

# Standard Operating Procedure

## *Project Charter*

### **Background:**

Today's business world is fast-paced, with a multitude of information coming at people constantly throughout the business day. Being aware and ensuring that your various projects are on track to meet the deliverables, while keeping on budget and on schedule, is critical. There are many competing pressures on project resources and project scope that can derail a project in the blink of an eye.

Clearly defining the objectives of a project, the planned resources, the timelines, and the deliverables of a project is a key element to ultimate project success. When conditions change and items get added or removed from a project those minor changes can often be accommodated within the project. If there are several minor changes the compounding effect of can have major negative impacts on a project. This situation, if not carefully managed, can result in schedule delays, cost overruns, negative service impacts, conflict between individuals, departments, and site locations, and a high probability of key important issues not being addressed in a timely manner.

A successful Project Manager must simultaneously manage the five basic elements of a project. These are Resources, Time, Money, Scope, and Project Administration. One industry best practice tools designed to help manage all these factors is a Project Charter.

### **Project Charter:**

The Project Charter is an agreement among project team members and stakeholders. The charter helps to clarify what is expected from project team members. The project charter is usually a summary document that refers to more detailed documents.

The project charter is a summary statement of the scope, objectives, schedule, budget, and participants in a project. It provides a preliminary description of the roles and responsibilities, outlines the project objectives, identifies the main stakeholders, and defines the authority of the project manager. It describes how the project will be measured and how change requests will be managed. It serves as a reference of authority for the future of the project. The terms of reference are usually part of the project charter.

The Project Charter will help to control “Scope Creep” and is considered industry best practice.

**Standard Operating Procedure:**

1. The project manager should maintain a Project Charter for each project.
2. The Project Charter should be available to all project team members.
3. Standard elements of a Project Charter should include:
  - a. Project Name - what the project is called internally
  - b. Value Stream / Area - what area of the business and/or value stream will be impacted by this project.
  - c. Lean Six-Sigma SME - name and contact information for technical subject matter experts(s)
  - d. Area Manager - name and contact information for responsible area team leader
  - e. Champion - name and contact information for champion (if applicable)
  - f. Project Lead - name and contact information of project leader/manager
  - g. Sponsor - name and contact information of project sponsor
  - h. Start Date and Target End Date - the time frame for the project.
  - i. Project Description - an overview of the project that summarizes the project deliverables.
  - j. Business Case - high level description of why this project was selected, what you are attempting to accomplish, what problem you are attempting to solve, and why this project is important to the business. The business case should link to the organization’s strategic goals.
  - k. Problem Statement - a statement that describes what problem is being addressed, the magnitude of the problem, and the current baseline performance. The statement should quantify the problem and the effect on the business.
  - l. Project Scope - a description of the project scope that clearly defines boundaries of the project (beginning and end, what in and what out).
  - m. Project Goals - clearly define the desired outcomes of the project. What will the measurement criteria be, how it will be measured, and what is the baseline measurement. Project goals should be specific,

measurable, achievable, relevant, and timely. Assumptions should be documented.

- n. Expected Business Results - a statement that describes the benefits to the organization; financial, quality, customer service, employee benefits, etc.
  - o. Expected Customer Benefits - a statement of the customer benefits stemming from this project implementation; price, service, quality, etc.
  - p. Team members - list of persons on the project team and roles/responsibility.
  - q. Support Required - what resource requirements are required to deliver the project. Ensure the team has an adequate cross-section of organizational and technical knowledge required by the team; Hr, IT, Ops, Finance, Quality, etc. You should maintain a stakeholder list to ensure appropriate levels of communication.
  - r. Risks/Constraints- determine the potential project risks and impacts of failure(s); availability of people, data, competing priorities, resistance to change, etc.
  - s. Document Reference Number - the document reference number will be updated whenever there are changes made to the charter document to ensure appropriate versioning is maintained
  - t. Approval - approval signatures should be recorded when the charter document is updated. Different organizations will have a variety of approval protocols but at a minimum the project manager and sponsor should approve changes to the charter.
4. The Project Charter should be updated when there are changes to any of the elements within the project charter.
  5. Maintaining an up to date project charter document will allow for ongoing communications of goals and responsibilities of the project and any changes to the major elements of a project.
  - 6.

### **Outcomes:**

The Project Charter is a project overview document that will assist in the communication and managing of a project. The project charter is not intended for

maintaining project status or action plan documentation. The Project Charter will maintain a record of the project scope and should prevent unapproved scope creep.

This tool can increase accountability among team members, resulting in stronger teams and higher performance levels.