

# **PROJECT MANAGEMENT GUIDELINE**

## **SECTION 2 - PROJECT INITIATION PHASE**

## Section 2: Project Initiation

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## Section 2: Project Initiation

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### Introduction

#### Initiation Phase

The Project Initiation Phase is the first phase in the project lifecycle and is the predecessor to the Project Planning Phase. In the Commonwealth Information Technology (IT) Strategic Planning Process, IT projects are identified as means to support critical agency business issues or key business initiatives. In the Initiation Phase, IT projects identified in an agency approved IT Strategic Plan are transitioned from an idea to a viable project proposal for consideration and approval by agency executive management or by the IT investment decision-making body.

The initial project description, provided in the IT Strategic Plan, is expanded and developed into a sound business case of how the project will address the defined business need or issue. Various approaches to accomplish the project are analyzed to determine the best, most technically sound, and economically viable solution. The recommended solution is packaged into a project proposal, which establishes the business case for the project and serves as the information source for investment decision makers to determine whether the project should be planned for execution. If approved, the final step in the Initiation Phase is the issuance of a Project Charter to authorize the project to proceed with detailed planning, to appoint and empower a project manager and the associated project team, and to allocate resources to the project. Documents resulting from the Initiation Phase activities are the foundation for planning documents developed in the Project Planning Phase.

The Initiation Phase methodology and templates provide a standard mechanism and format for project analysis, project proposal development, and chartering of projects.

#### Activities and Documents in the Initiation Phase

The activities in the Project Initiation Phase are essential steps in the project effort. The Project Initiation Phase documents define the project so all project stakeholders clearly understand the project scope and expected benefits. Project initiation activities also establish executive management commitment to the project and to the allocation of required resources via the Project Charter.

One of the most important activities required in the Initiation Phase, is the designation of a project manager at the time the Project Charter is issued. The experience and abilities of the project manager can make or break a project. A separate section of important considerations for appointing a project manager is included. Avoiding common problems encountered during the initiation phase will also greatly improve the chance of success for the project and is therefore included as well.

Figure 2.1, illustrates the Project Initiation Phase Activities define, analyze, recommend, decide, and the associated documents completed during this phase.

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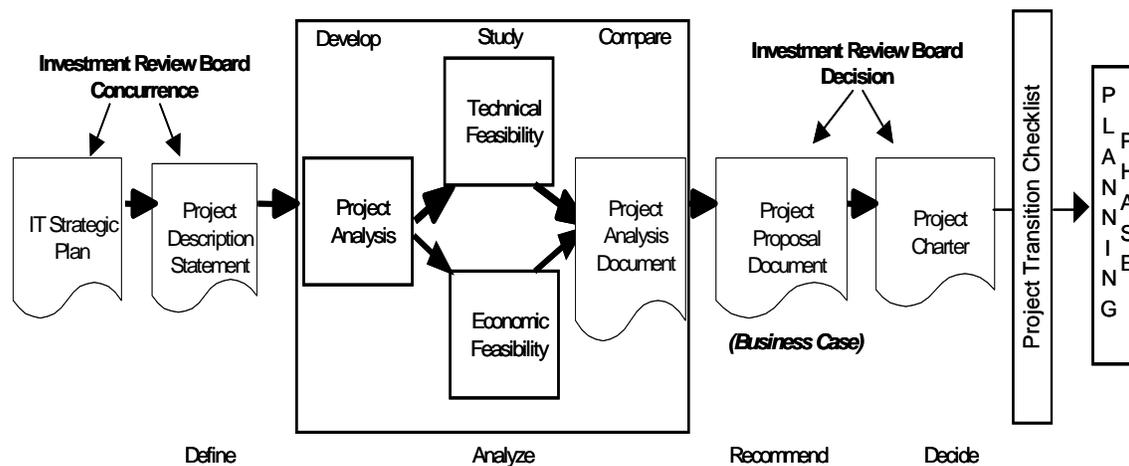


Figure 2.1  
Flow of the Project Initiation Phase

### Define: Project Description Statement

The first activity in the initiation phase is to define the project by developing the project description statement. The project description statement is an informal, high-level statement that describes the characteristics of the product or service expected from the project. It explains the business purpose of the new product or service and identifies why the product or service is needed. Typically, a project description statement is available from the organization's IT Strategic Plan. The project description in the plan may not have a great deal of detail; however it should serve as the basis upon which a more detailed project description is built. The project description should be expanded to include any further information available regarding the nature of the project. The more detailed, refined project description developed in this step will be used in the project proposal.

### Analyze: Project Analysis

The purpose of the analysis activity is to identify the best solution to solve the identified business need or issue. The project analysis activity involves:

- Analysis of the business problem;
- Identification of potential solutions;
- Studies to determine technical and economic feasibility of potential solutions;
- Comparison of potential solutions; and,
- Identification of the best solution to recommend.

The feasibility studies will help determine if potential solutions are viable. Technical feasibility studies determine if an IT solution is technically possible. An economic feasibility study, such as a Cost Benefit Analysis (CBA), determines if a solution is economically sound and cost

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effective. Based upon these analyses, a solution is proposed in the next step of the initiation process.

The Project Analysis Worksheet is provided to assist in the analysis of the business need, analysis of potential solutions, determining the best solution, and developing information that will be used to build the project proposal. The worksheet is not normally a formal deliverable but can be if the organization requires it.

### Recommend: Project Proposal

The project proposal describes the project in detail and ensures that the project is consistent with the agency's Strategic Plan and IT Strategic Plan. As a formal project deliverable, it identifies project objectives, provides a project description, defines the approach, and supplies other top-level planning information which, taken together, establish the scope of the project. Ideally, the project proposal provides decision makers with information necessary to make project initiation decisions. The project proposal is the foundation for initiation of the project, through issuance of the project charter. Specifically the document defines:

- What is to be done
- Why it is to be done
- How it is to be done
- How much risk is involved

A Project Proposal Template and Project Proposal Preliminary Risk Assessment Worksheet are provided to assist in development of the project proposal.

### Decide: Project Charter

The project charter formally authorizes a project. Approval of the project charter marks the end of the Project Initiation Phase and the beginning of the Project Planning Phase. Information in the project charter comes from the project analysis documents, the project proposal, and other documents that identify business requirements and establish senior management commitment.

In order to complete the charter, an informal plan is required to detail the project management tasks for completing the initiation phase and conducting the planning phase of the project. Normally a plan for this purpose can be a simple schedule of tasks or a Gant chart and should include:

- A task list required to complete the Project Initiation Phase and the Project Planning Phase, (Include any anticipated procurement activities if the project planning will be done by a contractor).
- A time estimate to complete the Project Initiation Phase and Project Planning Phase
- The resources needed to complete the Project Initiation Phase and Project Planning Phase

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- A cost estimate to complete the Project Initiation Phase and Project Planning Phase

Information on the cost and time required for project planning will also be important if the agency needs to fund these phases outside of the project funds.

A Project Charter Template is provided to insure that essential elements required to begin a project are included in the charter.

### Selection of a Project Manager

Selection of the project manager is designated in the project charter during the Project Initiation Phase. Since this is the last step in the initiation phase, the project manager may or may not be involved in project initiation activities. Frequently, a business manager, program manager, or a temporary project manager leads the project initiation effort before the project manager responsible for planning and execution of the project is selected. Selection of the right project manager is a critical task. The demonstrated knowledge, skills, and abilities of a project manager have a direct impact on the probability of success of any project.

#### Project Manager Responsibilities

The project manager is responsible for management of all aspects of the project. From an overall perspective, the project manager ensures the project is on time, within budget, and delivers a product or service at an acceptable level of quality. A project manager's daily management responsibilities typically include some or all of the following:

- Providing direction, leadership, and support to project team members
- Using, developing, and improving the project management methodology within the agency
- Providing teams with advice and input on tasks throughout the project, including documentation, creation of plans, schedules, and reports
- Resolving conflicts affecting the project's resources, schedules, etc.
- Influencing customers and team members to get buy-in on decisions that will lead to the success of the project
- Delegating responsibility to team members

#### Selection Criteria

Selection criteria for a project manager should be based on the following skills and experience:

- Experience managing projects
- Knowledge of project management methodology and tools
- Demonstrated interpersonal and team leadership skills
- Knowledge of basic business and management skills

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- Experience within the project's technical field
- Respect and recognition among peers within the agency

### Project Manager Experience

All of the selection criteria listed above are important, but the amount of successful project management experience is the most important. Successful project managers create a record of success by building on experience and utilizing the knowledge and skills listed in the selection criteria. Therefore, information about the visibility, success, and size a project manager's previous projects are essential to the selection decision. In order to build new project manager competencies, new project managers should first be assigned small projects in order to gain experience prior to managing mid-size or large projects.

Project managers of small projects should have training in the project management methodology and tools used within the agency. They should also have an interest in and reasonable knowledge of the product or services that the project will deliver. Small projects generally involve few people, have limited cost, are low risk, and are very limited in scope. Managers of small projects should have gained some initial experience by working as a project team member under a good senior project manager.

Mid-size projects need leaders who have experience on several small or mid-sized projects. Project managers at this level must have general management and business skills. Mid-size projects pose greater risk than small projects, involve larger numbers of people, and usually incorporate more than one technology type or functional group. Typically, in a mid-size project, the project manager will need to manage several different functional groups with different needs.

Project managers for large projects should have led several high-profile midsize projects successfully. A project manager at this level must understand the technology used but is not necessarily an expert in the specific technology applied. Project managers, of large projects, will focus the majority of their effort on planning and controlling the project. Essential skills are the ability to delegate, manage time effectively, and relate to people.

## Common Problems During the Project Initiation Phase

Summarized below are some of the problems that have a negative impact on a project during the Project Initiation Phase.

- **Lack of a Business Strategy**  
The results of a project effort must support an agency's strategic goals and business strategy. Using the agency's business strategy and strategic objectives as a starting point for investment selection will save time and effort later. For this reason, it is critical for the agency's business strategy to be visible and understood.

