PROJECT MANAGEMENT METHODOLOGY

SECTION 2 -- INITIATION PHASE

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Introduction

Project Initiation Overview

Project initiation is the conceptual element of project management. This section describes the basic processes that must be performed to get a project started. Accordingly, the purpose of the Project Initiation Phase is to specify what the project should accomplish. The caution in specifying this purpose is that if the customer's needs are inadequately articulated, then poorly formulated goals and objectives will stand out as a significant source of concern. A high-level discussion on phase deliverables is contained in this section as well. In addition, the high-level barriers, potential problems, and roles and responsibilities of project initiation are summarized.

Project Initiation Templates

The following PMM templates are utilized in the Initiation Phase:

Project Concept Document
The Project Concept Document provides an understanding of what the project, if initiated, is designed to accomplish or produce. It involves an in-depth understanding of why an agency is interested in spending money and applying resources to undertake a new project. The Project Concept Document and its inputs are described in detail in this subsection.

Business Case Document
The Business Case is a tool that supports planning and decision-making. It answers the question "What are the financial benefits, opportunities, or weaknesses of approving this project?" A good business case shows expected financial consequences of the project over time and includes the methods and rationale that were used for quantifying benefits and costs.

Project Charter Document
The Project Charter is the document that communicates the existence of a project after it has been selected for implementation or creation. It contains vital information about the project and its leadership. This subsection describes the Project Charter and its impact in greater detail.

Relationships among the Initiation Phase processes, including the use of the above templates, are depicted in Figure 2.1 below.
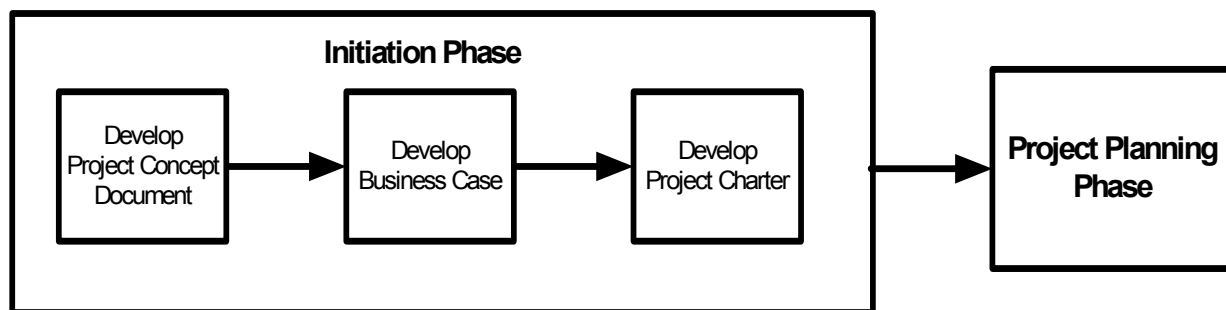
Figure 2.1
Relationships Among the Initiation Processes

Overview

The Initiation Phase

This section of the State of Michigan Project Management Methodology is related to the Initiation Phase of a project. Although at times there is no uniform agreement on the specific stages of a project and the associated management processes that follow, there is agreement that for a project to exist, it must begin.

The starting point is critical because it is essential for those who will deliver the product/process, those who will use that product/process, and those who have a stake in the project to reach agreement on its initiation. The process is represented in Figure 2.2 below.
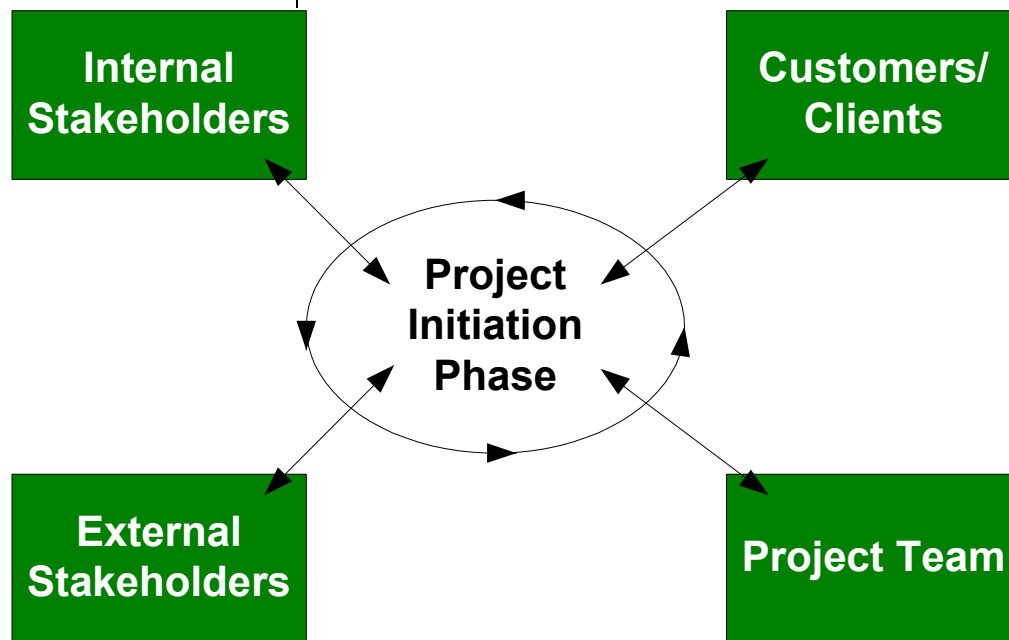
Figure 2.2
Contributing Factors in the Initiation Phase

DIT Project Board
(IT Projects Only)

The DIT Project Board is the owner of DIT's project portfolio and assures that DIT is practicing effective project portfolio management. The Project Board has the authority, under the express authority of the DIT Leadership Council, to enact decisions related to Level 2 and Level 3 projects as defined by the following:

- Level 2 Projects (one or more):
    - Multi-agency project
    - Greater than $1 million IT budget
    - Non-standard technology
    - DIT is on Executive Steering Committee
- Level 3 Projects (one or more):
    - Greater than $5 million IT budget
    - Executive Interest/Order
    - Media Involvement

The DIT Project Board has been developed to assure that Level 2 and Level 3 projects:

- Are aligned with the enterprise strategic and architecture plans;

Overview

- Comply with DIT Principles and Policies;
- Have a qualified project manager (client agency and DIT), a realistic and sound project schedule, incorporated project management methodology, and client agency and DIT buy-in.

