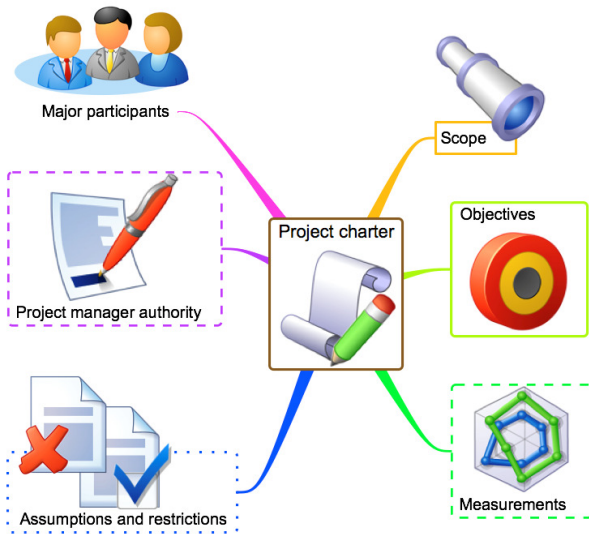# Defining the Project Charter

The Project Charter describes the project vision and objectives (the reasons for doing the work[1]). It also summarises at a high level the overall project strategy, scope, organisation and implementation. It helps to set the direction for the project and gain buy in from key stakeholders as to how the project will be organised and implemented. It also helps control the scope of the project, by defining exactly what it is that you have to achieve.

Ideally, the Charter is provided to the project manager by the project sponsor[2] and helps set the direction for the project and gain support from key stakeholders as to how the project will be managed. If the Charter is missing or inadequate the project manager should develop or augment the document and have the document agreed and signed by the sponsor or project initiator before starting any other planning process.

The key purpose of a Charter is to define exactly what it is the project has to achieve to be successful[3]. This encompasses:

- Identifying the Project Vision: The vision encapsulates the purpose of the project and is business/benefits focused. This is one short, concise paragraph.

- Identify the strategic purpose and alignment[4] of the project.

- Identifying the Project Objectives[5]: Define three to five specific objectives that need to be achieved by the project to fulfil the vision. Each objective should be Specific, Measurable, Achievable, Realistic and Time-bound (SMART) and are output focused[6] (major deliverables).

- Defining the overall Project Scope: The scope defines the formal boundaries of the project by describing what will be done by the project and what will not be done by the project. What will be done should be described as specific deliverables.

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1   For more on **requirements gathering** see:
    https://www.mosaicprojects.com.au/WhitePapers/WP1071_Requirements.pdf

2   For more on **project sponsorship** see:
    https://www.mosaicprojects.com.au/WhitePapers/WP1031_Project_Sponsorship.pdf

3   For more on **project definition** see:
    https://www.mosaicprojects.com.au/WhitePapers/WP1005_Project_Definition.pdf

4   For more on **strategic alignment** see:
    https://www.mosaicprojects.com.au/WhitePapers/WP1006_Strategic_Alignment.pdf

5   For more on **objectives, goals and scope** see:
    https://www.mosaicprojects.com.au/WhitePapers/WP1042_Outputs_Outcomes_Benefits.pdf

6   **Objectives** should meet the ACORN test for measurability:
    - **Accomplishment**: Focus on results instead of behaviours. 'Decrease complaints by 5%' is better than 'increase customer satisfaction'.
    - **Controllable**: Define a project objective that the team can control. The team can control project costs but not foreign exchange rates.
    - **Objective**: Ensure that the project will be considered a success if the project objective, by itself, was achieved.
    - **Reconciled**: Avoid conflicting with or duplicating the project objectives of other projects. Do not work in isolation, check with the PMO, 'portfolio management team', or other managers.
    - **Numerical**: Quantify the project objective. '5% faster than the industry benchmark' is better than 'improve system performance'.

