Overview of PRINCE2

PRINCE2 EXAM OBJECTIVES COVERED IN THIS CHAPTER:

✓ Understand the six aspects of project performance that need to be managed.

✓ Define what a project is and the characteristics of project work that distinguish it from business as usual.

✓ Understand that the four integrated elements of PRINCE2 are the principles, the processes, the themes, and tailoring PRINCE2 to the project environment.

✓ Understand the benefits of using PRINCE2.

✓ Explain the seven principles of PRINCE2.
This is a really important chapter—it sets out the overall framework of PRINCE2. You will learn about the main components of the PRINCE2 model and see how they all fit together. Each section of PRINCE2 often has many relationships with other parts of the methodology, so the first step in learning the approach is to understand how the structure links together. Then when I discuss a particular PRINCE2 topic, you will see how it fits into the model.

In this chapter, I will also introduce some of the main PRINCE2 terms. You have quite a lot of terminology to learn! You might need to do some translation between the project management vocabulary you are familiar with and the PRINCE2 terms.

PRINCE2 is a management method that is used in project situations. In this chapter, you will see how PRINCE2 defines a project and how it differs from “business as usual.” I will describe the main groups of project management activities as well as what needs to be achieved for a successful project.

The PRINCE2 model adheres to seven principles. I will describe the details of these principles and show you why they contribute to successful project management.

Finally, I will use an example project scenario to walk you through each step of a PRINCE2 project.

Project Work

In this section, you will see how PRINCE2 defines a project. This is important: only project situations are managed with PRINCE2, so the first task is to understand whether a piece of work is a project or business as usual. You will then learn how PRINCE2 defines project management. Finally, you will see what objectives can be set for a project.

What Is a Project?

PRINCE2 is only used to manage projects. So the first step for a Project Manager is to ensure that the situation they are faced with is indeed a project. Sometimes, this is not so easy. If an IT manager is asked to update a website, is that a project? If the update is quite small, the work might be considered a normal operational task. If it’s a larger piece of
work, then it might be treated as a project. At what point does the small update become too big to be business as usual?

The answer to this question relates to risk. An approach such as PRINCE2 provides a management framework that considerably increases the likelihood of project success. However, for small jobs, the framework might introduce a large and unnecessary management overhead. So deciding whether to treat a situation as a project is all about balancing the management overhead that would be introduced against such things as the decrease in the level of risk, the importance of the work, and the increase in the likelihood of success.

PRINCE2 defines a project as “a temporary organization that is created for the purpose of delivering one or more business products according to an agreed Business Case.” The definition mentions a temporary organization. In PRINCE2, a group of people called the project management team come together for the duration of the project. Business products are ones that will ultimately deliver some return for the organization running the project. Also note that the definition mentions a Business Case. PRINCE2 places a great deal of importance on the justification of the project. Anyone involved with the project should be able to justify why they are doing it.

Certain characteristics of project work distinguish it from business as usual.

**Change**  The organization will be different after the project. For example, if the project implements a new invoice-processing system, the finance department will be working in quite a different way after the project than it did before it.

**Temporary**  Projects don’t go on forever (although a few I’ve worked on have felt as if they have!). They should have a start and an end point. The end point occurs when the desired change has been implemented.

**Cross-functional**  *Cross-functional* projects often involve a collection of people drawn from many different sets of skills, different departments, and sometimes even different organizations.

**Unique**  To some extent, all project work is unique. On the one extreme, the project could be completely unique, such as the 1960s Apollo missions to send a man to the moon. Alternatively, the project could be just slightly different from what has been done before. For example, the installation of a new version of office software might be similar to the installation of the last version; however, this time the software is a little different and maybe new people are involved.

**Uncertainty**  The previous four characteristics introduce a great deal of uncertainty into project work. It is not quite clear how things will turn out. All sorts of unforeseen threats might occur. This uncertainty introduces a lot more risk compared with business as usual.
What Is Business as Usual?

PRINCE2 is not used to manage situations that could be regarded as *business as usual*. Business as usual is any work that is part of an organization’s normal operations—for example, supporting a company’s IT systems, cleaning the rooms of a hotel, or running a call center. It has no predefined end. It usually involves people from the same area of the business and doesn’t introduce any major change into the organization. It isn’t unique—what was done last week is pretty much what will be done next week. Therefore, far less uncertainty exists regarding the work.

Project work often leads to business-as-usual work. For example, if there is a project to build a hotel, once that hotel opens, there will be a lot of business-as-usual work. This normal operational work might consist of a range of activities, including supporting the hotel’s IT systems, manning the reception desk, dealing with clients’ queries, running the restaurant, and so on.

What Is Project Management?

There are four main areas of *project management*: plan, delegate, monitor, and control. The four areas ensure that the specialist work of the project is co-coordinated in an effective way so as to deliver what is required within certain constraints, such as budgets and delivery dates. For example, if the project is to build a hotel, it ensures that all the

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**Real World Scenario**

**Cross-Functional Aspect of Project Work**

My consultancy was involved in a project that was a good example of one with cross-functional characteristics. The project’s objective was to install a new Internet system in a UK government education department. The site was to hold examination syllabus information for the various national curriculums. Within the government department, two main divisions were involved: the IT division and an information division. There were also a number of senior managers. The website was being built by a third-party software house. The teaching unions were represented, because they needed to specify their informational requirements. There was a government quality assurance group who audited the project to ensure it met UK government standards. We all came from different backgrounds, saw the project with different perspectives, and had our own way of working. All these parties had to come together and work as a unified team on a temporary basis. They did, and the project was a success, although at times it was difficult. The key was to pay particular attention to how we all communicated with each other throughout the project. I will talk about how PRINCE2 meets this challenge in Chapter 3, “Organization Theme.”
hundreds of tasks, people, and resources work together to produce a hotel of the right quality. Here are some brief descriptions of each of the four areas of project management.

**Plan** The first area is to plan what needs to be created and how this will be done. This ensures that all the work is effectively coordinated. In the hotel example, it stops situations such as the painters arriving on site before the builders have finished building the hotel walls.

**Delegate** Effective delegation by the Project Manager ensures that the right people do the right work at the right time. Delegating must communicate all the information that the person doing the work needs to know, such as what to create, how much time they have, what budget that have, how often to report progress, and so on. (In PRINCE2, the Project Manager uses Work Packages to delegate work—more on this in Chapter 10, “Managing the Middle of a Project Successfully with PRINCE2.”)

**Monitor** It would be a naïve Project Manager who believes that once the work has been delegated, it will all be completed to plan. The Project Manager needs to constantly monitor the ongoing progress of the project, spotting problems that might delay things as well as opportunities to move the project forward.

**Control** Through the previous three areas, project management exerts control over the project. It controls all the work of all the people involved. It ensures the right activities occur at the right time to create the right products. Control is also about taking corrective action when the project looks like it will go off course.

Figure 1.1 shows the four areas of project management in a wheel to signify that they will need to be done again and again throughout a project.

