

Project Charter

Project Name:	XYZ Computer System
Company:	XYZ Manufacturing Company Ltd.
Division:	Computer Systems
Department:	Information Technology
Process or Product:	Servers and Displays manufacturing

Prepared By:

Document Owners	Project or Organization Role
Ken Owtrim	Project Manager
John Smith	Director, IT – Project Owner
Joe Blow	VP, Manufacturing – Project Sponsor

Version Control

Ver #	Date	Author	Change Description
0	02/01/09	Ken Owtrim John Smith Joe Blow	Document created
1			
2			

Project Charter Purpose

The Project Charter defines the scope, objectives, deliverables and overall approach for the work to be completed. It is a critical element for initiating, planning, executing, controlling, and monitoring the project. It is the absolute master document for the project and as such it should be the single point of reference on the project for goals and objectives, scope, organization, estimates, deliverables, and budget.

There are items within the Charter that are supported by additional project control documents. In these instances the Charter will name the documents involved and describe their purpose and use throughout the project life cycle. This serves to keep changes to the master document to a required minimum while providing a mechanism to monitor and control the key areas of the project on an ongoing basis.

The Project Charter also serves as a contract between the Project Team and the Project Sponsors, stating at a minimum:

- Why are we doing this and what is the overall goal.
- What are the assumptions and constraints going in.
- When do we need to be finished.
- What deliverables must be made to get there.
- What things are not to be done.
- When do the deliverables need to be completed and in what order.
- Who is going to actually do the tasks and where.
- What resources and money (budget) is needed.
- What risks are there likely to be along the way.
- How to keep things on target and monitor progress.

Executive Overview

In the last budget process it was recognized that the legacy Manufacturing Information System needed to be upgraded as vendor support for the old system was to be discontinued within two years. In house staff cannot maintain the old system due to source code not being available. A modern manufacturing software application would provide added functionality and opportunities to reduce inventory levels and product delivery times.

Subsequently, an RFP was issued, a vendor selected and contracts completed to provide the new software. It is assumed the new application will operate satisfactorily on the XYZ hardware. This is a potentially high risk to the project and must be verified in the early project stage.

The new system will be initially implemented in the Display manufacturing facility. It is anticipated that will happen within the first 12 months. Once the system has proven itself and stabilized, then the main Server plant will be brought online within the following 6 months. This timeline must be met to ensure our operating systems are fully supported.

The cost is not to exceed \$750,000. This includes the initial software application, custom code development, and consulting costs.

The Director of IT will be responsible for the implementation, and will hire an experienced contract Project Manager to guide the project. The VP Manufacturing is the Project Sponsor and must sign off on all major deliverables. The various company departments will contribute experienced staff resources to the project team for the duration of the project.

Project Scope

Goals and Objectives:

Goals	Objectives
The project will provide an improved system for controlling inventory.	Achieve an inventory cost reduction of 25% for the Display manufacturing division 6 months after implementation. Achieve an inventory cost reduction of 25% for the Server manufacturing division 6 months after implementation. Reduce total days of component inventory on hand by 30%. Process inventory transactions on a real time basis to achieve 98+% accuracy of online stock status information.
Shorten product delivery times by implementing new system.	By implementing the new customer order configuration module: The average days to deliver Displays will drop from 8 to 3 days and the Server delivery days will drop from 10 to 5 days.
The project will provide a flexible, modularized bill of material system.	Interface the bills of material system to the order entry process so that the order entry error rate will be reduced by 75%.
The new system will require less support costs.	Successfully implement the new software on XYZ hardware in order to cancel third party hardware maintenance.