For more White Papers see: https://mosaicprojects.com.au/PMKI.php

- Define any staging, phasing and/or gateway requirements; the extent of the current authorisation and how the work will be authorised to continue (or be cancelled)[7].

How this works: Your project is for a new business system;
  - Its **vision** is to improve efficiency.
    - One **objective** is to provide training. The specific **deliverables** associated with this objective could include:
      - Develop the courseware
      - Deliver two initial courses
      - Deliver an update of the training materials
      - Run a 'train the trainer' workshop, and
      - Provide on-going support to the business trainer for 6 months.
  What's 'not done' by the project is the ongoing training of business staff for the next 3 or 4 years. A high level scope statement would be *'provide initial training and support for 6 months'* – the detail of the deliverables should be in the scope statement.

The charter should also outline at a high level how the project's work will be accomplished. This includes:

- Describing the Project Organisation: How the project will be structured including customers, stakeholders, key management roles, responsibilities and reporting lines.
  - A customer is a person or entity that is responsible for accepting the deliverables when the project is complete.
  - Stakeholders are people or groups who will be impacted by, or can influence the success or failure of the project[8].
  - Additional roles and responsibilities include the Project Sponsor, Project Board, Project Manager and other key project positions. Each with a summary of their primary responsibilities.
  - Reporting lines: From the roles and responsibilities, the reporting lines between those roles can be defined in a Project Organisation Chart.

- Describing the Project Strategy[9]: This describes how the project will be executed and forms the framework for detailed project planning. Some aspects to consider include:
  - The methodology to be used PRINCE2 / Agile / Waterfall.... This sets the overall framework.
  - Key Milestones to be achieved by the project. A milestone is typically an important project event, such as the achievement of a key deliverable.
  - Key phases and/or activities, and the overall time frames involved in undertaking the project.
  - Any environmental implications[10] such as opportunities for recycling or waste reduction that should be considered during the planning and implementation of the project.
  - Key external dependencies and their criticality to the project. An external dependency is an activity or event that is likely to impact on the project during its life cycle.
  - A summary resource plan (based on the methodology and time frame) including the overall requirements for labour, equipment, materials and financial resources.

- Known Major Risks and Issues[11]: The Project Charter should identify any significant, known risks, issues, assumptions and constraints related to the project (these have usually been defined in the Business Case and need to roll through into the project risk register).

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[7]   **Note:** In multi-phase projects, the overall vision should not change substantially, but the degree of detail about precisely how the vision will be achieved can be expected to change. The project charter needs to be clear about how these review points will be defined and managed, the extent of the current authorisation and how the authorisation will be, extended or a new charter (implying a new project) created - there should only be one charter for each project.

[8]   For more on *Stakeholders* see: https://mosaicprojects.com.au/PMKI-TPI-075.php

[9]   For more on *strategy* see: https://www.mosaicprojects.com.au/WhitePapers/WP1038_Strategy.pdf

[10] For more on *'green project management'* see: https://www.greenprojectmanagement.org/

Where significant documents exist (eg, the business case[12] or a Statement of Work[13]) these documents are referenced in the Project Charter.

Laying out the document:

The overall Charter should be no more than two pages long focused on the clarifying why the project exists, not the detail of how it will be accomplished (this detail will be in the project plan)[14]. Typically there needs to be six sections:

Section #1: The Executive Summary: This section is written last and should summarise the other sections in 1 to 2 short paragraphs. If the CEO only reads this section he/she will understand at a very high level the definition and purpose of the project, its organization and plan, risks and issues, and any major assumptions or constraints that may have an affect on the project.

Section #2: Project Purpose and Definition: This section defines at a high level *what* the project involves and *why* the organisation is investing money in accomplishing the work. There should be 4 or 5 short sections:

- **Project Vision** - What is the project is setting out to accomplish in support of the organisation's strategy?
- **Project Objectives** - What are the major business objectives that will be met in order to implement the vision?
- **Project Scope** - What new work, technology, processes, applications, and/or locations are involved or affected by the project?
- **Project Deliverables** - What are the major elements that will be delivered to meet the scope, objectives, and vision of this project?
- **Project phasing, staging or gateway reviews[15]** - (optional) if there are requirements for reviews or formal authorisations to allow the work to continue, the charter needs to be specific about the extent of the work authorised by this current document, and the processes for extending the authorisation once the defined criteria have been achieved (see also 'change control below).

