

Errata

NOTE: The following errata only pertain to the **first printings** of the *PMBOK® Guide*—Fourth Edition. In order to verify the print run of your book (or PDF), refer to the bottom of the copyright page (which precedes the Notice page and Table of Contents). The last numeral in the string beginning "10 9 8" etc. denotes the printing of that particular copy.

Numerous minor editorial changes have been made to the text and figures. The following changes were considered significant to mention:

<u>Page</u>	<u>Correction</u>
75	Section 4.1.1.1 (3 rd bullet)—Clarified the description of “strategic plan”
120	Figure 5-10—A duplicate graphic of Figure 5-9 appeared as Figure 5-10; reinserted the correct graphic
162	Section 6.6.2.1 (2 nd paragraph)—Replaced “data” with “date”
173	Section 7.1.2.6 (2 nd paragraph)—Replaced “schedule documentation with “cost documentation”
211	Figure 8-15—Corrected the graph in this figure
248	Section 10.1.2.1 (1 st sentence)—Replaced “process” with “technique”
292	Figure 11-10—In the figure text, replace “(relative scale)” with “(numerical scale)”
337	Section 12.3.1.2—Replaced “Conduct Procurements” to “Administer Procurements”
342	Section 12.4 (3 rd paragraph, 3 rd sentence)—Changed “project” to “contract”
428	Definition for human resource plan (2 nd sentence)—Added “management plan” to end of sentence

Replacements for the figures appearing on pages 120 and 211 are provided on the next two pages of this PDF.

4.1.1 Develop Project Charter: Inputs

.1 Project Statement of Work

The statement of work (SOW) is a narrative description of products or services to be delivered by the project. For internal projects, the project initiator or sponsor provides the statement of work based on business needs, product, or service requirements. For external projects, the statement of work can be received from the customer as part of a bid document, for example, request for proposal, request for information, request for bid, or as part of a contract. The SOW references:

- **Business need.** An organization's business need may be based on a market demand, technological advance, legal requirement, or government regulation.
- **Product scope description.** This documents the characteristics of the product that the project will be undertaken to create. The description should also document the relationship between the products or services being created and the business need that the project will address.
- **Strategic plan.** The strategic plan documents the organization's strategic goals. Therefore, all projects should be aligned with the strategic plan.

.2 Business Case

The business case or similar document provides the necessary information from a business standpoint to determine whether or not the project is worth the required investment. Typically the business need and the cost-benefit analysis are contained in the business case to justify the project. The requesting organization or customer, in the case of external projects, may write the business case. The business case is created as a result of one or more of the following:

- Market demand (e.g., a car company authorizing a project to build more fuel-efficient cars in response to gasoline shortages),
- Organizational need (e.g., a training company authorizing a project to create a new course to increase its revenues),
- Customer request (e.g., an electric utility authorizing a project to build a new substation to serve a new industrial park),
- Technological advance (e.g., an electronics firm authorizing a new project to develop a faster, cheaper, and smaller laptop after advances in computer memory and electronics technology),
- Legal requirement (e.g., a paint manufacturer authorizing a project to establish guidelines for handling toxic materials),