Elements of the Initiation Phase

Defined in this subsection are general guidelines to assist in defining the overall parameters of the project during the Initiation Phase. The subsections have been organized to be consistent on how a project might progress through the Initiation Phase.

It must be stressed that the recommended methods in this section are standard steps for project efforts, because it is here that agreement is reached on what the project's end product(s) will be. The following are the basic processes for the Initiation Phase:

Development of the Project Concept
- Identification of the business problem / business needs
- Overview of the project approach and product description
- Identification of potential and recommended solutions

Development of the Business Case
- Identification of project benefits, costs and funding

Development of the Project Charter
- Identification of the purpose and objectives of the project
- Development of project scope
- Identification of project authority and roles & responsibilities

For small to medium-sized projects, the Project Concept and Project Charter documents may be combined into one document (see the *PMM Express* Project Charter Document). The project manager and project sponsor(s) need to make this decision.

Each of these processes will be discussed briefly below and addressed fully in the associated subsections of Project Initiation.

Project Concept

The Project Concept defines the project's reason for being and ensures that the project is consistent with the agency's business plan and, where applicable, the State's information technology strategic plan. As a formal deliverable, it defines the business problem, high-level approach, critical success factors and other top-level planning information. Ideally, the information contained in the Project Concept Document provides both internal and external management with the information necessary to decide if the project can be supported. A detailed description of this document and its contents is available in the Project Concept Document subsection.

The Project Concept Document should not be a collection of product or process deliverables, but should define what is to be done, why it is to be done, and what business value the project will provide to the agency when it is completed (see Figure 2.3 below).

The Project Concept Document is the foundation for initiation of the project, which occurs via the Project Charter. Without the Project Concept

Document, there is no project idea to review or approve.

Business Case

The business case is a tool that supports planning and decision-making. It answers the question: "What are the financial benefits, opportunities, or weaknesses of approving this project?" A good business case shows expected financial consequences of the project over time and includes the methods and rationale that were used for quantifying benefits and costs.

Business case development is a step organizations use for project selection, funding, and prioritization. It analyzes how the project will be used to implement the agency's business strategy. It tells the story of why the project is critical to the particular agency's mission.

Project Charter

The Project Charter is created to formally communicate the existence of a project. The Project Charter is issued at the end of the Initiation Phase and is a beginning to the Planning Phase of a project. The Project Charter is used as the basis to create the Project Plan.

The Project Charter is used to formally initiate a project. Inputs to develop it include the Project Concept Document, the Business Case, and other documents that identify a need and establish a senior management / sponsor commitment. The Project Charter and its development are discussed further in the Project Charter subsection.
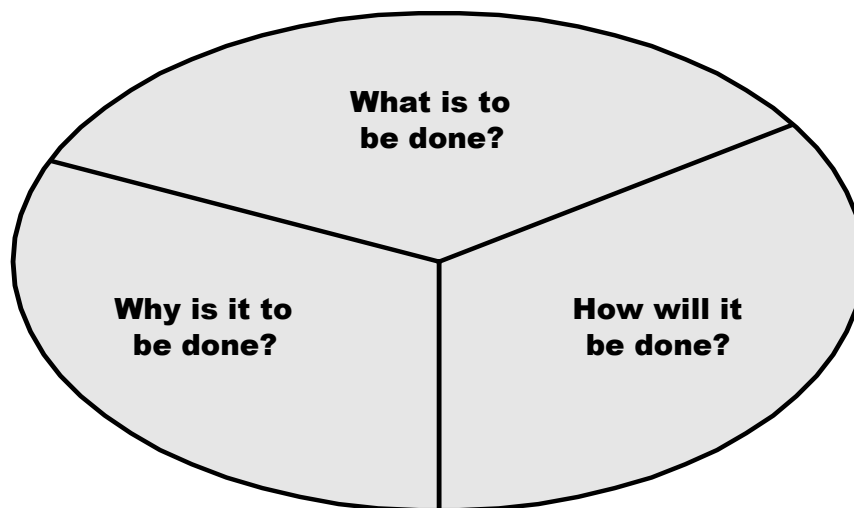

Figure 2.3
Major Questions to Be Answered During the Initiation Phase

Document Flow for Initiation Phase

Figure 2.4 explains the document flow for the Initiation Phase.
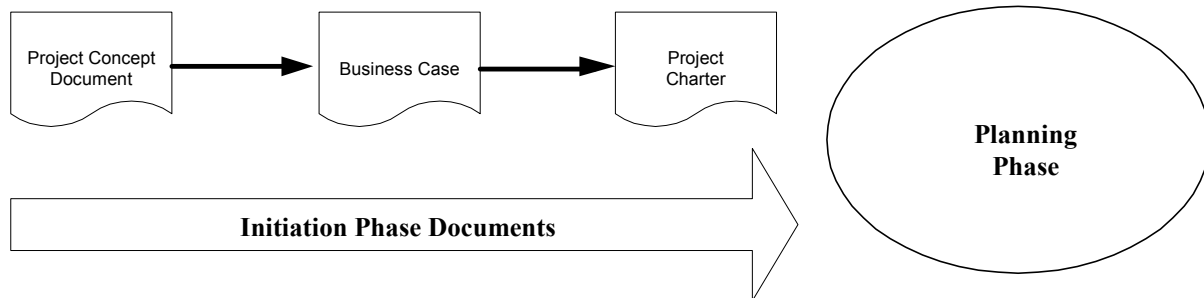
Figure 2.4
Document Flow for the Project Initiation Phase

Potential Barriers to Project Initiation

Indecision and hesitation can mark the atmosphere during the Initiation Phase. These potential barriers are characterized by the following attitudes:

- **Project Team Frustration**
  The project staff wants to get the project moving and to start designing the solution, which never seems to come.
- **Lack of Management Commitment**
  There is a lack of full commitment on the part of management; usually too little is known with just a "fuzzy" idea of the project, and the project teams cannot provide more than rough estimates for "how much and how long."
- **Customer/Client Indecision**
  The customer seems unable to provide definitions and concepts of what the required product or service is to provide.

Problems During the Initiation Phase

Many problems during the Initiation Phase are due to the difficulty in getting a project moving forward. This may be a direct result of the atmosphere defined above. The most difficult commitments to obtain are from the key stakeholders (top management) and the customers. Some of these problems are summarized below:

- **Scarcity of Resources**
  Many of the problems are related to assembling the initial project concept team. Locating the right people can be difficult, and this difficulty is compounded by more complex projects.
- **Lack of Coordinated Leadership**
  While qualified team members may be in short supply, individuals serving as leaders may be numerous. Sometimes, the Initiation Phase is led by too many people—some for the estimating, some for the customer meetings, and so forth. Such environments create an atmosphere of bad

or disjointed decision making.