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- **Lack of Management Support/Sponsor**  
Sometimes there is a recognized need for a project, but there is no one to champion the effort for an executive level. People may or may not support a project for a variety of reasons. Management executives who control funding must have an interest in the project success. Top-level management buy-in must occur at the inception of the project and be visible throughout the life of the project.
- **Scarcity of Resources**  
Many resource problems relate to funding and assembling the resources needed to perform initiation activities. Locating people with the right skill set can be difficult, and the difficulty increases with project complexity. Funding for project initiation activities is often constrained or unavailable.
- **Lack of Consensus on Project Objectives**  
The most difficult commitments to obtain are from customers and stakeholders. Frequently, there are many different ideas about what the project should include and what the project will develop. It is crucial to have concrete agreement on project objectives.
- **Lack of Coordinated Leadership**  
During the initiation phase, stakeholder coordination can be difficult. This is frequently the result of many individuals attempting to influence or lead the project at the same time. Such environments can create an atmosphere of faulty or disjointed decision-making.

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### Project Description Statement

Development of the project description statement is an essential and defining process in project initiation. What the project is to accomplish must be described in simple high-level terms at the beginning of the project. The statement should describe who the project is for, what must be done, and why it must be done. This statement is the foundation for defining the scope of the project.

To arrive at this statement, the project manager or team should perform an abbreviated analysis of the assigned project. The project description statement will: describe the general approach to development; describe the basic characteristics of the required product or service; identify the beneficiary; and, identify the purpose served by the product or service delivered.

#### Example:

**Project Description Statement: The Department of Technology Planning (DTP) requires a Web enabled application to facilitate online review of draft Policies, Standards, and Guidelines by focus groups and the COTS Technology Management Work Group. This is a custom application development. The application must provide a user-friendly means of providing specific input on each page and line of a draft document and facilitate rapid analysis by DTP analysts.**

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### Project Initiation Analysis

#### Project Initiation Analysis Overview

There are five basic components to project initiation analysis:

- Analyze the business problem
- Determine an approach to be used
- Develop potential solutions for the problem
- Analyze and compare potential solutions
- Select and make recommendations

A project may have more than one solution that will solve a particular business problem. The goal of this activity is to develop a single recommendation from an analysis of the business problem and possible solutions.

Before identifying any solution, it is first important to understand the business problem, the project business objectives, and the core business activities impacted by the project. This information should be available in the approved IT Strategic Plan where the project was initially conceived. Understanding the business problem requires the collection and summarization of information on the relevant business issues. Once the business problem has been clearly stated, the project business objectives, core business activities affected, and constraints are then determined. The business objectives must clearly support a strategic business initiative or resolve a critical business issue. Information derived from analysis of the business problem influences the approach taken and solutions selected.

Even when there are multiple solutions available, a single general approach may become apparent through a better understanding of the business problem. The approach is a general vision of how to solve the business problem, for example, the approach may be to buy a commercial-off-the-shelf (COTS) product versus build a new application. The project description statement and information from the business problem analysis provide the information needed to develop a description of the project approach.

Once the general approach is developed, the project manager should identify different potential solutions that fit within the project approach. In some unusual situations, there is a single apparent solution. Normally there are multiple solutions. Each solution should be described so that it is clearly differentiated from other proposed solutions. At least two (2) and preferably less than four (4) solutions are compared to determine which is best.

Once solutions are identified for consideration, a set of decision criteria must be selected before the analysis of project solutions begins. The decision criteria should reflect key factors that will determine whether a solution is feasible, and which solution will best deliver the project objectives. The same decision criteria must be used to analyze each solution to establish a common basis for comparing the different solutions. The key is to select the criteria most

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appropriate to your organization and maintain a consistent approach throughout the analysis of all solutions. Recommended decision criteria include:

- Business Process Impact
- Technical Feasibility
- Maturity of Solution
- Resources Required
- Constraints Impact
- Cost Benefit Analysis
- Return on Investment
- Other

A two-step analysis process is recommended, wherein each solution is first evaluated for technical feasibility to determine if it is a technically sound solution, whether it will fit within the current technical environment and, whether technical resource requirements can be met. If, after the technical evaluation, the potential solution is still a reasonable alternative, the economic feasibility study is performed. This approach saves valuable time by insuring effort is expended only on technically viable solutions.

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### Feasibility Studies

Feasibility studies are the foundations of sound decisions to initiate projects. The feasibility studies determine the availability, appropriateness, and soundness of the technical approach and substantiate the economic viability of potential solutions. Both a technical feasibility study and an economic feasibility study such as cost-benefit analysis are performed.

### Technical Feasibility Study

A technical feasibility study determines if there are technology solutions available that can deliver the required product or service. The technical analysis also identifies the probability of success for any given solution based upon established criteria. Understanding both the current technical architecture and the maturity of the proposed technology prevents initiation of projects that are likely to fail. Research and analysis of technical solutions may use data available from external sources such as technology publications or research organizations. When there are concerns about how a particular technical solution will work in the organization's environment, the technical study may include testing. The testing can entail creating a prototype solution in a modeled environment or conducting a pilot test of a fully matured solution. Regardless of the approach used to conduct the technical feasibility study, enough detailed information should be evaluated to determine if the proposed solution is likely to deliver the desired results.

### Economic Feasibility Study: Cost-Benefit Analysis

A cost-benefit analysis (CBA) provides the information to make a balanced decision about the cost and benefits, or value, of various potential solutions. It enables the agency to quantify the activities of existing and alternative solutions. The CBA defines project objectives and alternative solutions in terms of costs and benefits. It also defines important assumptions used to derive the cost and benefits. The final product is a consistent document that provides an understanding of the economic feasibility of the solutions being considered.

A CBA sample outline is provided below in Figure 2.2. The sample is a general outline that helps organize information so the analysis effectively supports the decision process. The amount of detail and information included in a CBA depends on the size and complexity of the individual project. A brief explanation of the steps for performing a cost-benefit analysis is provided below. More detailed information on conducting a cost-benefit analysis is available from numerous sources including those provided on the Commonwealth Project Management Website.

### CBA Steps

The general steps for performing a CBA are listed below.

- Define the Project. Defining the project is the first and most critical step. It forms the foundation for the rest of the effort. It includes identifying the problem to be solved, the objectives of the mission or function, and the alternatives that will satisfy the customer's

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needs while staying within environmental factors such as assumptions and constraints. In the Commonwealth Project Management methodology, the project has already been defined as the first activity in the Project Initiation Phase.

- **Research the Cost Elements.** In this step, the cost elements that make up the life-cycle cost for each solution are identified. Life-cycle costs consider the cost not only of the project but also the post implementation cost for operations and maintenance over the life of the product. Research requirements include: collecting appropriate cost data; analyzing and validating the data; deciding on an estimating methodology; and, costing all the elements.
- **Identify Cost Drivers.** When research of the cost elements is complete, functional, technical, and schedule cost drivers are identified. Cost drivers are those costs that influence the accuracy or results of the total cost estimate. Usually cost drivers are large cost elements or elements that have a high degree of uncertainty in the estimation of their cost. In preparation for the next step, identify the elements with the greatest potential sensitivity to changes in assumptions or project decisions.
- **Analyze Risk and Sensitivity.** Calculated costs for each life-cycle phase are aggregated to show total life-cycle costs and benefits. The life-cycle cost information is useful for identification of cost-risk items and for analysis of how changes might alter the original recommendation. It is also used to assess what happens if some sensitive cost elements exceed the current estimate. Sensitivity analysis tests the impact of risk and uncertainty by determining what impact changes in conditions have on the ranking of alternatives.
- **Analyze Alternatives.** Next, analyze the relative merit of alternatives against each other, including their sensitivity to specified risks and potential changes. The results should also compare net benefits over time or Return on Investment (ROI).
- **Present the Results.** The final step is to put together presentation materials to support the analysis and recommendations. Depending on the size and complexity of the project, the presentation format could be as simple as a white paper, a briefing, or it could be a formal report and presentation.

### Cost Benefit Analysis Format

It is important to identify and estimate the costs and benefits using a common, comprehensive structure so alternatives can be consistently compared to reflect accurate results and conclusions. An example of a Cost Benefit Analysis format is provided in Figure 2.2.

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<b>Sample Cost Benefit Analysis Format</b>	
Section 1	Project Overview and Background:  Overview Project Background and Definition
Section 2	Discussion of Alternatives:  Project Ground Rules and Assumptions Current Process (As-Is Model) Future Process (To-Be Model) Project Alternatives Discussion of Alternatives Schedule
Section 3	Costs and Benefits (Life-cycle)  Cost and Benefit Summary Life-cycle Cost Summary Life-cycle Benefit Summary  Risk and Sensitivity Analysis Risk Analysis Sensitivity Analysis  Cost Benefit Comparison

**Figure 2.2**  
**Sample Cost-Benefit Analysis Format**

Results of the cost-benefit analysis are summarized on the Project Analysis Worksheet and in the Project Proposal.

### **Economic Feasibility Study: Return on Investment (ROI)**

Another form of economic analysis is Return on Investment (ROI). ROI is a financial accounting measurement for determining the value of making a specific investment. ROI is a ratio of the net benefits to the total cost of an investment for the same specific period. The two principle concerns with ROI are that the calculations do not account for the time value of money and the calculations assumes a consistent annual rate of return. ROI is a useful measure when comparing alternatives using the same cost and benefit criteria for the same period.

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The formula for calculating ROI is:

$$\text{ROI \%} = (\text{Net Benefit}) / \text{Cost} \times 100$$
$$\text{Net Benefit} = \text{Benefits} - \text{Cost}$$

The difficulty inherent in calculating the ROI for an investment arises from the problems associated with identification of all the benefits received and all the costs incurred from an investment. ROI may be calculated for any time period; but when making investment decisions, calculate ROI for the total life of the investment. Benefits then include all direct and indirect benefits received from an asset over that assets life. Some examples of benefits to include are:

- Personnel Cost Savings
- Productivity Increases
- Maintenance Cost Avoidance
- Supply Cost Reduction

Cost must be determined for the same period as benefits. Life cycle costs are all direct and indirect costs associated with the procurement of an asset, plus the continuing operations and maintenance cost for the asset over its life cycle. Examples of total life cycle cost include (but are not limited to):

- Consulting Fees
- Purchase of Equipment
- Purchase of Software
- Personnel Labor
- Annual Maintenance Cost
- Training

### Comparison Matrix

Selection of a recommended solution is based on the comparison of how well each solution meets the same established criteria. Compare only the criteria used in the analysis of the solutions. Various techniques can be used in making this comparison. Such techniques include pro versus con comparison, plus or minus comparison, and numerical grading or ranking in a matrix format. A decision table utilizing any of these techniques should be prepared as part of the project analysis worksheet.

