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1 Introduction

1.1 PURPOSE OF THIS GUIDE

Organizations, whatever their size or market sector, face the continuing challenge of how to transform good ideas into beneficial and tangible outcomes. This guide looks at how projects can help organizations to deliver outcomes which lead to business change, and how effective management of projects is crucial to the delivery of real, measurable benefits. It challenges a common misconception that project management methods are a bureaucratic barrier to achieving change by illustrating how properly applied project management principles can be used to improve the chances of successful delivery.

This guide has been written to introduce the key concepts and elements of the PRINCE2 project management method, which is widely recognized as the industry standard and best practice in project management. PRINCE® stands for 'PROjects IN Controlled Environments'. Based on the original PRINCE method, PRINCE2 was introduced in 1996 in response to user requirements for improved guidance on project management for all projects. It has also been updated in 2009 to ensure it continues to reflect best practice in project management.

This guide provides an overview of the updated PRINCE2 method as documented in the two publications *Managing Successful Projects with PRINCE2* (TSO, 2009) and *Directing Successful Projects with PRINCE2* (TSO, 2009). It introduces the principles, processes and themes, and gives practical examples of applying the method in

different situations. It is designed for anyone involved in the management of projects who would like an introduction to and overview of PRINCE2 and how it can be used in practice.

1.2 WHERE DO PROJECTS FIT IN?

Organizations today must be able to balance two different aspects of business: maintaining their current business operations, such as profitability, customer relationships and productivity (business as usual); and changing their business operations in order to survive and compete in the future.

Most organizations have a defined or implied purpose, often articulated in the form of a vision statement, which states the organization's values and goals. These are then broken down into more manageable objectives, each of which will contribute in some way to achieving the overall goals. The objectives will be cascaded throughout the business, measured to assess their success, and their progress regularly reviewed. Projects are not normally undertaken in isolation but will form part of the overall strategy to achieve these organizational objectives and goals.

Depending on the specific environment, projects could be grouped into programmes. These are sets of related projects and activities that together achieve outcomes and realize benefits related to the strategic objectives. Programmes help organizations do the right projects in the right sequence so that the right benefits are achieved in the desired timeframe. Programmes are about realizing the benefits or delivering strategic goals;

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projects are about delivering products and services that enable the benefits to be realized.

1.3 WHAT IS A PROJECT?

A **project** is a temporary organization that is created for the purpose of delivering one or more business products according to an agreed Business Case.

There are a number of characteristics of project work that distinguish it from business as usual:

- **Change** Projects are the means by which we introduce change
- **Temporary** As the definition above states, projects are temporary in nature. Once the desired change has been implemented, business as usual resumes (in its new form) and the need for the project is removed. Projects should have a defined start and a defined end
- **Cross-functional** Projects involve a team of people with different skills working together (on a temporary basis) to introduce a change that will impact others outside the team. Projects often cross the normal functional divisions within an organization and sometimes span entirely different organizations. This frequently causes stresses and strains both within organizations and between, for example, customers and suppliers. Each has a different perspective and motivation for getting involved in the change
- **Unique** Every project is unique. An organization may undertake many similar projects, and establish a familiar, proven pattern of project activity, but each one will be unique in some way: a different team, a

different customer, a different location. All these factors combine to make every project unique

- **Uncertainty** Clearly, the characteristics already listed will introduce threats and opportunities over and above those we typically encounter in the course of business as usual. Projects are more risky.

A project has a lifecycle, which is the path and sequence through the various activities to produce the final product. The project lifecycle covers the tasks of specifying and designing the product, through to its testing and handover into operational use.

1.4 WHAT IS PROJECT MANAGEMENT?

Project management is the planning, delegating, monitoring and control of all aspects of the project, and the motivation of those involved, to achieve the project objectives within the expected performance targets for time, cost, quality, scope, benefits and risks.