Section #3: Project Stakeholders[16] and Organization: A brief summary of *who* is involved in this project and what are their roles and responsibilities, including:

- Various customer or user groups that will be using the finished result of the project; and ideally a representative for each group that can serve as a spokesperson on behalf of that group.
- Other stakeholders that are interested in the success or failure of the project. Include a brief note as to specifically what interests them about the project.
- The key roles required to undertake the project, including the Sponsor, Project Manager, and key team members. Name the individuals where possible.

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[11] For more on *risk management* see: https://www.mosaicprojects.com.au/WhitePapers/WP1047_Risk_Management.pdf

[12] For more on the *business case* see: https://www.mosaicprojects.com.au/WhitePapers/WP1018_Business_Case.pdf

[13] For more on the *SOW* see: https://www.mosaicprojects.com.au/WhitePapers/WP1070_SoW.pdf

[14] To buy a *Project Charter Template* see: https://mosaicprojects.com.au/shop-project-charter.php

[15] For more on *gateway reviews* see: https://www.mosaicprojects.com.au/WhitePapers/WP1092_Gateways-Scorecards.pdf

[16] For more on *stakeholders* see: https://mosaicprojects.com.au/PMKI-TPI-075.php

Section #4: The Project Plan: Provide a general overview of how the project will be implemented; including the intended method of working (project strategy), key phases or milestones (especially if imposed by the customer) and any other relevant information. Remember this is not the detailed plan developed by the project team, but it is important to describe *how* and *when* the project vision and objectives will be achieved. The plan should summarise:

- Project strategy
- The approved budget
- The level of resources required
- The overall timeframe and key milestones
- Phase or stage boundaries (if required)
- The effect of any dependencies and inputs
- Acceptance criteria and processes

Section #5: Risks and Considerations: Identify and include:

- Any known Risks (both negative and positive) that could impact the project along with their likelihood of occurring, impact on the project, and what treatments are being considered.
- Any identified opportunities to implement 'green project management' principles to minimise the environmental impact of the work.
- Any Issues that are currently open.
- All Assumptions made in the development of the business case and/or the charter
- All identified Constraints and dependencies.

Note: if this section is going to be too long, put the major items in the Project Charter and include an attachment with all of the rest.

Section #6: Change management: The project charter should be a controlled document with any alterations subjected to formal change control processes once the document is approved.

Section #7: References: Key documents used to develop the project charter including the business case, customer contracts, and any other information that should be carried forward into the project planning phase once the Project Charter has been approved.

Key contents checklist:

- Project purpose or justification
- Measurable project objectives and related success criteria
- High-level requirements (including customer needs)
- Assumptions and constraints
- High-level project description and boundaries
- High-level risks
- Summary milestone schedule
- Summary budget
- Stakeholder list
- Project approval requirements (ie, what constitutes project success, who decides the project is successful, and who signs off on the project)
- Change management and document control provisions
- Assigned project manager, responsibility, and authority level, and

- Name and authority of the sponsor or other person(s) authorising the project charter.

For an example of a Project Charter see: https://mosaicprojects.com.au/shop-project-charter.php

Maintaining the Charter:

At the start of each phase of the project, one of the important actions is to review the project charter and ensure the project as it is now defined and understood is still achieving the objectives defined in the charter. If there are discrepancies, the changes need to be processed through the overall change control mechanisms to either update the charter or to re-focus the project on achieving its authorised objectives.

For major projects, there may be valid requirements for a phase-charter defining the elements of the overall project objectives that this particular phase is being initiated to accomplish. Phase charters can be a simplified version of the overall project charter.

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