The matrix table in Figure 2.3 below utilizes the numerical rating method. The numerical method uses a rating scale of 1-5 for the criteria evaluated. In Figure 2.3 the following criteria is used: Business Process Impact, Technical Feasibility, Maturity of Solution, Resources Required,

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Constraints Impact, Cost Benefit Analysis, Return on Investment, Other. A rating of 1 equates to Very Poor meaning the solution minimally meets the required level. A rating of 5 equates to Very Good meaning the solution exceeds the required level. The values of 2, 3, and 4 equate to varying levels of meeting the established criteria. Solutions that meet the required level will get a 3, while solutions just below the required level get a 2. A 4 is given to those just above the required level.

If any specific criterion is critical, weighting each criterion with a numerical factor will give an increased value to the scores for those criteria. It is best to weight only the most important criteria. Simple multipliers like 2 or 3 are best for this purpose. For example, a factor of 2 is applied to the criterion of ROI and a particular solution scores a 3 for ROI, the weighted score is 3x2 or 6.

Once the scores are entered, the project manager sums the values and the solution with the largest value typically becomes the recommended solution.

<i>Decision Criteria</i>	<i>Solutions</i>						
<i>Business Process Impact</i>							
<i>Technical Feasibility</i>							
<i>Maturity of Solution</i>							
<i>Resources Required</i>							
<i>Constraints Impact</i>							
<i>Cost Benefit Analysis</i>							
<i>Return on Investment</i>							
<i>Other</i>							
<i>Total Score</i>							

*Rating Scale is: 1 = Very Poor, 2 = Poor, 3 = Fair, 4 = Good, 5 = Very Good*

**Figure 2.3**  
**Example Matrix for Comparing Solutions**

If the highest rated solution is not the recommended solution, it important to provide the rationale for selecting a lower ranked solution. The explanation should identify the overriding factors that caused the solution to be selected. The project analysis worksheet is meant to assist in the analysis process. If the project analysis must be approved by an additional manager, the project analysis worksheet provides an area for signatory approval.

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### Project Analysis Worksheet Instructions and Template

The Project Analysis Worksheet instructions and template that follow assists project managers and agency management in assembling and analyzing information to determine the best solution to resolve the business problem. It also provides information to support management decisions on whether the project should be undertaken. The template presents, in a systematic manner, the solution selected, and the rationale for that selection. Information from the worksheet is transferable to the Project Proposal Document and Project Charter. This template is not necessarily a formal deliverable, but some organizations may decide to formalize the solution selection process and establish this template as a deliverable.

**A. General Information** – Basic information that identifies the project.

Project Title – The proper name used to identify this project.

Project Working Title – The working name or acronym used to identify the project. If an acronym is used, define the specific meaning of each letter.

Proponent Secretary – The Secretary to whom the proponent agency is assigned or the Secretary that is sponsoring a particular enterprise project.

Proponent Agency – The agency that will be responsible for the management of the project.

Prepared by – The person(s) preparing this document.

Date Prepared – The date this document is initially prepared.

**B. Project Purpose** – The purpose of a project is to solve a business problem. Explain the business reason(s) for doing this project. In this section, describe the business problem, business impacts, business objectives, and the constraints associated with the proposed project.

1. **Business Problem** – A question, issue, or situation, pertaining to the business, which needs to be answered or resolved. State in specific terms what problem or issue this project plans to address. Often the business problem is reflected as a critical business issue or initiative in the Agency's Strategic Plan or Information Technology Strategic Plan.

2. **Project Business Objectives** – A desired result produced by a project that answers or resolves the business problem. Define the specific business objectives of the project that correlate to the strategic initiatives or issues identified in the Commonwealth or Agency's Strategic Plan. Every business objective must relate to at least one strategic initiative or issue and every initiative or issue cited must relate to one project business objective. The project charter communicates this information to ensure that all stakeholders understand the relationship of the project to the Strategic Plans of the organization. During the

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planning phase, the objectives serve as a foundation for development of project performance measures known as measures of success.

3. ***Core Business Activity Impacted*** – Core Business Activities are agency defined cross-functional processes that produce the agency's primary products and services, or support their production. List the Core Business Activities impacted by the project and identify the impact.
4. ***Constraints*** – Constraints are items that by their nature restrict choice. Identify constraints that will influence the selection of a solution to resolve the business problem. Constraints can include but are not limited to: time, funding, personnel, facilities, and, management limitations.

**C. Preliminary Project Description** - A preliminary description of the project approach. The approach is the overall strategy for solving the business problem. The Preliminary Project Description is derived from the Project Description Statement and Section B, Project Purpose. This description establishes the framework for identification of potential solutions. This section does not describe a specific solution. Solutions are identified, analyzed, compared, and selected in subsequent parts of this document. Expand the size of the box provided if needed.

**D. Solution(s) Analysis Part I** – Describe each potentially viable solution, and evaluate the solution against the decision criteria. Duplicate the Evaluation Process (D.1 thru D.2.e and including the question after 2.e) for each solution being considered. Provide a Solution Identifier for each solution (i.e., A, B, ...or 1, 2...) and a brief title in Short Solution Title to easily identify each solution.

1. ***Description of Solution*** – In the box provide a brief description of the solution being considered. The description should include enough detail to provide a clear understanding of what the solution will do and differentiate it from the other solutions being considered. Also, describe how this solution will resolve the business problem defined in Section B.
2. ***Decision Criteria*** - The decision criteria below are recommended for evaluation of each potential solution. Additional criteria may be added when needed. It is essential that all solutions be evaluated against the same set of criteria.
  - a) ***Business Process Impact*** – Describe how the potential solution will impact the current business processes and what degree of organizational change and stakeholder resistance is anticipated.
  - b) ***Technical Feasibility*** - Describe any special considerations such as technical experience required for project team members. Also, describe the level of technical complexity associated with the solution.
  - c) ***Maturity of Solution*** - Describe the level of technical maturity for the potential solution. The description should address how technically proven the potential solution is, for example: Is the solution a recent innovation? Has it fully matured? Is it nearing obsolescence? Are service and expertise readily available to support the potential technical solution?

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- d) *Resources Estimate* – Estimate all the resources required to implement the solution. Resources include personnel, facilities, customer support, equipment, and any other resources needed to implement the solution.
- e) *Constraints Impact* – Describe how well the solution fits within the identified constraints in Section B. Specifically address any time or schedule constraints.  
*Answer YES or NO to the question: Based upon decision criteria 2.a-2.e, is the potential solution a viable solution? If YES, continue to Section E (Solution Analysis – Part II). If NO, discard solution.*
- E. Solution(s) Analysis Part II** – ONLY if a potential solution remains viable after analysis of the criteria in D.2.a–e above, perform a Cost Benefit Analysis for the solution and calculate Return on Investment. Section 2, Project Initiation, of the Commonwealth Project Management Guideline provides additional detail on Cost Benefit Analysis and Return on Investment. Duplicate the Solution(s) Analysis Part II (E.1 thru E.2) for each viable solution. Remember to enter in the unique Solution Identifier and brief title in Short Solution Title for each solution.
1. **Cost Benefit Analysis Summary**– Present a summary of Cost Benefit Analysis for this solution. See Project Initiation (Section 2) of the Project Management Guideline for instructions on Cost Benefit Analysis.
  2. **Return on Investment (ROI) Summary** – Present a summary of the estimated value of the solution in terms of an investment. There are several ways to calculate Return on Investment (ROI) any are acceptable but the **same method must be used for all solutions analyzed.** See Project Initiation (Section 2) of the Project Management Guideline provides instructions on Return on Investment Calculations.
- F. Comparison of Solutions** – Enter the unique Solution Identifier in boxes that are shaded. Based on the analysis performed, rate how each solution measured up against the decision criteria used for the analysis. A recommended rating scale is: 1 = Very Poor, 2 = Poor, 3 = Fair, 4 = Good, 5 = Very Good. If a decision criterion is more important than others, weights may be assigned to each criterion to reflect the level of importance. Once the ratings for all the solutions are complete, compare and contrast the analysis and ratings for each of the solutions to the others. Identify the solution that best satisfies the previously reviewed criteria. Summarize the results and identify the solution that best satisfies the decision criteria. Many methods may be used, but the weighted matrix evaluation table is recommended. See Project Initiation (Section 2) of the Project Management Guideline to provide additional detail on comparing solutions using the weighted matrix evaluation table.
- G. Preliminary Recommendation** – Describe the recommended solution and provide a summary of the rationale for selecting it.
1. **Recommended Solution** – Specify the solution selected based on the analysis. Use the description previously provided in Section D of this document. Enter in the unique Solution Identifier and Title of the recommended solution in the appropriate areas.
  2. **Recommended Solution Justification** – Explain how and why the solution was chosen over the other solutions considered.

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**H. Decision** - Document the decision of the project sponsors or designated agency manager regarding the recommended solution. If the solution is accepted, a project proposal is developed.