- **Lack of Consensus on Project Objectives**
  It is not uncommon to find that there are many different ideas as to what the project should be and what the project should produce. Concepts are often easier to integrate when the team is considering something concrete. Lack of objectives can kill a project before it starts

- **Lack of Management Support/Sponsor**
  Unfortunately, sometimes there is a recognized need for a project to be initiated, but there is no one to champion the effort from an executive level. People may not support a project for a variety of reasons. This can be a huge issue should problems result later in the project. If additional funding or resources are needed and the management executives who control the funding are either not aware of or not interested in the project, then a project may fail. Top-level management buy-in must happen at the project inception and be visible throughout the life of the project.

- **Lack of Business Strategy and Expected Outcomes**
  Occasionally an organization will take on a project that does not have a clearly defined relationship to its business. To keep this from happening, the agency's business strategy needs to be visible and understood so that the results of a project effort can be considered as a part of the agency's strategic goals and business strategy. Using the agency's business strategy and strategic objectives as a baseline for consideration for project initiation will save time and effort later.

Project Initiation Roles and Responsibilities

Following are the roles and responsibilities for the Project Initiation Phase:

The Project Team: Conducts customer, stakeholder, and fact-finding interviews and holds research and brainstorming sessions to generate the information necessary for the Project Concept Document, Business Case, and the Project Charter to be prepared. Project team members may also need to complete any ancillary Project Initiation Phase materials.

The State Client Agency: Establishes internal procedures to ensure that conceptual activities are completed and the Project Concept Document, Business Case, Project Charter, and any associated documents are completed in a manner that allows for productive review.

Department of Information Technology (DIT) Project Board: The DIT Project Board is the owner of DIT's project portfolio and assures that DIT is practicing effective project portfolio management. The Project Board has the authority, under the express authority of the DIT Leadership Council, to enact decisions related to Level 2 and Level 3 projects.
The Project Board has been developed to assure that Level 2 and Level 3 projects:

- Are aligned with the enterprise strategic and architecture plans,
- Comply with DIT Principles and Policies, and
- Have a qualified project manager (client agency and DIT), a realistic and sound project schedule, incorporated project management methodology, and client agency and DIT buy-in.

Selection of a Project Manager

Project Manager Responsibilities

Selection of a project manager is not easy, nor is it something that should be taken lightly. A project manager's skills and actions are a direct reflection of the agency's commitment and competence in project management. A project manager's daily responsibilities typically include some or all of the following:

- Providing direction, leadership, and support to project team members in a professional manner at project, functional, and task levels.
- Using, developing, and improving upon the project management methodology within the agency.
- Providing teams with advice and input on tasks throughout the project, including documentation, creation of plans, schedules, and reports.
- Resolving conflicts within the project between resources, schedules, etc.
- Influencing customers and team members in order to get buy-in on decisions that will lead to the success of client agency projects.
- Delegating responsibility to junior team members.

Selection Criteria

Taking these responsibilities into account, it is easy to see that a project manager should not necessarily be selected from an agency based strictly on tenure or function but rather based on a combination of other strengths. A project manager should be selected based on the following skills and experience:

- Project management methods and tools skills
- Interpersonal and team leadership skills
- Basic business and management skills
- Experience within the project's technical field, and
- Respect and recognition among peers within the agency

Selection Method

Selecting a project manager based on these criteria alone would be hard enough, but more thought needs to be put into the process. Additional information would include visibility and size of the project and experience, availability, and personal interest on the part of the candidate.

Project leaders being considered for small projects should have some training in the project management methodology and tools used within the agency. They should also have an interest in and reasonable knowledge of the product or process that is being created by the project. It is a good idea to select someone who has been through at least one project as a team member under a senior project manager within the agency, so that the person will have seen the level of competence expected from the agency on other projects.

Midsize projects need leaders who have experience on several small, focused project efforts. By this time they have developed their general management and business skills to the point that they can manage people and technology by delegation. Midsize projects typically incorporate more than one technology type or functional group, and the project manager needs to be savvy enough to manage several different functional groups with different needs. The level of confidence and competence must increase on these

projects because they involve increased visibility.

Large projects are those that are agency-wide or may extend outside the agency itself. In these cases, project managers should have led many high-profile midlevel project engagements and be well recognized for their efforts. A project leader at this level must be able to understand the technology being used but not necessarily be an expert in it. Project managers will be spending most of their time working the planning and controlling aspects of the project as well as dealing with the "political" issues. Delegation, time management, and interpersonal skills are keys to success. The person must have the unwavering confidence of agency management and be considered an acceptable and well-liked representative for the agency.

Finally, be sure not to overburden particularly effective project managers. Customers and team members tend to request project managers that they like or have had good experiences with. While this is good for the agency, it can lead to managers being assigned to too many efforts at a time and result in frustration or burnout. Be sure to spread the opportunities throughout the agency and integrate new, inexperienced project managers whenever possible. This increases the agency's project management arsenal and keeps senior level project managers focused on the more important, higher level activities.

Project Concept Document

Project Concept Document (PCD) and Initiation

Each project is unique and must be individually defined.

The Project Concept Document is the foundation for making a decision to initiate the project.

Projects will vary in terms of complexity, but all should have some level of initial concept definition. For some projects, it may take only a few hours or days to complete this document; for others, it could take months. This document is critical to guaranteeing buy-in for a project.