Project Deliverables:

ID	Milestone	Deliverable	Due Date
1.	Display division goes live	--	02/01/10
		Deliverable 1: Complete Inventory module	05/01/09
		Deliverable 2: Complete Bill of Material module	08/01/09
		Deliverable 3: Complete Order Entry module	11/01/09
		Deliverable 4: Finalize testing and training	01/15/10
2.	Server division goes live	--	06/01/10
		Deliverable 1: Complete Inventory module	01/01/10
		Deliverable 2: Complete Bill of Material module	02/01/10
		Deliverable 3: Complete Order Entry module	03/01/10
		Deliverable 4: Finalize testing and training	05/15/10

NB: A Gantt Chart produced by a suitable project planning software application is essential to understanding all of the project deliverables and activities, their interrelationships, completion due dates, and progress status. Once the project plan details have been completed, the gantt chart will become an attachment to this document.

Deliverables Out of Scope:

- No new PCs or monitors will be installed at employee workstations.
- There will no Internet access to the new system during this implementation project.
- RFID technology will not be a part of the initial system implementation.

Project Estimated Costs by Milestone:

NB: labour costs include consulting and internal staff. Milestone 1 has high learning component.

ID	Deliverables Included	Estimated Costs	Date Est.	Confidence
1.	Deliverable 1	Software costs = \$25000 Labour costs = \$96000 Total = \$121,000.	02/01/09	High
	Deliverable 2	Software costs = \$25000 Labour costs = \$96000 Total = \$121,000.	02/01/09	Medium
	Deliverable 3	Software costs = \$25000 Labour costs = \$96000 Total = \$121,000.	02/01/09	Medium
	Deliverable 4	Labour costs = \$48000	02/01/09	Low
	Total milestone costs:	Software = \$75,000 Labour = \$336,000 Total = \$411,000.	02/01/09	Medium
2	Not available yet		02/01/09	

Project Conditions and Controls
--

Project Assumptions:

- The new software application will operate properly on XYZ's hardware platform.
- Sufficient internal staff resources can be made available to the project team.
- An experienced Project Manager will be hired to run the project.
- Facilities and workstations will be made temporarily available for the project team
- The project can be implemented within the cost budget.
- Required software enhancements will be made to handle XYZ specific needs.

Project Constraints:

- The economy is bad – the cost budget cannot be exceeded.
- It may be difficult to free up the required internal staff when needed.
- No new temp hires are allowed with the exception of the PM.
- The timeline must be met to decommission legacy system before support stops.

Project Interdependencies:

List any other projects in process or planned that have a relationship to this project. Describe how those projects impact the implementation of this project.

Project	Impact
Facilities expansion	Need space for project team
IT hardware upgrade	Need increased capacity on XYZ servers to handle new application functionality.
WAN installation	Need to be able to connect users online at all facilities

Organizational Impacts:

The high level view of changes by organization can be listed in the following table.

Organization	Impact to and Participation of Organization
Materials Management	Heavily involved in setting up new inventory databases and training on new system inputs. Staffing project team.
Product Engineering	Training on new system to develop new bill of materials. Staff project team.
Finance	New period closing reports and procedures to be learned. Staff project team.
Sales	Learn new product structures to be able to properly configure systems.

It is recommended that the Project Change Management and **Project Change Planning** documents be referred to and used to address these concerns at a more detailed level.

NB: This section is essentially about Change Management. Projects almost always bring significant change to organizations and are therefore disruptive. People inherently dislike change and are sceptical towards those things that bring about the change. Those that aren't directly involved with the project team are likely worried about their role and what might happen to them as the changes take place in the organization. It's up to the project team to recognize this as a serious matter and plan the appropriate communications to ensure correct expectations.

Project Scope Change:

In spite of having done the very best up-front planning and definition of project requirements, inevitably someone will want to change the scope of the project. Scope "creep" impacts the project deliverables and has been the downfall of many a project.

It is necessary to strictly control project scope to avoid confusion, wrong expectations and the possibility of project failure. This is done by implementing a formal project scope change procedure. The Project Scope Change Request and Project Scope Change Request Log forms are designed to support the formal procedures. No changes are to be made to the approved project scope and deliverables without obtaining approval through the formal scope change management process.

The **Project Scope Change Request** form is divided into three sections to fully document input from the requestor, reviewer, and decision maker. It supports a cost / benefit type of impact analysis for every requested change. The use of this form is the only way to request and obtain a change to the project scope.

