GLOBAL PRODUCTIVITY SOLUTIONS

# The Project Charter

# Project Charter

- The main deliverable of the Define Phase is the project charter
- The project charter is owned by the Champion, and is the responsibility of the champion, executive sponsor, and BB/MBB coach to develop
- ***The project must be rock-solidly defined and signed off by all parties before the project begins***
- A loosely defined or poorly-understood charter is a recipe for project misery
- We'll go over all elements of the charter in this section

# Elements of the Project Charter

- The project charter includes:
  - general project information
  - problem statement
  - objective
  - scope
  - process stakeholders
  - primary metric
  - secondary metrics
  - estimated baseline and goal
  - project benefits
  - team members
  - schedule
  - signoffs
- We will go over these elements in detail…

# Project Information

| Lean Six Sigma Project Charter | |
|---|---|
| **Project Information** | |
| **Project Name** | Reduction of Processing Time for Grant Applications |
| **Department/Agency** | Ministry of Silly Walks (MSW) |
| **GB Candidate** | J. Cleese |
| **Champion** | T. Jones |
| **MBB Coach** | G. Chapman |
| **Executive Sponsor** | M. Palin |

The project name and department/agency/organization is given at the top of the charter, along with the key participants

# Problem Statement and Objective

| Project Overview | |
|---|---|
| **Problem Statement** | Currently, the average time required to process a grant application within MSW is over 60 days. This creates high levels of dissatisfaction for the applicants and corresponding delays in the customers' development schedules. The excessive processing time also leads to more rework, greater incidences of losing track of applications, and more cases of misplaced information. Right now 10% of customers abandon their grant applications because of the excessive delays which causes processing costs to incur without realization of completed grants. |
| **Objective** | To reduce the grant completion time so that 95% of all grants are completed within 14 days. |

- **Problem Statement:**
  - What is the problem that we are trying to solve with this project? What is the "pain" that we feel as a result of this problem?
  - The problem statement should be concise and very specific on exactly what the problem is that we're trying to solve
- **Project Objective:**
  - What are we trying to accomplish with our project?
  - The objective should refer to the problem statement and should contain the specific goal that we are trying to achieve
  - The objective should be stated in terms of the primary metric

# Scope

| | | |
|---|---|---|
| **Scope** | **1. Project Scope (IS):** | All processes within the Ministry of Silly Walks |
| | **2. Out of project scope (IS NOT):** | Any external processes of vendors or customers |

- The scope is very important in keeping the project manageable
- We will refer to the scope frequently with our teams and even our Champions to guard against “scope creep” throughout the project
- Make sure the scope is such that a GB project can be completed in four months or a BB project in six months
- Note that many projects can be scoped to a specific area or process with the idea that the results will be “replicated” on a larger scale (multiple departments, regions, etc.)

# Process Stakeholders

| | |
|---|---|
| **Process Stakeholders** | Grant applicants, grant application processors and managers |

- It is critical to identify the key process stakeholders at the outset of the project
- A stakeholder analysis will be performed by the team in the Define Phase in order to determine which stakeholders will need to be “bought-in” for the project to succeed
- The Champion will likely be a key player in dealing with the stakeholders

# Primary and Secondary Metrics

- The ***primary metric*** is the measurement for which the project is focused on improving (linked to the project objective)
- The ***secondary metric*** (or metrics) are measures to assure that the project is NOT having an unintended negative impact

*Example: You wish to reduce the processing time for a transaction. One way to do this is to double the number of people working on the transaction. Is this a good way to improve the process?*

- ***primary metric***: processing time
- ***secondary metrics***: cost per transaction, defect rate

The goal is to improve the primary metric without making the secondary metrics worse (secondary metrics are not necessarily expected to improve)

# How do we come up with secondary metrics?

- All Lean Six Sigma projects must address one of three areas:
  - **Quality**
  - **Time**
  - **Cost**
- Whichever area the primary metric is based on, the other two areas are good candidates for secondary metrics:
  - We want to make fewer defects, but we can't take more time or increase our operating costs
  - We want to do things more quickly, but we can't make more defects or increase operating costs
  - We want to drive down our costs, but we can't increase defects or take more time
- In cases where you have multiple customer groups, your primary metric will typically address one customer group and the secondary metrics assure that we don't negatively impact our other customer groups
- In addition, look for secondary metrics by explaining your project to the people on the receiving end of your process (your customers and stakeholders) and see what items they are concerned may be negatively impacted