Figure 2.5 below shows the relationships between the various project phases. The Initiation Phase is the first project phase and is the predecessor to project planning. Activities conducted during the Initiation Phase will eventually be integrated into the various planning documents and will drive the planning elements, such as schedule and budget.
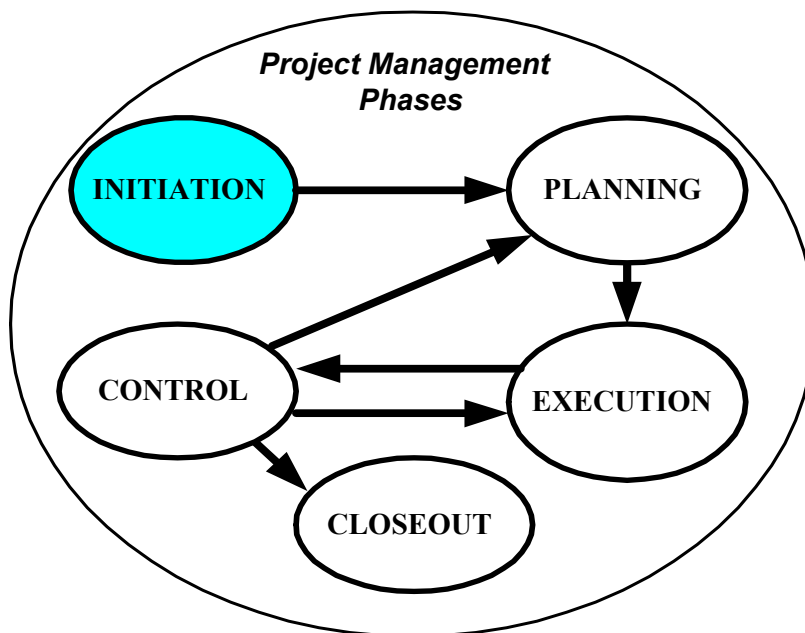
Figure 2.5
Project Management Initiation Phase

Elements of the Project Concept Document

One of the most important tasks in the Project Initiation Phase is the development of the Project Concept Document. To develop this document, the State agency identifies the following participants:

- Project Manager
  Although a project manager may not have yet been selected, this lead person will define the project purpose, establish the critical success factors, gather strategic and background information, determine high-level planning data, and develop estimated budgets and schedules for the life of the project.

Project Concept Document

- Project Team
  As appropriate, depending on the size of the effort, a project team is identified to perform the initial concept study.
- Concept Participants
  These organizational entities and individuals need to provide input to the Project Concept Document to clarify project direction.
- Stakeholders and Customers
  These individuals and entities could be actively or passively involved in the project and may be positively or negatively impacted as the project is completed.

During this stage of the Initiation Phase, the project team documents the following aspects of the project:

- Project Synopsis, including current situation and project objectives
- Consistency of the project within the state agency's business plan, as well as the state's IT Strategic Plan
- Potential solutions and recommended approach
- High-level project planning and financial information
- Critical success factors for the project

The project team will also review information and conduct meetings. At this stage, the following items should be considered:

- Appropriate methods for application and deployment of technology
- Resource requirements

The real issues during the Initiation Phase are not the written documents, but the processes used to create the documents, which truly evaluate the appropriateness of a specific project and whether it can be started. The material generated as a by-product of these processes will be reviewed to make the necessary business decisions.

The goal during this phase, and specifically with the Project Concept Document, is *not* to generate a 200-page document, but rather to provide a concise summary of information necessary to review and thus determine if the project should be initiated and carried into the Planning Phase.

Roles and Responsibilities

The levels of responsibility are as follows:

- The **Project Manager** – responsible for development of the product description statement and other aspects of the project concept. Also responsible for orchestration of the strategy development processes.
- The affected **State Client Agency(ies)** – responsible for reviewing the information and participating as appropriate in the review sessions.
- **Stakeholders and Customers** – responsible for providing necessary input via interactive discussions to more fully define what the view of the project should be.
- **DIT Information Technology Project Board (IT related projects only)** – When the Project Concept is completed, the DIT Project Board

conducts a project Gate 1 review. The Gate 1 review ensures that the project has clear direction and support, aligns with enterprise architecture, cost, benefit and alternative solutions are defined and proper project management is in place. Most likely a decision to proceed or not to proceed with the project will be a result of the Gate 1 review.

How the Project Concept Document Should Be Developed

There are various methods the project team may wish to use for developing the needed concept information:

- Brainstorming sessions
- Formal executive meetings
- Stakeholder or customer meetings
- A Product Description Statement
- Interviews with subject matter experts

All these methods should be aimed at defining the project at the highest conceptual level that provides the necessary responses to business needs and strategic objectives.

A Decision Plan

During this project phase, the agency(ies) may determine that a top-level Project Plan should be provided to detail the information on completing the Initiation Phase and conducting the Planning Phase. This plan would not be baselined, but would be used to review the cost and time necessary to complete these activities.

This information will be especially important if the agency needs additional funding or requests incremental funding to complete additional or current phases. Again, this is a plan for conceptualization and not the Project Plan itself. The Decision Plan should contain the following information:

- Tasks to complete the project constraints and assumptions in the Planning Phase. (This should include some estimation on procurement activities if the project performance will include a contractor.) The estimated number of activities should be two to ten.
- A list of the resources needed to complete these activities.
- Estimated cost (budget) for these activities.

Time Frame for Completion

The time frame for most project teams to generate a Project Concept Document varies widely according to project size and is driven by unlimited factors. A generic sequence flow showing where each of the initiation activities (through Project Charter to the Project Planning Phase) starts and ends is provided in Figure 2.6, on the following page. This sequence flow is provided only as a guideline, because each project is unique and will require different levels of detail, research, and development. It does not take into consideration all levels of review, which may vary between agencies.

This general sequence should be adjusted to reflect internal reviews and then used to define a general sequencing of activities.

Project Concept Document
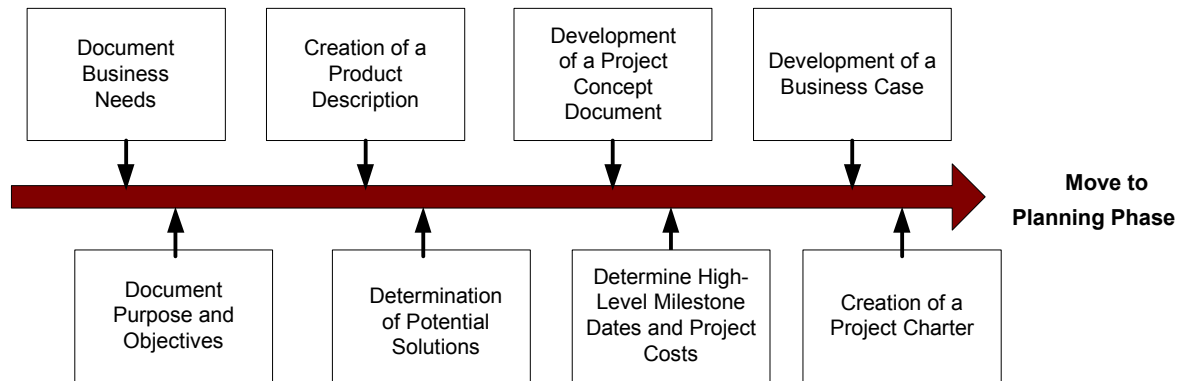
Figure 2.6
Project Concept Document Development Sequence through the Project Charter

Project Concept Document Review

There may be times when actual reviews need to be scheduled with the project team and external entities to review the Project Concept Document. These reviews would provide a forum for information exchange and would be timelier than written question-and-answer sessions.

