Project Charter, Project Plan, and Business Case: When to Use Each



Three documents, three decisions

Use the document that answers the decision in front of you.

Business case

The business case explains why an investment is worthwhile, considering the need, options, costs, benefits, risks and assumptions. It supports investment decisions and continuing justification.

Charter and plan

The charter authorises the project and its high-level boundaries and authority. The project plan develops how the work will be managed and delivered. Organisational terminology can vary.

Running case

A warehouse wants to reduce dispatch errors. It considers a scanning service, authorises a chosen change and then plans the work to introduce it.

TAKE IT TO YOUR PROJECT

Name the decision each document should enable.

Start with the business problem

A proposed solution needs an evidenced reason to exist.

Define the need

Describe the current situation, who is affected and the consequence. Agree a baseline and intended improvement before assuming a particular product is the answer.

Warehouse case

Dispatch records show recurring wrong-item shipments. Identify the verified count, associated rework and customer impact over a defined period. Separate observed facts from estimates.

Open the options

Possible responses include process changes, training, scanning technology or a combination. The case should explain why the selected route deserves investment.

TAKE IT TO YOUR PROJECT

Write the problem using a baseline, period and affected user.

Build the business case

An attractive benefit needs credible costs and assumptions.

Connect the argument

Compare options, including an appropriate business-as-usual reference. Include relevant acquisition, transition and operating costs, expected benefits, material risks and uncertainty.

Warehouse case

A scanning pilot costs $30,000 and adds support costs. Expected error reductions depend on staff adoption and reliable product data. Record those dependencies instead of treating savings as guaranteed.

Assign benefit ownership

Identify who will measure the result, when and using what evidence. The project can deliver technology while the intended business change remains unrealised.

TAKE IT TO YOUR PROJECT

Choose one benefit and state the assumption it depends on.

Evaluate the options fairly

Use a consistent basis for the comparison.

Choose relevant criteria

Consider strategic fit, benefits, affordability, feasibility, risk and operating effects. State the measurement period and avoid comparing one option's purchase price with another's whole-life cost.

Warehouse case

Training is cheaper initially but may not address data-entry errors. Scanning adds equipment and support costs but changes the workflow. Compare the options against the actual causes and objectives.

Show uncertainty

A sensitivity check can reveal which assumptions drive the recommendation. Explain what evidence would change your preferred option.

TAKE IT TO YOUR PROJECT

Identify the assumption most likely to change the investment decision.

Know when a charter is needed

A useful idea still needs an authorised project commitment.

Use the purpose

A charter establishes the project, its objectives, high-level scope and relevant authority under the organisation's process. It helps align the sponsor, project manager and stakeholders.

Warehouse case

The sponsor authorises a scanning pilot in one warehouse with a defined funding boundary. The project manager receives authority to coordinate the resources needed for that pilot.

Check the boundaries

A charter should make it clear what has been authorised and which decisions still need further approval. It is not automatic permission for every later expansion.

TAKE IT TO YOUR PROJECT

State the authorised change in one plain-language sentence.

The All-in-One PM Templates Bundle

940+ Premium Templates • One Payment • Lifetime Access

$49

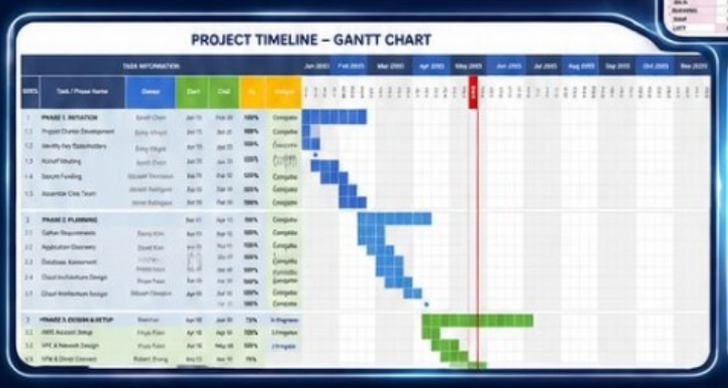
SAVE 94%

Worth $3,300+











EXCEL & GOOGLE SHEETS | PROFESSIONAL & RELIABLE | AUTOMATED DASHBOARDS | SAVE TIME & STAY ON TRACK | INSTANT ACCESS DOWNLOAD

GET LIFETIME ACCESS

Write the charter objective

The objective should guide trade-offs and acceptance discussions.

Describe the intended result

Use an objective that is specific enough to assess, with a meaningful measure, period and relevant conditions. Link it with the business need rather than only naming a deliverable.

Warehouse case

Reduce wrong-item dispatches in the pilot process from the agreed baseline to the target over a defined operating review period, while maintaining agreed throughput and quality.

Check feasibility

Agree the measure and target with the relevant owners. If the target is an early assumption, state when the team will validate it.

TAKE IT TO YOUR PROJECT

Write an objective and name the person who can confirm the baseline.

Scope and authority in the charter

High-level clarity prevents a narrow authorisation from becoming an unlimited promise.

Describe the limits

Name major deliverables, exclusions, constraints, assumptions and key stakeholders. State who can approve significant decisions and where the project manager's authority ends.

Warehouse case

The pilot includes devices, one dispatch lane, data preparation and staff training. It excludes a network-wide rollout and replacement of the warehouse management system.

Resolve the ambiguity

A request to add another site needs evaluation against the authorised boundary and governance process. Record the decision rather than silently widening the pilot.

TAKE IT TO YOUR PROJECT

Name one exclusion that protects the project's intended boundary.

