

LCS International, Inc.

# PMP Review

## Chapter 2

# Creating the Project Charter and Preliminary Scope Statement

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These slides are intended to be used only in settings where each viewer has an original copy of the Sybex *PMP Study Guide* book.

# Initiating the Project

- ***How Projects Come About***
- Kicking Off the Project Charter
- Using Tools & Techniques for Charter Development
- Formalizing and Publishing the Project Charter
- Developing a Preliminary Project Scope Statement

# How Projects Come About

- Needs and Demands
  - *Market* demand
  - Business *need*
  - Customer request
  - Technological Advance
  - Legal requirement
  - Social need
- Feasibility Studies

# Using Project *Selection* Methods

- Selecting and Prioritizing Projects
  - Mathematical Models
  - Benefit Measurement Methods
    - Cost-Benefit Analysis
    - Scoring Models
    - Cash Flow Analysis Techniques
      - Payback Period
      - Discounted Cash Flows
      - Net Present Value
      - Internal Rate of Return

# Cash Flow Analysis Techniques

- Payback Period
  - Measured in *time*
- Discounted Cash Flows
  - *Future value vs. Present value*
- Net Present Value
  - Measured in *dollars (\$\$\$)*
- Internal Rate of Return
  - Measured in *percentage (%)*

# Enterprise Environmental Factors

- Organizational culture and structure
- Governmental or industry standards
- Infrastructure
- Human resources
- Personnel administration
- Organization's work authorization system
- Marketplace conditions
- Stakeholder risk tolerance
- Commercial databases
- Project management information systems

# Develop *Project Charter*

Develop Project Charter is the process of developing documentation that formally authorizes a project or a phase. The documentation includes initial requirements that satisfy stakeholder needs and expectations. In multi-phase projects, this process is used to validate or refine decisions made during the previous iteration of this process. The project charter is the document that formally authorizes a project. The project charter also provides the project manager with authority to apply resources to project activities.

## ***Inputs***

- .1 Project statement of work
- .2 Business case
- .3 Contract
- .4 Enterprise environmental factors
- .5 Organizational process assets

## ***Outputs***

- .1 Project charter

## **4.1** ***Project Management Integration***

→ To Develop Project Management Plan

From Project Initiator or Sponsor Request

## ***Tools & Techniques***

- .1 Expert judgment



# Pulling the Project Charter Together

- Purpose or justification for the project
- Business need for the project
- Business justification including ROI analysis
- High-level project description or product description
- Stakeholder, sponsor, customer requirements
- Stakeholder influences
- Involvement of other departments needed
- *Constraints and Assumptions*
- Summary milestone schedule (preliminary)
- Summary budget (preliminary)
- Name of the project manager and authority level



# Formalizing and Publishing the Project Charter

- Key Stakeholders
  - Project Manager
  - Project Sponsor
  - Project Champion
  - Functional Managers
- ***Pulling the Project Charter Together***
- Project Charter Sign-off

# Identify Stakeholders

Identify Stakeholders is the process of identifying all people or organizations impacted by the project and documenting the relevant information regarding their interests, involvement, and impact on project success. Project stakeholders are persons and organizations such as customers, sponsors, the performing organization, and the public that are actively involved in the project or whose interests may be positively or negatively affected by the execution or completion of the project. Stakeholders may also exert influence over the project and its deliverables.

## **Inputs**

- .1 Project charter
- .2 Procurement documents
- .3 Enterprise environmental factors
- .4 Organizational process assets

## **Outputs**

- .1 Stakeholder register
- .2 Stakeholder management strategy

## **10.1** **Project** **Communications** **Management**

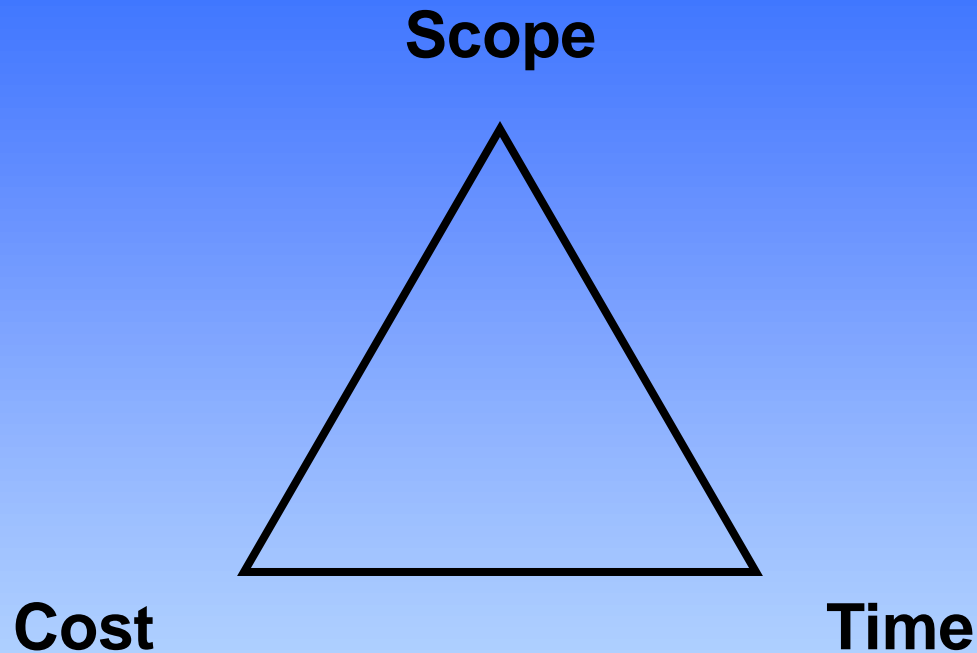
→ To Plan Communications

## **Tools & Techniques**

- .1 Stakeholder analysis
- .2 Expert judgment



# Project Constraints



***“Triple Constraints” (cheaper, faster, OR better . . . rank them)***

**(Must be identified and documented)**