The materials generated during the initial statement and analysis processes will drive the contents and structure of the meeting. Most likely a decision to proceed or not to proceed with the project will be a result of these meetings. If the Project Concept Document is agreed upon and accepted, then the agency should move to the next step of the Initiation Phase and create the Project Charter.

Project Concept Document

Project Concept Document Template

The State of Michigan Project Concept Document template can be found on the following pages as well as separately in Appendix B of this methodology. The Project Concept Document is the major input to deciding whether a project will be pursued and carried out.

Keep in mind that this template shows the generally requested format that is the most accepted within the State of Michigan Project Management Methodology. If it is necessary to create a Project Concept Statement other than the one furnished in the template, the statement should include the following general information categories (use of these categories should result in a valid project concept definition):

- General Information
- Project Purpose
- Success Factors
- Strategic Background Information.
- Planning Information
- Financial Planning and Strategic Information
- Signatures

Project Concept Document

<div style="background:#cccccc;">

State of Michigan
(Insert Project Name Here)
Project Concept Document

</div>

A.   General Information

Information to be provided in this section is general in nature and provides the necessary information about the organization of the project and project participants.

Project Id:		*Date:*
Controlling Agency:		*Modification Date:*
Prepared by:		*Authorized by:*

B.   Synopsis

Information in this section discusses the reasons why the Concept Document has been created and what the project is intended to accomplish.

Current Situation:

Provide a brief description of the current situation.

Factors or Problems:

This statement should be a short snyopsis of the relevant factors, or problems, being faced by the functional area(s).

Areas Impacted:

This should be a brief statement regarding areas impacted

Is this a multi-agency project?	☐YES	☐NO
Are other governmental organizations involved in this initiative?	☐YES	☐NO
Does the initiative collaborate and coordinate effectively with related programs?	☐YES	☐NO

Project Objectives:

Provide a brief, concise list of what the project is to accomplish

Product Description Statement:

Provide a high-level description of the characteristics of the product/process to be created

C.   Strategic Overview

This section focuses attention on the compatibility of the project with the strategic and technical direction of the agency.

Project Concept Document

Please answer the following questions by marking "Yes" or "No."

Is the project consistent with the agency's Business Plan?	☐YES	☐NO
Briefly state:		
Is the project identified in the State of Michigan IT Strategic Plan?	☐YES	☐NO
Is this a federal or legislative mandate?	☐YES	☐NO
Has this plan been reviewed by the Project Board, if needed? If so, what is the date of the review?_____	☐YES	☐NO

Business Functions Impacted. *Check all appropriate functions*.

☐Document Tracking	☐Program-specific Data Management System	☐Desk Top Productivity	☐Workflow Management
☐Human Resources	☐Procurement	☐Help Desk	☐Facilities Management
☐Financial	☐Other	☐Other	☐Other

Types of Technology Impacted: *Identify technology areas that might apply to this project, if known at this time. Check all appropriate categories.*

☐Client Server Architecture	☐Database	☐Expert System	☐LAN/WAN
☐Electronic Data Interchange	☐Imaging	☐Intranet/Internet	☐Desktop application
☐Mainframe Solution	☐Real Time	☐CAD	☐Security Controls
☐State or Federal Security Requirements	☐Disaster Recovery	☐Other	☐Other

D.   Potential Solutions

Information in this section discusses the potential solutions (Including off the shelf packages) to the problem in the Concept Document.

Solution 1:

Description	
Resources	
Cost/Benefit	
Payback/Return on Investment	
Schedule	
Implementation Considerations	
Reasons to Abandon	

Solution 2:

Description	

Project Concept Document

Resources	
Cost/Benefit	
Payback/Return on Investment	
Schedule	
Implementation Considerations	
Reasons to Abandon	

Solution 3:

Description	
Resources	
Cost/Benefit	
Payback/Return on Investment	
Schedule	
Implementation Considerations	
Reasons to Abandon	

E.   Preliminary Recommendations

This section reviews the preliminary recommendation based upon the areas impacted by this recommendation or the operational protocol.

Recommended solution:

Recommended justification:

F.   High-Level Planning information

This section reviews the high-level activities of the project with respect to the dates, durations, cost, etc. for future considerations. Provide a draft list of activities to complete the concept and planning phases list. There should be approximately 2 to 10 tasks.

Activity Description	Estimated Cost

Project Concept Document

Attach a schedule for these tasks if available.

G.   Planning Financial and Schedule Information

This section discusses estimated budgets, schedules and other information over the life of the entire project.

Estimated Budget	*Low:* *High:*	*Estimated Start Date:* *(Qtr. and Yr.)*	
Estimated Planning Length (Months)		*Estimated Completion Date:* *(Qtr. and Yr.)*	
Fiscal Year 1 Dollars		*Fiscal Year 2 Dollars*	

Other related information: *Be able to describe at a high level where the budget constraints are derived from.*

H.   Critical Success Factors

This section is used to list high-level factors that will determine the success of the project. A more detailed description of these factors will be created in the Planning Phase.

Sample IT Project 1. The prototype provides the necessary planning information as defined by the formal test criteria developed as part of the project plan. 2. The pilot installation will be completed following modification defined during the prototype and documented in an updated acceptance test plan. 3. The automated planning system is fully implemented, and over 80% of the regional offices are using the tool to perform daily tasks, as verified by follow up calls.

I.   DECISION

The signatures of the people relay an understanding in the purpose and content of the document by those endorsing it.

☐Accept   ☐Reject   ☐On hold   ☐Need Clarification   ☐Other:

	Name/Title	Signature	Date
Technical Approval			
Business Approval			
Financial Approval			

Business Case

Business Case

A business case is a tool that supports planning and decision-making. It answers the question "What are the financial benefits, opportunities, or weaknesses of approving this project?" A good business case shows expected financial consequences of the project over time and includes the methods and rationale that were used for quantifying benefits and costs.

The State of Michigan Business Case Tool can be found in Appendix B of this methodology and on the DIT Project Management Website at www.michigan.gov/projectmanagement.

