INTRODUCTION

Unfortunately, too many information technology (IT) projects carry high rates of failure. The term “failure” has a more complex connotation than is generally recognized. In addition to complete project failures, there are IT projects that eventually come to fruition but exceed the original time and budget estimates — costing far more than originally anticipated. Another example is a project that eventually moves into production but fails (sometimes dramatically) to deliver what was originally promised. Finally, there is the project that moves from single project status to a series of phases in order to meet its time and budget requirements. In this project failure example, parts of the original project are broken out and completed at some later date, or perhaps never delivered.

The eventual success of any IT project is absolutely contingent upon strong project management, which must be recognized as an integral success component from the project’s onset. There is also a high correlation between adequate project planning at the front end and the probability of project success. Here, planning includes more than laying out the various approaches and deliverables.

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With many IT projects carrying high rates of failure, success is much more likely if the difficulties can be mitigated or avoided. The eventual success of any IT project is contingent upon strong project management, project planning at the front end, and a project charter. In particular, organizations seeking project success would be wise to adopt a project charter, whereby a project meets its time and expense budget and produces its deliverables.
While these issues are certainly basic components of IT project planning, they must be accompanied by an understanding of all project facets and how the latter will fit together as the project moves forward. Primary causes of project failure include dealing with omissions half-way through a project or finding that original assumptions are incorrect. Success will be much more likely if these difficulties can be mitigated or avoided. The project charter is one key to IT project success, whereby a project meets its time and expense budget, and produces its deliverables.

**GAINING PROJECT CHARTER APPROVAL**

The project charter is one aspect of IT project planning that is often overlooked, yet it is here that a clear understanding of the project should be developed and documented. The intent of the charter is to set out the project’s scope and purpose, to determine the duties of the project team members, and to outline the deliverables to be produced. When done correctly, the charter addresses many project questions at the onset. Without a charter, many questions will not be recognized or addressed until well into the project development process.

Many projects face considerable rework due to issues that arise part way through the project, and cannot be ignored. Thus, the project effort must be redirected, resulting in delay, additional project expense, and frustration by the project team members. In some extreme instances, the issues are so important that the project must be abandoned. Developing a project charter provides an opportunity to anticipate such issues and their associated risks at the project’s beginning. No organization would deny the value of a project charter if it has faced heavy IT project rework or abandonment, mid-way through a large and expensive project effort.

The charter sets the project tone. Too often, the charter is seen as an unnecessary hurdle in the urgency to get the project started and is either ignored or poorly done. However, the quality of the work done in preparing the charter will be reflected in the eventual quality of the project. Therefore, a well-done project charter should be seen as the mandatory first step in developing any but the smallest IT projects.

Developing and obtaining final approval of the project charter is ideally a several-step process. Whomever is responsible for developing the charter should anticipate that changes will be required, no matter how careful the work on the document may have been. As other team members read the charter, they will hopefully raise questions or objections, and addressing them will require time and attention. The goal here is not to gain consensus, but to ensure that all the salient project issues have been raised and at least acknowledged, if not addressed.

It is a fruitful process to generate such issues, indicating that those who will be affected by the project have read and considered the points in the charter. If the project members are interested and involved at the
beginning, this indicates their continuing commitment to the project through its development cycle. The project will be better with the project participants' interest and commitment, and production of a carefully completed charter.

The first and often most important project hurdle will be overcome if the charter develops a sense of ownership among the project team members. One can think about the project charter as the glue that holds the team together as the project moves forward. By contrast, the process of IT project failure begins with indifference and adopting a position that because the project somehow “belongs” to IT, no one outside the IT department need accept any real responsibility for its eventual success. Although success is not ensured when a project begins with a strong commitment from all the project team members, it is far more likely. Additionally, strong senior management support for the project charter goes a long way toward achieving the ultimate project goals. That support is illustrated by senior management sign-off of the charter.

