THE PROJECT ENVIRONMENT

The project manager is responsible for many things. In addition to acquiring resources, the project manager must also focus on the project environment. The **project environment** includes not only the physical space where the team will work, but also the project culture. More specifically, the project environment includes:

- *A place to call home*—It may seem obvious, but a project team must have adequate space to work and meet. If the project team is internal to the organization, a work area may already be available. However, consultants often are found camped out in a conference room or even the organization's cafeteria because no other space is available. Therefore, the project manager should make sure that the team has a place to call home and a place to meet as a team for the duration of the project. For an Agile project, this may require a central work space where the project team can communicate effectively and work collectively.

- *Technology*—In addition to having an adequate work area, the team will also need adequate technology support. Support may include a personal computer and appropriate software, Internet access, electronic mail, and a telephone. In addition, many teams today are geographically dispersed. Technology provides a means for teams to collaborate when they cannot meet at the same time in the same place. Collaboration tools, such as video conferencing, online meeting tools, and so forth, not only can improve communication, but can also increase the speed of the team's learning cycles by allowing the team to store and share minutes of team meetings, action plans, and lessons learned.

- *Office supplies*—Aside from technology resources, the team will need various office supplies, such as paper, pens, pencils, staplers, and so forth.

- *Culture*—Each organization has its own culture, but a project team should have its own culture as well. Culture reflects the values and norms of the team. One way of establishing a culture is for the project team develop a team charter early on in the project. The team charter allows the team to agree on a set of values and expectations that will help define the project team culture. This charter includes:
  - What is expected from each member?
  - What role will each team member play?
  - How will conflicts be resolved?

THE PROJECT CHARTER

The **project charter** serves as an agreement and as a communication tool for all of the project stakeholders. The project charter documents the project's MOV and describes the infrastructure needed to support the project. In addition, the project charter summarizes many of the details found in the project plan. A well-written project charter should provide a consolidated source of information about the project and reduce the likelihood of confusion and misunderstanding. More specifically, the purpose of the project charter is to:

- *Document the project's MOV*—Although the project's MOV was included in the business case, it is important that the MOV be clearly defined and agreed upon before developing or executing the project plan. At this point, the MOV must be cast in stone. Once agreed upon, the MOV for a project should not change. As you will see, the MOV drives the project planning process and is fundamental for all project-related decisions.

- *Define the project infrastructure*—The project charter defines all of the people, resources, technology, methods, project management processes, and knowledge areas that are required to

support the project. In short, the project charter will detail everything needed to carry out the project. Moreover, this infrastructure must not only be in place, but must also be taken into account when developing the project plan. For example, knowing who will be on the project team and what resources will be available to them can help the project manager estimate the amount of time a particular task or set of activities will require. It makes sense that a highly skilled and experienced team member with adequate resources should require less time to complete a certain task than an inexperienced person with inadequate resources. Keep in mind, however, that you can introduce risk to your project plan if you develop your estimates based on the abilities of your best people. If one of these individuals should leave sometime during the project, you may have to replace him or her with someone less skilled or less experienced. As a result, you will either have to revise your estimates or face the possibility of the project exceeding its deadline.

- *Summarize the details of the project plan*—The project charter should summarize the scope, schedule, budget, quality objectives, deliverables, and milestones of the project. It should serve as an important communication tool that provides a consolidated source of information about the project that can be referenced throughout the project life cycle.

- *Define the project's governance structure*—The project charter should not only identify the project sponsor, project manager, and project team, but should also specify when and how they will be involved throughout the project life cycle. In addition, the project charter should specify the lines of reporting, who will be responsible for specific decisions, and how problems, issues, or risk should be escalated to an appropriate decision maker. In addition, changes to the project's scope, schedule, and budget will undoubtedly be required over the course of the project. But, the project manager can lose control and the project team can lose its focus if these changes are not managed properly. Therefore, the project charter should outline a process for requesting and responding to proposed changes

- *Show explicit commitment to the project*—In addition to defining the roles and responsibilities of the various stakeholders, the project charter should detail the resources to be provided by the organization and specify clearly who will take ownership of the project's product once the project is completed. Any contractual agreement should also detail the terms of all the parties involved. Approval of the project charter gives the project team the formal authority to begin work on the project.