It is the development of the project's deliverables (known as products in PRINCE2) that deliver the project's results. A new house is completed by creating drawings, foundations, floors, walls, windows, a roof, plumbing, wiring and connected services. None of this is project management – so why do we need project management at all? The purpose of project management is to keep control over the specialist work required to create the project's products or, to continue with the house analogy, to make sure the roofing contractor doesn't arrive before the walls are built.

Additionally, given that projects are the means by which we introduce business change, and that project work entails a higher degree of risk than other business activity, it follows that implementing a secure, consistent, well-proven approach to project management is a valuable business investment.

1.5 WHAT IS PRINCE2?

PRINCE2 is a structured project management method. It is based on experience drawn from thousands of projects, and from the contributions of countless people involved in projects, including project managers, project teams, academics, trainers, consultants and others. It is generic and can be applied to any project regardless of project scale, type, organization, geography or culture.

PRINCE2 covers the management of the project and the management of the resources involved in carrying out the activities of the project. There are six variables involved in any project and, therefore, six aspects of project performance to be managed.

- **Costs** The project has to be affordable and, though we may start out with a particular budget in mind, there will be many factors which can lead to overspending and, perhaps, some opportunities to cut costs
- **Timescales** Allied to this, and probably the next most frequent question asked of a Project Manager, is: 'When will it be finished?'
- **Quality** Finishing on time and within budget is not much consolation if the result of the project doesn't work. In PRINCE2 terms, the project's products must be fit for purpose
- **Scope** Exactly what will the project deliver? Without knowing it, the various parties involved in a project can very often be talking

at cross-purposes about this. The customer may assume that, for instance, a fitted kitchen and/or bathroom is included in the price of the house, whereas the supplier views these as extras

- **Risk** All projects entail risks but exactly how much risk are we prepared to accept? Should we build the house near the site of a disused mine, which may be prone to subsidence? If we decide to go ahead, is there something we can do about the risk?
- **Benefits** Perhaps most often overlooked is the question, 'Why are we doing this?' The Project Manager has to have a clear understanding of the purpose of the project as an investment and make sure that what the project delivers is consistent with achieving the desired return.

PRINCE2 is an integrated framework of processes and themes that addresses the planning, delegation, monitoring and control of all these six aspects of project performance.

PRINCE2 does not cover the specialist techniques involved in creating the products, such as design, construction, procurement etc., which will vary widely depending on the type of project. The specialist aspects of any type of project can be easily 'plugged into' the PRINCE2 method and, used alongside PRINCE2, provide a secure overall framework for the project work. PRINCE2 also does not include detailed planning and control techniques such as critical path analysis or earned value analysis; or other aspects of project management such as leadership, motivational and other interpersonal skills.

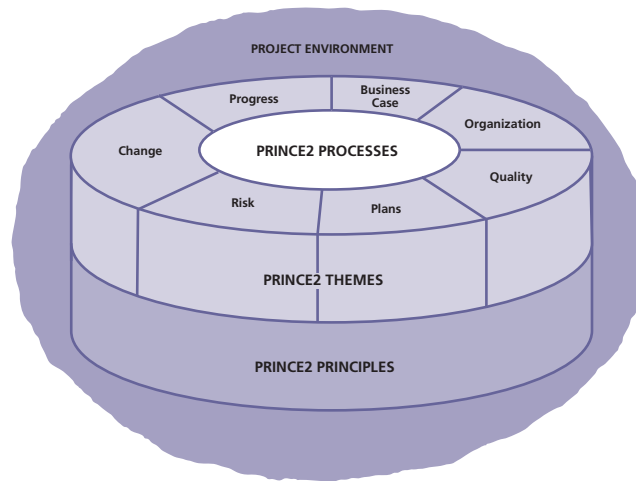


Figure 1.1 The structure of PRINCE2

1.6 PRINCE2 IN CONTEXT

The PRINCE2 method addresses project management from four integrated perspectives, as shown in Figure 1.1.