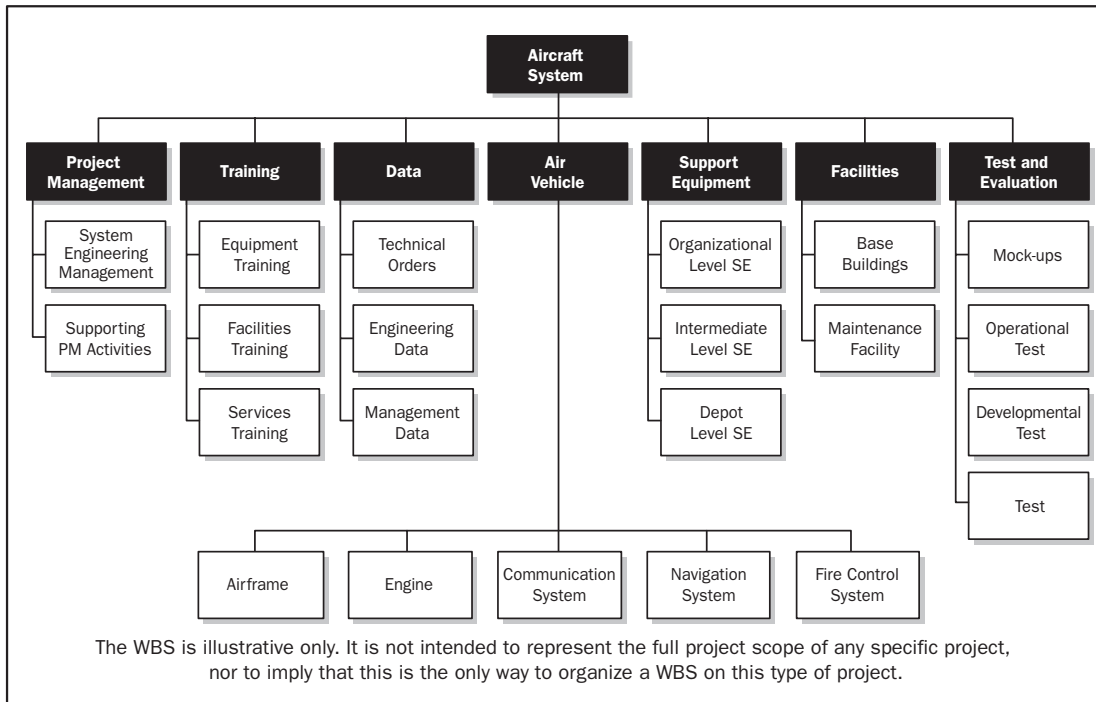


Figure 5-10. Sample Work Breakdown with Major Deliverables

Decomposition of the upper level WBS components requires subdividing the work for each of the deliverables or subprojects into its fundamental components, where the WBS components represent verifiable products, services, or results. The WBS can be structured as an outline, an organizational chart, a fishbone diagram, or other method. Verifying the correctness of the decomposition requires determining that the lower-level WBS components are those that are necessary and sufficient for completion of the corresponding higher level deliverables. Different deliverables can have different levels of decomposition. To arrive at a work package, the work for some deliverables needs to be decomposed only to the next level, while others need additional levels of decomposition. As the work is decomposed to greater levels of detail, the ability to plan, manage, and control the work is enhanced. However, excessive decomposition can lead to non-productive management effort, inefficient use of resources, and decreased efficiency in performing the work.

Decomposition may not be possible for a deliverable or subproject that will be accomplished far into the future. The project management team usually waits until the deliverable or subproject is clarified so the details of the WBS can be developed. This technique is sometimes referred to as rolling wave planning.

Pareto diagrams are conceptually related to Pareto’s Law, which holds that a relatively small number of causes will typically produce a majority of the problems or defects. This is commonly referred to as the 80/20 principle, where 80% of the problems are due to 20% of the causes. Pareto diagrams can also be used to summarize various types of data for 80/20 analyses.

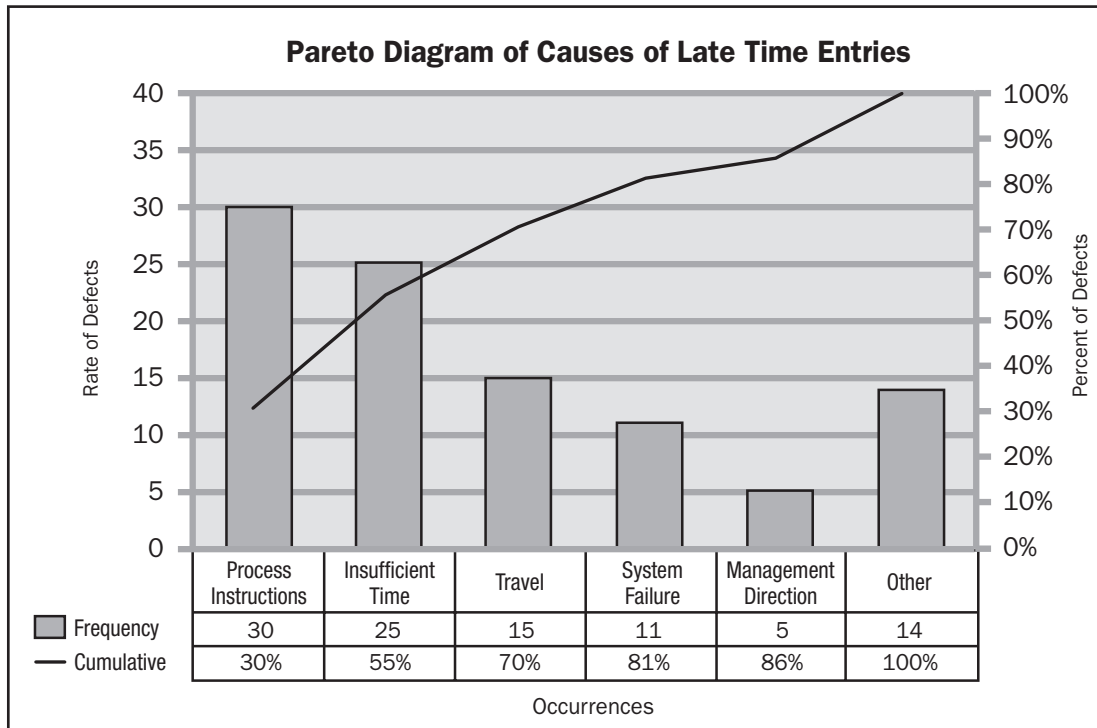


Figure 8-15. Pareto Diagram

.6 Run Chart

Similar to a control chart without displayed limits, a run chart shows the history and pattern of variation. A run chart is a line graph that shows data points plotted in the order in which they occur. Run charts show trends in a process over time, variation over time, or declines or improvements in a process over time. Trend analysis is performed using run charts and involves mathematical techniques to forecast future outcomes based on historical results. Trend analysis is often used to monitor: