



## When Should You Create a Project Charter?

(Always!)

### Question

One question that keeps coming up time and time again is... When should I create a Project Charter? The answer I always give is the same... Whenever a project has been initiated. That basically means, EVERY TIME YOU HAVE A PROJECT.

### Contract

A Project Charter is really a *contract* between the Project Team and the Project Sponsor (controlling organization). It defines, at a high level, what the Project Team will deliver, what resources are required and why it is justifiable. This contract states that the project team will produce the deliverables as defined in the Project Charter. It is for this reason that all parties responsible for accepting this contract must sign off on the Project Charter document. These parties are usually the Project Sponsor, the Project Manager and any other key stakeholders.

### Size of Charter

How big a charter is will depend on how big the project. Project Charters can vary from one page to several pages depending on the size of the Project. The key is to ensure that the right questions have been answered and with the degree of detail that is necessary. The larger and more complex the project, the bigger the project charter. Ideally, the Project Charter should not be very big and should not take very long to create.

### Project Sponsor

The Project Sponsor is the individual or department responsible for providing support and resources toward the successful initiation, planning, executing and closing of the project. Project sponsors are the link between the organization and the project team.

The project sponsor is the main person who will be championing the project. The ideal Project Sponsor is the one person in the organization who most wants the project to succeed (other than the Project Manager).

The Project Sponsor prior to the Project Manager being assigned should create the Project Charter. This, however, is rarely the case. The creation of the Project Charter normally ends up being the responsibility of the Project Manager. If there isn't one already created, make sure you create one.

### Commitment

The Project Charter represents a commitment by the controlling organization that they are willing to dedicate time and resources towards the project. This commitment indicates that a selection and prioritization decision has been made. It is important to ensure that the necessary commitment actually exists. This commitment should be confirmed early in the initiation and planning stages. Lack of commitment will become evident early in the project management processes. Anything to the contrary should be immediately dealt with. This is where the project sponsor can be invaluable.

### Benefits

The main benefit of creating a Project Charter is that it allows you to ask a number of questions that need answering. I call it the planning before the plan. I think of this activity as one that is similar to creating a Business Plan prior to starting a new company or line of business.

Another benefit is that it can be used as a basis for future performance reporting and future discussions regarding performance. The Project Charter, together with the project plan, will be used as a baseline to measure the progress of the project during the execution stage.



### **Components of a Project Charter**

The purpose of the Project Charter is to ensure that the objectives, expectations and resources are properly defined and communicated. This information is further refined during the planning stage. The project charter is usually comprised of the business case, scope, resources and stakeholders.

#### **Business Case**

The project is being initiated to satisfy a business requirement. This requirement is usually to decrease expenses or increase revenues. Hopefully, the selection criteria which was used to choose this project, has taken the business case into consideration. In either case, include the business case in the Project Charter. This will help in discussions later.

#### **Scope**

What are the objectives of the project? What will the project deliver? What are the expectations of the customer? What will be excluded from the project (also very important). This scope description will help in later discussions. Good scope statements will help to reduce conflict and ensure change control for additional work.

#### **Resources**

An estimation of the resources required to complete the project should also be included. These resources should identify the people, equipment and funding. These estimates can be further refined during the project plan definition once there is more detail known. These estimates will also include any constraint that must be adhered to (such as a budget ceiling, deadlines, etc.).

#### **Stakeholders**

A stakeholder is anyone who has an interest in the successful completion of the project. These stakeholders should be identified so that their expectations can be determined. Some stakeholders may take an active role in the project as well.

The proper creation of Project Charter that addresses all these items and answers all the questions is invaluable. An attempt should be made to complete all these components.

So... When should you create a project charter? Always! (Or, only if you want to help ensure a successful project).

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