Move from authority to a plan

The plan turns an authorised objective into coordinated delivery.

Develop the approach

Clarify work, responsibilities, sequence, resources, quality, risk, communication, procurement and controls at a level suitable for the project. Keep the plan consistent with the authorisation.

Warehouse case

Device procurement, data cleaning, workflow configuration and staff preparation are different work areas. The plan coordinates them toward a verified pilot-readiness result.

Plan progressively

Detail near-term work sufficiently to act, while keeping later assumptions visible. More detail is useful when it supports a real coordination or commitment decision.

TAKE IT TO YOUR PROJECT

Identify a planning question the charter does not answer.

Schedule, resources and budget

The delivery forecast should respect the work's actual constraints.

Connect the parts

Estimate activities and dependencies, check resource availability, time-phase costs and include uncertainty appropriately. Explain the basis of the forecast.

Warehouse case

Testing needs configured devices and cleaned data. The data specialist is available only two days a week. A schedule based on full-time availability would overstate what can be delivered.

Use a coherent baseline

Where the organisation baselines the plan, apply the agreed change process. Keep actual progress and remaining-work forecasts comparable with the authorised basis.

TAKE IT TO YOUR PROJECT

Find an optimistic availability assumption in your plan.

Quality, acceptance and readiness

A plan needs evidence that its results will work in use.

Define the checks

Agree acceptance criteria, verification activities, operating readiness and decision authority. Plan the evidence before the final demonstration.

Warehouse case

A picker scans an item, the dispatch record updates correctly and an exception is handled. Include representative products and failure cases, not just a successful demonstration.

Prepare handover

Training, support, maintenance and data ownership can determine whether the pilot is ready. Link those conditions to the readiness decision.

TAKE IT TO YOUR PROJECT

Choose one acceptance test and one operational-readiness condition.

Risk and communication

The plan should show how people will notice and respond to changing facts.

Design the management work

Identify important uncertainties, owners and responses. Define who needs which information to make decisions and when. Keep the process proportional to the exposure.

Warehouse case

Device delivery is uncertain and training depends on it. The supplier owner checks the dispatch date, while the team prepares a training alternative and reports the decision deadline.

Inspect usefulness

A risk list without action and a report without a reader's purpose do little to improve delivery. Adjust the arrangements based on actual decision needs.

TAKE IT TO YOUR PROJECT

Name the next risk decision and the communication that enables it.

Keep the documents aligned

A change can affect more than the page where it was first requested.

Trace the implication

Review a proposed change against business justification, authorisation and delivery arrangements. Update the relevant records through the proper decision process.

Warehouse case

Adding a second site changes costs, benefit assumptions, scope and the resource plan. A revised task list alone leaves the original authority and investment argument inconsistent.

Maintain versions

Record the decision, effective date, owner and affected documents. People should be able to identify the current approved basis without guessing.

TAKE IT TO YOUR PROJECT

Trace one proposed expansion through all three documents.

Review the business case during delivery

The reason for the project should remain credible as evidence changes.

Use new information

Reassess significant assumptions, costs, benefits and risks when material facts change. The authorised governance decides how to continue, adapt or stop.

Warehouse case

The pilot requires far more data-cleaning work than expected, reducing the forecast benefit. The team prepares revised options rather than treating the original investment case as permanent.

Avoid sunk-cost logic

Past spending is relevant context but does not establish that the remaining investment is worthwhile. Focus the decision on the future options and consequences.

TAKE IT TO YOUR PROJECT

Identify the evidence that would trigger a justification review.

Work a document-choice scenario

Choose the decision first, then find the relevant record.

Scenario

A sponsor asks whether scanning is worth funding. Later, a manager asks who may approve the pilot. Finally, the team asks when testing can begin.

Use the documents

Use the business case for the investment rationale, the charter and governance for authorisation, and the project plan for work, dependencies and readiness. Check consistency across all three.

Check your response

A document title is less important than whether it contains the required evidence and authority. Use the organisation's actual process and current versions.

TAKE IT TO YOUR PROJECT

Match three questions from your project with their decision records.

Create a one-page decision trail

A short cross-reference can help readers navigate the full information.

Build the summary

Record the need and preferred option, authorised objective and boundaries, delivery approach, next decision and links to the current controlled records.

Warehouse case

The decision trail links the approved pilot case, sponsor authorisation and testing plan. A new manager can see why the project exists and what decision is next.

Keep ownership clear

Assign maintenance and update the trail when material decisions change the basis. Avoid letting a convenient summary contradict the approved detail.

TAKE IT TO YOUR PROJECT

Draft a summary that points readers to the evidence they need.



Learn from 350+ top universities and companies

ILLINOIS

Duke UNIVERSITY

Google

UNIVERSITY OF MICHIGAN

IBM

VANDERBILT UNIVERSITY

JOHNS HOPKINS UNIVERSITY

Invest in your career

Explore new skills

Access 10,000+ courses in AI, business, technology, and more.

Your three-document desk check

Use the documents as tools for useful decisions.

Ask why, what and how

Why is the investment justified? What project and authority were approved? How will the team deliver, manage uncertainty and verify the result?

Apply the warehouse case

The scanning pilot needs a credible benefit argument, a bounded authorisation and a feasible plan that includes data, people and operating readiness.

Review the thread

Check that the current versions agree on the objective, scope, costs and assumptions. Resolve contradictions through the appropriate owner before making another commitment.

TAKE IT TO YOUR PROJECT

Find one inconsistency and identify who can resolve it.