**PROJECT CHARTER COMPONENTS**

IT project charters will be similar in the points they cover, but some projects require inclusion of particular considerations. Yet, there are standard components that should form the framework of every project charter. In fact, it eases the effort required for the charter if the organization develops a charter template as one component of the IT project development methodology.

The basic components of the IT charter include:

1. Project overview
2. Project feasibility review
3. Project scope
4. Development of the project plan
5. Project deliverables (where appropriate, this section should also include specific items that will not be delivered as a part of this project)
6. Project milestones
7. Roles and responsibilities of the project team members
8. Time and expense estimates
9. Critical success factors: how the team knows when it has succeeded
10. Project contingency issues: what the team should anticipate will go wrong, and how to manage around these problems
11. Sign-off from the appropriate management areas

The project exemplified in this article aims at replacing the organization’s financial systems. An explanation of each of the project components follows.
Project Overview
This section is used to outline the intended purpose of the project. Because the project is to replace existing financial systems, the overview should cover:

- The reasons why these new applications are required; for example, the existing applications can be based on old technology, requiring excessive maintenance to keep them operating.
- Poor documentation of existing applications, making them vulnerable to errors when code changes are made or through operational misunderstandings. The organization has determined that it is a better business option to move to a new set of applications because a massive investigation would otherwise be required to ensure that the problems associated with code changes are mitigated and there is a need to provide supporting documentation for those changes.
- There is a critical business need to provide much more information about the financial transactions between the organization and its customers. The basic data required to adequately manipulate and assess customer activities cannot be obtained from the existing financial systems.
- The organization believes it imperative that its financial systems become Internet compatible. It would be virtually impossible to accommodate that need using the existing applications.
- Moving to a new set of financial applications will improve customer service, with a reduction of billing errors and faster answers to queries about the status of customer accounts.
- The new system will greatly improve the organization’s ability to rapidly reconcile sales accounts, expediting payments to the salesforce.
- The organization must decide whether to develop the new system in-house, purchase a suite of vendor-supplied financial applications, or partner with an application service provider (ASP), and simply outsource the entire effort. Given these options, once the project specifications and requirements have been identified and documented, the organization must conduct a survey of available vendor packages and ASP offerings, to determine the most effective project approach.
- Because the project goal is to replace the existing financial systems, the vice-president of finance will assume the role of project sponsor.

Project Feasibility Review
Every proposed project should be subjected to a feasibility review, with the exception of very small IT projects. While the details of a feasibility review are beyond the scope of this article, it is important to make certain the topic is raised within the charter.
A feasibility review should be undertaken as one of the first steps in considering development of the project, determining the probability of success. Because objectivity is required, the project team members should not conduct the review. Instead, it should be carried out by an impartial party. Whomever conducts the review should understand the project's business and technology implications or have people with that knowledge available.

The feasibility review involves several points. First, the review’s intent is to make a reasonably objective decision about the project’s viability rather than serving as a tool to justify the project. Second, if the review raises areas of concern, the project team must satisfy people that these concerns can be overcome, or the project should be abandoned.

**Project Scope**

The scope of this project is to replace the organization's existing core financial systems. These core systems have been identified by the finance department and will be listed in the requirements section of the project documentation. To install the new systems as rapidly as feasible, no work will be done on any applications that are not so identified. There may be one exception: for ancillary systems that may have to be modified to accommodate the transfer of data from and to these systems as a result of new data formats.

Requests for changes or additions to the project requirements will be considered once they have been approved via the appropriate sign-off procedures. These requests must be submitted in writing and approved by the appropriate section manager. Once approved, the project manager and project champion will review each change request for approval or denial. Considering requests for changes or additions does not imply acceptance of these requests. Instead, each request will be considered based on the following criteria:

- The perceived value of the request within the context of the entire project
- The business implications of the requested change; for example, a change in state tax reporting regulations mandates the change
- The effect of the change on project quality
- An assessment of the complexity level and risk associated with the request
- The estimated expense of the request relative to the originally approved project budget
- An assessment of other, already-approved project components that might be moved to a later phase of the project, in order to fit the request in the original project plan
Project Plan

An IT project will not be any better than the plan supporting it. However, project team members sometimes believe that taking the time to carefully plan the project is an unnecessary delay, which should be done as quickly as possible to get on with the actual development process, and that difficulties can be overcome as they arise. It is a serious management mistake to allow this approach to set the project tone.

