

Negotiating For a Project Charter

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Sponsors rarely hand project managers a clear, well-defined charter. Project managers need to ask, negotiate, and sometimes demand in order to get a useful charter. The negotiations begin as soon as the sponsor asks the project manager to investigate the new project or idea.

The project charter may begin as a simple verbal request, but a project manager should not simply accept the charter in whatever form the sponsor chooses. In order to best serve the sponsor, the project, and everyone involved in the project, the project manager should request a charter that:

- Is written down
- Provides clear responsibility, accountability, and authority to the project manager
- Provides evidence that an appropriate supporter has authorized the new project
- Provides clear project goals and objectives
- Quantifies those objectives or offers a path to make them quantifiable
- Explains the business justification for the project

The project manager is an active participant in the start-up of any new project. He or she can negotiate for a good charter, instead of passively accepting the project assignment.

The Initial Offer

When a sponsor first assigns a project to a project manager, it is like the initial offer in a negotiation. Often, the initial offer is not the best offer, and it may not be appropriate to accept that offer.

Some project managers may feel forced to accept the assignment as is. Project managers who are part of a permanent staff do have an obligation to do the work their supervisors assign to them, or risk being fired. The assignment is still negotiated, despite the risk of being fired. The project manager has an obligation to understand the assignment, get the support needed to complete it successfully, and to ensure that it is appropriate and legal. By negotiating for a good charter, the project manager is acting as a good employee.

For project managers who perform work for an outside client, the process is clearly a negotiation. These project managers need to decide whether or not to accept the assignment. By defining the project clearly from the start, the project manager improves the planning, estimating, and execution of the work. Some clients may resist providing some of the information required for a good charter, but ultimately it will improve project results and their satisfaction with the project manager.

The project manager might find that the initial project request has all the needed information. If so, the project manager can accept the charter and begin the project. Usually something is missing or unclear, though, which leads to a counter-offer.

The Counter-Offer

Most project charter negotiations are informal. Usually the sponsor and the project manager have either worked together before, or they are expecting to build a close working relationship. It is the beginning of a new, long-term relationship, or the beginning of a new chapter in an existing long-term relationship.

To preserve and build that relationship, it is critical to approach the negotiation in a friendly, open manner. Some negotiating techniques will be inappropriate because they could hurt that relationship. Declaring ultimatums, deceiving the other party, and high-pressure negotiating tactics will usually hurt relationships and are inappropriate for these negotiations.

Replace Demands with Questions

Often the best approach to handle problems is to replace demands or criticisms with questions. If the scope of the project request is way beyond the limited budget available, the project manager can ask questions instead of declaring, "This is impossible." Questions about scope and budget could include:

- "Tell me some more about what you want. I am not sure if I really understand it."
- "Why do you need to keep the budget under this number? What is the business problem that is limiting the budget?"
- "Is there any additional source of funding for the project?"
- "What benefits are you hoping to get from the project? Is there any way to convert those benefits into a dollar value?"

These questions invite an open-ended response, not a simple "yes" or "no" answer. They also provide key information that may belong in the charter.

The last question in the list is an example of an indirect question. The main concern of the project manager is the limited budget, yet the question asks about "benefits." Understanding the project benefits can help the project manager understand why the budget must be limited, or it may provide information to help justify a larger budget. Especially if the sponsor is defensive about the project request or if direct questions are not effective, an indirect question can help to open communication and negotiations.

The project manager is gathering information about the project at this stage, so virtually any question is a good one. With practice, you can replace statements like, "I need..." or "You forgot..." or "This won't work..." with open-ended questions.

Listening with All Your Senses

As soon as the sponsor begins answering a question, it is critical for the project manager to listen intently. In most cultures in a business setting it is fine to take notes or even record the responses. No matter how you capture the results, though, it is critical to listen intently.

Developing listening skills can take a lifetime. No matter what level your listening skills are, no matter how much or how little listening training you have, it is critical to listen completely when negotiating for a charter.

Listen at all levels with all senses for many cues:

- Auditory: what you hear
- Language: choice of words
- Meaning: logical meaning of the sentences
- Tone: inflection, pitch, and voice quality
- Pace: speed of speech and use of pauses
- Body movements: use of movement to punctuate points, especially the use of hands
- Posture: leaning, slumping, sitting upright
- Facial expression: smiling, frowning, moving eyebrows, tilting head

When listening so completely, it is possible to get an almost intuitive grasp of what someone is thinking or feeling. Some people develop the ability to see “cues” that tell whether a person is lying or withholding information. Even if you are not able to read these signs, you will build a better relationship by listening well.

