



3 Step Process for Writing Effective Project Charters

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Step 1 – Identify the Problems faced by the Company

- Current state process flows for each impacted process
- Scope definition document – Use spreadsheets to identify the scope and size of what you are dealing with
- Prioritized Pain Points & root Causes, mapped to Current State Processes

Step 2 – Define the Future State Operating Model

- Project Success Criteria
- Future State process flows for each impacted process
- Solution Options with Baseball Cards for each solution
- Scorecard to evaluate each option
- Conceptual and logical architecture for selected solution
- High Level Workplan

Step 3 – Construct the Financial Model

- Cash Flow Statement for project
- Income Statement for Project
- Clearly documented assumptions and sources
- NPV, IRR and Payback Period driven by Cash Flow Statement

Unfortunately, we have all experienced the aftermath of working on projects that were approved on the basis of a poorly written Project Charter or even worse, approved *without* a Project Charter!

These projects often exhibit some or all of these symptoms:

- Lack of clear goals and hence vague schedules and budgets
- Lack of visible support from senior management
- Absence of measurable success criteria, and hence seem to drift from quarter to quarter with no end in sight

Let's Get Started: A Three-Step Overview to Building Compelling Process Charters

Step 1—Accurately Capture Problems Faced By The Company

- Document the current state process flows for each impacted process (software such as Visio helps!)
- Clearly articulate the issue at hand and how it will get *worse* over time if not addressed in a timely manner (risk of non-action)
- Gauge the size of your project based on important factors such as the number of systems involved and/or the amount of processes that need to be re-engineered

Step 2—Define Future State Operating Model

- Start with defining measurable and tangible success criteria for your project
- Clearly document your future state business process (FSBP) for each and every process that's impacted!
- Flush out potential solutions with a team brainstorming session! Make sure your key priorities are being addressed—the goal is come out with solutions to *enable* your FSBP
- Be sure to map out your conceptual and logical architecture towards your selected solution
- Finally—it's time to build your high level work plan!

Step 3—Construct the Financial Model For Your Project

- Build the cash flow and the income statement for your solution- Documenting your assumptions and sources is the key. The level of

specificity should be aligned with your work plan and the details in your solution architecture

- Don't bake your '7 layer cake of assumptions' —come review time it'll be important to answer how, why, and where, you came up with your financial estimates
- Engage the delivery owner—making them accountable for the cost estimates and the timelines is essential. After all, they will be held accountable for those once the project is approved!