**Figure 1.1** Project management

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Measuring the Performance of a Project

A project’s performance can be measured in six areas:

- How much money it spends; this relates to a project’s costs.
- How ahead or behind schedule it is; this relates to a project’s timescales.
- How well the project’s products meet the required specification; this relates to a project’s quality.
- How many of the required products have been delivered and whether any products have been delivered that were not asked for; this relates to a project’s scope.
- How much uncertainty the project has that might lead to the project being negatively impacted; this relates to the level of project risk.
- How much value a project has delivered to the organization either during or after the project; this relates to a project’s benefits.

It may be not possible to judge how well a project has performed against its benefits’ targets until sometime after the initiative has finished. For example, if the project was to build a website to sell a company’s products, online sales can’t be measured until after the website has been launched.

Figure 1.2 shows these six different areas. PRINCE2 calls these areas the six aspects of project performance that need to be managed.

**Figure 1.2** Six project objectives
Introducing PRINCE2

In the previous section, we looked at projects. I explained that project work involves a lot of uncertainty and risk. When a project is started, it can be difficult to see ahead. It can be hard to know what to do next. Where PRINCE2 helps is that it says no matter what project you are involved with, you have certain steps that must be carried out to ensure success. Many of these steps are just common sense. For example, at the outset of all projects, those involved should agree on its objectives. Then at the end of the project, everyone should meet again to decide whether the objectives have been met. Another set of commonsense steps is that all projects should involve those who will ultimately use the project products, so that they can define what they require and later can verify that the products that have been created are fit for their purpose. There are many other commonalities in how all projects are managed, such as general approaches to managing areas like risks, changes, quality, and communication.

The PRINCE2 model combines all these commonsense ideas about managing projects. It gives a range of processes with steps to ensure the right management activities are done, defines role to ensure the right people take responsibility for doing the steps, and suggests

Real World Scenario

The Benefits of the London 2012 Olympics

As I said earlier, the benefit objective is the hardest one to meet. There are a number of reasons for this. First, the products of the project can become an end in themselves. So much effort, time, and money is involved in creating them that people forget they are there as a means to an end, not the end itself. Second, the achievement of the benefit objective can usually be measured only after the project has finished. Of course, by this time, the project team has been disbanded and members have moved on to the next big thing. No one is left to report on the achievement (or lack of it) of the project’s returns.

In the months preceding the 2012 London Olympics there was a good example of a project nearly not delivering one of its major benefit objectives. One of the main stated benefits of the project was to create venues that could be used for British athletics events for many years to come. The Olympic Delivery Authority (the public body in charge of the project) had been looking for companies to take ownership of the main stadium after the Olympics. In 2011, two bids were put forward, both from London football (or soccer, for readers in the United States) teams. One bid was to turn the central grounds within the stadium into a football pitch but to keep the running tracks. Then the venue could be used for football and athletics events. The other bid, from a rival London club, proposed to demolish the stadium and build a new, football-only stadium in its place. Of course, if this happened, the legacy benefit for British athletics would not be met. Thankfully, in the end the football-only bid was not successful. One of the results of this was that London was awarded the hosting of the 2017 World Athletics Championships during which the main stadium would be used.
a range of management documents to hold and report on useful management information. It disciplines everyone on the project to follow these commonsense ideas by appointing an assurance role, which checks whether the steps are being followed.

**The Structure of PRINCE2**

PRINCE2 is made up of four main parts, or what PRINCE2 refers to as *integrated elements*. These are the *principles*, the *themes*, the *processes*, and the *project environment*. These integrated elements are shown in Figure 1.3.

**Figure 1.3** The structure of PRINCE2

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**The Principles**

The first integrated element of PRINCE2 is the principles. You can think of these as the core concepts that the rest of PRINCE2 adheres to. There are seven PRINCE2 principles, which are described in detail later in this chapter. An example is “learn from experience,” which means (rather obviously!) that before anything is done to manage a project, it is always worth considering any prior experience that might be useful.

**The Processes**

The second integrated element of PRINCE2 is the seven processes. All of these processes provide a set of activities showing how to manage various parts of a project. The processes cover the management work from the time just before the project starts (when the question is whether the project should be done) to the end of the project. The processes show which roles should be responsible for each activity and what management documents (such as plans or reports) would be useful to create, review, or update at this time.
Each process covers a specific time during the project. For example, the Starting Up a Project process gives six activities that should be considered for a successful start to a project. The Closing a Project process, as the name suggests, covers the management activities that need to take place at the end of the project.

I describe the seven PRINCE2 processes in more detail in the “An End-to-End Walk-through of PRINCE2” section later in this chapter. In the meantime, here’s a brief overview of each process:

**Starting Up a Project**  
Starting Up a Project covers the activities you use to investigate whether to start the project. I describe this process in detail in Chapter 2, “Starting a Project Successfully with PRINCE2.”

**Directing a Project**  
Directing a Project covers the activities of the Project Board, who are the main decision-making body on a PRINCE2 project. It includes making decisions such as whether the project should start, whether to move on to the next stage of the project, and whether the project can close.

**Initiating a Project**  
Initiating a Project covers the planning activities done at the beginning of the project. I describe this process in detail in Chapter 2, “Starting a Project Successfully with PRINCE2.”

**Controlling a Stage**  
Controlling a Stage covers the Project Manager’s day-to-day work, such as delegating work, reporting, and dealing with issues and risks. I describe this process in detail in Chapter 10, “Managing the Middle of a Project Successfully with PRINCE2.”

**Managing Product Delivery**  
Managing Product Delivery covers the day-to-day work of the people creating products in the project. The activities detail accepting work, creating it, reporting progress, and delivering work. I describe this process in detail in Chapter 10, “Managing the Middle of a Project Successfully with PRINCE2.”

**Managing a Stage Boundary**  
Managing a Stage Boundary covers the work of the Project Manager at the end of a major part or stage of the project. It involves activities such as reporting on the achievements in the last stage and detailed planning for the next stage. I describe this process in detail in Chapter 10, “Managing the Middle of a Project Successfully with PRINCE2.”

**Closing a Project**  
Closing a Project covers the work that the Project Manager does to prepare for the end of the project. It involves work such as preparing the End Project Report, handing the products to the operational teams, and archiving project documents. I describe this process in detail in Chapter 11, “Managing the End of a Project Successfully with PRINCE2.”

**The Themes**

The third integrated element of PRINCE2 is the themes. The themes describe how PRINCE2 recommends carrying out various aspects of project management. For example, the Risk theme describes how PRINCE2 recommends managing risk throughout a project, and the
Organization theme describes how PRINCE2 recommends defining the project management team’s roles and responsibilities.

Each of these themes may be useful throughout all the processes. For example, the risk management approach described in the Risk theme is used in all the processes. And any one process may use numerous themes. For example, in the Starting Up a Project process, the project management team is appointed (the organization structure and the accompanying roles are described in the Organization theme), risks for the project will need to be identified (risk identification and estimation approaches are described in the Risk theme), and the outline Business Case is created (the composition of the Business Case is described in the Business Case theme).