In general, the project charter and project plan should be developed together—the details of the project plan need to be summarized in the project charter, and the infrastructure outlined in the project charter will influence the estimates used in developing the project plan. It is the responsibility of the project manager to ensure that the project charter and plan are developed, agreed upon, and approved. Like the business case, the project charter and plan should be developed with both the project team and the project sponsor or governance committee to ensure that the project will support the organization and that the project's MOV remains realistic and achievable.

What Should Be in a Project Charter?

Although the formality and depth of developing a project charter will most likely depend on the size and complexity of the project, the fundamental project management and the product-development processes and areas should be addressed and included for all projects. This section presents an overview of the typical areas that may go into a project charter; however, organizations and project managers should adapt the project charter based on best practices, experience, and the project itself.

PROJECT IDENTIFICATION It is common for all projects to have a unique name or a way to identify them. It is especially necessary if an organization has several projects underway at once. Naming a project can also give the project team and stakeholders a sense of identity and ownership. Often

organizations will use some type of acronym for the project's name. For example, instead of naming a project something as mundane as the Flight Reservation System in 1965, American Airlines named its system Semi-Automated Business Research Environment (SABRE). Today, SABRE has become a well-recognized product that connects travel agents and online customers with all of the major airlines, car rental companies, hotels, railways, and cruise lines.

PROJECT STAKEHOLDERS It is important that the project charter specifically name the project sponsor and the project manager, as well as the members of the governance committee. This reduces the likelihood of confusion when determining who will take ownership of the project's product and who will be the leader of the project. In addition, the project team should be named along with team members' titles or roles in the project, their phone numbers, and email addresses. This section should describe who will be involved in the project, how they will be involved, and when they will be involved. Formal reporting relationships can be specified and may be useful on larger projects. In addition, including telephone numbers and email addresses can provide a handy directory for getting in touch with the various participants.

PROJECT DESCRIPTION The project charter should be a single source of information. There-fore, it may be useful to include a description of the project to help someone unfamiliar with the project understand not only the details, but the larger picture as well. This may include a brief overview or background of the project as to the problem or opportunity that became a catalyst for the project and the reason or purpose for taking on the project. It may also be useful to include the vision of the organi-zation or project and how it aligns with the organization's goal and strategy. Much of this section could summarize the total benefits expected from the project that were described in the business case. It is important that the project description focus on the business and not the technology.

MEASURABLE ORGANIZATIONAL VALUE (MOV) The MOV should be clear, concise, agreed on, and made explicit to all of the project stakeholders. Therefore, the project's MOV should be high-lighted and easily identifiable in the project charter.

PROJECT SCOPE The project's scope is the work to be completed. A specific section of the project charter should clarify not only what will be produced or delivered by the project team, but also what will not be part of the project's scope. This distinction is important for two reasons. First, it provides the foundation for developing the project plan's schedule and cost estimates. Changes to the project's scope will impact the project's schedule and budget; that is, if resources are fixed, expanding the amount of work you have to complete will take more time and money. Therefore, the creation of additional work for the project team will extend the project's schedule and invariably increase the cost of the project. Formal procedures must be in place to control and manage the project's scope. Second, it is important for the project manager to manage the expectations of the project sponsor and the project team. By making the project's scope explicit as to what is and what is not to be delivered, the likelihood of confusion and misunderstanding is reduced.

At this point, a first attempt is made to define the project's scope and is based on information pro-vided by the project sponsor. Only enough detail is needed to plan the project so that estimates for the project schedule and budget can be defined. This may include a high-level view of the project and product deliverables and the criteria for their acceptance by the project sponsor. Detailed system require-ments will be specified later during the execution phase of the project when the SDLC is carried out.

PROJECT SCHEDULE Although the details of the project's schedule will be in the project plan, it is important to summarize the detail of the plan with respect to the expected start and completion dates. In addition, expected dates for major deliverables, milestones, and phases should be highlighted and summarized at a very high level.

PROJECT BUDGET   A section of the project charter should highlight the total cost of the project. The total cost of the project should be summarized directly from the project plan.

QUALITY STANDARDS   Although a quality management plan should be in place to support the project, a section that identifies any known or required quality standards should be made explicit in the project charter. For example, an application system's reports may have to meet a government agency's requirements.

RESOURCES   Because the project charter acts as an agreement or contract, it may be useful to specify the resources required and who is responsible for providing those resources. Resources may include people, technology, or facilities to support the project team. It would be somewhat awkward for a team of consultants to arrive at the client's organization and find that the only space available for them to work is a corner table in the company cafeteria! Therefore, explicitly outlining the resources needed and who is responsible for what can reduce the likelihood for confusion or misunderstanding.

