



Version 6.1 Updated for the 2021
Project Management Professional (PMP)[®] Exam



Crosswind Success Series: PMP[®] Exam Bootcamp Manual

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Version 6.1 aligned with the Project Management Institute, *A Guide to the Project Management Body of Knowledge, (PMBOK[®] Guide)* - Sixth Edition, Project Management Institute Inc., 2017

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9.5.3. Work Performance Reports

Work performance reports are physical or electronic depictions of work performance information in the form of project documents that help stakeholders make decisions. Examples include **status reports, progress reports, memos, recommendations, and updates.**

The source for the above text is the Project Management Institute, *A Guide to the Project Management Body of Knowledge, (PMBOK® Guide)* – Sixth Edition, Project Management Institute Inc., 2017, Pages 28-35

9.6. Develop Project Charter (Initiating Process Group)

Develop Project Charter is the process which creates the document which formally authorizes the project or project phases and authorizes the project manager to use organizational resources for project activities.

The charter aligns the project with organizational objectives, creates a formal record of the project, and is evidence of organizational commitment to the project.

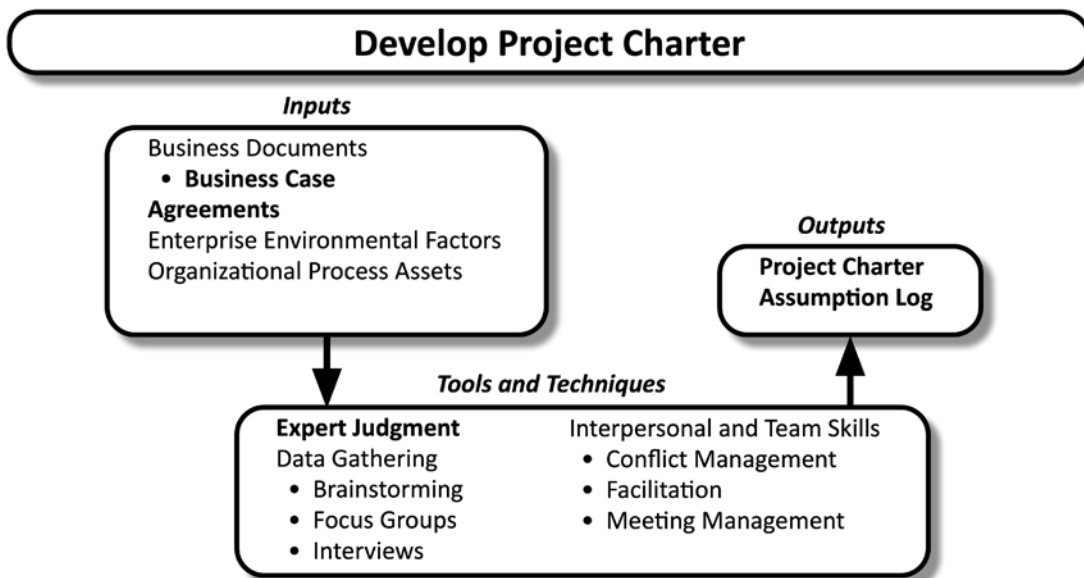
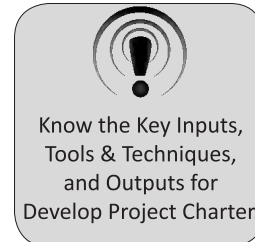


Figure 9-3: Develop Project Charter Data Flow Diagram

The source for the above figure is the Project Management Institute, *A Guide to the Project Management Body of Knowledge, (PMBOK® Guide)* – Sixth Edition, Project Management Institute Inc., 2017, Figure 4-2, Page 75

Develop Project Charter (Initiating)		
Key Inputs	Business Case	A business case, which usually describes the business need and contains a cost-benefit analysis, is used to justify the creation of the project and is the basis for the project charter. Note that the project manager is not responsible for updating or modifying the business case since it is a business document.