- **The principles** These are the guiding obligations and good practices which determine whether the project is genuinely being managed using PRINCE2. There are seven principles, and unless all of them are applied it is not a PRINCE2 project
- **The themes** These describe aspects of project management that must be addressed continually and in parallel throughout the project. The seven themes explain the specific treatment required by PRINCE2 for various project management disciplines and why they are necessary
- **The processes** These describe a step-wise progression through the project lifecycle, from getting started to project closure. 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 is a flexible framework that can readily be tailored to any type or size of project, taking into account factors such as the project size, complexity, geography etc.

1.7 STRUCTURE OF THIS GUIDE

Chapter 2 looks at each of the principles of PRINCE2 and describes why it is important to the method.

Chapter 3 introduces the PRINCE2 themes, and for each one describes:

- Its purpose, benefits and importance
- The major elements which are relevant to the theme.

Chapter 4 summarizes the PRINCE2 journey through a project and the processes used throughout the project lifecycle. The description of each process includes:

- Its purpose and benefits
- The major triggers, key activities and links to other processes
- The main products it produces
- The relevant authorizations and role of the Project Board.

Chapter 5 discusses the main responsibilities of the Project Board throughout a project.

Chapter 6 discusses different types of projects, including projects which form part of a programme, and outlines how PRINCE2 can be tailored appropriately to these different environments.

Throughout the publication, examples are used to illustrate how PRINCE2 can be applied in practice. These show how different sizes and types of organizations can tailor the method to apply it effectively.

1.8 RELATED OGC GUIDANCE

PRINCE2 is part of a suite of guidance developed by the UK Office of Government Commerce (OGC), which is aimed at helping organizations and individuals manage their projects, programmes and services consistently and effectively. Figure 1.2 outlines the structure of the set.

Where appropriate, OGC methods and guidance are augmented by qualification schemes, and all aspects are supported by accredited training and consultancy services. Details of these best-practice guides and other relevant guides can be found in Further Information.

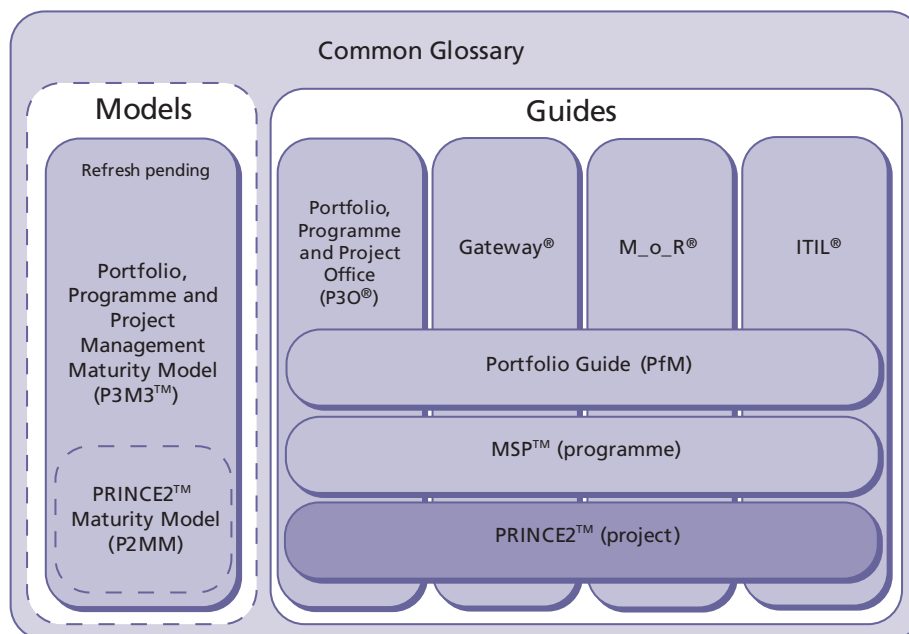


Figure 1.2 OGC best-practice guidance