When finalized, the project plan will include many items outlined in the project charter. The plan’s intent is to provide a structure for the various project elements and to communicate the process that will be used to bring the project to fruition to the project team members and appropriate members of the senior management group. A project plan lays out in the required detail the work to be done, the people responsible for the various project components, and the estimated time frames to complete these assignments. Careful completion of the project charter facilitates development of the project plan.

Project Deliverables

Although a complete list of the project deliverables cannot be fully developed until the project requirements and specifications have been completed and approved, these deliverables should be considered from the project’s start, with identification and documentation of deliverables viewed as an integral part of the project. When the requirements and specifications have been approved, their contents will be used to draw up a set of specific project deliverables.

Identifying the deliverables provides the ability to measure the project’s ultimate success. One reason to include the deliverables is to set firm project goals. It is fair to say that when the deliverables are in place, the members of the project team know that they have succeeded.

The project deliverables must be specific and measurable, and there must be an ability to measure the quality of what has been delivered. For example, one deliverable for this project might be to provide a framework for moving to Internet processing. This deliverable should be spelled out in sufficient detail to present a clear picture of the framework’s components.

Project Milestones

One aspect of the project management is to develop milestones that provide a process to measure the actual progress of the project against the project plan. As the project planning moves forward and the timelines are developed, the project schedule will set specific completion dates for each of the milestones. The milestones for this project have been established as:
1. Approval of the project charter by those managers directly involved in the project and the appropriate members of the senior management group
2. Approval of the project requirements
3. Approval of the project specifications
4. Completion of the review of the offerings of financial software package vendors and selected ASPs, and a decision regarding whether or not to purchase a set of packages or do the work in-house
5. Completion of the various project testing phases that have been identified as necessary to ensure the quality of the applications within the project
6. Completion and approval of all project documentation
7. Movement of the applications to the production environment
8. Formal acceptance of the system by the project business unit members
9. Completion of the post-implementation project audit

Project Roles and Responsibilities
The project has been structured to provide clear information about the work to be accomplished and to identify those responsible for that work. The following project team assignments have been identified.

Project Sponsor. The project sponsor is responsible for providing project support at the highest organizational level. A project sponsor should be a senior management group member who is responsible for the business units supporting the project. Providing senior-level support to the project offers several benefits. Given the project’s financial implications, the senior vice-president of finance has agreed to act as this project’s sponsor.

With a senior manager directly responsible for the project, other project team members will likely maintain a sharper project focus. Also, when departmental disputes arise, as they will, having someone at a high level who is able to discuss the business issues involved with his or her peers will smooth out project difficulties.

The project sponsor must be willing to devote a reasonable amount of time and attention to the project, and a critical component of the role requires maintaining close contact with the project champion and the project manager. It is important for senior managers to recognize the importance of making the same commitment to IT projects that they would make to any other business endeavor.

Project Manager. This person assumes overall responsibility for the project’s success and reports directly to the project sponsor regarding this project. In addition, the project manager has a dotted-line reporting relationship to the chief information officer with regard to this project.
Although the project manager is directly responsible for the project’s success, he or she will develop a strong working relationship with the project champion throughout the project’s life. All technology-related issues are understood to be under the direct control of the project manager and that person accepts full responsibility for the ultimate success or failure of these issues.

**Project Champion.** Accepting the position of project champion entails a willingness to support the project’s business aspects. To be effective, the project champion must understand the project’s business issues and goals. The project champion must also be willing to maintain constant involvement in the project as it moves forward.

