

7) Project charter

General remarks

The project charter, also known as project mandate, project definition, project overview statement (POS), project initiation document (PID), terms of reference (TOR) of the project, is a **reference document** that provides a **detailed description of a project**.

The project charter may constitute the **foundation** for a Request for Information (RFI) or Request for Proposal (RFP) issued by the project owner. It may also be used as a basis for the contracts between the project owner and the chosen project implementation entities (including the entity in charge of project implementation).

It generally defines the **scope of the PM's responsibilities** and usually needs to be authorized by whomever the PM is accountable to (even though the business case has already been approved).

Once the project charter is signed, the PM is **officially invested** with the responsibility for the project.

The project charter may be derived from the business case, but it should be more **comprehensive**, in particular as regards the description of the target product and related deliverables.

The project charter should feature at least the items presented below; it should also include (possibly as an appendix) or refer to a **summary requirements specification** for the product to be created (this topic will be addressed in more detail in the next chapter).

Name of the project

First of all, the project should be given a name (usually a code name) in order to make it easy to refer to the project as well as to its team.

The code name may also be used to refer to the product that will result from the project. The definitive name of the product will be chosen in due course by Marketing (possibly with input from the PM).

Here are the code names that were used for the three major versions of the Hachette Multimedia Encyclopedia (EHM):

- *Dante (for the initial version),*
- *2K (for version 3, dated "2000", a complete redesign and redevelopment of the initial product),*
- *Eureka (for version 8, dated "2005", another complete redesign and redevelopment).*

At Apple, the next step was to produce T-shirts bearing the name of the project. ☺

Objectives and scope of the project

As a foreword or introduction, a brief description of the **project's objectives** should be given: how it fits in with the company's strategy, the needs that will be met and the benefits that will be provided by its outcome, the target product, etc.

A brief presentation of the major **stakeholders** should also be provided (stakeholders being individuals and/or organizations actively involved in the project and/or who have a particular interest in it).

The **scope** of a project, which sets its boundaries, is broadly defined by its **deliverables**. The final (target) deliverable is generally a product, but it could be a service, a new organization, a new process, etc.

As mentioned in chapter 1, it is generally useful to also define what is “**outside scope**”, ie what will not be included in the project, in other words what will be explicitly **excluded from the project** (although such a definition can obviously never be exhaustive...).

Assumptions and risks

At this stage of a project, assumptions need to be made; they should be clearly highlighted in the project charter.

Any identified risks, which may be related to or independent of the assumptions, must also be documented. Risks will need to be expanded upon when the detailed project plan is prepared.

Summary project plan

The project charter should include a summary project plan, covering:

- how the various project tasks will be organized: the “work breakdown structure” (WBS),
- the resources required for the project,
- how the project team will be organized,
- the roles and responsibilities of the persons involved,
- the reporting structure,
- the overall timescale and schedule of the project, with its major milestones,
- the project’s budget.

These matters will be addressed in more detail in subsequent chapters of this guide.

Since detailed planning of the project is generally undertaken after the project charter has been officially approved, some of the items in the project charter may not be absolutely definitive, for example the detailed organization of the project, intermediate milestones and budget details.

A certain degree of **flexibility**, a **safety margin** (margin of error) and a **provision for risk** should therefore be featured in the project charter, in particular as regards the **schedule** and the **budget**.

One of the **major milestones** usually featured in the project charter, for which there may be some flexibility or none at all, is the date set for the resulting product’s launch.

Product launch date

The product launch date, which is merely an objective at this stage of the project, is obviously **fundamental**, since it determines the date at which the project must be completed, which of course has an impact on the resources to be allocated to the project.

The product launch date is also the starting point for “**backward planning**”.

The launch date is generally determined as a **trade-off** accepted by the major stakeholders, for example, between what Marketing & Sales want and what the PM considers realistic. In some cases however, the project launch date may be imposed on the PM by the project owner/sponsor (management or the client).

> See the following site for **more information on the Project charter**:

>> <https://www.pmhut.com/how-to-write-a-project-charter-part-1>