Elements of the Business Case

Section I: Proposal
This section requests basic project information including a description of the project, its objectives, and its anticipated impact.

Section II: Financial Analysis
The quantifiable and non-quantifiable impact of the project is displayed in this section through the various tables and explanations.

Sub-section A: State Project Benefits of Operations
> This sub-section calculates the cost reduction to Michigan government by utilizing an annual existing cost table and a post-project cost table. The resulting difference between these costs is the quantifiable operating cost reduction. This section also includes the cost to implement the project. This data is used in the ROI calculation and the payback period located in section D.

Sub-section B: Other State Government Benefits
> This sub-section highlights the non-operating quantifiable and non-quantifiable benefits to Michigan government.
> Quantifiable benefits (both opportunity value or loss avoidance) include items such as: additional matching funds, loss avoidance of matching funds, loss avoidance of health and safety issues, enhanced services, and other quantifiable benefits.
> Non-quantifiable benefits can also be summarized. These benefits are not included in the calculations.

Sub-section C: Citizen Benefit
> This sub-section provides the quantifiable and non-quantifiable impact on Michigan citizens.

Section D: Calculation Tables
> This sub-section includes the final outcome of the Financial Analysis in Section II. These calculations are automatic.

Section III: Post Project Quantifiable Measures
The final section of the template requests quantifiable measures that can be evaluated upon the completion of the project. The four categories are drawn from key objectives that have been identified in Section I and II. Examples of post project measures include: a 10% reduction in FTEs, a 3% reduction in citizen wait time, or a 10% reduction in paper processing.

Business Case

Roles and Responsibilities

The levels of responsibility are as follows:

- **Project Manager** – responsible for working with the client agency(ies) to develop the business case.
- **Affected State Client Agency(ies) –** responsible for reviewing the information and participating as appropriate in the review sessions.
- **Stakeholders and Customers –** responsible for providing necessary input via interactive discussions to more fully define the costs, benefits and potential return on investment for the project business case.
- **DIT Information Technology Project Board –** When the Business Case and the Project Charter are completed, the DIT Project Board conducts a project Gate 2 review for all level 2 and level 3 projects. The Gate 2 review ensures that proper project management is in place, the project aligns with enterprise strategy and architecture, resources are available, metrics and measures are identified, adequate funding is approved, risks are identified and operational needs have been planned for. Most likely a decision to proceed or not to proceed with the project will be a result of the Gate 2 review.
- **State of Michigan –** responsible for providing assistance and tools as requested. The State will also review the final collection of materials related to the Initiation Phase, if requested to do so, when the client agency(ies) determine that the project should be considered for acceptance, approval, and oversight determination.

Project Charter

Project Charter Introduction and Definition

A Project Charter announces that a new project has begun. The purpose of the charter is to demonstrate management support for the project and the project manager. It is a simple, powerful tool.

As an announcement it has classically taken on many forms--anything from a memorandum, to a letter, to an e-mail, to the template that is advocated at the end of this subsection. The charter is then sent to everyone who may be associated with the project to give notice of the new project and new project manager.

Because the Project Charter is created to formally communicate the existence of the project, it is issued at the end of the Project Initiation Phase and is looked upon as the beginning of the Planning Phase of a project. It is used as the basis to create the Project Plan.

Inputs to developing the Project Charter are the Product Description Statement, Project Feasibility Document, and the Project Concept Document. These documents identify a need and establish senior management commitment.

Note of caution: There are typically two ways that a project charter may be interpreted. One is the way that has been described in this subsection; as a formal recognition that a new project has begun. The other way refers to what many have come to know as the Statement of Work. Both uses will probably continue to be widespread, and this note is a reminder of that fact.

The Project Charter contains the following attributes:
- General Information
- Project Purpose
- Project Objective
- Project Scope
- Project Authority
- Roles and Responsibilities
- Management Checkpoints
- Signatures

Project Purpose within the Project Charter

"Why are we doing this project?" is the question that the purpose statement attempts to answer. As part of the project charter, it is the first element that announces why this project is being undertaken. The purpose statement is of paramount importance, especially when significant amounts of time and money are involved. Knowing the answer to this question will allow the project team to make more informed decisions throughout the project.

And although there are many "whys" in the context of a project, the charter does not attempt to answer them all. Neither the purpose statement nor the project charter itself should be used as the venue on which to build a business case or a cost benefit analysis.

Project Objectives within the Project Charter

Consequently, project objectives are used to establish performance goals—planned levels of accomplishment stated as measurable objectives that can be compared to actual results. Performance measures should be derived for each goal. These measures can be quantified to see if the project is meeting

Project Charter

the client agency's objectives. Project performance can then be traced directly to the client agency's goals, mission, and objectives, enabling participants to correct areas that are not meeting those objectives.

Project Scope within the Project Charter

Project scope is documented at a high level in the Project Charter. The level documented must be sufficient to allow for further decomposition within the Project Plan. For example, the requirement for training may be identified within the Project Charter. Decomposition within the Project Plan will document the types of training to be delivered, procurement or development of course materials, and so on. Project objectives within the Project Charter projects are executed to meet the strategic goals of an agency or multiple agencies. Objectives are communicated in the Project Charter to ensure that all stakeholders understand the organization's needs that the project addresses.

Project Authority within theProject Charter

Because of a project's complexity, many difficult decisions must be made to keep it on track. For this reason the Project Charter defines the authority and mechanisms to resolve potential problems. Three areas must be addressed. First, the client agency's senior management must issue the Project Charter. A level of management is required that can provide organizational resources to the project and have control over the elements that affect it. Second, the Project Charter must establish a project manager who is given authority to plan, execute, and control the project. Finally, the Project Charter must establish a relationship between the project and senior management to ensure that a support mechanism exists to resolve issues outside the authority of the project manager.

In this way, the Project Charter becomes a contract between senior management and the project manager; both have duties and obligations to the project. The Project Charter should have a signature page, which all appropriate parties should sign.

Project Roles and Responsibilities within the Project Charter

The roles and responsibilities for initiating, planning, executing, controlling, and closing out a project are divided among many individuals of the project team. These roles and responsibilities are a result of various contributing factors:

- The size and nature of the organization
- The size and nature of the project
- The number of projects already underway
- The capabilities of the project team members, and
- The maturity of the project management function within the organization.