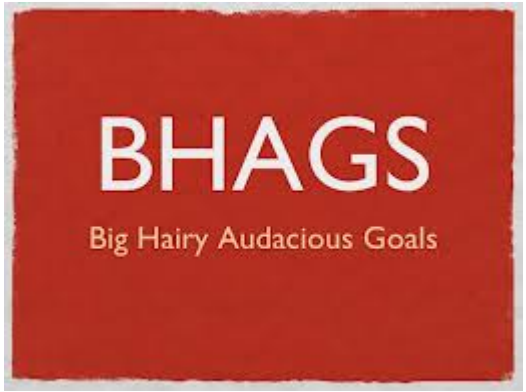
# Metrics, Baseline, Goals, and Project Benefits

| Metrics | | | |
|---|---|---|---|
| | description | baseline | goal |
| **Primary Metric** | Grant application processing time (from receipt of application to release of funds to applicant) | 5% within 14 days (60 days average) | 95% within 14 days |
| **Secondary Metrics** | Processing errors, processing cost per application | | |
| **Project Benefits** | Applicants will receive needed funding much more quickly allowing them to develop and deliver their silly walks to their consumers on schedule. This results in higher consumer satisfaction as well as significant financial benefit to the applicants' businesses. In addition, higher efficiencies within MSW allows less expediting, less stressful conditions, and resulting higher employee satisfaction. | | |

- The charter should contain the current baseline level of the primary metric and the project goal
- Typical goals for a Lean Six Sigma project:
  - > 50% reduction in defects (for projects addressing defects)
  - > 50% reduction in processing time (for projects addressing time)
  - > 50% reduction in costs (for projects dealing directly with cost reduction)
- Benefits should be clearly stated—any financial benefits stated should include all assumptions and calculations

# BHAGs for Goals

- We are not interested in making incremental improvements—we are looking for *transformational* improvements to the process
- We should set our goals with respect to the customer experience—our new process should delight our customers (no reason to do a project if the result will not make our customers happy)
- Think about the perfect world—if everything went right then what would our performance level be?
- For projects involving time reduction as the primary metric—we'll typically set the goal that at least 95% of our work is completed within the time limit that we establish



# Project Team

| Project Team | |
|---|---|
| ***Team Member*** | ***Role Within the Organization*** |
| E. Idle | grant process director |
| T. Gilliam | grant processor |
| C. Cleveland | grant processing manager |
| I. MacNaughton | IT systems |
| I. Davidson | data analyst |

- It's been proven that better solutions arise when there is a team rather than an individual effort
- Success depends upon changed behavior, which depends upon buy-in, which depends upon involvement
- Cross-functional efforts are critical for attaining the best solutions
- The team should have representation from all groups involved in the process; possible participants include:
  - processors
  - managers
  - support functions
  - IT
  - finance
  - etc.
- Ideal team size:  3 to 7 people
- Make sure that you have the right people on the team that you need to be successful

# Selecting the Project Team

- Teams MUST include people with “hands-on” responsibilities within the process
- The process owners must be part of the team because the improvement responsibilities will be handed-off to them at the end of the *Control Phase*
- Note that for particular exercises (FMEA, improvement meetings, etc.) you may want to bring in additional subject matter experts on an as-needed basis
- Thus you may have a core team and when needed an extended team

# Role of the Team Members

- Attends the team meetings
- Contributes to following cross-functional activities:
  - stakeholder analysis
  - process map
  - fishbone diagram
  - FMEA
  - improvement ideas
  - standard work and control plans
- Assists GB/BB candidate as necessary:
  - data collection
  - improvement implementation
  - lean efforts
  - etc.
- Typical time commitment for team members:  2-3 hours per week on average

# Project Schedule

| Project Schedule | |
|---|---|
| **Project Charter Tollgate** | 1/15/2014 |
| **Measure Phase Tollgate** | 2/28/2014 |
| **Analyze Phase Tollgate** | 3/31/2014 |
| **Improve Phase Tollgate** | 4/30/2014 |
| **Final Report-Out and Certification** | 5/31/2014 |

- The project schedule should list the following key dates:
  - Project charter review date
  - Measure Phase tollgate
  - Analyze Phase tollgate
  - Improve Phase tollgate
  - Final project report-out and review
- For GB projects, each review should occur about one month apart

# Schedule for this Cohort

- The schedule for this cohort will be as follows:
  - Define tollgate:  2/24/15
  - Measure tollgate:  3/24/15
  - Analyze tollgate:  4/28/15
  - Improve tollgate:  5/29/15
  - Final report-out:  TBD (likely early-mid July)

# Project Charter Signoff

| Signoffs | | | |
|---|---|---|---|
| role | name | date | signoff |
| **GB Candidate** | J. Cleese | 1/15/2014 | ☑ |
| **Champion** | T. Jones | 1/15/2014 | ☑ |
| **MBB Coach** | G. Chapman | 1/15/2014 | ☑ |
| **Executive Sponsor** | M. Palin | 1/15/2014 | ☑ |

Once the project charter is complete, it should be reviewed and signed-off by:

- GB/BB candidate
- Champion
- MBB coach
- Executive Sponsor

# Project Charter Summary

- The Project Charter is the main deliverable for the *Define Phase*
- Be sure that the charter is well-understood, clear, and agreed upon by all relevant parties:
  - GB/BB candidate
  - Champion
  - MBB coach
  - Executive Sponsor
- The primary metric is the focus of all activities of the project
- It is extremely important to have a solid charter in place BEFORE beginning work on a Lean Six Sigma project!