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1 Introduction

1.1 THE PURPOSE OF THIS MANUAL

PRINCE2 (Projects in a Controlled Environment) is a structured project management method based on experience drawn from thousands of projects – and from the contributions of countless project sponsors, Project Managers, project teams, academics, trainers and consultants. This manual is designed:

- For managers taking on senior project roles, either for the first time or for the first time in a PRINCE2 context
- As a reference guide for managers who are more experienced in directing projects and/or using PRINCE2 but who nevertheless wish to check the detailed guidance on specific topics
- As a source of information on PRINCE2 for senior managers considering adopting the method.

It covers the questions frequently asked by those people who sponsor or direct projects:

- What's expected of me?
- What should I expect of the Project Manager?
- How do I know the Project Manager is applying PRINCE2 appropriately?
- How do I delegate authority to the Project Manager but keep control?
- What decisions am I expected to make?
- What information is required/available to help me make decisions?
- How do we tailor the use of PRINCE2 for projects of differing scale or type?
- What does an effective Project Board look like?

1.2 THE STRUCTURE OF THIS MANUAL

The manual is structured as follows:

- Chapter 1 explains how to use this manual; why projects are different from business-as-usual activities; the importance of a structured approach to managing projects; and the benefits of using PRINCE2
- Chapter 2 provides an overview of PRINCE2 and introduces some key terms and concepts

- Chapter 3 describes the duties and behaviours (what's expected) of the Project Board and expands on the related aspects of PRINCE2
- Chapters 4 to 10 describe the Project Board activities, providing a route through the PRINCE2 project lifecycle from a Project Board perspective
- Chapter 11 outlines factors that should be considered in tailoring PRINCE2 for different types and sizes of project and outlines a systematic tailoring approach
- Appendix A contains Product Description outlines which provide guidance on the purpose, composition, format and quality criteria of some of PRINCE2's management products
- Appendix B deals with project governance
- Appendix C outlines the responsibilities for each PRINCE2 role
- The glossary contains a list and explanation of the terms used in this manual
- Further information provides useful reading references that can supplement the knowledge and point practitioners towards further research sources.

1.3 HOW TO USE THIS MANUAL

It is important to emphasize that PRINCE2 is not a rule book prescribing a one-size-fits-all approach to projects but a flexible method that can readily be tailored to the context of a specific project.

It is not expected that this manual will be read from start to finish. Chapters 4 to 10 are designed as 'point in time' reference guides that Project Board members can dip into for guidance which is pertinent to the activity that the Project Board is expected to perform. Each of these chapters contains:

- The purpose of the activity
- What to expect from the Project Manager
- The actions required of the Project Board
- Area of focus for each Project Board role (Senior User, Senior Supplier, Executive, Project Assurance)

- Suggested Project Board agendas
- A checklist for the activity.

The appendices provide additional reference material to help Project Board members review and approve management products (Appendix A); to understand the totality of the responsibilities for each role in the project management team (Appendix C); and to understand the specific use of project management terms used in a PRINCE2 project (Glossary).

Those people unfamiliar with PRINCE2 should read the rest of Chapter 1 and Chapters 2, 3 and 11 fully.

Project Managers, Team Managers, Project Assurance and Project Support personnel should read *Managing Successful Projects with PRINCE2* (2009) which describes the method specifically for their roles.

1.4 THE IMPORTANCE OF PROJECT MANAGEMENT

Senior managers are accountable for two aspects of an organization's performance:

- Maintaining current business operations – profitability, service quality, customer relationships, brand loyalty, productivity, market confidence etc. What we term 'business as usual'
- Improving business operations in order to survive and compete in the future – looking forward and deciding how business change can be introduced to best effect for the organization.

As the pace of change (technology, business, social, regulatory etc.) accelerates, and the penalties of failing to adapt to change become more evident, the focus of management attention is inevitably moving to achieve a balance between business as usual and business change.

Projects are the means by which we introduce change – and, while many of the skills required are the same, there are some crucial differences between directing business functions and directing project work.

1.5 WHAT MAKES PROJECTS DIFFERENT?

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 in section 2.1.1 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.

Given that (1) projects are the means by which we introduce business change, and that (2) project work entails a higher degree of risk than other business activity, it follows that implementing a secure, well-proven project management method is a valuable business investment.

1.6 THE PRINCE2 APPROACH TO PROJECT MANAGEMENT

PRINCE2 is a non-proprietary method and has emerged worldwide as one of the most widely accepted methods for managing projects. This is largely due to the fact that PRINCE2 is truly generic: it can be applied to any project regardless of project scale, type, organization, geography or culture.

PRINCE2 achieves this by isolating the management aspects of project work from the specialist

contributions, such as design, construction etc. The 'specialist activities' would clearly be different in, say, a hospital construction project from those for an aircraft procurement project. The specialist aspects of any type of project can be easily plugged into the PRINCE2 method. This means that industry-specific models – variously known as 'engineering models' or 'project lifecycles' – can be used, alongside PRINCE2, to provide the most secure framework possible for project work.

