



Best Management Practice

For Portfolio, Programme, Project,
Value, Risk and Service Management



Addressing Project Failure through PRINCE2™

Kenn Dolan, Consultant, FPMS

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1 What is PRINCE2™?

PRINCE2 is a process-based approach to project management, providing an easily tailored and scalable method for the management of all types of projects. It is the de-facto standard for project management in the UK and is practised worldwide.

PRINCE2 was initially developed in response to a number of major project failures within government-sponsored IT projects. It was released in 1986 and has been revised three times to ensure that it remains contemporary and reflects the maturing profession.

A method should be designed to instil good practice and remove common failure mechanisms. PRINCE2 has been developed to establish control at the commencement, progression and termination of projects.

1.1 The PRINCE2 model

The PRINCE2 model comprises four integrated elements:

- **Principles:** seven good practices which need to be implemented to ensure the success of a project
- **Themes:** seven aspects of project management that must be continually addressed
- **Processes:** a series of management activities to be undertaken by the team. Each process provides checklists of recommended activities, products and related responsibilities
- **Tailoring PRINCE2 to the project environment:** PRINCE2 is not a 'one size fits all' solution, it should be tailored to reflect organizational and project-specific needs.

2 What are the common causes of project failure?

In 2005 the Office of Government Commerce (OGC), part of the Efficiency and Reform Group within the Cabinet Office, identified eight common mechanisms which lead to project failure:

- Lack of clear links between the project and the organization's key strategic priorities (including agreed measures of success)
- Lack of clear senior management and ministerial ownership and leadership
- Lack of effective engagement with stakeholders
- Lack of skills and a proven approach to project management and risk management
- Too little attention to breaking development and implementation into manageable steps
- Evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits)
- Lack of understanding of, and contact with, the supply industry at senior levels in the organization
- Lack of effective project team integration between clients, the supplier team and the supply chain.

3 Addressing the common causes of failure

3.1 Lack of clear links between the project and the organization's key strategic priorities

Projects need to reflect and address the sponsoring organization's objectives. It should be possible to demonstrate how each project supports those objectives and prioritize projects which provide the greatest return.

The PRINCE2 continued business justification principle and the Business Case theme dictate that the reasons for undertaking the project and justifying the investment are clearly documented and understood. Importantly, the Business Case is reviewed and updated throughout the project as circumstances change.

The Project Board is a group of senior stakeholders who comprise the key decision-makers for the project. This group, and in particular the Executive, represents the organization's interests. Its collective role is to ensure that the project is valuable and contributes to the organization's strategic objectives. The ongoing involvement of this group ensures that there is a regular assessment of the project and its validity. In the event that a project no longer supports those strategic goals, the Project Board is able to make changes or terminate the project.

3.2 Lack of clear senior management and ministerial ownership and leadership

PRINCE2 projects are managed by role-based teams. The Project Board is the group of senior stakeholders who collectively lead the project and ensure that authorizations for the project and its constituent stages are made. The scale, complexity and importance of the project will determine who will participate in the Project Board. It is intended and recommended that major projects with wide-ranging impacts will require members of the Project Board to be selected from the highest echelons of the organization.

The Project Board is involved in the project through the Directing a Project process. This ensures that the major decisions required throughout the life of the project are made by the most senior personnel. Directing a Project controls the initial decision to invest in the project and its continuance. Project Board members must be appointed based on their authority to make decisions.

3.3 Lack of effective engagement with stakeholders

The involvement of the key stakeholders is critical in ensuring ownership of the project and its associated deliverables. The more passionate the stakeholders are about the project the more likely they are to become involved in the removal of obstacles, and the more responsive they will be in dealing with problems as they arise.

PRINCE2 projects ensure that the stakeholders are identified during the first management stage and managed in accordance with a Communications Management Strategy and Communications Plan. This plan details the information requirements of the stakeholders and describes how the project team will satisfy them.

As the primary decision-making group within a PRINCE2 project, the Project Board is accountable for the success of the project. The Project Board comprises three roles, designed to engage the key stakeholders:

- **Executive:** accountable for the Business Case and establishing a value-for-money solution
- **Senior User:** may be more than one person representing the interests of the user community
- **Senior Supplier:** may be more than one person representing the interests of the technical teams.

In order to ensure the involvement of the wider user and supplier communities, advisory groups may be established to advise the Project Board roles – thus ensuring the engagement of the wider stakeholder community.

The Project Board and, therefore, the stakeholders are involved throughout the project. At the end of each stage, the Project Manager must report to the Project Board and seek approval to continue. Members of the Project Board and the wider stakeholder community will be consulted throughout the project to ensure that the needs of the users are understood and documented as the customer's quality expectations and acceptance criteria.