There are seven themes in PRINCE2, and this study guide has a chapter explaining each one. Here’s a brief overview of each theme:

**Business Case** The *Business Case theme* describes how to ensure the project has a solid justifiable reason to exist, not just at the outset of the project, but throughout its life. It shows how to create a Business Case and how to plan the tracking of the project’s benefits using a Benefits Review Plan. It sets out various activities related to justifying the project and shows which roles should be responsible for them. I describe this theme in detail in Chapter 4, “Business Case Theme.”

**Organization** The *Organization theme* defines the project management team structure. It describes the various roles within the structure and sets out their responsibilities. I describe this theme in detail in Chapter 3, “Organization Theme.”

**Quality** The *Quality theme* describes how to ensure that the project’s products are fit for the purpose for which they will be used. I describe this theme in detail in Chapter 6, “Quality Theme.”

**Plans** The *Plans theme* describes how to plan what products to create and what activities are needed to build those products. I describe this theme in detail in Chapter 5, “Plans Theme.”

**Risk** The *Risk theme* describes how to manage potential threats and opportunities to the project. I describe this theme in detail in Chapter 7, “Risk Theme.”

**Change** The *Change theme* describes how to control and manage changes to the project’s products. I describe this theme in detail in Chapter 8, “Change Theme.”

**Progress** The *Progress theme* describes how to track the progress of a project, what mechanisms to use to keep the project on track, and what to do when things go astray. I describe this theme in detail in Chapter 9, “Progress Theme.”

**The Project Environment**

The fourth integrated element of PRINCE2 is the project environment and how to tailor PRINCE2 to that situation.

There are many types of projects and many environments in which they might run. Examples include very large, complex initiatives, involving various organizations and running over many years. In contrast, there are much smaller activities involving a few people over
a number of days. Every possible industry you could think of runs projects, each creating very different products or services. Some projects run in the private sector, others in the public sector, and still others run in charities. Some projects use a variety of specialist approaches alongside PRINCE2, such as the one set out in the Project Management Institute’s (PMI) *A Guide to the Project Management Body of Knowledge* (2009) or the agile approaches in computer software development.

PRINCE2 can be applied to all of these types of situations for two reasons. First, as I discussed earlier in the chapter, no matter what type of project you are running, there will be a common set of activities that need to be done, which are set out in PRINCE2. Second, the framework is flexible so that it can be tailored in many ways to suit the various situations described previously.

I will look at tailoring PRINCE2 to the project environment in more detail in Chapter 12, “Tailoring PRINCE2 to Particular Environments.”

### Exam Spotlight

How to tailor PRINCE2 to the multitude of potential project environments is a very important subject. However, the range of tailoring situations examined for the PRINCE2 accreditation is fairly limited. You may be asked how to tailor PRINCE2 to manage a small project, or how to tailor PRINCE2 for a project being run as part of a programme. (A programme is a collection of projects being run in a coordinated way.) You may also be asked to consider situations where there are multiple organizations involved in a project. With the latter case, PRINCE2 uses the term *customer/supplier environment*. This means that when a project involves multiple parties, some can be categorized as customers of the project’s products and some can be categorized as suppliers of the products. I will discuss the tailoring topic in more detail in Chapter 12, “Tailoring PRINCE2 to Particular Environments.”

### Other Parts of PRINCE2

In addition to the four main integrated elements of PRINCE2 covered previously (processes, themes, principles, and the project environment), there are two other main parts to PRINCE2: the roles and the management products.

### Exam Spotlight

There are four integrated elements to PRINCE2: the principles, the themes, the processes, and the project environment. The roles and the management products are also important parts of the method, but PRINCE2 does not define them as integrated elements.
Roles

I will discuss the PRINCE2 management roles in more detail in Chapter 3, “Organization Theme,” but it is important to understand the basic details at this point.

PRINCE2 gives a recommended project management team structure. It looks like a company organization chart, as shown in Figure 1.4.

**FIGURE 1.4 Project management team structure**

![Diagram of project management team structure]

The four levels of hierarchy in the PRINCE2 project management structure are as follows:

**Corporate or Programme Management** This level sits outside and above the project management team.

**Directing Level** The Project Board is responsible for this. It is the top level of the project management team.

**Managing Level** The Project Manager is responsible for this, the middle level of the project management team.

**Delivering Level** The Team Manager and their teams are responsible for this. It is the bottom level of the project management team.

At the top of the project organization structure is *corporate or programme management*. (A *programme* is a collection of related projects being run in a coordinated way.) This consists of a rather ambiguous group of people—all we know about them is that they are “high up”—that is, they have enough authority to start a project. How “high up” they are in
their organizations depends on the size of the project and how much authority is needed to
start it. If it is a very large project, corporate or programme management might be the board
of directors of the company; if it is a smaller project, they may be the head of a department.
It is important to note that they trigger the start of the PRINCE2 process model, but corporate
or programme management are not part of the project management team. All the levels below
corporate or programme management, however, are part of the project management team.

Below corporate or programme management in the project management structure is the
directing level. The Project Board is responsible for this level. The Project Board is given
authority for the overall direction and management of the project by corporate or programme
management. They are the main decision-making body on the project. They make key project
decisions such as whether or not the project should start, whether it should it go on to its
next major part, and finally, whether it is ready to close. They need to be high enough up in
their own organization’s hierarchy so as to have the authority to make these decisions.

There are a number of people who make up the Project Board. Between them, they must
represent three key perspectives on the project: the business perspective, the user perspective,
and the supplier perspective.

The business perspective focuses on the returns the project will give their organization.
For example, if the project is to build a hotel for a leisure company, the business perspective
is concerned with factors such as the potential sales of rooms. They would also be
interested in how much investment is needed to get those returns—in other words, what
value they might get for their money. This business view is represented by the Executive
role. The Executive sits on the Project Board. There is always only one Executive, who is
considered the leader of the project.

The user perspective focuses on how the project’s products will be used post-project.
This perspective is represented on the Project Board by the Senior User role. In the hotel
example, the Senior User role could be carried out by representatives of those who will stay
in the hotel or who understand these travelers’ needs, such as a tourist board or a market
research person specializing in tourism. There might be a number of people on the Project
Board who share the Senior User role.

Finally, the supplier perspective focuses on creating the project’s products. This is represented
on the Project Board by the Senior Supplier role. In the hotel example, the Senior Supplier role
could be taken by operational managers from architectural or construction firms. Like the
Senior User role, there might be a number of people who share the Senior Supplier role.

Below the Project Board in the project management structure is the managing level.
It is the responsibility of the Project Manager to manage the project on a day-to-day basis
within the constraints set by the Project Board. There is only one Project Manager in a
PRINCE2 project. This individual is responsible for project planning, delegating work,
reporting on the project’s progress, managing risks and issues, and creating and updating the
project management documents.