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### Project Analysis Worksheet

#### A. General Information

*Provide basic information about the project including: Project Title – The proper name used to identify this project; Project Working Title - The working name or acronym that will be used for the project; Proponent Secretary - The Secretary to whom the proponent agency is assigned or the Secretary that is sponsoring an enterprise project; Proponent Agency – The agency that will be responsible for the management of the project; Prepared by – The person(s) preparing this document; Date Prepared - The date this document is initially prepared.*

**Project Title:** \_\_\_\_\_ **Project Working Title:** \_\_\_\_\_

**Proponent Secretary:** \_\_\_\_\_ **Proponent Agency:** \_\_\_\_\_

**Prepared by:** \_\_\_\_\_ **Date Prepared:** \_\_\_\_\_

#### B. Project Purpose

*Explain the business reason(s) for doing this project.*

##### 1. Business Problem

*The Business Problem is a question, issue, or situation, pertaining to the business, which needs to be answered or resolved. State in specific terms the problem or issue this project will resolve. Often, the Business Problem is reflected as a critical business issue or initiative in the Agency's Strategic Plan or Information Technology Strategic Plan.*

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### 2. *Project Business Objectives*

*Define the specific Business Objectives of the project that correlate to the strategic initiatives or issues identified in the Commonwealth or Agency Strategic Plan. Every Business Objective must relate to at least one strategic initiative or issue and every initiative or issue cited must relate to at least one project Business Objective.*

<i>Commonwealth or Agency Strategic Plan – Critical Issues</i>	<i>Project Business Objectives</i>

### 3. *Core Business Activity Impacted*

*Core Business Activities are agency defined cross-functional processes that produce the agency's primary products and services, or support their production. List the Core Business Activities impacted by the project and identify the impact.*

<i>Agency Core Business Activity</i>	<i>Impact on Core Business Activity</i>

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### **4. Constraints**

*Constraints are items that by their nature restrict choice. Identify constraints that will influence the selection of a solution to resolve the business problem. Constraints can include but are not limited to: time, funding, personnel, facilities, and management limitations.*

### **C. Preliminary Project Description**

*Provide a preliminary description of the project approach, the customer(s) served, and expected benefits. The approach is the overall strategy for solving the business problem. The Preliminary Project Description is derived from the Project Description Statement and Section B, Project Purpose. (This description establishes the framework for identifying potential solutions.)*

## Section 2: Project Initiation

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### **D. Solution(s) Analysis – Part I**

*Describe each potentially viable solution, and evaluate the solution against the decision criteria described below in D.1 thru D.2.e. Duplicate the Evaluation Process (D.1 thru D.2.e) for each solution being considered.*

#### **1. Description of Solution**

*Provide an identifier and a brief title of the potential solution. The description should include enough detail to provide a clear understanding of the solution and should differentiate it from the other potential solutions. Also, describe how the solution will resolve the Business Problem defined in Section B of this document.*

**Solution Identifier**

**Short Solution Title**

---

**Solution Description and Detail**

--

#### **2. Decision Criteria**

*The following Decision Criteria are recommended for evaluation of each potential solution. All potential solutions must be evaluated against the same set of Decision Criteria. Additional Decision Criteria may be used, if needed.*

##### **a) Business Process Impact**

*Describe how the potential solution will impact current Business Processes and the degree of organizational change and stakeholder resistance anticipated.*

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***b) Technical Feasibility***

*Describe any special technical considerations that would be required to implement the potential solution, such as technical experience required for project team members. Also, describe the level of technical complexity of the solution.*

***c) Maturity of Solution***

*Describe the level of technical maturity for the potential solution. The description should address questions such as “Is the potential solution technically proven or a recent innovation? Has the technology solution being proposed fully matured? Is it nearing obsolescence? Are services and expertise required to support the potential technical solution readily available?”*

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**d) Resource Estimate**

*Estimate all the resources required to implement the solution. Resources include funding, personnel, facilities, customer support, equipment, and any other resources needed to implement the solution.*

<b>Resource</b>	<b>Requirement(s)</b>
<i>Funding</i>	
<i>Project Team</i>	
<i>Customer Support</i>	
<i>Facilities</i>	
<i>Equipment</i>	
<i>Software Tools</i>	
<i>Other (Be specific)</i>	

**e) Constraints Impact**

*Describe how the solution fits within the constraints identified in Section B. Specifically address any time or schedule constraints.*

**Based on decision criteria 2.a-2.e, is the potential solution a viable solution?**     **YES**     **NO**  
*If yes, continue to Section E (Solution(s) Analysis – Part II).  
 If no, discard solution.*

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### **E. Solution(s) Analysis – Part II**

*Solution has been proven viable. Perform a Cost Benefit Analysis for the solution and calculate the Return on Investment. Provide a summary of the results below. A Cost Benefit Analysis and Return on Investment must be performed for each viable solution. Duplicate Solution(s) Analysis – Part II (Section E) for each solution being considered.*

*Solution Identifier* \_\_\_\_\_ *Short Solution Title* \_\_\_\_\_

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#### **1. Cost Benefit Analysis Summary**

*Summarize the results of the Cost Benefit Analysis for this solution. See Project Initiation (Section 2) of the Commonwealth Project Management Guideline for information on how to perform a Cost Benefit Analysis.*

#### **2. Return on Investment (ROI) Summary**

*Summarize the estimated return achieved as a result of the investment made and explain the ROI method used. There are several ways to calculate ROI. Any method is acceptable but the same method must be used for each solution analyzed. See Project Initiation (Section 2) of the Commonwealth Project Management Guideline for instructions on Return on Investment Calculations.*

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### F. Comparison of Solutions

Based on the analysis performed, rate how each solution measured up against each decision criterion. A recommended Rating Scale is: 1 = Very Poor, 2 = Poor, 3 = Fair, 4 = Good, 5 = Very Good. Compare the rating results to determine which solution to recommend. Enter in the Solution Identifier in Boxes that are shaded.

Decision Criteria	Solutions						
Business Process Impact							
Technical Feasibility							
Maturity of Solution							
Resources Required							
Constraints Impact							
Cost Benefit Analysis							
Return on Investment							
Other							
Total Score							

### G. Preliminary Recommendation

Describe the Recommended Solution and provide a summary of the rationale for selecting it.

#### 1. Recommended Solution

Specify the Recommended Solution selected as a result of the analysis. Use the description previously provided in Section D of this document.

Solution Identifier \_\_\_\_\_ Short Solution Title \_\_\_\_\_

#### 2. Recommended Solution Justification

Explain why the Recommended Solution was chosen over the other solutions considered.

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### **H. Decision**

*Document the project sponsor's or designated agency manager's decision regarding the Recommended Solution. If the Recommended Solution is accepted, a Project Proposal is developed.*

*Accepted*       *Rejected*       *On Hold*       *Requesting More Information*

*Approved By:*

*Name:* \_\_\_\_\_

*Title:* \_\_\_\_\_

*Date:* \_\_\_\_\_

## Section 2: Project Initiation

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### Project Proposal

While the project analysis process is important to the Project Initiation Phase, the project proposal is the formal proposal to undertake a specific project with a specific solution. The goal of the project proposal is to provide a concise summary of information for project review and decision-making during project initiation. The information approved in the project proposal is the basis for the subsequent project charter.

#### Elements of the Project Proposal

The person who prepares the project proposal will:

- Identify the principal individuals who may be contacted for information regarding the project
- State the business purpose for the project
- Identify the project business objectives
- Identify core business activities affected and the impact of the project on them
- Describe the project including the project approach, the recommended solution, customer(s) served and expected benefits
- Verify the consistency of the project with the Commonwealth and Agency Strategic Plans and Enterprise Architecture Domain Standards
- Estimate the project development schedule including major milestones
- Develop a financial estimate including the cost benefit analysis, return on investment, and estimated project budget
- Estimate the level of risk associated with the project
- Accommodate approval of the project proposal as needed

A Project Proposal Template is provided to guide the development and format of the project proposal.

#### Project Proposal Development

The project proposal is prepared from information provided in the Project Analysis Worksheet. During preparation of the project proposal, the information developed during project analysis should be refined and structured to formally present the recommended project solution. Occasionally, more research and additional development is required to complete the proposal.

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Some of the various methods that may be used to develop the additional information are:

- Brainstorming sessions
- Request for Information (RFI)
- Vendor demonstrations
- Formal executive meetings
- Stakeholder meetings
- Interviews with subject matter experts

### **Project Proposal Document Review**

There may be times when the project proposal must be reviewed by the project team and other stakeholders. These reviews provide a forum for information exchange and are often timelier than written question-and-answer. Once all reviews are completed, the project proposal is presented to the decision maker or decision-making body for a determination on whether the project will go forward. If the project proposal is approved, the project charter is completed and signed.

## Section 2: Project Initiation

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### Project Proposal Instructions and Template

**A. General Information** – Basic information that identifies the project.

Project Title – The proper name used to identify this project.

Project Working Title – The working name or acronym used to identify the project. If an acronym is used, define the specific meaning of each letter.

Proponent Secretary – The Secretary to whom the proponent agency is assigned or the Secretary that is sponsoring a particular enterprise project.

Proponent Agency – The agency that will be responsible for the management of the project.

Prepared by – The person(s) preparing this document.

Date Prepared – The date this document is initially prepared.

Answer the following questions with a Yes or No and provide a brief response as appropriate.

Is this an updated Project Proposal Document? If yes, what is the reason for this update?

Is this a follow-on to a previous project? If yes, what is the project name and date of completion?

Is the Project Initiation Phase efforts funded? If yes, what is the amount of funding?

Is the Project Planning Phase efforts funded? If yes, what is the amount of funding?

Points of Contact – List those principal individuals that may be contacted for information regarding this project in the initiation phase. Provide the title, name, organization, phone number, and email address of the following individuals:

Project Sponsor - An individual, usually part of the organization management team, who makes the business case for the project. This individual usually has the authority to define project goals, secure resources, and resolve organizational and priority conflicts.

Program Manager – The individual responsible for the management and coordination of a group of related projects that will include the project being chartered.

Project Manager (Designee) - The individual appointed and given responsibility for management of the project.

Proponent Cabinet Secretary - The appointed secretary to whom the agency responsible for the project is assigned.

Proponent Agency Head – The appointed head of the agency responsible for the project.

Customer (User) Representative(s) – Someone designated to represent the ultimate users of a product or service.

Other – Any person, not listed above, who may be contacted about this project.