Moreover, any specialist project lifecycle defined in terms of its products can very easily be integrated in a PRINCE2 framework as the method facilitates the integration of the management and specialist activities through its focus on products. PRINCE2 defines all the management products that will be required (Business Case, plans, roles, reports, registers etc.) to manage the project adequately and provides a reliable product-based planning technique that creates a set of Product Descriptions for the project's deliverables. Each Product Description defines the purposes, composition, derivation (source inputs), quality criteria and quality methods that will apply to the product concerned – so that there is an unambiguous, common understanding of the work involved.

Because PRINCE2 is generic and based on powerful structural concepts, organizations adopting the method as a standard can substantially improve their organizational capability and maturity across multiple areas of business activity, such as business change, construction, IT, mergers and acquisitions, research, product development and so on.

1.7 BENEFITS OF PRINCE2

Before introducing the structure of the method, it is worthwhile reviewing the key benefits of adopting PRINCE2:

- PRINCE2 embodies established and proven best practice and governance for project management
- It can be applied to any type of project – and can easily be implemented alongside specialist, industry-specific models ('engineering models' or 'development lifecycles')
- PRINCE2 is widely recognized and understood, therefore it provides a common vocabulary for all project participants – promoting effective communication
- PRINCE2 provides for the explicit recognition of project responsibilities – so that participants understand each other's roles and needs. There is a defined structure for accountability, delegation, authority and communication
- Its product focus clarifies (for all parties) what a project will deliver, why, when, by whom and for whom
- PRINCE2 plans are carefully designed to meet the needs of the different levels in the project management team, improving communication and control
- It is based on a 'management by exception' framework, providing for the efficient and economic use of management time (whether at corporate, programme, Project Board or project management levels)
- PRINCE2 ensures that participants focus on the viability of the project in relation to its Business Case objectives – rather than simply seeing the completion of the project as an end in itself
- It defines a thorough but economical structure of reports
- It ensures that stakeholders (including sponsors and resource providers) are properly represented in planning and decision making
- Adopting PRINCE2 promotes learning and continual improvement in organizations
- PRINCE2 promotes consistency of project work and the ability to reuse project assets; it also facilitates staff mobility and reduces the impact of personnel changes/handovers
- PRINCE2 is an invaluable diagnostic tool, facilitating the assurance and assessment of project work, troubleshooting and audits
- There are scores of accredited training and consultancy organizations (ATOs and ACOs) operating worldwide, who can supply expert support for PRINCE2 projects or for organizations planning to adopt PRINCE2.

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 1.1 outlines the structure of the set.

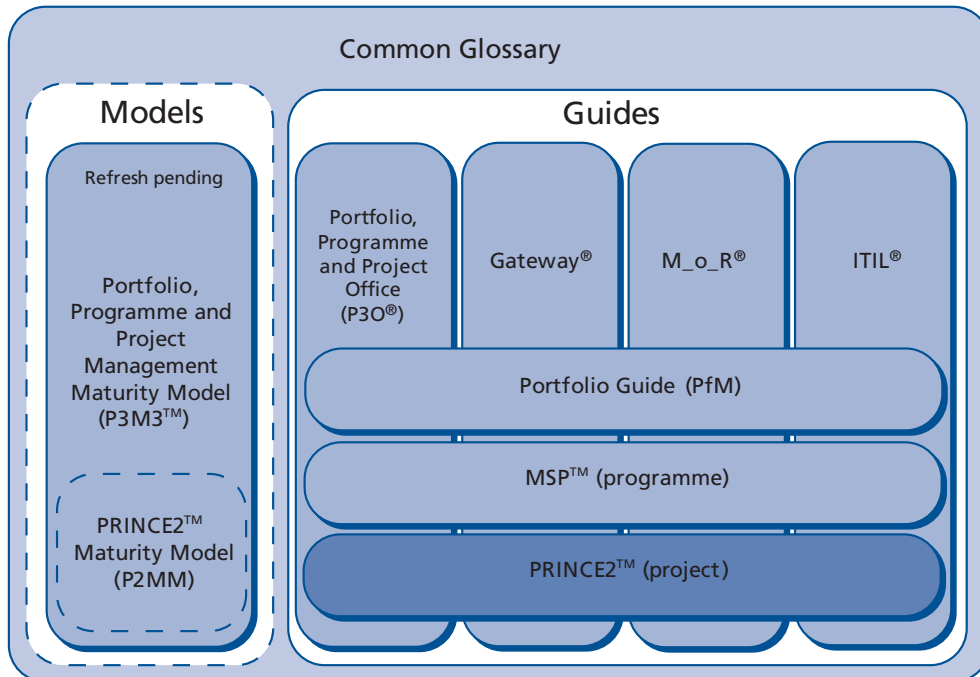


Figure 1.1 OGC best-practice guidance

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.