What makes a good project charter?

The main output of the define phase within the DMAIC methodology is the project charter. Without having a completed project charter starting the measure phase makes little sense. Even so the DMAIC methodology gives us our project path, the project charter is responsible for where the path is to lead us.

To answer this question let's look at what should be on the project charter. There are a few basics pieces of information that all project charters should have.

SECORA PROJECT APPROVAL FORM

Division / Segment:			rev 01-01-2007
Project Title:		Project Number:	
Project Type:	Individual	General Mgr.	
Focus Area:		Proj. Leader:	
Department:		Process Owner:	
Facility:		Proj. Sponsor:	
		Finance:	
Location Name and Address:		Coach:	
Project Start Date:		Project Close Date:	

The top part of your working charter should include "where" the project is being done, "who" is doing it, "when" it is to be done, and support persons in the project like finance, sponsor, coach(s) and process owners. This initial information will give the viewer an immediate picture of the basics to your project.

Next is the detailed explanation of your actual project and the issue that needs optimization.

Statement of Problem:	
Define Unit:	
Define Defect:	
Upper Boundary (Start of Process):	
Lower Boundary (End of Process):	
Define Metric:	
Project Objective:	
Historical Comments:	
Constraints:	

The problem statement should describe the business pain in a clear manner, easy to understand, and as short as possible. Remember, you are describing a pain. Just as if you were going to the emergency room you would tell the doctor exactly where it hurts, how it hurts, how long it has been hurting.

The unit is what you are measuring. Examples would be boxes, bumpers, forms, deliveries, or changeovers.

The defect is what is wrong with the unit. Examples of defect (using the above examples) would be empty (boxes), scratched (bumpers), incomplete (forms), late (deliveries), and long (changeovers).

Upper boundary (start of the process) is exactly that, a description of the beginning of the process where the business pain can take place. The easiest way to see what goes in there is the first process step in your SIPOC. Make sure there is a verb in this box. You should be describing a function, a doing, or a task. Keep it short and simple. Examples would be Form arrives, line stops, customer calls, or material is added.

Lower boundary (end of the process) is exactly that, a description of the end of the process where the business pain can take place. The easiest way to see what goes in there is the last process step in your SIPOC. Make sure there is a verb in this box. You should be describing a function, a doing, or a task. Keep it short and simple. Examples would be form is completed, line starts, customer call completed, or material is used up.

Metric is a combination of the unit and defect. This box also allows you to mention other metrics you plan on measuring that has nothing to do with the actual problem statement. Examples could be that your primary metric is the number of empty boxes (empty=defect, boxes=unit) and your secondary metric could be the line speed. You want to reduce the number of empty boxes (primary metric), but keep line speed (secondary metric) the same. Or, your primary metric is changeover time and your secondary metric number of changeovers per day.

Project objective is a clear, easy to understand, and short as possible description of what you want to achieve with your project. You need to incorporate your metric into this description. As with the upper and lower box, a verb has to be in the objective. Examples would be Reduce changeover time from 20 minutes to 10, increase number of calls answered from 40 per hour to 60 per hour, or you can also incorporate your secondary (or multiple metrics) into your project objective such as, decrease the number of empty boxes from 200 per batch to less than 50 with keeping the line speed at 3000 boxes per hour.

Historical comments are where you can direct the attention to previous attempts to this problem. It may include past projects, changes in the process, or anything that was done within you process scope.

Constraints are either issues that will not be looked at during the project (out of scope) or barriers that may hinder the success of your project such as vacation time (Christmas holidays), Process owner is new on the job, or any other technical or personnel related hurdles your sponsor should be aware of.

The final piece of your charter gives importance to your project and you should spend a lot of time here getting it right.

ADVISORY TEAM MEMBERS				APPROVAL		METRICS		
Name	Role	Phone	E-mail	Initial	Date	Goal	Metric	U/M
	Supervisor					Current		
	Sponsor					Target		
	Finance					Entitlement		
	Belt					Stretch		
	Process Owner							

WORKING TEAM MEMBERS			
Name	Role	Phone	E-mail

Projected Financial Savings/Benefits *			
Sales		NOP	
Material		ROIC	
Labor		Cash Flow	
Overhead		Basis Points	
SG&A		Voice of Customer	
Working Capital		Other-1	
WACC		Other-2	
One-time		Other-3	
TOTAL SAVING		Other-4	

Business Case

WACC = Weighted Average Cost of Capital

* Attach detailed analysis

Advisory team member are those people who have a vested interest in the success of the project. This includes (but is not limited too) the supervisor such as the general manager, site director, or department head. Furthermore, the actual sponsor of the project needs to be named here, this person should be able to remove any barriers (financial or personnel) to the success of your project and has final say on all approvals (gate reviews) within your project. Many times it is and can be the same person mentioned in the supervisor box. The financial person is the one who calculates and verifies the financial impact of your project. Most of the time it will be a controller or financial manager. Your name should go into the Belt box. The process owner name also needs to be mentioned here. This person is directly responsible in tandem with you for the success of the project.

Approval is essential to this project charter. Here the advisory team members commit themselves to their individual function within the project. You should see this as a contract with responsibilities and consequences.

Metrics is what everyone who is mentioned in the advisory team member area commits themselves to reaching. You have the current situation (200 empty boxes), your target (50

empty boxes), entitlement (60 empty boxes), and stretch (30 empty boxes). In simple words these are your specification limits for your project. (USL 60 empty boxes, target 50 empty boxes, USL 30 empty boxes).

Working team members are those people who the process owner and you have picked out to assist you with finding the root cause for the business pain. These people should be directly involved within the process and have intimate knowledge of the process.

Projected financial savings/benefits are to be filled out by the financial person mentioned in the advisory team member area. You may have various areas where your project will have a financial impact. The more your financial person knows about the project, the exacter they can estimate the financial impact of your project.

Business case is where you get to mention the full arguments for the project. Here is where you give your project priority. Write all non-financial reasons why this project is important, why it should be done, what positive impact it will have (on the business or individuals). Write the business case in such a fashion people would want to fight to get on your project team. Throughout the project charter it is advised to keep it short and simple, here however, feel free to make your point. The more important you make your business case sound, the higher probability you will get the necessary resources, time, and priority to your project.