At the bottom of the project management structure is the delivering level. This is the
responsibility of the teams who actually create the products of the project. In the hotel project,
there could be teams of architects, builders, electricians, plumbers, and so on. In some cases,
such as a small project, the Project Manager might manage the teams directly. In other, larger
projects, the Project Manager might delegate work to several Team Managers who will in turn
delegate work to the teams.
As illustrated earlier in Figure 1.4, there are several other roles, such as Project Assurance, Change Authority, and Project Support. I will explain these roles in Chapter 3, “Organization Theme.”

**Management Products**

Management products are things that help the project management team manage the project, such as plans, registers, logs, and reports. They are a means to an end, not the end itself. Although you might think of these items as management documents, PRINCE2 calls them *management products* because the management information could be communicated verbally. In fact, you could run a PRINCE2 project without any documents at all.

Examples of PRINCE2 management products are the Project Plan that is used to track and monitor the work of the project, Product Descriptions that help to specify the products to be delivered, and the Risk Register that contains information on all the identified risks to the project. There are 26 management products in all—you can find further information on each one of them throughout this study guide as well as in Appendix B, “Management Products in PRINCE2.”

PRINCE2 defines three types of management products: baselines, records, and reports. *Baseline* management products might go through a number of versions during the life of a project. If someone needs to make an update to a baseline management product, the amendments are made to a new version of the document. Then at the end of the project, the project team can review all the versions of the document (the latest and all the old ones) and see how the information has evolved. An example of a baseline management product is a Plan.

*Records* are the registers and the logs that the Project Manager uses to record information on things such as risks, issues, and lessons. An example of a record is the Issue Register. As with all records, there is only one Issue Register document; new versions are not made of the document when it needs to be updated. The updates are just added to the bottom of the register as a new line.

*Reports* are … well, reports! They are the progress reports that are sent during the project to update various people of the latest situation on the project. An example of a report is the Highlight Report that the Project Manager sends to the Project Board on a regular basis.

**Specialist Products**

In addition to the management products, there is another type of product called *specialist products*. These are the deliverables from the project. For example, in a project to build a hotel, there are lots of deliverables such as the architectural plans, the rooms, the furniture, the swimming pool, and a hotel brochure.

**What PRINCE2 Does Not Cover**

A whole range of skills and approaches are needed to manage projects successfully. PRINCE2 by no means covers all of them. It does not focus on any specialist techniques that might be
Introducing PRINCE2

needed in specific industries, such as an IT project as opposed to a construction project. The framework does not provide any specific techniques, such as stakeholder analysis or critical path analysis. It also does not cover motivational approaches, team building, or leadership development.

Benefits of Using PRINCE2

The benefits of using PRINCE2 to manage a project include the following:

- The ideas in PRINCE2 have been developed over many years and tested successfully on many types of projects. It is highly likely that any project will benefit from these ideas. Because the methodology is generic, PRINCE2 can be applied to many different types of projects.

- PRINCE2 provides a common vocabulary of project terms. This makes it easier to communicate on projects, especially when several different organizations and people are involved.

- PRINCE2 defines specific project management responsibilities and shows how a project management team should be structured. This ensures that those involved in the management team are clear on their responsibilities. It also ensures that all the people who are needed to manage a project are included in the management team.

- PRINCE2 focuses attention on what needs to be created. This ensures that there is clarity and agreement on the outputs from the project.

- PRINCE2 provides a range of reports and plans as well as other management documents to meet the needs of different levels of management.

- The PRINCE2 management-by-exception approach ensures the efficient and economic use of management time. (I describe management by exception in more detail in the next section.)

- Before, during, and after a project, PRINCE2 focuses attention on the justification for undertaking that project. This ensures that projects are run as a means to an end rather than as an end in themselves. It also ensures that organizations take on projects that provide value.

- Adopting PRINCE2 allows people within an organization to learn how to improve their management skills. It provides consistency in project work, which means that project management assets can be reused, and reduces the impact of changes in management personnel. Many PRINCE2 accredited consultants and Project Managers are available around the world.

- PRINCE2 provides a theoretical management framework through which actual projects can be viewed. This helps you identify problems and missing elements of the project’s approach to management.
PRINCE2 Principles

I introduced the seven PRINCE2 principles earlier in this chapter. These are guiding concepts that the rest of the model adheres to. All of the other elements and parts of PRINCE2 ensure that one or a number of these principles are implemented.

As you work through this study guide and learn about the different parts of the PRINCE2 model, ask yourself which principle each part is supporting. This will help you answer the exam questions about the linkages between the various parts of PRINCE2. For example, Chapter 4, “Business Case Theme,” covers the Business Case theme, which helps to implement the principle of continued business justification.

Continued Business Justification

The principle of *continued business justification* ensures that there is a documented justification for starting a project. It ensures that this justification is reviewed and possibly updated throughout the life of the project. You should use the latest version of the justification to decide whether to move on to each major stage of the project.

PRINCE2 provides a range of activities with associated responsibilities to ensure continued business justification. These are described throughout the process model and also in the Business Case theme. PRINCE2 provides two important business-related management products: the Business Case, which documents the justification for undertaking the project, and the Benefit Review Plan, which plans the reviews of the project’s benefits.

Learn from Experience

When you’re managing a project, it is a good idea to take into account the good practice and the mistakes made in past projects. It is also a good idea to collate the lessons learned during the management of the current project and pass them on to teams managing subsequent projects. During many of the management activities throughout the process model, PRINCE2 constantly highlights the need to take account of past experience and collate new knowledge. It provides two important management products to help implement the “*learn from experience*” principle: the Lessons Log, which is used to record both previous and current experience, and the Lessons Report, which is used to pass on experience from the current project to those who will manage subsequent projects. The Progress theme (covered in Chapter 9, “Progress Theme”) describes how to control the flow of experience.

Defined Roles and Responsibilities

It is important that each role in the project management team be performed by someone who understands what is expected of them and who is willing to take on that role. This is the PRINCE2 principle of *defined roles and responsibilities*. The project management team must include people from a broad range of stakeholder perspectives, especially
those viewing the project from business, user, and supplier perspectives. The project management team should include appropriate roles for the various management levels of the organizations involved.

PRINCE2 provides a project management team structure. For each role within the structure, it sets out a range of responsibilities. For each of the activities in the process model, there is a defined role (or roles) responsible for that activity. The project management team structure and the associated roles are first set out in the Project Brief and then in the Project Initiation Documentation. The Communication Management Strategy (covered in Chapter 3, “Organization Theme”) describes how the communication between these people will be managed.

Manage by Stages

The *manage by stages* principle ensures that PRINCE2 projects are divided into a number of time periods called *stages*. These stages could last days, weeks, or even months (or, in some of the military projects I’ve been involved with, years!). A collection of specialist products is created within each stage. The Project Board gives the Project Manager the authority to manage one stage at a time. After a stage is complete, the Project Manager must report back to the Project Board members, who then review the stage’s performance and decide whether to authorize the next stage. The project management team decides how to divide the project into stages when preparing the Project Plan at the outset of the project.

For example, if the project is to build a hotel, it could be divided into four stages:

- During stage 1, the project is planned.
- During stage 2, the hotel is designed.
- During stage 3, the hotel is built.
- During stage 4, the interior of the hotel is decorated and fitted out with electricity, plumbing, furniture, and so on.

