

## PROJECT CHARTER

DR.GOPAL SIVAKUMAR  
DAY1; SESSION NO 3

## PROJECT PRIORITIZATION MATRIX

Activity:	Project Prioritization									
Facilitator:	John Doe									
Date:	16/11/2019									
Business Priorities:	ROR	Duration	Cost	Resource	Difficulty	Complexity				
Weighting (1-10):	8	5	6	6	4	4				
Projects										Score
Project #6	9	9	7	9	9	7				277
Project #7	9	9	7	9	9	7				277
Project #3	7	9	5	9	11	7				257
Project #5	7	9	5	9	11	7				257
Project #11	7	9	5	9	11	7				257
Project #2	5	7	3	7	9	5				191
Project #8	5	7	3	7	9	5				191
Project #12	5	7	3	7	9	5				191
Project #1	3	5	1	5	7	3				125
Project #4	3	5	1	5	7	3				125
Project #9	3	5	1	5	7	3				125
Project #10	3	5	1	5	7	3				125

## PROJECT CHARTER

There are Six Main Elements of a Six Sigma Project Charter:

- Business Case
- Problem Statement
- Goal Statement:
- Scope Statement
- Timeline
- Team Members

12/7/2019 3

## Business Case

- The business case describes why this project is important to the company. Why should the organization support this project?
- From [time1] to [time2], we experience [pain metric]. With a target of [target metric], this gap of [##] leads to a COPQ of [\$].
- **EXAMPLE:** From 06/05/2017 to 06/12/2018, ABC Inc has experienced a 23% increase in operating cost of ABC Construction. With a target of .05%, this increase of 22.5% has led to a COPQ of \$253,000.

12/7/2019 4

## Problem Statement

- The problem statement contains a brief description of the "pain" being experienced by the organization. The Problem statement should be related to the VOC (internal or external)
- Must include the current state of the process in a metric!
- **EXAMPLE:** In the last six months (when) 20% of our repeat customers were late, over 60 days, paying our invoices (what). The current rate of late payments is up from 10% in 2017 and represents 30% (how big) of our outstanding receivables (where). This negatively affects our operating cash flow by \$150,000 (concern or consequence)."

12/7/2019 5

## Goal Statement

- Goal Statement: What is the goal of the project? How much improvement is targeted?
- Must include the desired state of the metric identified in the problem statement!
- Goal Statement should be a SMART Goal.
- **EXAMPLE:** Increase (verb) employee motivation survey scores (what) from the current 42% to 70% (improvement) by end of 3rd. Quarter 2017 (completion date).

12/7/2019 6

**S**pecific

**M**easurable

**A**ttainable

**R**elevant

**T**ime Bound

### Scope Statement:

- The scope of the project clearly describes the physical boundaries of the project. The Scope defines what is included in the project and what is excluded in the project.
- Scope can include product families, geographical areas, departments etc.
- EXAMPLE:**
  - In scope - Account Receivable Department Seattle facility, Receivables greater than \$1m.
  - Out of Scope - All other Departments, Receivables less than \$1m.

12/7/2019 7

### Timeline

- The timeline describes the key milestones and when they will be completed.
- Typically for a DMAIC Six Sigma project, the times for the completion of each of the five phases (Define, Measure, Analyze, Improve, and Control)

Project Status				On Time	Delayed	Revised
Phase	Start Date	End Date	% Complete	Health		
Start Date	6/13/2017	6/20/2017				
Define	6/20/2017	7/4/2017				
Measure	7/4/2017	7/18/2017				
Analyze	7/18/2017	8/1/2017				
Improve	8/1/2017	8/15/2017				
Control	8/15/2017	8/29/2017				
Completion Date	8/29/2017	9/12/2017				

12/7/2019 8

### Team Members:

- Team members section includes all the resources that are required to work on this project.
- Typically, mentioned in this section are the
  - project sponsor
  - key stakeholders
  - team members
  - subject matter experts

12/7/2019 9

### PROJECT CHARTER EXAMPLE

PROJECT CHARTER						
<b>Business Case:</b> From 06/05/2016 to 06/12/17, PBJ Inc has experienced a 23% increase in operating cost of PBJ Construction. With a target of 40%, this increase of 22.5% has led to a COPQ of \$253,000.  <b>Problem Statement:</b> In the last 12 months our operating cost of PBJ Construction has been on average \$3.89 per unit. This is up 25% from target.  <b>Goal Statement:</b> Reduce PBJ Construction costs from current \$3.89 by 25% before 12/10/17.  <b>Cost of Poor Quality:</b> Material and Labor Costs for the PBJ Product Line SM24534. Includes scrap costs.  <b>Project Scope:</b> In Scope: PBJ Product Line SM24534 1st, 2nd and 3rd shifts. Out of scope: all other departments.	<b>Project Leader:</b> John Williams		<b>Key Contacts:</b> Dr.Gopal Sivakumar (Consultant), Balachandrar (Production Supervisor)			
	<b>Team Members:</b> Jimmy (Green Belt), Peter (SME), Clark (SME), Lee (SME)					
	<b>Stakeholders:</b> PBJ Inc Shareholders, PBJ Product Line SM24534					
<b>Project Status</b>			<b>On Time / Delayed / Stopped</b>			
Phase	Start Date	End Date	% Complete			
Start Date	6/13/2017	6/20/2017				
Define	6/20/2017	7/4/2017				
Measure	7/4/2017	7/18/2017				
Analyze	7/18/2017	8/1/2017				
Improve	8/1/2017	8/15/2017				
Control	8/15/2017	8/29/2017				
Completion Date	8/29/2017	9/12/2017				

12/7/2019 10

### SMART GOAL - Example

- **Goal Statement:** To reduce the percentage of late payments (what) from 30% to 15% (magnitude) In the next 3 months (when) in the North India Region (where), and realize savings of 500KUSD/ year (magnitude).

What is missing in these goal statements?

- Reduce the cost of rework in the company within 4 months.
- Improve order to ship time by 50%
- Reduce revenue loss due to unauthorized discounts by 80%.
- Decrease time spent in admin activities by 25%
- Reduce errors in customer application forms to zero.
- Increase productivity by 30%

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_