3.4 Lack of skills and a proven approach to project management and risk management

PRINCE2 was developed in consultation with a large community of experienced Project Managers and represents best practice in project management. It consolidates the lessons provided by a diverse group of Project Managers, directors, clients and users of methodologies. These lessons form the basis of a pragmatic, coherent approach to project management which guides the project team in the application of best practice. The method provides guidance on the actions required to be undertaken and the information necessary to make sound decisions.

In addition to the guidance within the processes, there is a specific role, Project Assurance, which will confirm that the correct approach is being followed, the submitted documents are accurate and ready for approval, and that the progress reported is correct.

Like all other PRINCE2 themes, 'risk' is an element of project management which needs to be continually addressed. Throughout the project lifecycle, the PRINCE2 processes detail specific management activities, including the management of risk. Risk management is an integral part of the processes and is supported by the development of a Risk Management Strategy during the initiation stage. This provides the project

management team with specific guidance on how to implement risk management in an appropriate manner and according to the project environment and the culture of the organization sponsoring the project.

3.5 Too little attention to breaking development and implementation into manageable steps

PRINCE2 suggests that projects be divided into appropriate management stages, which provide steps for the implementation of the project. The division of the workload into these steps reduces the exposure to risk and enables accurate planning and monitoring of progress. Each stage, in turn, will contain a number of Work Packages.

The PRINCE2 principle 'focus on products' and the use of the product-based planning technique are instrumental in defining the manageable steps of a project. The decomposition of the project scope into products, and the delegation of each product to the Team Managers, ensures that there is continual focus on establishing manageable steps to take towards the completion of the project.

The Project Board must authorize each Stage Plan, empowering the Project Manager to manage and coordinate the stage. Likewise, the Project Manager authorizes the start of every Work Package and empowers a Team Manager to deliver specified products. The use of Work Packages reduces the technical content of the project into controllable steps.

The decomposition of the project into more manageable components makes the challenge less daunting and provides clarity of the project scope.

3.6 Evaluation of proposals driven by initial price rather than long-term value for money

Although the price of delivering a project is a significant consideration, it should not be the only one involved in determining the viability of a project. The Business Case justifies the commencement of the project and its continuation, supporting the principle of 'continued business justification'. The Business Case will identify measurable benefits and establish a longer-term view of the project's value.

The Business Case is written, in outline form, during Starting Up a Project and is maintained throughout the project with benefits reviews scheduled following the closure of the project. The Business Case theme ensures that the investment decisions within the project are taken with a view to determining long-term value for money.

3.7 Lack of understanding of, and contact with, the supply industry at senior levels in the organization

There is, in every project, a great need to engage with the stakeholders, and ensure that their needs are met and that their experience and expertise is being utilized to the advantage of the project.

The PRINCE2 organization is designed to take advantage of its supply team's knowledge and expertise. The project team places the key representatives of the supplier/vendor teams in the Senior Supplier role. This role is part of the Project Board, contributing to all of the key decisions. In terms of the project and its progress, this means that the Senior Supplier will approve the:

- **Project approach:** ensuring that the supplier confirms the viability of the technical methods proposed
- **Project plan:** agreeing to the major milestones and targets
- **Project brief:** containing the customer's quality expectations and acceptance criteria
- **Stage and Exception Plans:** confirming that the supplier will allocate the resources required to implement the plan.

The Senior Supplier is available to the Project Manager throughout the project, bringing industry expertise and senior-level involvement to the project team. This engagement of key technical interest at a high level ensures that plans are achievable and resources are available.

3.8 Lack of effective project team integration between clients, the supplier team and the supply chain

PRINCE2 creates a customer–supplier environment. The 'customer' pays for and will use the project deliverables, and is represented on the Project Board by the Executive and the Senior User. The 'supplier' (represented by the Senior Supplier) commands the technical resources that will deliver the project, and is responsible for the delivery of the products. Bringing these interests together in the project's decision-making group is designed to facilitate the integration of the different interests.

The Senior Supplier will engage with the supply chain and provide senior management support for the logistical management of the supply chain. The Project Board provides a forum for collaboration between the client and the supply teams. The Project Board is an active participant throughout the project lifecycle creating an integrative approach utilizing the strengths of all of the key stakeholders and obtaining the necessary buy-in to all of the major decisions.

4 Summary

The PRINCE2 project management method applies best practice and practical lessons to the project environment. The aim of the method is to improve the quality of project management and the likelihood of success. In setting this objective, PRINCE2 has been designed to remove the common causes of project failure. The removal of the causes of common failure mechanisms creates a more stable and controlled environment in which to deliver projects.

About the author

Kenn Dolan is an experienced programme and project management consultant, and a registered consultant for both MSP® and PRINCE2. He has worked in Europe, Africa, Australia and throughout south-east Asia with clients from the private and public sectors. He has coached and mentored senior executives in more than 20 countries through the process of creating their organization's PMO capability and establishing an effective environment to deliver the planned strategic benefits. Kenn's expertise lies in the adaptation of methodologies to ensure the application of a lean and efficient approach that enhances an organization's productivity.

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