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- B. Project Purpose** - The purpose of the project is to solve a business problem. Explain the business reason(s) for doing this project. This section describes the business problem, business impacts, business objectives, and the constraints associated with the proposed project. If the Project Analysis Worksheet was completed for this project, the Project Purpose (Section B) from the worksheet provides information to support completion of this section.
1. **Business Problem** - A question, issue, or situation, pertaining to the business, which needs to be answered or resolved. State in specific terms what problem or issue this project will resolve. The business problem is often reflected as a critical business issue or initiative in the Agency's Strategic Plan or IT Strategic Plan.
  2. **Project Business Objectives** - A desired results produced by a project that answers or resolves the business problem. Define the specific business objectives of the project that correlate to the strategic initiatives or issues identified in the Commonwealth or Agency Strategic Plan. The project business objectives should reflect the desired result(s) produced by the project that answers or resolves the stated business problem. Every business objective must relate to at least one initiative or issue and every initiative or issue cited must relate to at least one project business objective. During the planning phase, the objectives serve as a foundation for development of project performance measures known as measures of success.
  3. **Core Business Activity Impacted** - Core Business Activities are agency defined cross-functional processes that produce the agency's primary products and services, or support the production of the products or services. List the Core Business Activities impacted by the project and identify the impact.
  4. **Constraints** - Constraints are those things that by their nature restrict choice. Identify constraints that will influence the selection of a solution to resolve the stated business problem. Constraints can include but are not limited to: time, funding, personnel, facilities, and management limitations.
- C. Project Description** - Describe the project approach, the specific solution, customer(s) served, and expected benefits. The approach is the overall strategy for solving the business problem. The solution should identify in specific terms how the project is accomplished and include information about the general timing and cost of major procurements or purchases. If the Project Analysis Worksheet was completed, the Preliminary Project Description (Section C) and the Recommendation (Section G) on the worksheet provide information to support development of the project description.
- D. Strategic Justification** - Identify how the project is consistent with the Commonwealth and Agency Strategic Plan or IT Strategic Plan. If the project is not consistent, explain why the project is being proposed. Answer the questions below in the space provided on the form. Attach detailed explanations and analysis as appendices.
1. **Briefly, describe how this project supports or is consistent with the Commonwealth of Virginia Strategic Plan for Technology.** - Cite the specific initiative in the plan supported by the project. If it does not support the Commonwealth of Virginia Strategic Plan for Technology, explain why this project proposal is being submitted.

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2. ***Explain where and how this project is identified in the Agency IT Strategic Plan most recently approved by The Secretary of Technology.*** - Cite the specific reference in the plan where the project is identified. If it is not identified, explain why this project proposal is being submitted.
3. ***Briefly, describe how the planned solution complies with Commonwealth Enterprise Architecture Standards.*** - If it does not comply with the Commonwealth Enterprise Architecture Standards, explain why this project proposal is being submitted, and identify which Commonwealth Enterprise Architecture Standard(s) are not being met.

**E. Estimated Project Development Schedule (Major Milestones)** - Identify the estimated start date and duration of major project activities or milestones such as when the project will be chartered, when the detailed project plan will be completed, when the project will be started, when the project will be completed, and when the project is expected to be closed out.

**F. Financial Estimate** – The assets used or consumed during the execution of the project are identified in this section. Resources include funding, personnel, facilities, software tools, equipment, and customer support. Additionally, this section provides economic justification for the project. The completed budget tables identify estimated funding and expenditures required for this project as well as funding requirements to operate or maintain the asset(s) developed by the project.

1. ***Cost Benefit Analysis Summary*** - Answer the following questions in the spaces provided. Attach detailed analysis as appendices.
  - a) ***Summarize the results of the Cost and Benefit Analysis*** (Attach Cost Benefit Analysis as Appendix A). Explain how the monetary and non-monetary benefits validate the expenditure of resources for this project.
  - b) ***Summarize the results of the Return on Investment Analysis*** (Attach detailed Return on Investment Analysis as Appendix B). If the project return on investment does not have a positive expected ROI, for each fiscal year, explain why this project proposal is being submitted.
2. ***Estimate of Execution Expenditures and Funding*** - Provide an estimate of project expenditures and funding for each fiscal year in the tables provided. The categories provided include internal staff labor cost and an allocation for contingencies (specifically risk mitigation). Internal staff labor costs include the salaries and benefits of employees assigned at least part time to the project. The Comments column is provided for additional explanation or clarification of estimated values.
3. ***Estimate of Operations Expenditures and Funding*** - Provide an estimate of expenditures and funding for operations and maintenance of the asset(s) delivered upon project completion. The estimate should span the anticipated life of the asset. The categories provided include internal staff labor cost and an allocation for contingencies (specifically risk mitigation). Internal staff labor costs include the salaries and benefits of employees assigned at least part time to the project. The Comments column is provided for additional explanation or clarification of estimated values.

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- G. Project Risk** – Use the preliminary risk analysis worksheet to develop this information and attach it as Appendix C. Circle the appropriate risk level and record the risk score for each risk item. At the bottom, provide the Total Risk Score. The preliminary risk analysis worksheet identifies the specific numerical score for each category with a risk level.
- H. Approvals** – The project sponsor and Agency Head approve the proposal. If the Agency Head's signature is the only one present, the Agency Head is assumed to also be the Project Sponsor.

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### Project Proposal

#### A. General Information

*Provide basic information about the project including: Project Title – The proper name used to identify this project; Project Working Title - The working name or acronym that will be used for the project; Proponent Secretary - The Secretary to whom the proponent agency is assigned or the Secretary that is sponsoring an enterprise project; Proponent Agency – The agency that will be responsible for the management of the project; Prepared by – The person(s) preparing this document; Date Prepared - The date this document is initially prepared.*

**Project Title:** \_\_\_\_\_ **Project Working Title:** \_\_\_\_\_

**Proponent Secretary:** \_\_\_\_\_ **Proponent Agency:** \_\_\_\_\_

**Prepared by:** \_\_\_\_\_ **Date Prepared:** \_\_\_\_\_

*Answer the following questions by marking Yes or No and provide a brief response as appropriate.*

	<b>Yes</b>	<b>No</b>
Is this an updated Project Proposal Document? If yes, what is the reason for this update?	<input type="checkbox"/>	<input type="checkbox"/>
Is this a follow-on to a previous project? If yes, what is the project name and date of completion? Name of previous project: _____ Date completed: _____	<input type="checkbox"/>	<input type="checkbox"/>
Is the Project Initiation Phase effort funded? If yes, what is the amount of funding?	<input type="checkbox"/>	<input type="checkbox"/>
Is the Project Planning Phase effort funded? If yes, what is the amount of funding?	<input type="checkbox"/>	<input type="checkbox"/>

#### **Points of Contact**

*List the principal individuals who may be contacted for information regarding the project.*

<b>Position</b>	<b>Title/Name/Organization</b>	<b>Phone</b>	<b>E-mail</b>
<i>Project Sponsor</i>			
<i>Program Manager</i>			
<i>Project Manager (Designee)</i>			
<i>Proponent Cabinet Secretary</i>			
<i>Proponent Agency Head</i>			

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<i>Customer (User) Representative(s)</i>			
<i>Other</i>			

### **B. Project Purpose**

*Explain the business reason(s) for doing this project. If the Project Analysis Worksheet was completed, the Project Purpose (Section B) from the worksheet provides information to support completion of this section.*

#### **1. Business Problem**

*The Business Problem is a question, issue, or situation, pertaining to the business, which needs to be answered or resolved. State in specific terms the problem or issue this project will resolve. Often, the Business Problem is reflected as a critical business issue or initiative in the Agency's Strategic Plan or IT Strategic Plan.*

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### 2. *Project Business Objectives*

*Define the specific Business Objectives of the project that correlate to the strategic initiatives or issues identified in the Commonwealth or Agency Strategic Plan. Every Business Objective must relate to at least one strategic initiative or issue and every initiative or issue cited must relate to at least one Project Business Objective.*

<i>Commonwealth or Agency Strategic Plan – Critical Issues</i>	<i>Project Business Objectives</i>

### 3. *Core Business Activity Impacted*

*Core Business Activities are agency defined cross-functional processes that produce the agency's primary products and services, or support the production of the products or services. List the Core Business Activities impacted by the project and identify the impact.*

<i>Agency Core Business Activity</i>	<i>Impact on Core Business Activity</i>

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### 4. Constraints

*Constraints are items that by their nature restrict choice. Identify Constraints that will influence the selection of a solution to resolve the Business Problem. Constraints can include but are not limited to: time, funding, personnel, facilities, and management limitations.*

### C. Project Description

*Describe the project approach, the specific solution, customer(s) served, and expected benefits. The approach is the overall strategy for solving the Business Problem. The solution should identify in specific terms how the project is accomplished and include information about the general timing and cost of major procurements or purchases. If the Project Analysis Worksheet was completed, the Preliminary Project Description (Section C) and the Recommendation (Section G) on the worksheet provide information to support development of the Project Description.*

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### D. Strategic Justification

*Identify how the project is consistent with the Commonwealth and Agency Strategic or IT Strategic Plan. If the project is not consistent, explain why the project is being proposed.*

***Answer the following questions in the space provided. Attach detailed explanations and analysis as appendices.***

1. Briefly, describe how this project supports or is consistent with the Commonwealth of Virginia Strategic Plan for Technology. If it does not support the Commonwealth of Virginia Strategic Plan for Technology, explain why this project proposal is being submitted.

2. Explain where and how this project is identified in the Agency IT Strategic Plan most recently approved by the Secretary of Technology. If it is not identified in the plan, explain why this project proposal is being submitted.

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3. Briefly, describe how the planned solution complies with Commonwealth Enterprise Architecture Standards. If it does not comply with the Commonwealth Enterprise Architecture Standards, explain why this project proposal is being submitted, and identify which Commonwealth Enterprise Architecture Standard(s) are not being met.

### **E. Estimated Project Development Schedule (Major Milestones)**

*Identify major Project Milestones for planning, execution, and closeout.*

<i>Event</i>	<i>Estimated Date</i>	<i>Estimated Duration</i>
<i>Project Chartered Approved</i>		
<i>Project Plan Completed</i>		
<i>Project Plan Approved</i>		
<i>Project Execution – Started</i>		
<i>Project Execution Completed</i>		
<i>Project Closed Out</i>		

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### **F. Financial Estimate**

*Provide an economic justification for the project based upon the Cost Benefit Analysis and the expected return on investment. Identify the estimated funding resources required to complete the project and then identify the funding requirements to operate or maintain the product(s) or service(s) developed from the project.*

#### **1. Cost Benefit Analysis Summary**

*Answer the following questions in the space provided. Attach detailed explanations and analysis as appendices.*

*a. Summarize the results of the Cost Benefit Analysis. Explain why the expected monetary and non-monetary benefits validate the expenditure of resources for this project. Attach the Cost Benefit Analysis as Appendix A.*

*b. Summarize the results of the Return on Investment Analysis. If the project does not have a positive expected return on investment, explain why this project proposal is being submitted. Attach the detailed Return on Investment Analysis as Appendix B.*

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### 2. Estimate of Execution Expenditures and Funding

Provide an Estimate of the Expenditures and Funding required for execution and close out of the project.