**Business Area Expert.** People will be assigned the role of business area experts who have an intimate knowledge of various aspects of the business areas that will be affected by the project. These people will be charged with providing extensive information about how the currently installed processes operate and how they should operate within the new system.

The business area experts, working with the IT systems analysts, will translate their business knowledge into the project specifications and requirements. Some of the current work of the business area experts must be off-loaded to ensure that they have sufficient time to assist the project team. Business area experts will be expected to attend all vendor selection meetings and take an active role in deciding the appropriateness of the vendor offerings.

Finally, the business area experts will assume responsibility for developing the testing criteria and scenarios, and for certifying the test results. Because the quality of the testing processes has a direct bearing on the eventual quality of the new financial system, the business area experts must adopt a rigorous approach to testing certification. Whether developed in-house or vendor supplied, the ultimate quality of applications testing rests with the business area experts. Therefore, they should not certify any testing until all testing criteria have been met.

**IT Systems Analyst.** The IT systems analysts should work with the business area experts, providing the technical knowledge required to meet the needs of the new system. If the system is developed in-house, the systems analysts are responsible for the applications’ initial design, coding, and testing, as well as rapidly responding to technical difficulties as they arise when the applications are tested.

If the organization decides to purchase a set of applications or form an ASP partnership, the system analysts will assume the role of in-house technical consultants. They will work with the vendor and business experts to ensure that what has been promised is indeed delivered. In ad-
dition, the systems analysts may be called upon to develop interface applications or modify existing applications so that vendors packages can communicate with other systems within the organization.

**Testing Coordinator.** Because testing new applications is a critical component in successfully completing the project, an IT department member will be assigned the role of testing coordinator for the project. The testing coordinator is responsible for the installation and continued support of the hardware and software that the business units require to test that the coding has been done correctly and that the system is operating correctly. The testing coordinator works with the IT systems analysts and business area experts to develop a testing schedule for each piece of the project.

If the applications’ testing falls behind schedule, the testing coordinator is responsible for informing both the project manager and the project champion. The testing coordinator must do more than report the failure to meet a testing schedule; he or she must continue to report daily on the testing status until the required testing has been completed.

**Vendor Support (if appropriate).** If the organization decides to purchase a set of financial applications or partner with an ASP, it must develop a set of clear vendor expectations and manage them throughout the project process. The basis for these expectations will be developed from the project requirements, specifications, and deliverables that form part of the project plan. Any formal agreement between the vendor and the organization must be delayed until the latter has agreed on the project requirements, specifications, and deliverables. Before an agreement is signed with the vendor, the organization’s legal department must review and approve the agreement documents.

**Consultants (if appropriate).** This project will introduce new business approaches and IT technology. To achieve success, it may be necessary to involve an outside consultant in the project. This involvement may require IT or business assistance, or some combination of both areas. If the issues involve IT work, the consultant management will be the responsibility of the project manager. If business-consulting assistance is required, these consultants will report to the project champion.

Regardless of who has responsibility for managing the consultants, the organization must develop a plan for selecting and managing them before any consulting contracts are approved. This plan spells out in detail the work that the consultants will accomplish and includes a process for determining the levels of quality associated with that work. In addition, the contract must identify a clear, specific set of deliverables from the consultants.
Time and Expense Estimates

A considerable amount of detail must be gathered about the project before reasonable project time frames and expense estimates can be developed. The project team and the proper members of the senior management group must understand that any figures used to assess the project cost or time required to complete the work can only be considered as estimates until the project requirement and specification components are fully developed.

