




## Project Selection and Chartering

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## Objectives

- ◆ Learn Project Selection Method
- ◆ Learn Project Chartering Elements and Tools
- ◆ Understand Critical Success Factors



## Project Prioritization Method

- ◆ List every company/department initiative
- ◆ Assess all projects to important business criteria (i.e. profits, growth, customers, etc.)
- ◆ Quantify and prioritize projects
- ◆ Assign projects in order of highest score



## Project Selection Matrix Example

Business Imperatives	Score = 3	Score = 2	Score = 1	Weight	Score
Customer Impact				10	
Alignment				10	
Data Available				10	
Budget available				10	
Leadership Support				10	
Quantifiable Performance Gap				8	
Timeframe				8	
Team Availability				7	
Scope is Right-sized				5	
Project Goals are Appropriate				5	
Return on Investment				5	

Maximum Score = 415    Your project = \_\_\_\_ **Range**

350 – 415 - A sure thing  
 300 – 350 - Needs strong consideration  
 < 300 - Other projects may have higher priority

Remember, a matrix is NOT a substitute for thinking. This should **guide** your decision about project selection.

## Project Selection Tool Example

Bus Imperatives	Score = 5	Score = 2	Score = 0	Weight	Score	Value
<b>Customer Impact</b>	Will have a direct impact on the well being of customers/stakeholders and/or team members experience the customer's unmet needs. First Name	May have an impact patient/customer well being but team does not experience the customer's unmet needs. First Name	The team doesn't feel impact of dissatisfied patient/customer or the team feels no need for change.	10		
<b>Alignment</b>	Strong alignment with existing or planned priority improvement efforts	Weak alignment with existing or planned priority improvement efforts	No alignment with existing or planned priority improvement efforts	10		
<b>Data Available</b>	Historical data are available in electronic form and are easy for analysis. Sufficient resources available to collect as needed	Historical data are available, but will need to be mined. Some resources available to collect data.	Data are not available. Resources are not available to collect data.	10		
<b>Budget Available</b>	Resources are established and funds set aside for the implementation of the project.	Resources can be made available to implement the project/solution.	No resources are committed.	10		
<b>Leadership Support</b>	All executives, managers, doctors and other key stakeholders are apprised and have committed to the project. Managers agree to support team members (including providing time for meetings & ongoing consultation). Team membership includes process leaders and data needed.	Managers/managers have agreed to support team members participation (some stakeholders are committed, but others still remain skeptical or fail to see the value). Team members are aware of the problem and the project.	Key stakeholders do not support the improvement or commitment and support have not been obtained. List of names, computer log numbers, are not aware of the project or the problem.	10		
<b>Quantifiable Performance Gap</b>	A clear, significant documented gap exists between the current performance level and the target level.	Believe a gap exists, but may not be able to quantify.	Very little gap between current performance level and the target can be quantified, or the gap is unclear/undocumented.	8		
<b>Timeframe</b>	Project can easily be completed in less than three months.	Project can be completed in three months if everything goes as planned.	Project cannot be completed in three months or less.	8		
<b>Team Availability</b>	All stakeholders and team members understand and own specific activities. Have clear roles in the project. The team is clear, concise and creates energy and confidence around the project.	Most people involved in the project understand the problem and have a general understanding of how things might change. The team doesn't seem to be fully committed.	People are aware of the problem / join the project but aren't committed. List of names, computer log numbers, are not aware of the project or the problem.	7		
<b>Project Scope</b>	Beginning and end of the process to be evaluated are clearly defined. What is included from the project as well as what is excluded has been clearly documented.	Process boundaries not clearly defined. What is included from the project is vague or too complex and will need to be redefined by the facilitator/team.	Neither the beginning nor the end of the process has been identified or the process is too complex and will need to be broken down into multiple projects.	5		
<b>Project Goals</b>	The team has been measured on team or the improvement (e.g. A 20% reduction in defects) in process (expected by dates).	Some goals for improvement by a certain date has been identified, but not quantified.	The goal is not stated in terms of a quantifiable improvement and an expected date/deliverable is not identified.	5		
<b>ROI</b>	The project has a clearly defined and measurable, measurable return on investment.	The project has a clearly defined and measurable, measurable positive resources return on investment.	The project has an inconclusive/unquantifiable benefit or negative return on investment.	5		