<b>Estimated Expenditures (\$000)</b>						
	FY 200_	FY 200_	FY 200_	FY 200_	Total	Comments
<i>Internal Staff Labor</i>						
<i>Services</i>						
<i>Software Tools</i>						
<i>Hardware</i>						
<i>Materials and Supplies</i>						
<i>Facilities</i>						
<i>Telecommunications</i>						
<i>Training</i>						
<i>Contingency (Risk)</i>						
<i>Total</i>						
This estimate is accurate to::      50% [ ]    60% [ ]    70% [ ]    80% [ ]    90% [ ]						
Explanation:						
<b>Anticipated (proposed) Funding Source (\$000)</b>						
	FY 200_	FY 200_	FY 200_	FY 200_	Total	Comments
<i>General Fund</i>						
<i>Non-General Fund</i>						
<i>Federal</i>						
<i>Other</i>						
<i>Total</i>						
This estimate is accurate to::      50% [ ]    60% [ ]    70% [ ]    80% [ ]    90% [ ]						
Explanation:						

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### 3. Estimate of Operations Expenditures and Funding

Provide an Estimate of the Expenditures and Funding for Operations and Maintenance of the asset(s) delivered upon project completion.

<b>Estimated Expenditures (\$000)</b>						
	FY 200_	FY 200_	FY 200_	FY 200_	Total	Comments
<i>Internal Staff Labor</i>						
<i>Services</i>						
<i>Software Tools</i>						
<i>Hardware</i>						
<i>Materials and Supplies</i>						
<i>Facilities</i>						
<i>Telecommunications</i>						
<i>Training</i>						
<i>Contingency (Risk)</i>						
<i>Total</i>						
This estimate is accurate to::      50% [ ]    60% [ ]    70% [ ]    80% [ ]    90% [ ]						
Explanation:						
<b>Anticipated (proposed) Funding Source (\$000)</b>						
	FY 200_	FY 200_	FY 200_	FY 200_	Total	Comments
<i>General Fund</i>						
<i>Non-General Fund</i>						
<i>Federal</i>						
<i>Other</i>						
<i>Total</i>						
This estimate is accurate to::      50% [ ]    60% [ ]    70% [ ]    80% [ ]    90% [ ]						
Explanation:						

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### G. Project Risk

After completing a *Preliminary Risk Analysis Worksheet* for this project, determine the level of risk for the project and the risk score. On the chart below, circle the resulting risk level and record the risk score for each risk item. Attach the *Preliminary Risk Analysis Worksheet* as Appendix C.

<b>Risk Item</b>	<b>Risk Level</b>	<b>Risk Score</b>
<b>Budget Risk</b> <i>What level of risk does the proposed budget represent to the project?</i>	High (18–25) Medium (9-17) Low (1-8) None (0)	
<b>External Dependencies Risk</b> <i>How dependent is the project on other projects or work efforts?</i>	High (11–15) Medium (6-10) Low (1-5) None (0)	
<b>Management Risk</b> <i>What level of risk does the organization’s project management capability represent?</i>	High (11–15) Medium (6-10) Low (1-5) None (0)	
<b>Mission Critical Risk</b> <i>How critical is the project success to the success of the organization?</i>	High (11–15) Medium (6-10) Low (1-5) None (0)	
<b>Failure Risk</b> <i>What is the risk of failure?</i>	High (11–15) Medium (6-10) Low (1-5) None (0)	
<b>Complexity Risk</b> <i>How complex is project?</i>	High (11–15) Medium (6-10) Low (1-5) None (0)	
<b>Preliminary Risk Assessment</b> <i>What is the overall risk of the project?</i>	High (73–100) Medium (36-72) Low (1-35) None (0)	<b>Total Risk Score:</b>

### H. Approvals

Obtain the Project Sponsor’s and Agency Head’s signatures indicating approval to submit this Project Proposal for investment consideration. If the Agency Head’s signature is the only signature provided, the Agency Head is assumed to also be the Project Sponsor.

<b>Position/Title</b>	<b>Signature</b>	<b>Date</b>
<i>Project Sponsor</i>		
<i>Agency Head</i>		

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### Project Charter

A project charter formally communicates the existence of a project. Approval and issuance of the project charter marks the end of the Project Initiation Phase and the beginning of the Planning Phase. The project charter is the basis for project planning, appoints the project manager, and authorizes the expenditure of resources.

#### Project Charter Components

The project charter is the final product of the Initiation Phase. The project proposal provides most of the information for development of the project charter. There are eight major sections of the project charter:

- General Information
- Project Purpose
- Project Business Objectives
- Project Scope
- Project Authority
- Project Organization
- Management Review
- Resources
- Signatures

A Project Charter Template and instructions are provided to assist in the development of the project charter.

#### Project Purpose

The purpose of the project is to solve a business problem. In this section of the project charter, the business case is summarized at a very high level. The business rationale for the project is explained.

#### Project Business Objectives

This section defines the specific business objectives of the project and relates the objectives to key business initiatives or critical business issues defined by the organization in the Agency IT Strategic plan. The project charter communicates these objectives to ensure that all stakeholders understand the business issues the project addresses. During the planning phase, these objectives serve as a foundation for development of measures of success.

#### Project Scope

The project charter documents the project's scope. Project Scope is defined as, the sum of the products and services provided by a project. In other words, the scope establishes the boundaries

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of a project. The project scope addresses who, what, where, when, and why of a project. Section 3, the Project Planning Phase, addresses detailed analysis and further refinement of the project scope. The project scope developed here should reflect as much information as possible to clarify what is included in the project and, of equal importance, what is not included in the project. While the project scope may be further refined in the detailed planning process or even during project execution, the scope approved in the project charter is the approved limit for the project. Any subsequent changes made to the project scope in other phases of the project life cycle are managed through a formal change process.

### **Project Authority**

The project charter defines the authority and mechanisms to resolve potential problems. Three areas are addressed:

1. The level of management issuing the project charter is identified. A level of management that can allocate organizational resources to the project and have control over the project elements issues the project charter.
2. The project charter appoints the project manager and grants him the authority to plan, execute, and control the project.
3. The project charter establishes a relationship between the project manager and senior management to ensure support mechanisms exist to resolve issues outside the authority of the project manager.

The project charter is a contract between senior management and the project manager; both have duties and obligations to the project. The project charter has a signature page, which the appropriate parties sign to acknowledge agreement and approval of the project as chartered.

### **Project Organization**

This section provide a graphic and text description of the project team. It should depict the type of organization used for the project team, its makeup, the lines of authority, and definition of the responsibilities of project stakeholders, including those not under the authority of the project manager. For example, this section might identify functional managers and their roles in implementing and supporting the project.

### **Management Review**

Management reviews are planned dates when project progress is measured. Senior management uses these reviews to approve the completion of a phase, a document, or a milestone and as go/no-go decision points to proceed with the project. The reviews ensure the products and services delivered meet project objectives.

## Section 2: Project Initiation

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### Resources

The full scope of resources required to execute a project is usually unknown when the project charter is developed. However, the project charter does need to indicate what resources the management plans to make available to the project. This includes people, facilities, equipment, and funding.

## Section 2: Project Initiation

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### Project Charter Instructions and Template

**A. General Information** – Basic information that identifies the project.

Project Title – The proper name used to identify this project.

Project Working Title – The working name or acronym used to identify the project. If an acronym is used, define the specific meaning of each letter.

Proponent Secretary – The Secretary to whom the proponent agency is assigned or the Secretary that is sponsoring a particular enterprise project.

Proponent Agency – The agency that will be responsible for the management of the project.

Prepared by – The person(s) preparing this document.

Points of Contact – List those individuals who may be contacted for information regarding the project. Provide the title, name, organization, phone number, and email address of the following individuals:

Project Sponsor - An individual, usually part of the organization management team, who makes the business case for the project. This individual usually has the authority to define project goals, secure resources, and resolve organizational and priority conflicts.

Program Manager – The individual responsible for the management and coordination of a group of related projects that will include the project being chartered.

Project Manager - The individual appointed and given responsibility for management of the project.

Proponent Cabinet Secretary - The appointed secretary to whom the agency responsible for the project is assigned.

Proponent Agency Head – The appointed head of the agency responsible for the project.

Customer (User) Representative(s) – Someone designated to represent the ultimate users of a product or service.

Other – Any person, not listed above, who may be contacted about this project.

**B. Executive Summary** - In two or three paragraphs, provide a brief overview of this project and the contents of this document. An Executive Summary is **necessary** if Charter Sections C thru G are excessively long.

**C. Project Purpose** - The purpose of the project is to solve a business problem. Explain the business reason(s) for doing this project. The Project Purpose (the Business Problem and Project Business Objectives) is in the Project Proposal, Section B.

- 1. Business Problem** - A question, issue, or situation, pertaining to the business, which needs to be answered or resolved. State in specific terms what problem or issue this project addresses. The business problem is often reflected as a critical business issue or initiative in the Agency's Strategic Plan or Information Technology Strategic Plan.

