

2.7: Project Charter

What is the Project Charter?

A **project charter**, project definition, or project statement is a statement of the scope, objectives, and participants in a project. It provides a preliminary delineation of roles and responsibilities, outlines the project objectives, identifies the main stakeholders, and defines the authority of the project manager. It serves as a reference of authority for the future of the project.

The charter document can be just a couple of pages in length or can be 50-100 pages. Ideally, it will be short (less than 5 pages) and written in clear and concise language so that anyone who reads it will have a clear understanding of the project, regardless of their technical background. Most project charters include a place at the end of the document for approval sign-off by the project sponsors or customers (i.e. those people who are paying for the project).

Purpose of the Project Charter

The project charter is used by the project manager during the planning process. The project charter informs the project manager about what skills will be required on the project team, as well as the general scope of work for the project. Some organizations forgo the creation of a project charter, viewing it as a document that merely takes time to create and contains information that “everyone already knows.” This can be a big mistake. The charter can be referenced by the project manager and stakeholders if some of the goals of the project are not met or they are asked to do something outside the scope of the project. A well-drafted project charter can prevent political interference in achieving the goals of the project and reduce scope creep.

In summary, the purpose of a project charter is to:

- Provide an understanding of the project, the reason it is being conducted, and its justification.
- Establish early on in the project the general scope.
- Establish the project manager and his or her authority level. A note of who will review and approve the project charter must be included.

What Should Be in the Project Charter?

There are many templates available for project charters and these vary greatly in the content and level of detail. (The PMI affiliated website ProjectManagement.com offers a number of [project charter templates](#)) At a minimum, good project charters will contain the following sections.

Background

The background should provide a broad overview of the project and answer the following questions:

- What is the purpose of the project?
- Where did the project originate? Have we conducted similar projects in the past?
- Who is the project manager and what level of authority does the project manager have?

Business Case

The Business Case describes why this project was selected over others and answers the following questions:

- Why was this project selected to move forward (project justification)? What selection criteria were used? (Project selection techniques are covered in a later chapter.)
- What problems is this project solving or what opportunities is it creating? What are the high-level requirements?

Goals

Listing the goals for the project ensures that the stakeholders will not be disappointed when the project is completed. This section should answer the following questions:

- What are the broad goals of this project?
- How will we know if the project is a success (what are our metrics for success)?
- Are there industry standards that we are trying to meet or benchmarks for performance that we want this project to attain?

Key Stakeholders

This section describes the key stakeholders and their interest in the project. This doesn't have to be an exhaustive list of stakeholders, but should contain a list of people who are interested in the project, as well as people who will pay for, or benefit from, the project.

Deliverables

A project is said to have deliverables as products or services. They are things such as physical objects, software code, or events that make up the project and they are written in the form of nouns, for example, floor, walls, electrical...etc.

Major Milestones

This section provides a summary of the major milestones for the project. A listing of any hard deadlines for the project should be included. Milestones can relate to project work (when are major deliverables expected to be complete?) as well as invoicing and payment deadlines.

Project Budget

The project budget section should provide a summary of the budget for the project and information about how it was determined. It answers the following questions:

- What is the initial budget for this project?
- How was that budget developed?
- Are the numbers used for budgeting rough estimates based on top-down estimation techniques, such as analogous or parametric estimating, or are they hard constraints?
- What contingency funds have been allocated?

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