

Lean Poster Series #11

Lean Project Charter



by Jonas Hulstaert

What is a Spaghetti Diagram?

There should always be a valid reason to start a Lean improvement project. The Lean Project Charter is a one-pager outlining the project. It usually included the purpose and scope of the project, benefits and goals, and the team members and roles.

When is a Project Charter used?

The Project Charter is the first step in a Lean improvement project and takes place in the Define Phase of the DMAIC Cycle. Project Charters are periodically reviewed and revised throughout the project.



STRUCTURE OF A LEAN PROJECT CHARTER

Example of a Lean Project Charter

Project Name / Goal

Handle Claim Processes Improvement

Problem Statement

MTT Insurance is a large insurance company on the UK market. More than half of its turnover comes from the car insurance business. MTT has a large network of independent brokers, who not only receive a percentage on their policies sales volume, but also play an important role in the claims handling process. Over the last few years, the financial results have dramatically fallen, mainly due to a significant increase of claims costs. The CEO has requested to focus on the handle claims process as part of the ongoing Lean initiative at MTT.

Benefits

Decrease the costs of the Handle Claims process
Increase the customer satisfaction

Cost / Budget

n/a - business as usual

Project Management

Project Leader : John Smith

Team : Caiden Phelps - Gabi Koziol - Isidor Pagano - Pax O'hearn - Elisa Swenhaugen

Steering Committee - Sponsor: Aloisia Khoroushi

In Scope

Handle Claims process including Broker part. Process starts when Broker receive a claim and ends with claim being handled and/or paid. Includes all activities performed by the Broker and MTT Insurance (Roles: Call Centre Employee, Claims Administrator, Claims Officer, Claims Manager, Claims Inspector&Accountant)

Out of Scope

External expertise

Project Risks

Lack of support from Broker

Components of a Lean Project Charter?

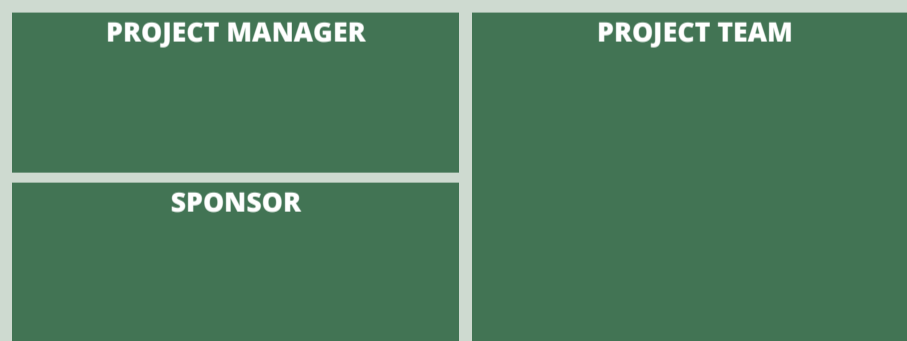
The Lean Project Charter has no fixed content but usually includes the following components:

- **Project Name.** The name is often the **Goal** of the project.
- **The Problem Statement,** giving some context of the problems to be tackled.
- **The Benefits** that the project will bring.
- **Costs or Budget** if applicable.
- **The Project Management Organization,** including team members and roles. This can be represented using a Project Team Map.
- **The Scope** of the project. This can be represented using a Project Team Map.
- **Risks** that can affect the project
- **Time line** of the project, including anticipated end date

Project Team Map

The project management organization can be visually represented in a Project Team Map and included in the Lean Project Charter.

Lean Teams usually consist of a Project Manager who reports to a sponsor or a steering committee. The team members are selected from business and the Lean team



SIPOC Diagram - Defining the Scope

SIPOC stand for Supplier – Input – Process – Output – Customer and is used to define the scope of the process or project. A SIPOC diagram provides the Lean project team with a framework. What is the high level sequence of process steps? Who are the customers and suppliers? What are the inputs and outputs?

A SIPOC diagram can be included in the Lean Project Charter to define the scope of the improvement project in a visual way.