## Section 2: Project Initiation

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2. ***Project Business Objectives*** - A desired result produced by a project that answers or resolves a business problem. Define the specific business objectives of the project that correlate to the strategic initiatives or issues identified. Every business objective must relate to at least one strategic initiative or issue and every initiative or issue cited must relate to one project business objective. The project charter communicates this information to ensure that all stakeholders understand the relationship of the project to the Strategic Plans of the organization. During the planning phase, the objectives serve as a foundation for development of project performance measures known as measures of success.
- D. Assumptions** - Assumptions are statements taken for granted or accepted as true without proof. Assumptions are made in the absence of fact. List and describe the assumptions made in the decision to charter this project.
- E. Project Description, Scope, and Management Milestones** – This section defines the project and sets management expectations through a description of the project solution, a defined scope for the project, and definition of the project management milestones and deliverables.
1. ***Project Description*** - Describe the project approach, specific solution, customer(s), and benefits. The Project Description is located in the Project Proposal, Section C.
  2. ***Scope*** - The Project Charter documents the project scope. Project Scope defines all of the products and services delivered by a project, and identifies the limits of the project. In other words, the scope establishes the boundaries of a project. The Project Scope addresses the who, what, where, when, and why of a project. Describe the sum of the products and services provided and identify the limits of the project.
  3. ***Summary of Major Management Milestones and Deliverables*** - Provide a list of project management milestones and deliverables (see Project Proposal, Section E). This list of deliverables is not the same as the products and services provided, but is specific to management of the project. An example of a project management milestone is the Project Plan Completed.
- F. Project Authority** - Describe the authority of the individual or organization initiating the project, management constraints, management oversight of the project, and the authority granted to the Project Manager.
1. ***Authorization*** – Name the project approval authority that is committing organization resources to the project. Identify the source of this authority. The source of the approval authority often resides in code or policy and is related to the authority of the individual's position or title.
  2. ***Project Manager*** – Provide the name the project manager and define his or her role and responsibilities in the project. The Project Charter explicitly identifies the project manager and gives him the authority to plan, execute, and control the project.
  3. ***Oversight*** - The Project Charter establishes a relationship between the project manager and senior management to ensure support mechanisms exist to resolve issues outside the authority of the project manager. Describe the Commonwealth or agency oversight controls over the project.

## Section 2: Project Initiation

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- G. Project Organization** – This section provides a graphic and text description of the project team and other stakeholders. Provide an organizational diagram, a brief description of the type of project organization that is being implemented, and a description of the roles and responsibilities of all stakeholders. Some stakeholders may exist who do not have a formal organizational relationship with the project team but who have roles and responsibilities related to the project. The roles and responsibilities of these stakeholders should also be addressed in the roles and responsibilities paragraph.
1. **Project Organization Chart** - Provide a graphic depiction of the project team. The graphical representation is a hierarchal organizational diagram of the project team that begins with the project sponsor and includes the project team and other stakeholders.
  2. **Organization Description** - Provide a text description of the type of project organization used for the project team, its makeup, and the lines of authority.
  3. **Roles and Responsibilities** – Describe, at a minimum, the roles and responsibilities of all the stakeholders identified in the organizational diagram in Section G.2 (Organization Description). List any stakeholder not in the organizational diagram that has a significant role or responsibility related to the project. Include these stakeholders' roles and responsibilities also.
- H. Resources** – The Project Charter will indicate the resources that the project sponsor and management will commit to the project. This includes people, facilities, equipment, and funding. The full scope of resources required to execute a project is usually unknown when the Project Charter is developed but becomes clear during project planning. Additional resources may be allocated, if available, when the project plan is approved.
- I. Signatures** – The Project Charter must be approved and signed by the approving authority, agency director, project sponsor, and project manager. Cabinet Secretaries and other key stakeholders as appropriate will sign the Project Charter. The signatures formally empower the project manager to expend resources on the project and conclude the initiation phase of the project. In addition to the signatures, provide the printed name and title of the signatory, and date.

## Section 2: Project Initiation

### Project Charter

#### **A. General Information**

*Provide basic information about the project including: Project Title – The proper name used to identify this project; Project Working Title – The working name or acronym that will be used for the project; Proponent Secretary – The Secretary to whom the proponent agency is assigned or the Secretary that is sponsoring an enterprise project; Proponent Agency – The agency that will be responsible for the management of the project; Prepared by – The person(s) preparing this document.*

**Project Title:** \_\_\_\_\_ **Project Working Title:** \_\_\_\_\_

**Proponent Secretary:** \_\_\_\_\_ **Proponent Agency:** \_\_\_\_\_

**Prepared by:** \_\_\_\_\_

#### **Points of Contact**

*List the principal individuals who may be contacted for information regarding the project.*

<i><b>Position</b></i>	<i><b>Title/Name/Organization</b></i>	<i><b>Phone</b></i>	<i><b>E-mail</b></i>
<i>Project Sponsor</i>			
<i>Program Manager</i>			
<i>Project Manager</i>			
<i>Proponent Cabinet Secretary</i>			
<i>Proponent Agency Head</i>			
<i>Customer (User) Representative(s)</i>			
<i>Other</i>			

## Section 2: Project Initiation

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### **B. Executive Summary**

*An Executive Summary is required when Sections C thru G of the charter are excessively long. In two or three paragraphs, provide a brief overview of this project and the contents of this document.*

### **C. Project Purpose**

*Explain the business reason(s) for doing this project. The Project Purpose (the Business Problem and Project Business Objectives) is in the Project Proposal, Section B.*

#### **1. Business Problem**

*The Business Problem is a question, issue, or situation, pertaining to the business, which needs to be answered or resolved. State in specific terms the problem or issue this project will resolve. Often, the Business Problem is reflected as a critical business issue or initiative in the Agency's Strategic Plan or IT Strategic Plan.*

## Section 2: Project Initiation

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### 2. Project Business Objectives

Define the specific Business Objectives of the project that correlate to the strategic initiatives or issues identified in the Commonwealth or Agency Strategic Plan. Every Business Objective must relate to at least one strategic initiative or issue and every initiative or issue cited must relate to at least one project business objective.

<i>Commonwealth or Agency Strategic Plan – Initiative or Critical Issue</i>	<i>Project Business Objectives</i>

### D. Assumptions

Assumptions are statements taken for granted or accepted as true without proof. Assumptions are made in the absence of fact. List and describe the assumptions made in the decision to charter this project.

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## Section 2: Project Initiation

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### E. Project Description, Scope and Management Milestones

#### 1. Project Description

*Describe the project approach, specific solution, customer(s), and benefits. The Project Description is located in the Project Proposal, Section C.*

#### 2. Scope

*The Project Scope defines all of the products and services provided by a project, and identifies the limits of the project. In other words, the Project Scope establishes the boundaries of a project. The Project Scope addresses the who, what, where, when, and why of a project.*

## Section 2: Project Initiation

### 3. Summary of Major Management Milestones and Deliverables

Provide a list of Project Management Milestones and Deliverables (see Section E of the Project Proposal Document). This list of deliverables is not the same as the products and services provided, but is specific to management of the project. An example of a Project Management Milestone is the Project Plan Completed.

<i>Event</i>	<i>Estimated Date</i>	<i>Estimated Duration</i>
<i>Project Charter Approved</i>		
<i>Project Plan Completed</i>		
<i>Project Plan Approved</i>		
<i>Project Execution – Started</i>		
<i>Project Execution Completed</i>		
<i>Project Closed Out</i>		

### F. Project Authority

Describe the authority of the individual or organization initiating the project, any management constraints, management oversight of the project, and the authority granted to the Project Manager.

#### 1. Authorization

Name the project approval authority that is committing organization resources to the project. Identify the source of this authority. The source of the approval authority often resides in code or policy and is related to the authority of the individual's position or title.

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#### 2. Project Manager

Name the Project Manager and define his or her role and responsibility over the project. Depending on the project's complexities, include how the Project Manager will control matrixed organizations and employees.

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#### 3. Oversight

Describe the Commonwealth or Agency Oversight controls over the project.

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## Section 2: Project Initiation

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### G. Project Organization

#### **1. Project Organization Chart**

*Provide a graphic depiction of the project team. The graphical representation is a hierarchal diagram of the project organization that begins with the project sponsor and includes the project team and other stakeholders.*



#### **2. Organization Description**

*Describe the type of organization used for the project team, its makeup, and the lines of authority.*

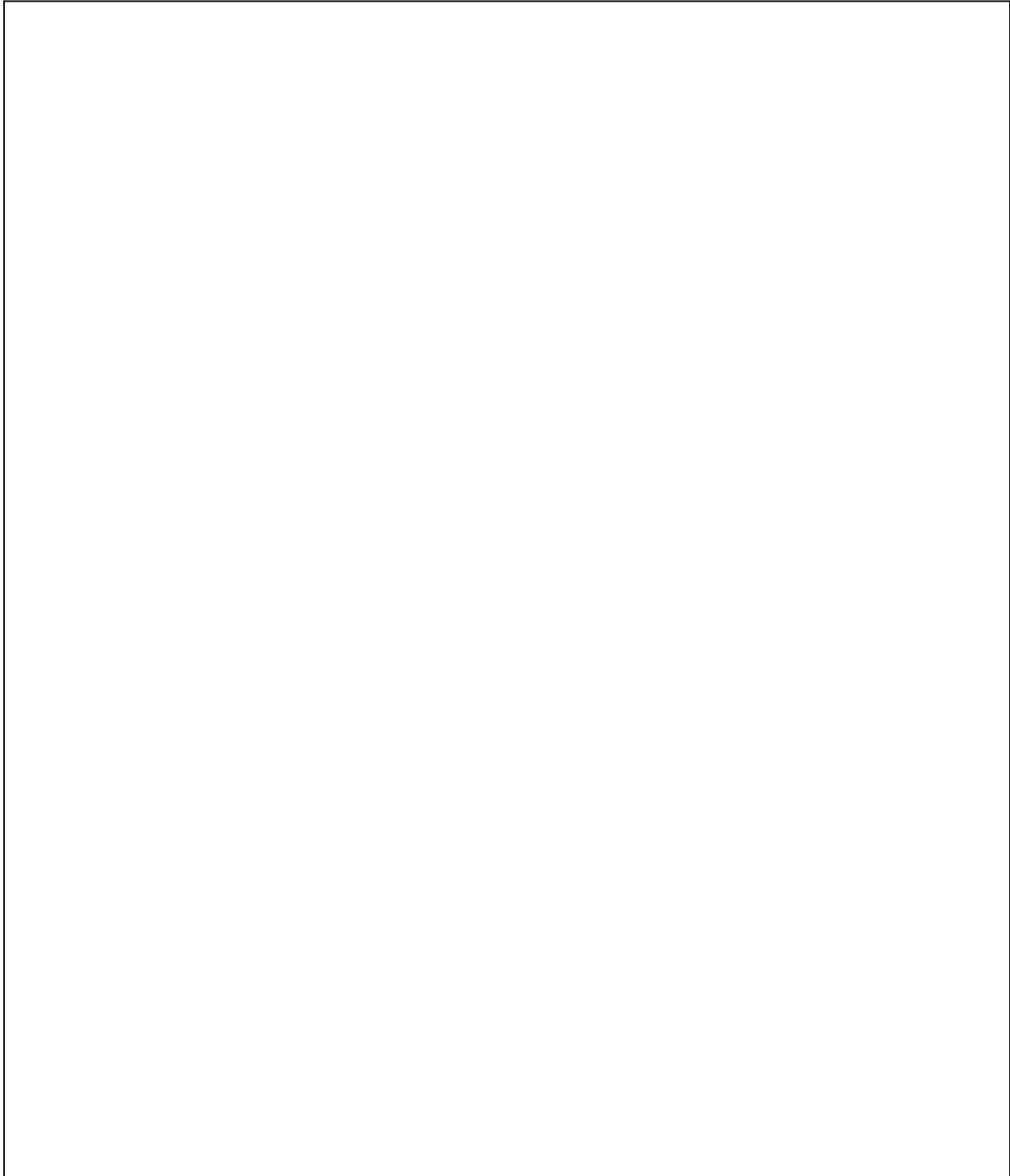


## Section 2: Project Initiation

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### **3. Roles and Responsibilities**

