

Step	Action	Information Elements for Defining a Project	Definition/Explanation	Enter Actual Project Information Here (Examples Indicated)
1. Identify the specific problem that needs to be solved per the business case or other source.	1A	What is the actual problem?	A business condition or impediment to success, stated as the high-level effect that the problem is having on the business. This is usually in terms of cost, revenue, quality, and delivery.	<i>High inventory levels are consuming space, asset management time, and creating cash flow issues.</i>
	1B	Where is the problem occurring?	Define where the problem is occurring. This should include a geographic name, such as city, facility, and the high-level name for the business area (accounts receivable, purchasing, manufacturing, human relations).	<i>Materials control organization</i>
	1C	Over what timeframe has this problem existed?	Define when the problem first began or the period over which it has existed. For example: The problem began in February 2004; it has existed for the last 15 months; it has always existed.	<i>Since January 2005</i>
	1D	Who is the customer(s) most affected by this problem?	Identify the customer who is most affected by this business problem. This could be an external or internal customer.	<i>Product resellers</i>
2. Determine the outputs (Ys or CTDs) what specifically needs to be improved, and the baseline performance levels.	2A	Determine the characteristics or process outputs (Ys) that will be improved if this problem is solved.	This is the name for the outcome (Y) that you intend to improve by solving the problem. This should be described by a specific name, such as product test yield, customer complaints, invoice errors, inventory levels, response time.	<i>Raw material inventory levels</i>
	2B	Identify the primary metric for each Y. The metric describes the problem and is used to measure and track the improvement.	The primary metric is a combination of the name for the outcome (Y) and the unit of measure associated with it. For example, motor torque percent defective, daily number of customer complaints, defects per invoice, call-back response time in minutes.	<i>Days of inventory on hand</i>
	2C	Estimate the magnitude of the problem using the primary metric (baseline performance).	Data is gathered to determine the performance or behavior of the primary metric assure the data is long term and not short term. An Excel macro may be used to plot the data as a function of time and then used to monitor the improvement as a function of time. These data establish the base from which to calculate the potential financial benefits of the project, as a function of the improvements.	<i>Inventory levels average 31.2 days, with a high of 37.1 and a low of 28.0 days</i>
	2D	Identify a consequential metric(s).	This is any other characteristic or process output you want to monitor to assure there is no negative impact on another area from solving the problem.	<i>Percent of order requests not billed due to inadequate inventory on hand</i>
3. Identify the associated process and generate a macro process map.	3A	Indicate the major high level process(es) by names that are associated with the problem.	High-level process steps generally contain sub-processes. At this point, you are interested in identifying the process steps in order to demonstrate the overall scope of the project and to later identify process owners. Think of where the problem starts and ends as a guide and then name the major steps	<i>Purchasing, order replenishment, inventory reconciliation, production control, and planning</i>
	3B	Develop a high level business process map to indicate the scope of the project.	Using the data from the above steps, draw the high level process, including as much other pertinent information as possible, such as the flow of the work, process performance data, names.	<i>See example in Fig. 4-6</i>
4. Identify the cost and impact of the problem.	4A	Identify the most likely cost centers that will experience a cost benefit from this project.	Who is currently experiencing additional cost because of this problem? These same cost centers will experience improved operating costs as a result of the improvement. Generally, this means some action will be taken in these areas.	<i>Inventory control department 5422</i>
	4B	Estimate the annual financial impact of the project. Usually, this forecast is at an 80 percent confidence level.	With the support of the financial representative, develop a reasonable estimate or targeted savings for this project. You may need to refer to your Objective Statement to identify the targeted improvement; for example, costs may be expressed as cost of labor, inventory, productivity, or material.	<i>We could save \$250,000 per year if we met industry best-in-class levels of 13.5 inventory turns.</i>