This approach has two benefits. First, it helps with planning. There is always a planning horizon, beyond which it is difficult to forecast. For example, at the beginning of the designing work in stage 2, it is impossible to plan in detail the building work of stage 3, because at this point, the specification of the hotel has not been decided. With the PRINCE2 manage-by-stages approach, the detailed Stage Plan for each stage is not created until the end of the previous stage. The Project Plan, which covers the whole project and is created at the outset, is done from a high-level perspective.

The other major benefit is that the senior managers taking on roles in the Project Board do not need to get involved with the day-to-day management of the stages. However, they can retain control of the project by authorizing progress a stage at a time. This is an efficient way of using senior management time. Senior managers can also vary the amount of control they have by shortening or lengthening the stages.

Every PRINCE2 project always has at least two stages: a planning stage (or what PRINCE2 calls the initiation stage) and at least one other stage where specialist products are delivered.
Manage by Exception

In PRINCE2, each management level manages the level below using the manage by exception principle. As I discussed in the “Roles” section earlier in this chapter, the PRINCE2 project management structure has four levels of management. At the top is a group called corporate, or programme, management, who instigate the project. Below them is the main decision-making body on the project, the Project Board. Then comes the Project Manager, who manages the project on a day-to-day basis. Finally, at the bottom, are the Team Managers and their teams, who create the project’s products. So corporate or programme management manage the Project Board by exception, then the Project Board manages the Project Manager by exception, and then, finally, the Project Manager manages the Team Manager by exception.

Manage by exception means that the upper level of management gives the level of management below them a piece (or all) of the project to manage on their behalf. The upper level of management also sets certain boundaries around the lower level of management’s authority. The lower level of management then only needs to report back to the level of management above them in one of two circumstances: either they have finished delivering their piece of the project or they realize that a situation has arisen that breaches the boundaries of their delegated authority.

The upper level of management defines the authority that they give to the level of management below them by setting constraints around six areas: time, cost, scope, quality, risk, and benefits. A certain amount of leeway, or what PRINCE2 calls tolerances, may be allowed around these constraints. If at any time it appears that these constraints may be breached, the lower level of management must escalate the situation to the level of management above them. This situation is called an exception. Here are some examples of the six areas where constraints can be set:

Time  The upper level of management gives the level of management below them a certain amount of time to carry out their work within certain tolerances. For example, the work must be finished in 6 months, with a permissible early delivery of two weeks and late delivery of one week. If the lower level of management believes they cannot deliver the work within this three-week range, they must escalate the situation to the level of management above them.

Cost  The upper level of management gives the level of management below them a certain budget to spend, possibly with some permissible leeway. For example, the budget could be $10,000 with an allowable under spend of $1,000 and no allowable overspend. If the lower level of management forecasts that they cannot deliver their work for $9,000 to $10,000 they must escalate the situation to the level of management above them.

Scope  The upper level of management gives the level of management below them a set of products that need to be delivered with any possible variation allowed. For example, create a website with pages that contain information on all the company’s primary services and, if time permits, the secondary services. If the lower level of management realizes they will not be able to deliver even the primary service pages, they must escalate the situation to the level of management above them.
Quality  The upper level of management gives the level of management below them a set of specifications for all the products that should be created. These are specified in an appropriate manner to an appropriate level of detail for that management level. Any tolerance around the specifications will also be shown. For example, create an Olympic stadium with between 90,000 and 100,000 seats. (Obviously you’d have a few more details to work with than this!) If the lower level of management cannot deliver products within these specification ranges, they must escalate the situation to the level of management above them.

Risk  The upper level of management gives the level of management below them a threshold level of aggregated risk. An example is that expected costs of the predicted threats must not exceed $20,000. (For more information on risk tolerances, see Chapter 7, “Risk Theme.”) If the lower level of management realize this threshold level of risk will be breached, they must escalate the situation to the level of management above them.

Benefits  The objectives for the project’s benefits may also be given some allowable deviation by corporate or programme management. An example is that sales resulting from the project must be in the range of $500,000 to $600,000. If this forecast looks as though it won’t be possible, the situation should be escalated back to corporate or programme management.

Management by exception provides for efficient use of the senior managers’ time. They don’t have to get involved in the day-to-day work of the level below. However, they can control the work of the level below by setting tolerances around these six areas.

Focus on Products

The principle of focus on products ensures that through every step of the project, what the project is creating is clearly defined and agreed to. In PRINCE2, these product specifications are set out in Product Descriptions. The Product Descriptions are then used as the basis of planning the activities needed to create the products, manage proposed changes to the products, and verify approval and acceptance of the products once they have been built.

This seems like a rather obvious thing to do. However, many projects miss this simple approach, and as a result, disputes occur over the acceptance of the products, uncontrolled changes are introduced, or the wrong outputs are created.

Tailor to Suit the Project Environment

I provided an overview of how the project management team can tailor [PRINCE2] to suit the project environment in “The Project Environment” section earlier in this chapter and, as mentioned, I’ll discuss this topic in more detail in Chapter 12, “Tailoring PRINCE2 to Particular Environments.” In addition to defining this important approach as an integrated element of the model, PRINCE2 restates it as one of the seven principles.
An End-to-End Walk-through of PRINCE2

Thus far in this chapter, you’ve learned about some of the major parts of PRINCE2, including its underlying principles, processes, themes, roles, and management products. Now it’s time to see how these parts fit together in a project.

In this section, I use a sample project—constructing a new hotel for a leisure company—to show you how the processes are used both before and during the project. I will also discuss where each role becomes involved in the model and how some of the main management products are used.

At this point, I am going to discuss the various areas at a high level. To use an analogy, I want you to see how the major pieces of the jigsaw puzzle fit together before I discuss each piece on its own. It will then be easier, when I discuss a particular part of PRINCE2 in the later chapters, to show you how that part fits into the whole model.

For this section, I will use the process overview diagram shown in Figure 1.5.

Take a look at the composition of Figure 1.5. First, there are four horizontal rows that correspond to the four levels of the project management structure.

The various rectangles and squares on the diagram represent the seven processes. The processes are positioned to show which level of management is involved with that process. For example, all the activities in the Directing a Project process occur at the Project Board level, and all the activities of the Managing Product Delivery level occur at the Team level. Some processes are carried out by a number of the management levels. For example, Starting Up a Project involves corporate or programme management, the Project Board, and the Project Manager.

The four columns in Figure 1.5 show the work that is done during four different times in the project, as follows:

- Work that happens before the project (pre-project)
- Work that happens at the beginning of the project (initiation stage)
- Work that happens in the middle of the project (subsequent delivery stages)
- Work that happens at the end of the project (final delivery stage)

Pre-Project Activities

Figure 1.6 highlights the work that takes place before a PRINCE2 project. The numbered circles on the diagram correspond to the five steps described in this section.
**FIGURE 1.5** PRINCE2 process model

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FIGURE 1.6  Activities before the project

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Step 1: Corporate or Programme Management Creates a Project Mandate

In PRINCE2, before a project can start, a number of activities and authorizations must occur. First, someone (or a group of people) with an appropriate level of authority to authorize this project must create a project mandate. The project mandate will begin to answer basic questions about the project, such as the following:

- What is the project all about? What is it creating?
- Who will be involved in the project? Who will be using the project’s products after the project?
- Where will the project happen? Where will the products be built?
- When will the project start and finish? When will there be any return from this project?
- How will the project be done? How will the products be built?
- Why do this project? What is the justification for it?