(Max Score = 415) Project Total Score =

## Project Chartering...

- Is an important way to ensure resources, leadership support, and buy-in
- Takes time upfront but saves time and large errors throughout the project
- Helps stakeholders better define the problem and resources needed
- Is a great communication tools

## Chartering Questions


**ISSUES TO ADDRESS:**

- What **process** is this team responsible for and why is it important to the organization?
- What is the **unit** going through the process?
- What are the **defects** to be addressed?
- What is / is not the **scope** of this initiative?
- Do we have the **right people** on the team?
- When will the team consult or inform the **Champion**?
- What **deliverables** are expected within what timeframe?
- Is there **buy-in** from the stakeholders on this project?
- How and when will **communications** happen?
- How will **obstacles** be handled and with whom?
- Is there budget for this project?
- What metrics do we need to measure to ensure success?

## Charter Template

-problem  
-scope  
-goal  
-benefit  
-metric  
-timing  
-team  
-plan

Process Improvement – Team Charter					
Project Name	_____				
Team Leader	_____				
Champion	_____				
Business Unit	Product or Service Impacted		_____		
Start Date	Belt Resource		_____		
	Target Completion Date		_____		
Project Definition					
Process	_____				
Problem Description	_____				
Objective	_____				
Strategic Alignment	Customer Focus	Financial	_____		
	Quality/Safety	High Performance Organization	_____		
Risks	_____				
Team Members	_____				
Project Scope	Included	Excluded			
Stakeholders	_____				
Metrics	Metric	Baseline	Goal	Result	Unit of Measure
Business Results	Cost Reduction	Cost Avoidance	WIP Inventory Reduction	Cash Flow	Labour Savings
Benefit to Customers	_____				
Budget	_____				
Action Plan	_____				



## Defining Your Project

### Process Improvement – Team Charter

Project Name			
Team Leader			
Champion			
Business Unit	Product or Service Impacted		
Start Date	Belt Resource		
	Target Completion Date		


Impion Signature: \_\_\_\_\_

PROJECT DEFINITION	
Process	
Problem Description	
Objective	
Strategic Alignment	Customer Focus      Financial Quality/Safety      High Performance Organization
Risks	
Team Members	



## Defining your project


	Included	Excluded				
Project Scope						
Stakeholders						
Metrics	Metric	Baseline	Goal	Result	Unit of Measure	
Business Results	Cost Reduction	Cost Avoidance	WIP Inventory Reduction	Cash Flow	Labor Savings	Incremental Sales
Benefit to Customers						
Budget						
Action Plan						



## Project Charter Elements


**Opportunity/Problem Statement:**  
 A concise, objective **description of the pain** experienced by internal/ external customers as a result of poorly performing processes.  
 Answers questions such as:

- What is wrong or is not meeting our customers' needs?
- When and where do the problems occur?
- How big is the problem?
- What is the impact of the problem?
- How long has the problem existed?
- Why is the project worth doing and why now?
- How does it relate, support, or hinder other initiatives?
- **Does not assign blame, presume cause, or prescribe a solution.**



## Develop a Problem Statement


- STEP 1: Describe the issue quantitatively**
- STEP 2: Determine how long as this problem when occurring**
- STEP 3: Define the impact of this problem**
- STEP 4: Write the problem statement and assess what's missing**
- STEP 5: Retrieve additional data to quantify further as needed**

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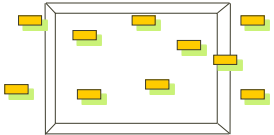
## Project Charter Elements

**Project Scope:**  
Identifies the **areas that the team will focus on**. It establishes the boundaries the team will work within, and areas that they will avoid. Under what constraints must the team work?

- Where does the process start?
- Where does the process end?
- What's included in the project (depts., systems, people, etc)
- What's excluded?

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## Project Scoping Tool: In/Out of Frame



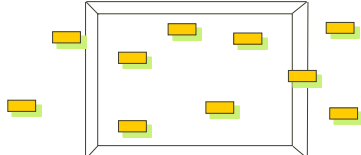
**What:** A tool to check alignment and to make apparent differing perceptions so they can be resolved.