Estimates of the time and expense required to complete the project must be based on careful analysis of the work to be completed. That analysis must include items such as:

- The complexity of the work (both technical and business) to be completed within the project.
- Any project factors that might increase project risk. For example, a new technology that is unfamiliar to members of the IT department might be used in the project. New business practices might be considered that may create difficulty in the finance department and, as a result, increase the project risk.
- Analysis of the perceived ability of the project members to bring the project to a successful conclusion, including the IT team members and members of the other areas of the team as well.
- Consideration should be given to the organization’s previous history with IT projects. If project success has not been consistent, it will be prudent to add time and money to the project, anticipating that difficulty will likely be encountered.
- If consultants are to be employed, reasonable estimates must be developed regarding the anticipated expense of these services. It will be difficult to come to an exact figure here, but the consultants should be able to estimate the hours required to complete the identified tasks, based on the understanding of their duties developed under the project roles and responsibilities section.

Critical Success Factors

Even if the project is completed, disagreements can arise regarding whether the project delivered what was originally promised. One way to determine the project’s success is to ask, “How will we know when we have succeeded?” Because “closing” the project does not necessarily indicate a completed project or customer satisfaction, agreement on the critical success factors in the charter will bring clarity to the issue. Stating the anticipated critical success factors early on in the project process will also provide increased focus on the salient project deliverables as identified.

A list of project deliverables will be developed, based on the approved set of project requirements and specifications. The deliverables should be
very specific, with any vagueness avoided. Once the deliverables have been identified, the project manager and project champion will approve them as the criteria that will be used to gauge the project’s success. The project manager will be responsible for managing the milestones. One of the project manager’s critical duties is to report the project status, in an accurate and timely fashion, relative to the established milestones.

Project Contingency Issues
It is prudent to expect unforeseen difficulties as the project advances. Project contingency planning requires the project managers to recognize that difficulties will probably occur as the project moves forward, and take appropriate, timely steps to effectively manage these difficulties.

Of course, it is impossible to identify the specific difficulties before they arise. However, the organization must maintain an awareness that things will go wrong, and the project team must be positioned to deal with these difficulties as rapidly as possible. Time and money should be built into the project plan to deal with the contingency issues that arise.

Management Sign-off
This charter will not be complete until the managers of the areas involved in the project have signed off that they agree with the charter’s contents. The appropriate members of senior management, including the project sponsor, must sign off on the document, in addition to the area managers involved.

Signing-off on the charter signifies that the person who does so has read the document, understands what is being proposed, agrees with the provisions of the document, and agrees to support the issues contained in the charter. It should be understood that no further work will be allowed on this project until all the required signatures have been obtained.

CONCLUSION
Too often in the push to begin an IT project, the emphasis is to move as quickly as possible to get the work completed. Unfortunately, because there is no clear understanding of the project goals in this scenario, the work that is done will not be the work that needs to be done. In this environment, planning-associated items, such as the development and approval of the project charter, are seen as being unnecessary distractions.

To avoid this situation, project managers must recognize the importance and value of the project charter, and must make certain that the charter has been completed and that it is well done. Theoretically, if not always practical in the real world, no IT project should be started until the charter has been approved by the appropriate managers. Toward that end, competent project managers will resist pres-
The purpose of the project charter is to develop a “level set” among all the members of the project team. Arriving at the desired level set might require modification of the original document and it might require negotiations among the project participants. While taking the time and effort required to get the document right can be frustrating, not doing so places the project in jeopardy.

It is both a responsibility and in the best interest of the project manager to do whatever may be necessary to get the charter approved. As the project moves forward, disputes and disagreements about what was to be included in the project are certain to arise. The existence of a well-prepared project charter can assist in mitigating many of these disputes. Although it happens, discussions about what was or was not to be included mid-way through the project only delays progress and creates defensiveness among the project team members. Dealing with such a circumstance develops an environment in which no one will win. The existence of the project charter, properly developed and approved, provides a tool to forestall such a circumstance.

The time and effort required to properly construct and obtain approval of a well-done project charter will be minimal within the context of the entire project. Given the benefits to be obtained by using a charter, it is difficult to understand why there would be any serious objection to doing the work required to produce it. Organizations that have a less than enviable record of IT project management probably do not develop charters as a part of their standard methodology. It is bound to be a sound business decision to adopt the use of the charter to improve that track record.

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