The project mandate will answer these basic what, why, when, who, where, and how questions. At one extreme, the information might be high-level, in which case, as you will see, the first set of activities in PRINCE2 is partly about refining and expanding these details. At the other extreme, the information in the project mandate might be in great detail, in which case the first set of activities in PRINCE2 will be more about checking that it is correct. The latter is more likely in a programme situation, where the project is part of a group of projects. In this case, the specific definitions of each project will probably be agreed to at the beginning of the programme.

For our hotel project example, let’s say someone in the leisure company has an idea for a new hotel. They may have many hotels across the world, but they decide they would like to create one in Shanghai because they see China as a growing market. Someone who has the authority to start a project of this size will create a project mandate. In this example, the head of business development in the Asia Pacific region is assigned this task.

Step 2: Corporate or Programme Management Appoints the Executive

Once the project mandate is created, the PRINCE2 process model starts. The very first process is Starting Up a Project. I will describe the Starting Up a Project process in much more detail in Chapter 2, “Starting a Project Successfully with PRINCE2.”

The first thing to do in Starting Up a Project is for corporate or programme management to appoint a senior-level person to the Executive role. This person should see the initiative from a business perspective and will act as the key decision maker for the project. (The Executive role will be described in more detail in Chapter 3, “Organization Theme.”)
Let’s say in the example project, the head of business development in the Asia Pacific region is appointed as Executive. He is now straddling two of the PRINCE2 management levels: he created the project mandate while sitting in the corporate or programme management level and now takes on the Executive role that sits in the Project Board level.

**Step 3: The Executive Appoints the Project Manager**

The next step in Starting Up a Project is for the Executive to appoint the Project Manager. The Executive can then focus on directing, decision-making, and business-related activities, and the Project Manager can focus on the day-to-day management of the pre-project work.

**Step 4: The Executive and the Project Manager Create the Project Brief and Recruit the Project Management Team**

The remaining activities in Starting Up a Project are focused on answering the following question: Is the project idea set out in the project mandate worthwhile and viable? With regard to the hotel project example, is it worth committing major resources to start a project to build a new hotel in Shanghai? As such, a PRINCE2 project doesn’t actually start during the Starting Up a Project process. Instead, Starting Up a Project is a set of activities that are performed before the project to decide whether or not to do that project.

To begin, the project mandate needs to be reviewed, and if necessary, the information needs to be expanded so as to provide enough details to form the basis of the decision of whether to commission the project. The output of this work goes into a new management product called the Project Brief. The Project Brief will answer exactly the same set of what, why, when, who, where, and how questions about the project that the project mandate did.

The “why” question is answered by creating an outline Business Case, which forms part of the Project Brief. This will start to show, at a high level at least, the justification for undertaking the project. It is the Executive’s responsibility to create this section of the Project Brief.

The rest of the project management team members are now appointed. So people are assigned to the other two Project Board roles of Senior User and Senior Supplier. (These roles will be described in more detail in Chapter 3, “Organization Theme.”) Some of the Project Board members might appoint separate Project Assurance roles who will monitor the project to find out if it is being run in the correct way for their perspective on the project. A Project Support person or people might also be appointed.

This initial project management team might get updated and added to as the initiative proceeds. However, at this point, the team needs to reflect the range of stakeholder perspectives of business, user, and supplier at the right level of authority. That way,
thorough analysis of the project idea can be done and a meaningful authorization can occur if the project idea looks to be worthwhile and viable.

For the hotel project example, let’s say the leisure company’s marketing director for Asia is appointed a Senior User and will use the hotel to increase his sales figures. A travel market research consultant is also appointed as a Senior User to represent the needs of the tourists and business travelers who might stay in the hotel. To represent the interests of the supplier side of the project, the head of procurement for Asia Pacific is appointed as Senior Supplier. (Later on, people from the suppliers contracted to do work on the hotel might also take on the Senior Supplier role.)

Once the Project Brief has been finished, the Project Board will review it and make a decision on whether to authorize things to go any further. If they decide to allow the initiative to proceed, the project will officially start with what PRINCE2 calls the initiation stage. In this stage, the project will be planned out, at least at a high level. (Remember that the “manage by stages” principle means that more detailed planning is done before each stage.) Before committing resources to the initiation stage, the Project Board will want to see a plan for the work that will be involved. So the final activity in the Starting Up a Project process is for the Project Manager to create a Stage Plan for the initiation stage, detailing the time, effort, and costs needed to plan the project.

**Step 5: The Project Board Authorizes Initiation**

Now that Starting Up a Project is complete, the PRINCE2 model moves on to the Directing a Project process. Directing a Project covers the work of the Project Board. This work mainly involves making decisions.

The Project Board’s first decision is called “Authorize initiation.” The Project Board reviews the Project Brief to see whether the project is a worthwhile and viable initiative. If they think it is, they then review the Stage Plan for the initiation stage to see what would be involved in planning this project. If they decide that the resources requested for the initiation (planning) stage are reasonable, they authorize the Project Manager to proceed. In effect, they are giving the Project Manager the authority to manage just the initiation stage, after which the Project Manager must ask the Project Board, once again, for authority to continue any further.

**Activities at the Beginning of the Project**

Figure 1.7 shows the process diagram once again, with the initiation stage highlighted and its steps numbered.
**FIGURE 1.7** Activities at the beginning of the project

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Step 6: The Project Manager Creates the Project Initiation Documentation

The Initiating a Project process describes a set of activities to create the Project Initiation Documentation (PID). The Project Manager does most of the work to create the PID. The information in the PID answers the same what, why, when, where, who, and how questions that the project mandate and then the Project Brief answered. This time, the document has greater detail because now that the project has been authorized, the project team will have more time and resources to consider these questions.

The PID is actually a collection of documents. It contains the following information:

- The Project Plan, which describes the major products and the activities and resources required to create them, as well as how the project will be divided into stages. This plan can be high-level, because the “manage by stages” principle of PRINCE2 allows for more detailed planning to be left until just before a particular stage.
- A set of strategy documents that set out how the project will be managed with regard to such areas as risk, change, quality, and communication.
- A detailed Business Case.
- Information on the project management team.
- Information on how the project will be delivered (project approach).
- A project definition, giving information on such areas as the background to the project, the project’s objectives, and the project’s scope.
- Information on how the project will be controlled, such as how to monitor the progress of the project and what reports are required.
- Information on how PRINCE2 will be tailored for the project.