- **<u>DIT Information Technology Project Board:</u>** When the Business Case and the Project Charter are completed, the DIT Project Board conducts a project Gate 2 review for all level 2 and level 3 projects. The Gate 2 review ensures that proper project management is in place, the project aligns with enterprise strategy and architecture, resources are available, metrics and measures are identified, adequate funding is approved, risks are identified and operational needs have been planned

Project Charter

for. Most likely a decision to proceed or not to proceed with the project will be a result of the Gate 2 review.

Allocating roles and responsibilities for various phases, tasks, and activities of a project is essential to ensuring that work is done on time. From this perspective then, it becomes necessary to unambiguously identify work required, to clearly identify dependencies, to accurately estimate durations, to clearly define quality standards, to succinctly describe deliverables, and to develop measurable performance criteria for tasks.

Another manner to detail roles and responsibilities on a project would be to develop a responsibility matrix. In essence, a responsibility matrix lays out the major activities in the project. This matrix can help avoid communication breakdowns between individuals, departments, and organizations because everyone involved can see clearly who to contact for each activity.

A responsibility matrix can be as simple as a spreadsheet, or as intricately drawn from a graphics software application. The matrix can be pasted to a text document for inclusion as part of the project documentation. Figure 2.7 is an example of a Responsibility Matrix.

Major Milestones	Mngt Srvcs Dir	DMB CIO	OPM	VTS Dir	IT Srvcs Dir	VTS Fnc / Ops	PM	IT Rep ITSD / VTS	Prchsng
Project Charter	A	I		E	I	E	E	E	
Project Plan	I		I	A			E	I	
Define As-Is Processes				E		E	E	I	
Define System Requirements	I	I		A	I		E	E/C	I
Review Vendor Capability	I			C		E	E	I	
ITB Process	I	I	I	E		E	E/C	E/C	A
Development Planning	I			A		E/C	E/C	E/C	C
User Test Cycle	I			A		E/C	E/C	E/C	C
Production/Training	I			A		E/C	E/C	E/C	C
Maintenance	I			A		E/C	E/C	E/C	C

Legend:
E = responsible for execution (may be shared)
A = final approval for authority
C = must be consulted
I = must be informed

Figure 2.7
Responsibility Matrix Example

Management Checkpoints and the Project Charter

To ensure that the project progresses satisfactorily, management checkpoints or milestones should be clearly defined with planned dates to measure progress. Checkpoints are high-level milestones. Senior management uses them to approve the completion of a phase or milestone and as go/no-go decision points to proceed with the project. The checkpoints ensure that the

Project Charter

products and services delivered meet the project objectives in the time frame established by senior management in the Project Charter.

Project Charter Template Description

The State of Michigan Project Charter template can be seen on the following pages and separately in Appendix B of this methodology. The Project Charter is the major output from the Initiation Phase of the methodology. There are eight major sections of the Project Charter:

- General Information
- Project Purpose
- Project Objective
- Project Scope
- Project Authority
- Roles and Responsibilities
- Management Checkpoints
- Signatures

After establishing the Project Charter, the project team begins the process of devising and maintaining a workable scheme to accomplish the business needs that the project was undertaken to address. The integration of techniques, tools, and skills to map the project course are defined and reviewed in the next Project Management Methodology section, Project Planning Phase.

Management of the Project Charter

Because the Project Charter is an announcement, and because its purpose is to formally announce the project, it is not meant to manage changes that occur. The charter is intended as a one-time document; therefore, if a change occurs that is significant enough to outdate the charter's original purpose and scope then a new charter should be issued.

Project Charter Template

<div style="text-align:center; background:#cccccc;">

State of Michigan
(Insert Project Name Here)
Project Charter

</div>

A.   General Information

Information to be provided in this section gives a specific name to the project as well as pertinent information about the personnel involved.

Project Id:		***Date:***	
Controlling Agency:		***Modification Date:***	
Prepared by:		***Authorized by:***	

B.   Project Purpose

This section communicates the purpose of the project and the charter that is being established.

C.   Project Objective

This section defines the objectives of the project as they relate to the goals and objectives of the organization. Note: Projects are full of uncertainty.   As such, it is advisable, as part of this charter, to develop an initial risk assessment to identify, quantify, and establish mitigation responses to high level risk events that could adversely affect the outcome of the project.

The Project will support the following organization strategic goals.   For each goal, project objectives are identified. The project plan developed as a result of this project charter will:

- *Develop a project performance measurement plan to measure performance against these objectives.*
- *Provide a project performance report to document the results.*

The external oversight committee must approve the project performance measurement plan.

Agency Goals	Project Objectives

D.   Project Scope

The level of detail in this section must be sufficient to allow for detailed scope development in the Project Plan. A more detailed description of the project scope will be developed in the Planning Phase. The reader is cautioned that scope creep (adding work without corresponding updates to cost, schedule, and quality) may render original plans unachievable. Therefore, initial clarification of scope, and adherence to the plan throughout the project, are of the utmost importance. Describe any applicable assumptions and/or constraints that may affect the project.

Project Charter Template

Project Results. *State what will be created in terms of deliverables to satisfy the purpose of the project, as described in Section B.*

Content of the Project. *Define what work is to be done.*

Exclusions. *Define what work is not to be done, that otherwise might be assumed to be part of this project.*

Key Stakeholders. *List the organizations/persons directly affected by the project and the resulting project deliverables.*

Assumptions. *List major assumptions pertaining to this project that may impact scope.*

Constraints. *List all known constraints pertaining to this project that may impact scope.*

E.   Project Authority

This section describes the authority of the individual or organization initiating the project, limitations or initial checkpoint of the authorization, management oversight over the project, and the authority of the Project Manager. This project charter defines two management structures—internal and external—to ensure change and issues affecting project completion are properly controlled.

- **Authorization**

This section ensures that the project initiator has the authority to commit the appropriate resources within the organization.

This Project Charter has been initiated by Initiating Organization and authorizes the expenditure of Organization resources to complete a first checkpoint for the Project.

- **Project Manager**

This section explicitly names the project manager and may define his or her role and responsibility over the project. This section also lists the project manager's skill sets and justifies his or her selection for this project. Depending on the [Project] complexities, this section may describe how the project manager will control matrix organizations and employees.

Identify the Project Manager, their expressed authority, their skill set, and justification for why they were selected to lead the project.

- **Oversight (Steering) Committee**

This section describes agency management control over the project. Within the project, internal control should be established to control the day-to-day activities of the project. The project manager should manage internal control. External oversight should be established to ensure that the organization's resources are applied to meet the project and organization's objectives.