The **Project Scope Change Request Log** form is maintained by the Project Manager and provides an overview and status of each and every change requested. A history of all changes is maintained on this form.

Regularly scheduled, frequent reviews of all open change requests are to be done to ensure all requests are dealt with in an expeditious manner and to protect the integrity of the project plan. These review meetings are to be included in the Project Communications Plan.

Project Risk Management:

Effective project management is about identifying and managing risks to the project. The risks should address both people resources and other resource areas. The Project Charter specifies the Risk Management Plan including; activities, roles and responsibilities – samples are given below.

Individual risk items are tracked on the **Project Risk Management Item Tracking** document. The Project Manager is responsible for maintaining this document.

Risk Management Plan

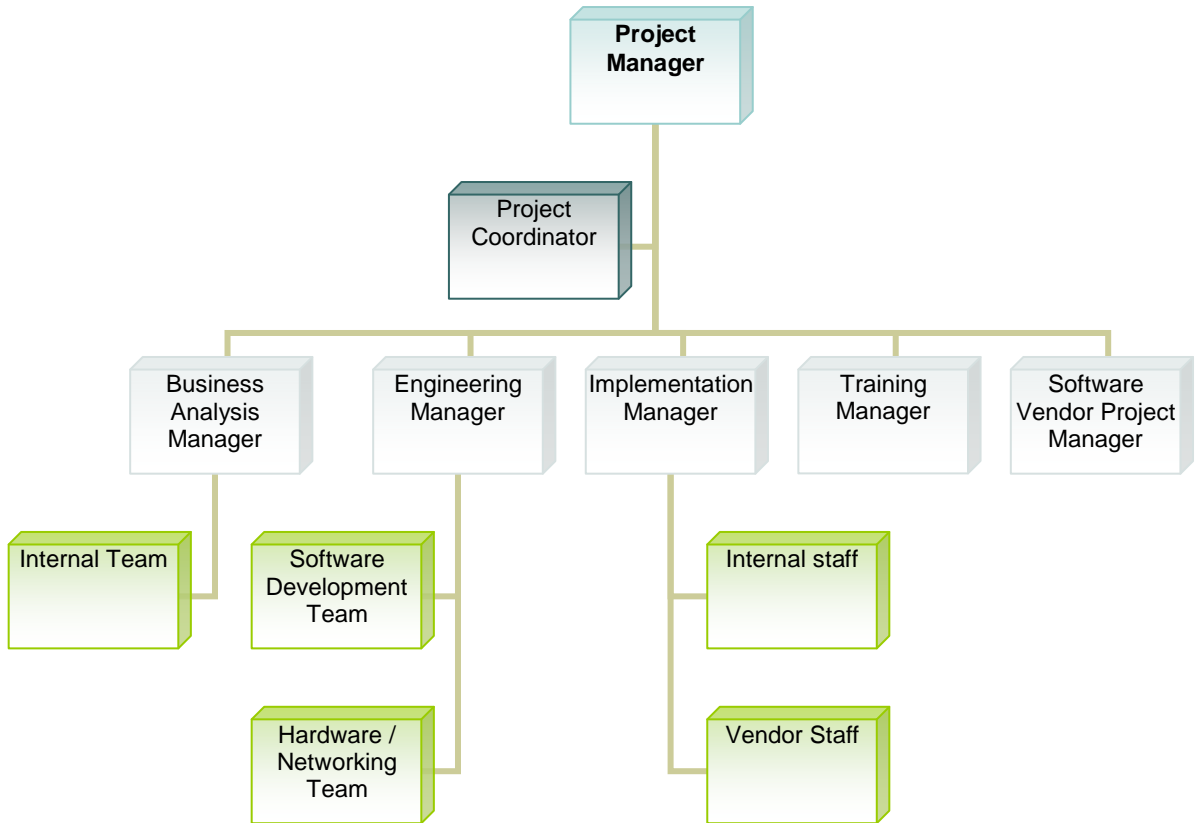
Activity	Description	Ownership
Identification	At the beginning of the project, the major risks will be identified and documented for tracking purposes. A specific risk management meeting will be held with the key project management to establish the project risks.	Project Manager IT Director VP, Manufacturing
Reporting	A monthly meeting will be held to review the overall project risk status. Provide a status update to the Project Risk Management Item Tracking document, and add any new risks as applicable.	Project Manager
Role	Responsibility	Assigned To
Project Manager	The Project Manager is responsible for the Project Risk Management Plan being implemented and for reporting to the Project Sponsor.	Ken Owtrim
Project Owner	Provide management assistance and guidance to the Project Manager and team. Act as the main management interface between the Project team and company functional management.	John Smith – IT Director
Project Sponsor	As the senior manager of the manufacturing operations, provide acceptance criteria and sign off on all major project deliverables.	Joe Blow – VP Manufacturing