With regard to the hotel project, the Project Plan section might set out the individual delivery stages like this:

**Delivery Stage 1**  Create architectural plans for the hotel. Obtain planning permission for construction. Create tender documents for outsourced contractors and send to potential suppliers. Select suppliers.

**Delivery Stage 2**  Construct hotel exteriors.

**Delivery Stage 3**  Decorate interior of the hotel; fit out with electrics, plumbing, furniture, and so on.

In addition to creating the PID, the Project Manager will create the Benefits Review Plan during the Initiating a Project process. The Benefits Review Plan specifies how and when the project will be reviewed with regard to whether it’s achieving the stated benefits. Many of these reviews might be planned for some time after the project. In the hotel project example, a review might be scheduled for a year after the hotel opens, to see if the hotel is meeting its targets for room sales, restaurant sales, and so on—but the planning for that review would start at this point in the project.
Step 7: The Project Manager Creates a Plan for the First Delivery Stage

Once the Project Manager has almost finished the PID, he can start planning the next stage of the project. In the hotel example, he will plan in detail the work for the first delivery stage, which is when architectural plans for the hotel are created and the tender process takes place. This work is done in the Managing a Stage Boundary process.

At this point, the Project Manager might have two focuses: finishing off the PID using the Initiating a Project process, and creating the plan for the first delivery stage using the Managing a Stage Boundary process. The Managing a Stage Boundary process is described in detail in Chapter 10, “Managing the Middle of a Project Successfully with PRINCE2.”

Step 8: The Project Board Authorizes the Project and the First Delivery Stage

The Project Manager sends the PID and the Stage Plan for the first delivery stage to the Project Board. The Project Board reviews both of these management products in their Directing a Project process.

The Project Board has two Directing a Project activities to carry out at this point. First, they review the information in the PID and decide whether to authorize the project. Second, they review the information in the Stage Plan and decide whether to authorize the first delivery stage of the project.

The way that PRINCE2 has set out the Directing a Project activities at this point can be confusing for two reasons. First, it says that the Project Board authorizes the project here. However, the project has already started at this point. (It has just finished the initiation stage.) What PRINCE2 means is that the Project Board needs to decide whether to authorize the delivery part of the project where specialist products are created.

The second reason it can be confusing is that although the Project Board authorizes the delivery part of the project, the Project Manager cannot move ahead and manage the whole project. The Project Manager only has authority to manage the next delivery stage, after which he must ask the Project Board, once again, for authority to continue further. So in the hotel example, the Project Manager will only have authority to manage the work to create the architectural plans, obtain planning permission, and carry out the tender process.

Activities in the Middle of the Project

In Figure 1.8, I have highlighted the section of the process model we are now focusing on: delivering specialist products. In the hotel example, this will involve creating deliverables such as tender documents, architectural plans, parts of the hotel building, computer software to run the booking system, and so on. The delivery of these specialist products will be managed on a stage-by-stage basis.
FIGURE 1.8 Activities in the middle of the project

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Step 9: The Project Manager Manages a Delivery Stage

The Project Manager will manage each delivery stage using the activities in the Controlling a Stage process. This process sets out management activities such as how the Project Manager delegates work to various teams, reports on progress, and deals with problems and issues.

With the hotel example, the Project Manager will use Controlling a Stage to manage the first delivery stage (and all the other stages, too, once they’ve been authorized). The Project Manager might delegate work to an architectural firm to create the hotel designs. He might also delegate work to the leisure company’s procurement department to create and issue the tenders as well as delegate work to the people who are dealing with the planning authorities in Shanghai. In PRINCE2, the Project Manager assigns work to teams using a Work Package. A Work Package gives team members all the information they need to know in order to do some work, such as what to create, how much time and money they have, how often to report back to the Project Manager, and so on. Teams are not authorized to do any work until they have received a Work Package.

The Project Manager reports progress to the Project Board throughout the stage by creating Highlight Reports. The Project Board decides how regularly they would like to receive these reports, but let’s say, in our example, they are sent every week.

The Controlling a Stage process is described in a lot more detail in Chapter 10, “Managing the Middle of a Project Successfully with PRINCE2.”

Step 10: The Teams Create the Stage’s Specialist Products

The Team Managers and their teams carry out their work in the Managing Product Delivery process. The teams carry out three PRINCE2 activities during this process:

- Accept the work from the Project Manager via the Work Packages
- Create the specialist products as instructed in the Work Packages
- Deliver the specialist products back to the Project Manager

During the first delivery stage in the hotel project example, the architects creating the hotel’s plans, the procurement team creating tenders for the construction work, and the team dealing with the Chinese planning authorities will all use the Managing Product Delivery process.

The teams must also regularly report on the progress of their work to the Project Manager. They do this by creating Checkpoint Reports.

Step 11: The Project Manager Plans the Next Stage

This step is similar to step 7. Once the Project Manager sees that the work of the current delivery stage is nearly finished, he will start planning the next delivery stage. In the hotel example, the Project Manager will plan in detail the work to construct the hotel’s exteriors. Just as in step 7, this work is done in the Managing a Stage Boundary process.
Also just as in step 7, at this point, the Project Manager might have two focuses: finishing off managing the work in the current delivery stage using the Controlling a Stage process, and creating the stage plan for the next delivery stage using the Managing a Stage Boundary process.

The Project Manager also creates an End Stage Report for the delivery stage just ending and, if necessary, updates some of the major management products within the PID, such as the Project Plan and the Business Case.

**Step 12: The Project Board Authorizes Another Delivery Stage**

Once all the specialist products of the stage have been delivered, the Project Manager will send the End Stage Report, the next Stage Plan, and the updated PID to the Project Board. In the hotel example, this will take place when the architectural designs for the hotel are finished, contractors have been sourced for the construction work, and planning permission for the hotel has been obtained.

The Project Board will review the next Stage Plan in their Directing a Project process and decide whether to authorize the next delivery stage. So in our hotel example, they will decide whether the project can move on to building the hotel’s exteriors.

**Steps 9, 10, 11, and 12 Again and Again and…**

Steps 9, 10, 11, and 12 are repeated again and again, managing the delivery of each stage of the project, until the project team reaches the last stage. The final stage is handled a little differently, as you will see in the next section.

So in our hotel example, which has an initiation stage and then three delivery stages, steps 9, 10, 11, and 12 will be carried out twice: first to manage delivery stage 1, and then again to manage delivery stage 2.

**Activities at the End of the Project**

The final delivery stage is managed slightly differently. In our hotel example, this would correspond to the management of delivery stage 3, when the hotel is decorated and the electrics, plumbing, furniture, IT systems, and so on are installed. Figure 1.9 highlights the section of the process model I will discuss in this section.