**Why:** The critical point is that this is a visual and listening exercise; a team **"test of alignment."** Also follows nicely the In Frame/Out of Frame discussion to help sum up that conversation into a statement.


**When:** In the beginning when you are clarifying/finalizing the scope and charter.

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## Project Scoping Tools: In/Out of Frame



1. Have team develop 3-5 ideas on what they believe is in scope, and 1-2 ideas on what they think is out of scope.
2. Have them put their ideas on the frame you've made on the wall.
3. Once the ideas are on the wall, review the items and have people clarify why they think certain topics are in or out of scope. Continue process until consensus is reached.

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## Project Charter Elements

**Project Goal(s):**  
Definition of the **improvement(s) the team is seeking to accomplish**. Starts with a verb. Includes the measurable target and completion date. The project goals **must be "SMART"**: Specific, Measurable, Attainable, Relevant, and Time-bound.

**Example:**

Improve the order process cycle time by 10 days by Oct 31, 2015

Reduce cost of poor quality in operations by 50% by Aug. 1, 2015

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## SMART Goal Statements


**Specific** - only one goal per statement, and the goal is precise

**Measurable** – can be measured quantitatively to ensure goal was met

**Attainable** – within control of the project team, achievable in the allotted timeframe

**Relevant** – to the problem being worked on

**Time bound** – has a clear deadline

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## Project Charter Elements

**Estimated Benefits:**  
Business case developed and maintained with help of Finance Partner. Document **benefits, cost savings, incremental revenue**, direct/indirect savings. List the project's effectiveness (i.e. increased capacity, improved quality, improved process) and the efficiencies (e.g. rework reduction, reduced operating expenses).

**Example:**

**Save \$250,000 in inventory costs**  
**Save 100 labor hours in operations**  
**Reduce rework hours by 1000 in 2015**

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## Estimated Benefits

Determine the projected benefits, cost savings, incremental revenue, direct/indirect savings, etc. and the project's effectiveness (e.g. increased capacity) and the efficiencies (e.g. reduced operating expenses).

**Develop business case with the help of a Finance Partner.**



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## Cost Savings and Revenue Growth Rules

- **Savings and Growth MUST reach the company bottom line.**
- **Transferring costs to other departments are NOT savings.**
- **Costs cannot be deferred.**
- **Financial benefits MUST be sustainable, quantifiable and measurable.**
- **Results MUST be realized within 12 months from end of implementation.**

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## Cost Benefit Approach

- Start with "As-Is" process analyzed in quantifying the opportunity.
- Cost out the "Should Be" process improvement.
- "As-Is" minus "Should Be" represents the cost saving associated with the proposed solution.
- Determine cost of implementing the proposed solution.
- Subtract any costs from benefits = Net Benefits

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## Project Charter Elements

**Project Time Line**  
Establish **target dates** for completing key tasks in the DMAIC process. Dates should be aggressive, but realistic. Color code each tollgate stop according to the following key.

Gray - not started yet  
Green - On target  
Yellow - Issues  
Red - Significant Issues  
Blue - Complete

D	M	A	I	C
6/15	7/15	8/15	9/15	10/15

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## Project Plan

Estimate how long the project will take to complete:

- Estimate Time by phase
- Key deliverable dates
- Reviews with Champion

Color Code space under phase to show date and color

Project Plan

	Define	Measure	Analyze	Improve	Control
Plan					
Actual					


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## Project Charter Elements

**Project Team:**  
Identify team members, their functional title, entity or business function, and their role.

**Questions to ask:**

- Who are the people that are closest to the problem
- Who has the hands on experience with the day - to - day activities
- Which Suppliers and Customers might you want to invite
- Who has the right attitude and good team player skills
- What ad-hoc team members do you need



## Project Definition

Things to consider in defining your project:

- Focus **within your job function** or work area (1<sup>st</sup> project)
- Limit scope to improvement that **can be implemented in short time frame**
- Limitations** – resources, budgets, purchases, etc.
- Assumptions**
- Has this project been attempted or completed before? Were there issues on previous projects?
- Identify Stakeholders** that will be impacted and will want communications
- Alignment to critical objectives**

## Charter Example #1: 90% Reduction in Clean-up Station Labor Hours

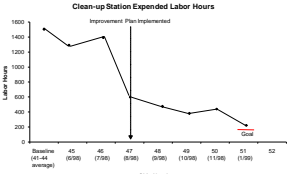
**Team**  
**Champion:** Bill Smith  
**Project Leader:** Karen Jones  
**Green Belt:** Bob Meyer  
**Team Members:** Susie Johnson, Mark Stone, Dale White, John Black

**Original Process**  
 Prep Unit for Inspection → Inspect Unit → Rework Unit → Cust. Inspect Unit → Rework Unit

**Problem**  
 Reduce time and cost associated with preparation of the assembly prior to customer review. 60% reduction in labor hours by August, 2013.