Even when you are asking a question, you should practice these listening skills. Sometimes a frown, a smile, or a shift in posture when you say a certain word or phrase can tell you that this is a critical issue to ask more questions about.

Active listening is also critical, because it allows you to follow up each response with a sensitive, responsive question. By basing each new question on new information and facts that you just heard in the other person's reply, you can keep the negotiation process friendly. A series of unrelated questions can seem like an interrogation, instead.

Listening helps to build the relationship. Building the relationship is key to success when negotiating for a charter.

Responding Fully

It is not enough to just listen well. The next step is to respond completely and clearly, ensuring that you have captured the project properly.

Some project managers begin their responses by qualifying, limiting, or even disputing what the sponsor has requested. Typical objections quickly come to mind when listening:

- “But that will be expensive”
- “I need more information about...”
- “You don't really need.....do you?”

This information is useful, but it can cut off negotiations. After listening, the project manager should review what has already been discussed, to make sure that the project requirements are captured.

Sometimes this exchange happens in person, via spoken word. The project manager should quickly move these requirements into written form, though. Having the information in writing will encourage the sponsor to reflect and review the information. Any inaccuracies or misunderstandings will be on

paper, where everyone can see and discuss them.

Often those initial objections about cost and other factors will disappear. The sponsor may see the written list of requirements and point out which ones are truly most important and which would simply be nice to have.

Sometimes in a high-pressure negotiation, a project manager cannot simply respond by echoing the requirements of a sponsor. Putting them in writing might create an expectation or even a contractual obligation to deliver those requirements. In these cases, it can be useful to qualify the document with a statement such as:

- “I am just summarizing our discussion.”
- “I am not sure whether we can do any of the things listed below.”
- “These notes are just rough ideas, not our project objectives yet.”
- “We cannot commit to any of these goals until we review and estimate the work needed.”

Moving To An Agreement

After discussion and after producing draft notes, the project manager can ask a key question: “Is this a good overview of what you want the project to accomplish?” When the sponsor can answer, “Yes,” then the project manager can move to estimating and feasibility.

Some project managers launch a large effort to fully plan the project at this point. Before launching a complete estimate, it is useful to just review the requests at a high level. Examine the high-level costs. Review the possible costs and difficulties with the sponsor. Discuss whether any of the requirements should be removed before starting the detailed plan and estimate.

Many project managers tend to move quickly towards questions of “how” at this stage. They want to begin figuring out how the team will accomplish the project objectives. While finalizing the charter, the focus should be on “why” questions instead. Review and capture the business issues that make each requirement important. “Why do we need this?” is the question to repeat again and again. Leave the questions of “How will we do this?” until the charter is done.

The accuracy and completeness of this estimate will vary depending on the company and the type of project. The key is to make the overall request reasonable and to begin setting sponsor expectations. Do as little estimating as is necessary at this stage. The goal is to get a reasonable project definition, to appoint the project manager, and to get formal authorization for the charter.

Final Agreement – The Charter

No matter how detailed or high-level the document, the key to the charter is the final approval and authorization.

Before launching a detailed planning session, the sponsor should officially appoint the project manager. The simplest way to do so is to use the notes and agreements documented in the steps above, add a line to the document that shows

- Project Name

- Project Manager

and add a signature, stamp, or other indication that the sponsor approves the project to begin. Note the date of the approval on the document, for good accounting and process controls.

The project manager now has a charter. The project manager has authority to proceed with detailed planning.

Is This Process Worth It? Is There a Faster, Simpler Way?

The process described above may seem complex and time-consuming. An experienced project manager and sponsor can negotiate this whole process in a matter of minutes. It takes longer to explain than to do because negotiating skills are born out of experience, trials, disappointment, and success.

It is possible to short-cut this process, but usually there is a high cost to pay in the middle of the project. Take the time to fully understand the project requirements at the start. Work through this process with the sponsor, and the project manager's job will be simplified.

Some of the benefits of a well-negotiated charter include:

- Perception of success by the sponsor
- Realistic goals
- Clear authority and audit trail
- A compelling, business-relevant project definition

Spend time on this document. The sponsor and senior executives will often need a reminder to answer the questions, "What did we start out wanting to do anyway? Why are we doing this?" This document is how those executives will judge the success or failure of the project.

The charter captures what the project is supposed to do and why it is important. Time spent creating a great charter is time well spent.

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