**Step 13: The Project Manager Manages the Final Delivery Stage**

This step is exactly the same as step 9 from the previous delivery stages. The Project Manager uses the Controlling a Stage process to create Work Packages that delegate the final stage’s delivery work to the appropriate teams. In the hotel project example, the Project Manager might give out work to the electrical fitters, the plumbers, the furniture moving companies, and so on. The Project Manager also reports to the Project Board using Highlight Reports and deals with problems and issues.
FIGURE 1.9  Activities at the end of the project

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Step 14: The Teams Create the Specialist Products of the Final Stage

This step is exactly the same as step 10 from the previous delivery stages. The teams involved with creating this delivery stage’s specialist products use the Managing Product Delivery process to accept work via Work Packages, create the specialist products, and give them back to the Project Manager. They also report on progress to the Project Manager using Checkpoint Reports.

In the hotel example, the teams involved with creating the last delivery stage’s specialist products will now be involved. These could be decorators painting the hotel, electricians wiring the lighting, IT specialists installing software, and so on.

Step 15: The Project Manager Prepares for the End of the Project

The first difference between the final delivery stage and the previous delivery stages is that at the end of this last stage, instead of using the Managing Stage Boundary process to prepare for the next stage, the Project Manager uses the Closing a Project process to prepare for the end of the project.

During the Closing a Project process, the Project Manager will do the following:

- Ensure that the project’s products are signed off and accepted by the ultimate clients. In the hotel example, the ultimate clients might be the head of the Asia Pacific region that ultimately will need to accept the new hotel.
- Create an End Project Report. This report will review the project’s performance against the original objectives that were set out in the first version of the PID.
- Update the Benefits Review Plan to check that all of the post-project benefit reviews are included.
- Give a list of Follow-on Action Recommendations to the people who will operate the project’s products.
- Create a Lessons Report that can be passed on to subsequent projects.
- Archive the project documentation.

Step 16: The Project Board Authorizes the Project to Close

The second difference between the final delivery stage and the previous delivery stages is that at the end of it, the Project Board will authorize the closure of the project rather than another stage. Board members will review all the management products prepared by the Project Manager in the Closing a Project process, and if they are satisfied that everything is complete, they will authorize the end of the project. The Project Board will carry out this authorization in the Directing a Project process.
Summary

This chapter presented a broad summary of all the features of PRINCE2 and showed you how they fit together. I described the main sections of PRINCE2: principles, themes, processes, roles, and management products.

Projects have five key characteristics that distinguish them from business as usual: they change the organization; they are temporary, with a start and an end; they involve different functions and divisions within an organization; they involve unique work that has not been done before; and they involve a lot of uncertainty.

Given all the challenges that projects introduce, project management attempts to lower the risks and increase the likelihood of a successful outcome. As you saw, there are four main areas of project management activity: planning work, delegating work, monitoring the progress, and controlling the project. These four main areas of project management work attempt to deliver the project to its objectives. In PRINCE2, there are six ways of describing a project objective: in terms of cost, time, scope, quality, risks, and benefits.

After discussing what constitutes a project, I introduced a tool that you can use to manage them: PRINCE2. The PRINCE2 method consists of four integrated elements: principles, processes, themes, and the project environment.

As you learned in this chapter, there are seven principles of PRINCE2: continued business justification, learn from experience, defined roles and responsibilities, manage by stages, manage by exception, focus on products, and tailor to suit the project environment. These are core concepts that the rest of the PRINCE2 model adheres to.

Next, you learned about the PRINCE2 processes, which describe the activities to be performed by the various project roles both before and during a project. The chapter then covered the seven themes—Business Case, Organization, Quality, Plans, Risk, Change, and Progress—which explain how certain aspects of project management should be approached throughout a PRINCE2 project.

Then, you learned how to tailor PRINCE2 to a project environment. PRINCE2 can be applied in different ways depending on such factors as the scale of the project, the industry the project is operating within, and the other specialist techniques and approaches that are being used.

In addition to the four integrated elements of PRINCE2, you learned that there are a number of other important parts. There are certain roles that need to be carried out on each project, such as a Project Manager who manages the project on a day-to-day basis. There are also 26 PRINCE2 management products, including plans, registers, logs, strategies (showing how the project will be managed), and a variety of reports. The chapter covered the whole range of benefits that PRINCE2 can bring to a project. These range from providing a common vocabulary for project management to providing a tested best-practice approach to managing projects.

Finally, you saw how the major parts of PRINCE2 are used throughout the life of a project. I suggest that you review this section a number of times—it will give you a good idea how all the parts of PRINCE2 fit together.
Exam Essentials

Define the six aspects of project performance that need to be managed. Know that the six objectives of a project can be written in terms of cost, timescales, risk, benefits, quality, and scope.

Define what a project is, how it is different from business as usual, and the characteristics of a project. Be able to define a project as a temporary organization created for the purpose of delivering one or more business products according to an agreed Business Case. Be able to name the five characteristics of a project: change, temporary, cross-functional, unique, and uncertainty. These characteristics distinguish project work from business as usual.

Define the four integrated elements of PRINCE2. Know that the four integrated elements of PRINCE2 are the principles, the processes, the themes, and tailoring to the project environment.

Understand the benefits of using PRINCE2. The PRINCE2 framework provides a range of benefits to help increase the likelihood of project success; be able to describe these benefits.

Explain the seven principles of PRINCE2. Be able to list the seven principles of PRINCE2: continued business justification, learn from experience, defined roles and responsibilities, manage by stages, manage by exception, focus on products, and tailor to suit the project environment. Explain how adhering to these principles helps increase the likelihood of project success.
Review Questions

The rest of this chapter contains mock exam questions for the Foundation exam.

Foundation Exam Questions

1. Which theme helps to ensure that the project’s products are fit for purpose?
   A. Risk theme
   B. Quality theme
   C. Organization theme
   D. Progress theme

2. Which is NOT one of the integrated elements of PRINCE2?
   A. Management products
   B. Processes
   C. Principles
   D. Tailoring to the project environment

3. Which aspect of project performance that needs to be managed helps to set the objectives for the expected return on the project?
   A. Costs
   B. Risks
   C. Benefits
   D. Scope

4. Which option represents a characteristic of projects?
   A. Involves work with no defined end point
   B. Involves work across multiple functional divisions
   C. Predictable, recurring work
   D. Involves work that brings little change to an organization

5. Which principle ensures that the range of stakeholder perspectives are represented within the project management team?
   A. Defined roles and responsibilities
   B. Continued business justification
   C. Learn from experience
   D. Tailor to suit the project environment
6. Delegating authority from one management level to the next supports which principle?
   A. Continued business justification
   B. Learn from experience
   C. Manage by stages
   D. Manage by exception

7. Which principle addresses the problem that planning beyond a certain planning horizon is difficult?
   A. Continued business justification
   B. Manage by stages
   C. Manage by exception
   D. Tailor to suit the project environment

8. What is NOT a type of management product?
   A. Blueprint
   B. Baseline
   C. Report
   D. Record

9. Which one of the integrated elements of PRINCE2 provides a stepwise progression through the project life cycle?
   A. Principles
   B. Themes
   C. Processes
   D. Tailoring to the project environment

10. What is one of the benefits provided by PRINCE2?
    A. Sets out how to manage projects in particular industries
    B. Provides motivational techniques
    C. Provides a way of diagnosing problems in projects
    D. Shows how to manage business as usual