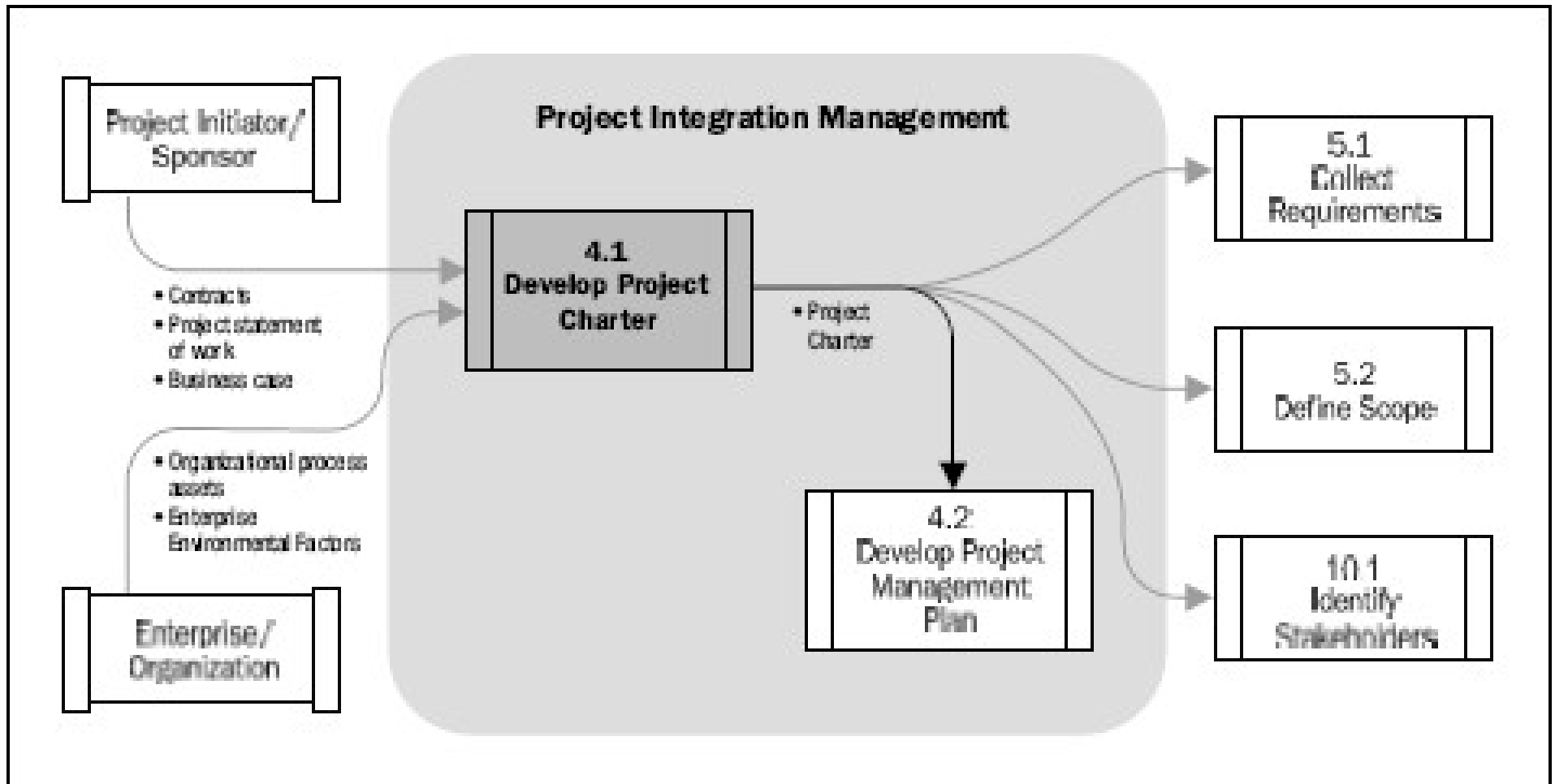
Figure 4-3. Develop Project Charter Data Flow Diagram

Project Charter Input, Process and Output

INPUT

- **Statement of Work (SOW)**
- **Business Case**
- **Contract**
- **Enterprise Environmental Factors**
- **Organizational Process Assets**

TOOLS & TECHNIQUES

- **Expert Judgment**

OUTPUT

- **Project Charter Document**

Project Charter : Input

Project Charter Input: Statement of Work (SOW)

- Narrative description or products or services to be delivered by the project

- It can be internal or external

- Internal: project initiator or sponsor will provides the statement of work based on business needs, product or service requirements