**Goal Statement**  
 The goal is to minimize the average hours spent in preparation by 60% from the average manufacturing and inspection labor hours. Also the unit review must show a trend of less than the 7 point rejection criteria used by the customer. Reducing these preparation activities will help ensure on-time delivery by reducing cycle time in the clean-up station.

**Results Measure and Target**  
 Clean-up Station Expended Labor Hours



**Boundaries**  
 Limited to activities in clean-up station. No capital expenditures authorized. Improvement plan requires approval of champions prior to implementation.

**Project Timeline**

Activity Name	Completion %	Start	End
Project Mission	100%	May	May
Developed	100%	May	May
Establish Baseline	100%	May	May
Review Metrics and Performance	100%	May	May
Identify Causes of High Cost Defects & Develop New Plan	100%	May	May
Actions	100%	May	May
Control Improvement Plan & Define Deployment	100%	May	May
Implement Improvement Plan	100%	May	May
Verify Improvement	100%	May	May

**Champion Approval**

## Charter Example #2: Improve Supplier Response to Open Item Report

**Champion:** Tony Ramirez  
**Team Leader:** Connie Chu  
**QB:** Sherry Roman  
**Team Members:** Steve Amen, Kathy Crew, Alex Chin

**Purpose:** Improve core supplier response to open item schedule report.

**Problem:** Response time is averaging 3 wks for the last six months in the Supplier Quality Dept.

**Importance:** Response to open item report is critical to on-time delivery to need. Supplier review of, and response to, report will aid in avoiding/reducing shortages as well as reducing ahead of need shipments and inventory carrying costs.

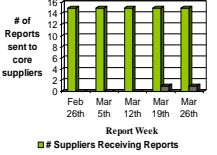
**Goal:** 75% weekly response from core suppliers

**Boundaries:** Review current report & process for core central procurement suppliers. Change report format/methods to meet supplier needs. Educate suppliers on how we expect them to respond.

**Milestone**

Milestone	Feb	Mar	Apr	May
Define present process	→			
Supplier survey (5 step VOC)		→		
Affinity & Interrelationship Diagram			→	
Identify root causes for non-response				→
Identify improvement opportunities				→
Implement report and process change				→
Supplier survey on new report				→
Evaluate & validate improvements				→
Document improvements				→

**Supplier Response to Open Item Report**




■ # Suppliers Receiving Reports  
 ■ # Suppliers Responding



## Critical Success Factors

- ◆ Develop company or department strategy
- ◆ Align and prioritize all initiatives and projects
- ◆ Get buy-in on key initiatives (at all levels)
- ◆ Ensure resources are available
- ◆ Balance workloads between project owners
- ◆ Limit the # initiatives per person at a time
- ◆ Get outside resources when needed
- ◆ Define real problem, drill down from top problem
- ◆ Scope projects smaller vs. larger
- ◆ **#1: Leadership engagement and support**



## Project Selection Checklist

Initial Project Evaluation:

- Does project align to the vision and strategy
- Is problem area directly connected to business priorities
- Does it address a problem which is of major importance to the organization
- Will this under-performing process once improved, make a big impact
- Can this project be scoped to complete in a short period of time
- Will it provide breakthrough benefit to customers and/or business
- Does this have a sense of urgency for the business
- Do you have sponsorship over all key projects
- Do you have resources to support this project
- Are there leverage opportunities within the department, business unit, or across company



## Summary

- Use an objective process to assess all initiatives
- Only work projects that align to the business priorities
- Charters are critical in providing all the information needed to define the project and get buy-in and approvals
- Make sure you have quantified the problem, goal statements, and business case
- Ensure you have the right team and that they are available



## Questions




## Thank you!!!!

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