List Oversight Committee members and contact information.

Project Charter Template

- **Controls**

This section should describe or reference a process by which internal and external controls interact. Diagrams should be used where appropriate.

This section should describe or reference a process by which internal and external controls interact. Diagrams should be used where appropriate.

F.   Roles and Responsibilities

This section discusses the overall structure of the project organization and its roles and responsibilities throughout the project phases. Note: As an addendum to this sub-section, it may be advisable to develop a responsibility matrix. The matrix lays out the major activities in the project and the key stakeholder groups. It also provides a good example of showing cross-functional/organizational interaction.

- **Project Organization Overview**

This section describes key organizations or individuals supporting the project not directly under the authority of the project manager. A responsibility matrix may facilitate the task of organizing and assigning resource responsibility.

Major Milestones	Functional Roles										

Legend:
E = responsible for execution (may be shared)
A = final approval for authority
C = must be consulted
I = must be informed

G.   Management Checkpoints

This section describes key management checkpoints established by the initiating agency.

Checkpoint	Evaluation Criteria

H.   Signatures

Project Charter Template

The signatures of the people below relay an understanding in the purpose and content of this document by those signing it. By signing this document you agree to this as the formal Charter statement to begin work on the project described within, and commitment of the necessary resources.

Name/Title	Signature	Date

Moving On To The Planning Phase

Moving on to the Planning Phase

If all goes well, the Project Charter will be accepted and signed, and the project will receive funding and move into the Planning Phase. It is at this time that the project manager for the remainder of the project should be selected.

Project managers who are selected to lead a project but who were not involved in the Initiation Phase (for whatever reason) should be reminded that it is critical to review the Project Initiation Phase documentation. These documents are the agreed-upon foundation for which the project was created and the catalyst for the creation of the Project Plan.

Information Technology Components for Project Initiation

Information Technology Project Initiation

Like all other projects, information technology projects must have a starting point. Once a need has been recognized for a new IT product or service, several processes must take place for the project to be defined more clearly and approved. It is the project manager's responsibility to put together a product description, Project Concept Document, Business Case and a Project Charter. The table below illustrates a comparison of some of the System Life Cycle Development Initiation Phase and Project Management Initiation Phase efforts at a high level.

	System Development Life Cycle Efforts	**Project Management Efforts**

Initiation Phase	**Support**
	• Establishment of
	  − Goals & Objectives
	  − Possible Approach
	  − Resource Needs
	  − Other
	
	Deliverables
	• Feasibility Study
		Support
		• Product Description Statement
		• Business Case
		
		Deliverables
		• Project Concept Document
		• Business Case
		• Project Charter

The SDLC support processes and documents are understandably more technical in nature and will, for the most part, be the responsibility of a technical staff who are better equipped to discern the technical impact and business case for taking on a proposed IT project. In contrast, the project management deliverables will be more involved with the management of the effort as well as the business impact of the project on the agency. This includes the business management processes that will be put into effect to support the IT project if it is carried out.

Information Technology Product Description

In order to provide an accurate understanding of what the proposed project will be expected to provide in the way of a deliverable, the project manager will want to develop a Product Description Statement within the Project Concept Document. A synopsis of the development of a Product Description Statement can be found in the Project Initiation Overview subsection. Although the information between the project phases and IT life cycles is transferable in some cases, this does not mean that development of documents or creation of support information on one side will take the place of efforts on the other. It is still important to treat each effort as a separate entity and create them separately.

Information Technology Concept Document

The Project Concept Document is the most important document deliverable created at project inception. The document formally relays the objectives, goals, characteristics, and other components of a project. Information technology projects often have very definitive objectives, goals, and characteristics because of the limited technology options or the specificity with which technology may be applied in certain business situations. The Project Concept Document should contain what is known about the IT project and what needs to be achieved for successful implementation. Being the conceptual document that it is, the Project Concept Document will not hold all of the answers to all of the questions about the project being

Information Technology Components for Project Initiation

considered, but it should provide enough information, both technically and objectively, to make a decision to issue a Business Case or a Project Charter.

The Project Concept Document template is provided in Appendix B, and it offers an example of how some sections of the Project Concept Document might be filled out for use with an IT project.

Information Technology Project Charter

The Project Charter for an IT project will be very similar to that of a non-IT project. Most of the data contained within the Project Charter outlines the administrative roles and responsibilities that are a part of all projects. For IT projects, this could be of even greater significance because technology issues may bring together several people who have similar roles within their functional or organizational areas. Setting a baseline for project responsibility early in the project will prove to be beneficial for the project manager many times over later in the project.

A more detailed description of the Project Charter and its role in the Project Initiation Phase process can be found in the Project Charter subsection within the Project Initiation Phase. A template of the Project Charter itself is available in Appendix B.

Project Manager Skills and Responsibilities

As with any other project, the person who manages the Initiation Phase of a project may not always be the same person who is assigned as the project manager during the remainder of the project. The reason for this is that the information technology project manager is required to be a versatile and focused professional.

Needed Skills
Ensuring that the technology experts are doing a thorough job analyzing the feasibility of the project, while simultaneously collecting other necessary project information for the Project Concept Document, is not an easy task. At this stage in the project, it is uncommon for anyone outside of the project manager responsible for project initiation to be exclusively dedicated to the project. Therefore, it may be difficult to find resources to do the preliminary conceptualization and analysis may be difficult. At this stage, the project manager's position may require the skills of a salesman accompanied by the art of persuasion to elicit an interest in a project. Often, the project manager has a short time in which to do this, because interest and support in a project can die just as quickly as it is conceived if no one in the agency pays sufficient attention.

Responsibilities
A clear understanding of what must occur in the Initiation Phase is important to project initiation success. A project manager will need to give attention to the following tasks:

- Make sure that the proper documentation deliverables (Project Concept Document, Business Case, Project Charter) are completed in a timely manner. Set reasonable schedule and review dates. Be sure that all people involved with the Project Initiation Phase are aware of the dates and their responsibilities. (See the Project Overview section for additional clarification.)

- Give consideration to, and even begin some preliminary discussion about, what resources will be needed if and when the project progresses to the Planning Phase.
- Be prepared to defend the need for and benefits of the project. (All projects, especially IT projects, come under fire from people or organizations that would like to see them fail.)
- Begin eliciting upper level management support—someone who will champion the effort at the upper level of the agency, if necessary.