- External: received from customer as part of bid document, RFP, RFB and contract

Project Charter Input: Business Case

- Provides necessary information from business point of view to determine whether the project is worth or not
    - e.g.: Cost-Benefit Analysis are used to justify the project

- The business case is created based on the following:
    - Organizational needs
    - Customer request
    - Technological advance
    - Legal requirement
    - Ecological impact

Project Charter Input: Contract

- An input if the project being done for an external customer

Project Charter Input: Enterprise Environmental Factors

- Factors that can influence the process of project charter development

    - Governmental or industry standards

    - Organizational infrastructure

    - Marketplace condition

Project Charter Input: Organizational Process Assets

- Organizational standard processes, policies, standardized process definitions for use in the organization

- Template

- Historical information and lessons learned knowledge base

Project Charter : Tools and Techniques

Project Charter Tools and Techniques: Expert judgment

- It is used to assess the inputs used to develop project charter

- Applied to technical or management details during the process

- Provided by any group or individual with specialized training or knowledge, which is available from many resources

- Unit within organization, consultants, professional and technical associations, industry groups, SME and PMO

Project Charter : Elements

Elements in a Project Charter

- Title
- Scope overview
- Business case
- Background
- Milestone schedule with acceptance criteria
- Risks, Assumptions and Constraints
- Spending Approvals or Budget Estimates
- Communication Plan Requirements
- Team Operating Principles
- Lessons Learned
- Signatures and Commitment

Elements in a Project Charter (cont'd)

- Title
    - The existence of a meaningful project title is critical
    - Title is used to quickly identify which project is being referenced

Elements in a Project Charter (cont'd)

- Scope overview
  - Explain on what and why of the project
  - What needs to be accomplished and how it will be done
  - Describes the project work and results
  - Distinguish between what the project will and will not do
  - Prevent scope creep
  - Project boundaries
  - Accurately estimate cost, resource and schedule needs and to understand and handle project risks
  - Helps people understand the project factually

Elements in a Project Charter (cont'd)

- Scope overview example

    "The project team will ensure that XYZ Company will meet the ISO-delineated requirements by using gap analysis to identify areas that require further research, understanding, planning and implementation. When gaps are identified, the team will manage the steps to transition XYZ Company to ISO compliance"

Elements in a Project Charter (cont'd)

- Business Case
    - Project purpose or justification statement
    - Helps all parties understand the purpose of the project
    - Justify the necessity of the project
    - Help people develop their passion for the project
    - A well-written business case should persuade decision makers to support the project and inspire team members to work hard on it

Elements in a Project Charter (cont'd)

- Business Case example

  "The purpose of this project is to implement the requirements of ISO 9000/2000 for two reasons: to optimize our internal processes and to demonstrate to our marketplace that XYZ Company is a top quality company in our field. Certain potential customers refuse to consider us as suppliers until we achieve ISO certification, so we must become certified to create growth opportunities"

Universiti Malaysia PAHANG

Elements in a Project Charter (cont'd)

- Background
  - A more detailed statements that provide additional information to the stakeholders if necessary
  - It can be in any length
  - It is purely optional

Universiti Malaysia PAHANG
Engineering • Technology • Creativity

Elements in a Project Charter (cont'd)

- Background example

"Orion Academy is a brand new school, currently enrolling students from kindergarten through the fifth grade. Similar to all schools managed by National Heritage Academics of Grand Rapids, Michigan, Orion encourages and rewards high academic achievement, sound moral values and responsible citizenship. The Malcolm Baldridge assessment system in education will demand that each individual stakeholders be held accountable for his or her educational progress. In addition, Orion Academy's staff will help assure not only a beneficial education for its students, but the Baldridge criteria will promote performance excellence throughout the school"

Elements in a Project Charter (cont'd)

- Milestone Schedule with Acceptance Criteria
  - Milestone schedule is a summary-level schedule that identifies the major schedule milestones or significant points or events in the project
  - Date estimation when the milestone expected to be completed

Elements in a Project Charter (cont'd)

- Milestone Schedule with Acceptance Criteria
  - Deliverable – any unique and verifiable product, result or capability to perform a service that must be produced to complete a process, phase or project

Elements in a Project Charter (cont'd)

- Milestone Schedule with Acceptance Criteria
  - Acceptance criteria – those criteria, including performance requirements and essential conditions, which must be met before project deliverables are accepted
  - It is project's vital sign
  - Acceptance criteria is used for
    - who will judge the quality of the deliverable associated with each milestone
    - what criteria will be used for that determination

Elements in a Project Charter (cont'd)