Develop Project Charter (Continued)		
Key Inputs (Cont.)	Agreements	Agreements define project intentions and can be written (such as letters of agreements, contracts, memorandum of understanding, service level agreements, and email) or verbal. For work to be performed by an external source, a contract between buyer and seller is typically used.
Key Tools & Techniques	Expert Judgment	Expert judgment is judgment based on expertise acquired in a specific area. It is often more significant and accurate than the best modeling tools available and can be provided by stakeholders, company personnel external to the project, professional organizations or groups, and consultants. It is important to consider expertise related to industry-related technical details, management of benefits, organizational strategy, risks, time, and budget.
Key Outputs	Project Charter	The project charter is the document that provides authorization for the existence of the project and gives the project manager the power to use organizational resources to execute the project. The project charter typically lists the key deliverables, the milestones, and the preliminary roles and responsibilities of the project. Note that the high level assumptions and constraints listed in the business case are often included in the charter. As an example, the statement “there will be a robust market for the product created as a result of this project once it is available to the public” is an assumption. A constraint is a restrictive or limiting factor. As an example, the operations manager insistence that a key subject matter expert must dedicate at least six hours a day to operations is a constraint on the project.
	Assumption Log	The assumption log is a document that lists the assumptions and constraints identified during the creation of the project charter. An assumption is an idea or statement taken to be true. An example of an assumption is the statement “there will be a robust market for the product created as a result of this project once it is available to the public.” Examples of constraints are the project completion deadline, the budget threshold, or the limit on the number of employees that can be dedicated to the project. It’s important to identify assumptions and constraints as early as possible and monitor them as the project evolves.

Situational Question and Real World Application

Failure to effectively perform the Develop Project Charter process can result in a project that does not exist.

9.6.1. Project Charter

The project charter, which authorizes the existence of the project, is typically created after an initiative goes through preliminary planning or a feasibility study.

Typically, the project charter includes:

- Project justification and purpose
- Success criteria
- High-level scope (requirements) of the project
- Any constraints and assumptions
- Time and cost goals
- Authority level of the project manager
- Key stakeholder definition and level of influence
- Organizational information
- Project approval requirements

It may be created by anyone with the authority to create a charter, even the project manager, but it must be signed by someone, typically senior management or the sponsor, who can invest authority for the project.

9.6.2. Kickoff Meeting

A kickoff meeting is generally the official start to a project. It can be held at the beginning of planning or executing, depending on priority and approach.

If held at the start of planning, the meeting can be used to set expectations of what project planning will include and create when complete.

If held at the start of execution, the meeting can be used to set expectations and communicate details of the project management plan to the team members so they understand their roles and know the expected results, product, or service of the project.

Kickoff meeting attendees may vary, but should include anyone with a key role in the project.

9.6.3. Project Selection

An organization can determine the projects it will pursue based on a variety of factors. A project is typically created to solve a problem, to take advantage of an opportunity, or to fulfill a business requirement. Other factors that can result in the creation of a project can include a response to a market demand, a technological advance, a customer request, or a legal requirement.



Know what a project charter is, how it is used, who creates it, and how a project manager uses it.



Be familiar with project selection techniques and their importance.

Mathematical Models

There are various mathematical models that can be used for project selection. They include the following:

- Constrained optimization
- Linear programming
- Non-linear programming
- Dynamic analysis
- Integer programming
- Complex calculation
- Algorithms (multi-objective programming)

This approach ultimately comes down to trying to forecast as many variables as possible and predict the outcome via mathematical analysis.

Benefit Measurement Model

This could also be considered a scoring model. This model takes the following into consideration:

- Comparative approach
- Scoring models
- Benefit contribution
- Economic model

Typically, selected projects relate to the strategic goals of the organization and corresponding financial performance.

For the exam, accounting skills are unnecessary. The following table contains a guide for project selection based on the method used. Details are in the Cost chapter.

Financial Metrics Table			
Project Selection Tool	Also Known As	Option to Select	Example
Return on Investment	ROI	The Biggest Number or Percentage	\$50,000 or 7%
Internal Rate of Return	IRR	The Biggest Percentage	15.50%
Net Present Value	NPV	The Biggest Number (Years are already factored in)	\$47,500
Benefit Cost Ratio	BCR	The Biggest Ratio	3.5:1
Opportunity Cost	--	The Amounts That Are Not Selected	Project A (\$7,000) over Project B (\$5,000)
Payback Period	--	The Shortest Duration	7 months

The source for the above text is the Project Management Institute, *A Guide to the Project Management Body of Knowledge, (PMBOK® Guide)* – Sixth Edition, Project Management Institute Inc., 2017, Pages 75-81