Project Resource Planning:

The Project Resource Plan defines; the project organization chart, the staff resources required by skill set to complete the various project activities, and the non-people resources required to support the project team.

Project Organization Chart

The following organization chart shows the proposed project team structure.



Resource Requirements by Skill Set

Following are the estimates for project resources.

Resource Type	Quantity	Duration in Weeks	Supplier	Estimated Cost
Project Manager	1	72	Consultant	\$216,000
Programmer	1	26	Internal IT	\$39,000
IT network analyst	1	26	Internal IT	\$39,000
Business Analyst	2	12	Internal staff	\$50,000
Materials specialist	2	50	Internal staff	\$80,000
Product Engineer	2	40	Internal Staff	\$150,000

NB: A detailed resource plan by timeframe will be made available from the project planning software when the detailed level plan is completed.

Non-People Resources Required

Following is the list of desired items.

Item	Description	Quantity	Comments
Workstations	Standard programmer type stations used in internal IT department including computers and LAN access.	9	Open concept space for non-management staff.
Office	Private office	2	One office designated for Project manager plus one for general team use.
Meeting rooms	Rooms to hold up to 12 people	2	Need LAN access and LCD projectors. To be used for general meetings and training sessions.

Project Communications Planning:

Effective communications are a vital part of successful project management. A communications plan is to be established at the very beginning of the project and communicated to the entire team. The plan describes all mandatory regular communications activities. These should include topics such as; reporting, meetings, notices and team building. This plan sets out the timing and responsibilities of essential items; for example, the Project Status Reports for the individual teams and the overall project.

The Project Team Communications Plan document is used to define and communicate the plan. The Project Manager is responsible for establishing and maintaining the plan.

Project Reporting – General Items:

An important part of successfully running a project is to specify up front the general tools and templates that are to be used throughout the project for meetings and reporting. This standardizes the documents to be used and facilitates a structured approach to setting up and maintaining centralized project documentation storage and retrieval. These and all other project documents are to be stored electronically in a centrally located and managed set of folders.

The following document templates are available to handle the key repetitive project tasks:

- **Project Meeting – Agenda**
- **Project Meeting – Minutes**
- **Project Action items – Open**
- **Project Action Items – Closed**
- **Project Issue Management Form**
- **Project Issue Management Log**
- **Project Weekly Time Tracking – Employee**
- **Project Weekly Time Tracking – Summary**
- **Project Status Report**

Project Wrap-Up:

The **Project Wrap-Up Report** is prepared by the Project Manager at the conclusion of the project. Prior to its preparation, an interview process is conducted with all of the main project participants to complete the **Project Lessons Learned** document. All of the major project activities are given a rating by the participants and an overall summary of all the responses is prepared. The Project Lessons Learned summary document becomes an important component of the project wrap-up. Also, a summary description of the project highlights and lowlights is provided for the major activities.

A listing of any outstanding tasks that should be followed up on post project is provided along with summary recommendations for future projects.

The main purpose of this report is to learn those things that went well, those things that could be done better, and apply that knowledge to subsequent projects.

Attachments:

#	Document Name
1	EG: contract, statement of work
2	
Et c.	