- Risks, Assumptions and Constraints
  - Risks is an uncertain event or condition that, if it occurs has a positive or negative effect on a project objectives
  - Assumptions are factors that for planning purposes are considered to be true, real or certain without proof or demonstration
  - Constraints is an applicable restriction or limitation, either internal or external to the project, that will affect the performance of the project

Universiti Malaysia PAHANG

Elements in a Project Charter (cont'd)

- Spending Approvals or Budget Estimates
  - It is preliminary project budget
  - Also known as crude estimate of the project budget
  - Include level of confidence one has in the estimate
  - Expressed in percentage terms
  - Identify which expenses the project manager can authorize and which the sponsors need the control

Elements in a Project Charter (cont'd)

- Spending Approvals or Budget Estimates

  "The overall project is expected to be about $50,000 and the project manager can send up to $500 per incident, or $2,000 for the entire project with no further approval"

Elements in a Project Charter (cont'd)

- Communication Plan Requirements
  - Project run into problems due to poor communication
  - A broad communication plan can be outlined in the project charter
    - What information each needs to know from us
    - What information we need to learn from stakeholder
    - When the communication needs to take place
    - What method most effectively helps the receiver of each item of information to understand and act appropriately

Elements in a Project Charter (cont'd)

Stakeholder	Learn from	Share with	Timing	Method
Management	Project goals	Charter progress	At chartering When approved At milestones	Written draft Presentations Sponsor presents
Sponsor	Charter input	Charter meeting Progress	At chartering When complete Before and after At milestones	Written and oral Face to face Agenda and min Progress meeting
Customer	True needs approval	Progress	Scope definition At milestones Upon delivery	JDA sessions PM meeting Formal acceptance
Functional managers	Methods to use progress	Progress	During planning Weekly	Instructions Schedule updates

Elements in a Project Charter (cont'd)

- Team Operating Principles
  - Established to enhance team functioning
  - Increase team effectiveness and ensure that all parties are aware of what is expected
  - It is critical especially those that deal with conducting meetings, making decisions, accomplishing work and treating each other with respect
  - It is helpful for an unusual project

Elements in a Project Charter (cont'd)

- **Team Operating Principles**

  ABC Project Team Operating Principles

  - Team members will be prepared with minutes from previous meeting, agenda and project updates
  - Meeting will normally last for up to 90 minutes
  - Team member will rotate the role of recorder
  - Each team member will be responsible for setting his/her own deadline
  - The team leader will be responsible for drafting the minutes from the previous meeting and the agenda for the next meeting within 48 hours
  - Decisions will be made by:
    - Team leader on ….. issues
    - Consensus on ….. issues
    - Delegation on ….. issues

Elements in a Project Charter (cont'd)

- ## Lesson Learned
  - "the learning gained from the process of performing the project"
  - A sponsor may sign a charter authorizing the project to begin at least (one or two good) specific lesson learned from the success and/or failures of previous projects are included
  - Organization's lessons learned knowledge base

Elements in a Project Charter (cont'd)

- Lesson Learned example
  - Agreeing on project scope is a key preliminary project planning activity
  - Maintaining project goals and timeline requires open communication and quick issue resolution
  - Understanding roles and responsibilities facilitates smooth teamwork and timely project completion

Universiti Malaysia PAHANG
Engineering • Technology • Creativity

Elements in a Project Charter (cont'd)

- Signatures and Commitment
  - This section lists who is involved, who can make decisions and/or the expected time commitment for each person
  - The key players of a project show their commitment to the project by signing the commitment section of the charter

Develop Project Management Plan

Project Management Plan

- Process of documenting the action necessary to define, prepare, integrate and coordinate all subsidiary plan
- Define how the project is executed, monitored and controlled and closed
- Vary depending on the application area and complexity of project
- Process result in project management plan is progressively elaborated by updates, controlled and approved through Perform Integrated Change Control

Project Management Plan Input, Process and Output

INPUT

- Project Charter
- Output from planning process
- Enterprise Environmental factors
- Organizational process assets

TOOLS & TECHNIQUES

- Expert Judgment

OUTPUT

- Project Management Plan Document

Universiti Malaysia PAHANG
Engineering • Technology • Creativity

Project Management Plan Input: Output from planning processes

- Output from other planning processes
- Any baseline, subsidiary management plan
- Any updates to these documents can necessitates update to the project management plan

Project Management Plan Input: Enterprise Environmental Factors

- Government or industry standards

- PMIS (automated tools, scheduling tools, configuration management system, info collection and distribution, web interfaces)