ASSUMPTIONS AND RISKS   Any risks or assumptions should be documented in the project charter. Assumptions may include things that must go right, such as a particular team member being available for the project, or specific criteria used in developing the project plan estimates. Risks, on the other hand, may be thought of as anything that can go wrong or things that may impact the success of the project. Although a risk management plan should be in place to support the project team, the project charter should summarize the following potential impacts:

- *Key situations or events that could significantly impact the project's scope, schedule, or budget*—These risks, their likelihood, and the strategy to overcome or minimize their impact should be detailed in the project's risk plan.

- *Any known constraints that may be imposed by the organization or project environment*—Known constraints may include such things as imposed deadlines, budgets, or required technology tools or platforms.

- *Dependencies on other projects internal or external to the organization*—In most cases, an IT project is one of several being undertaken by an organization. Subsequently, dependencies between projects may exist, especially if different application systems or technology platforms must be integrated. It may also be important to describe the project's role in relation to other projects.

- *Impacts on different areas of the organization*—As discussed earlier, projects operate in a broader environment than the project itself. As a result, the development and implementation of a new product, service, or system will have an impact on the organization. It is important to describe how the project will impact the organization in terms of disruption, downtime, or loss of productivity.

- *Any outstanding issues*—It is important to highlight any outstanding issues that need further resolution. These may be issues identified by the project sponsor, the project manager, or the project team that must be addressed and agreed upon at some point during the project. They may include such things as resources to be provided or decisions regarding the features or functionality of the system.

PROJECT ADMINISTRATION   Project administration focuses on the knowledge areas, processes, and controls that will support the project. These are actually separate subplans or strategies that make up the project management plan. Administration may include:

- *A communication plan* that outlines how the project's status or progress will be reported to various stakeholders. This plan also includes a process for reporting and resolving significant issues or problems as they arise.

- *A scope management plan* that describes how changes to the project's scope will be submitted, logged, and reviewed.

- *A quality management plan* that details how quality planning, assurance, and control will be supported throughout the project life cycle. In addition, a plan for testing the information system will be included.

- *A change management and implementation plan* that will specify how the project's product will be integrated into the organizational environment.

- *A human resources plan* for staff acquisition and team development.

ACCEPTANCE AND APPROVAL   Because the project charter serves as an agreement or contract between the project sponsor and project team, it may be necessary to have key stakeholders sign off on the project charter. By signing the document, the project stakeholder shows formal acceptance of the project and, therefore, gives the project manager and team the authority to carry out the project plan.

REFERENCES   In developing the project charter and plan, the project manager may use a number of references. It is important to document these references in order to add credibility to the project charter and plan as well as to provide a basis for supporting certain processes, practices, or estimates.

TERMINOLOGY   Many projects use certain terms or acronyms that may be unfamiliar to many people. Therefore, to reduce complexity and confusion, it may be useful to include a glossary giving the meaning of terms and acronyms, allowing all the project's stakeholders to use a common language. Figure 4.5 provides a template for a project charter. Feel free to adapt this template as needed.

Project Name or Identification

Project Stakeholders
- Names
- Titles or roles
- Phone numbers
- E-mail addresses

Project Description
- Background
- Description of the challenge or opportunity
- Overview of the desired impact

Measurable Organizational Value (MOV)
- Statement or table format

Project Scope
- What will be included in the scope of this project
- What will be considered outside the scope of this project

Project Schedule Summary
- Project start date
- Project end date
- Timeline of project phases and milestones
- Project reviews and review dates

Project Budget Summary
- Total project budget
- Budget broken down by phase

Quality Issues
- Specific quality requirements

Resources Required
- People
- Technology
- Facilities
- Other
- Resources to be provided
  - Resource
  - Name of resource provider
  - Date to be provided

Assumptions and Risks
- Assumptions used to develop estimates
- Key risks, probability of occurrence, and impact
- Constraints
- Dependencies on other projects or areas within or outside the organization
- Assessment project's impact on the organization
- Outstanding issues

Project Administration
- Communications plan
- Scope management plan
- Quality management plan
- Change management plan
- Human resources plan
- Implementation and project closure plan

Acceptance and Approval
- Names, signatures, and dates for approval

References

Terminology or Glossary

Appendices (as required)

Figure 4.5 A Project Charter Template