*Describe, at a minimum, the Roles and Responsibilities of all stakeholders identified in the organizational diagram above. Some stakeholders may exist who are not part of the formal project team but have roles and responsibilities related to the project. Include these stakeholders' roles and responsibilities also.*



## Section 2: Project Initiation

### H. Resources

Identify the initial funding, personnel, and other resources, committed to this project by the project sponsor. Additional resources may be committed upon completion of the detailed project plan.

<i>Resources</i>	<i>Allocation and Source</i>
<i>Funding</i>	
<i>Project Team (Full and Part Time Staff)</i>	
<i>Customer Support</i>	
<i>Facilities</i>	
<i>Equipment</i>	
<i>Software Tools</i>	
<i>Other</i>	

### I. Signatures

The Signatures of the people below document approval of the formal Project Charter. The Project Manager is empowered by this charter to proceed with the project as outlined in the charter.

<i>Position/Title</i>	<i>Signature/Printed Name/Title</i>	<i>Date</i>
<i>Proponent Cabinet Secretary (as required)</i>		
<i>Proponent Agency Head</i>		
<i>Project Sponsor (required)</i>		
<i>Program Manager</i>		
<i>Project Manager (required)</i>		
<i>Other Stakeholders as needed</i>		

## Section 2: Project Initiation

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### Project Initiation Transition Checklist

The checklist provides a vehicle to verify completion of a project phase before beginning the next phase. The Project Initiation Transition Checklist is a tool to verify that necessary steps have been completed and establishes the exit criteria from the initiation phase. The transition checklist focuses on completion of the project proposal and approval of the project charter. It is important to make sure that all the necessary information and supporting documents pertinent to authorizing the project are completed and approved by management in the Project Charter.

- Y = Item has been addressed and is completed.
- N = Item has not been addressed, and needs to be to complete the process.
- N/A = Item has not been addressed and is not related to this project.

Comments or plans to complete items that have not been addressed are also documented on the checklist.

## Section 2: Project Initiation

### Project Initiation Transition Checklist

*Provide basic information about the project including: Project Title – The proper name used to identify this project; Project Working Title – The working name or acronym that will be used for the project; Proponent Secretary – The Secretary to whom the proponent agency is assigned or the Secretary that is sponsoring an enterprise project; Proponent Agency – The agency that will be responsible for the management of the project; Prepared by – The person(s) preparing this document; Date Prepared - The date this document is initially prepared.*

**Project Title:** \_\_\_\_\_ **Project Working Title:** \_\_\_\_\_

**Proponent Secretary:** \_\_\_\_\_ **Proponent Agency:** \_\_\_\_\_

**Prepared by:** \_\_\_\_\_ **Date Prepared:** \_\_\_\_\_

*Complete the Status and Comments column. In the Status column indicate: Yes, if the item has been addressed and completed; No, if item has not been addressed or completed; N/A, if the item has not been addressed and is not related to this project. Provide comments or plan to resolve “No” items in the last column.*

	<i>Item</i>	<i>Status</i>	<i>Comments/ Plan to Resolve</i>
1	Has the technical and economic feasibility of several potential solutions been analyzed?		
1.1	Was the project proposal approved by the Project Sponsor and the Agency Head?		
1.2	Does the project proposal include a Preliminary Risk Assessment?		
2	Has the Project Charter been approved by the appropriate authority?		
3	Does the Project Charter include the following areas:		
3.1	Project Purpose		
3.2	Assumptions		

## Section 2: Project Initiation

	<i>Item</i>	<i>Status</i>	<i>Comments/ Plan to Resolve</i>
3.3	Project Description		
3.4	Project Scope		
3.5	Project Management Milestones and Deliverables		
3.6	Project Authority including approval authority, a designated Project Manager, and management oversight		
3.7	Project Organization with roles and responsibilities		
3.8	Approvals		
4	Have all required resources for project planning been assembled?		

### ***Signatures***

*The Signatures of the people below relay an understanding that the key elements within the Initiation Phase section are complete and the project team is ready to transition to the Planning Phase.*

<i>Position/Title</i>	<i>Name</i>	<i>Date</i>	<i>Phone Number</i>

## **Section 2: Project Initiation**

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### **Next Step – Planning Phase**

After establishing the project charter, the project team begins the process of devising and maintaining a workable scheme to accomplish the project solution. Section 3 of the CPM methodology, the Project Planning Phase, integrates techniques, tools, and skills to map the project course through development of a project plan.

## **Section 2: Project Initiation**

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### **Information Technology Components**

#### **Information Technology Project Initiation**

The focus in the Initiation Phase is the identification of a technologically and economically sound solution directed at a business requirement. On an IT project, technical feasibility study will most likely be the responsibility of technical staff who can discern the technical impact and feasibility of taking on a proposed IT project. An equal amount of emphasis must be placed on the economic feasibility and the level of risk associated with a particular technology solution. The economic feasibility study is typically prepared by a functional business manager.

Information developed from execution of various development life cycle models is usually transferable to the various project initiation analysis templates. The creation of the initiation documents interrelates with the project manager's responsibilities of developing a product description, performing a business analysis, and drafting a project proposal and a project charter. Although the information between the project phases and IT development life cycles is transferable in many cases, it does not mean development of documents or supporting information in one effort will take the place of required information in the other efforts.

#### **Information Technology Project Description**

The Information Technology Project Description should describe the technical solution in language easily understood by decision makers. Clouding the project description with technical jargon does not provide additional clarity. The project description places emphasis on describing who benefits from the technology and the purpose served by implementing the proposed technology.

#### **Information Technology Project Proposal**

The project proposal must describe how the proposed IT project will fit into the business plans of the organization. The project proposal is a justification of the IT project from the perspective of how it will support the business. The project proposal draws on the analysis performed in technical assessments that are initiated in the selected development lifecycle process and on information developed by analysis of the business issue.

#### **Information Technology Project Charter**

The components of the project charter for an IT project will be same as those described earlier. In IT projects charters the administrative roles and responsibilities are very important because these types of projects often require the coordination and support of people in varied functional or organizational areas.

## Section 2: Project Initiation

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### Procurement and Project Approval Request

There are two categories of technology projects in the Commonwealth:

1. Major IT Project - In the Commonwealth of Virginia, Major IT Projects are those technology projects that exceed \$1 million in estimated total project cost and deemed to be mission-critical or of statewide application by the Secretary of Technology. Appendix G. describes the life-cycle for Major IT Projects.
2. Non-major IT Project - In the Commonwealth of Virginia, Non-major IT Projects are those technology projects with an estimated total project cost of less than \$1 million and not deemed mission critical or designated as having statewide application by the Secretary of Technology. Appendix H. describes the life-cycle for Major IT Projects.

In the Commonwealth of Virginia, Technology Projects and Procurements that exceed \$100,000 must be reviewed and approved by the Office of the Secretary of Technology (*Section 2.2-226 (B.6) of the Code of Virginia*). When an agency has completed its project analysis and concept, it will initiate this process by completing a Procurement and Project Approval Request (PPAR). Instructions for completing a PPAR are provided in the “Procedures for the Review and Approval of Information Technology and Telecommunications Procurements,” issued by the Office of the Secretary of Technology. Major IT Projects will be reviewed and approved through a formal oversight process. These projects will be monitored through the Commonwealth Major IT Project Status Report “Dashboard,” see Section 4, Execution and Control.

### Initiation Manager Skills and Responsibilities

#### Resources

During the project initiation phase, it is unusual for anyone to be exclusively dedicated to the project. Therefore, it may be difficult to find the appropriate resources to perform the required technical and economic analysis. The Project Sponsor will need to identify the appropriate technical and functional resources in order to insure a thorough analysis of available alternatives is performed.

#### Critical Skill

The sponsor of the project may require the skills of a salesman to elicit an interest in a project. Because interest and support of a project can die quickly, the sponsor has a short time in which to solidify support for the project. Remaining focused on the business value to be achieved by the project will assist in garnering support during the Project Initiation Phase.

## **Section 2: Project Initiation**

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### Responsibilities

A clear understanding of what must occur in the Initiation Phase is important to project initiation success. A manager will need to give attention to the following tasks:

- Appropriate deliverables (project initiation analysis, project proposal, project charter) are prepared in a timely manner.
- People involved in the Project Initiation Phase are aware of their responsibilities.
- Project benefits are clearly defined and articulated.
- Project Planning Phase resources are identified.

### **Moving on to the Planning Phase**

After the project charter is approved and signed, the project moves into the Project Planning Phase. A project manager is selected to lead the project when the project charter is issued. The designated project manager however, may not have been involved in the Project Initiation Phase. The project manager should therefore review all Project Initiation Phase documentation before beginning detailed planning for the project. These documents are the agreed-upon foundation for the project and the starting point for the creation of the project plan.