- Organizational structure and culture

- Infrastructure

- Personnel administration (employee performance review, training records, hiring and firing guidelines)

Project Management Plan Input: Organizational Process Assets

- Standardized guidelines, work instruction, proposal evaluation criteria, performance measurement criteria

- Change control procedures

- Project files from past projects

- Historical information and lessons learned base

- Configuration management knowledge base containing versions and baselines of all official company standard, policies, procedures and any project document

Project Management Plan Tools and Techniques: Expert Judgment

- Tailor the process to meet the project needs
- Develop technical and management details to be included in project management plan
- Determine skills level and resources needed to perform the project work
- Define the level of configuration management plan to apply on the project
- Determine which project documents will be subject to formal change control process

Project Management Plan Output: Project Management Plan

- Integrates and consolidates all of the subsidiary management plan and baselines from the planning processes;
  - How work will be executed to accomplish the project objective
  - Change Management Plan - document how changes will be monitored and controlled
  - Configuration Management Plan – how configuration management will be performed

Project Management Plan Output: Project Management Plan

- How integrity of the performance measurement baselines will be maintained
- Need and techniques for communication among stakeholders

Project Management Plan Output: Project Management Plan

- Project Baselines – Schedule Baseline, Cost Performance Baseline and Scope Baseline

Project Management Plan Output: Project Management Plan

- Subsidiary Plan includes;
  - Scope Management Plan
  - Schedule Management Plan
  - Cost Management Plan
  - Process Improvement Plan
  - Human Resources Plan
  - Communication Management Plan
  - Risk Management Plan
  - Procurement Management Plan

Direct and Manage Project Execution

Direct and Manage Project Execution

- The process of performing the work defined in the project management plan to achieve the project objective

    - Create project deliverables

    - Obtain, manage and use resources including material, tools, equipment and facilities

    - Establish and manage project communication channels internally and externally

    - Generate project data

Direct and Manage Project Execution (cont'd)

- Issue change requests and adapt approved changes

- Manage risks and implement risk response activities

- Manage sellers and suppliers

- Collect and document lessons learned

- Implement approved process improvement activities

Direct and Manage Project Execution (cont'd)

- Also requires implementation of approved changes:
  - **Corrective Action** – Documented direction for executing the project work to bring expected future performance of the work in line with the project management plan
  - **Preventive Action** – A documented direction to perform an activity that can reduce the probability of negative consequences associated with project risk

Direct and Manage Project Execution

- Also requires implementation of approved changes;
    - **Defect Repair** –The formally identification of a defect in a project component with a recommendation to either repair the defect or completely replace the component

Direct and Manage Project Execution Input, Process and Output

INPUT
- Project Management Plan
- Approved Change Request
- Enterprise Environmental Factors
- Organizational Process Assets

TOOLS & TECHNIQUES
- Expert Judgment
- Project Management Information Systems

OUTPUT
- Deliverables
- Work Information Performance
- Project Management Plan Updates
- Project Document Updates

Universiti Malaysia PAHANG
Engineering • Technology • Creativity

Direct and Manage Project Execution Input: Approved Change Request

- Documented, authorized changes to expand or reduce project scope

- Change control status update will indicate that some changes are approved and some are not

- Also modify policies, project management plan, procedures, costs or budgets or revise schedules

- Approved change requests may require implementation of preventive or corrective actions

Direct and Manage Project Execution Input: Enterprise Environmental Factors

- Organizational, company or customer culture and structure

- Infrastructure

- Personnel administration

- PMIS

- Stakeholder risk tolerances

Direct and Manage Project Execution Output: Deliverables

- Approved

- Unique

- Verifiable product

- Result

- Capability to perform a service that must be produced to complete the process, phase or project

Direct and Manage Project Execution Output: Work Performance Information

- Deliverable status
- Schedule progress
- Cost incurred

Direct and Manage Project Execution Output: Change Request

- Corrective Action

- Preventive Action

- Defect Repair

- Updates – Changes to formally controlled documentation, plans (to reflect modified or additional ideas or content)

Direct and Manage Project Execution Output: Project Management Plan Updates

- Requirements management plan

- Schedule management plan

- Cost management plan

- Quality management plan

- Quality management plan

- Human resource plan

- Communication management plan

- Risk management plan

- Procurement management plan

- Project baselines

Direct and Manage Project Execution Output: Project Document Updates (cont'd)

- Requirements documents
- Project logs (issues, assumptions)
- Risk register
- Stakeholder register

Conclusion

- Project Charter is essential for every project
- Each process in a project requires different input, tools and techniques , and produce different output ; everything is related to each other