PRINCE2® FOUNDATION
Training Manual

Covers the full PRINCE2® 2017 Foundation Syllabus

By Frank Turley
PRINCE2® Foundation
2017 Edition
Training Manual

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By Frank Turley
Colophon

Title: PRINCE2® Foundation Training Manual
Authors: Frank Turley
Expert reviewers: Nader K. Rad, Eralp Tezcan, Rouzbeh Kotobzadeh
ISBN Hard copy: 978 94 018 0260 4
ISBN eBook: 978 94 018 0261 1
Edition: First edition, first impression, November 2017
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Thank you for reading this PRINCE2 Foundation Training Manual. The main objective of this book is to provide an easy-to-read and easy-to-understand PRINCE2 Foundation training manual. The official PRINCE2 manual, “Managing Successful Projects with PRINCE2,” is an excellent reference manual, but it is not a training manual and should not be used as one, as it is very difficult to comprehend and understand if you are new to project management.

The official PRINCE2 manual also covers the complete Practitioner Syllabus, and it’s impossible to know which parts relate to the PRINCE2 Foundation syllabus, so you have to read everything. Henceforth, this book is meant to be (and is) an easy introduction to PRINCE2 based on the Foundation syllabus.

Comments

- There are some sections labeled #NR – Not Required, meaning this section is not required to pass the foundation exam but provides useful background information.

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1 Introduction – PRINCE2

1.1 The PRINCE2 Foundation Training Manual

The official PRINCE2 manual is Managing Successful Projects with PRINCE2, and it is an excellent reference manual but not easy to learn from. It is for:

- Experienced project managers who want to learn PRINCE2
- Project managers who want to have a reference manual for PRINCE2

This PRINCE2 Foundation Training Manual is different from the official PRINCE2 manual in the following ways:

- It is focused on the foundation exam syllabus.
- It is a training manual and therefore easy to learn from.
- PRINCE2 terms are explained with examples, which make them easier to understand.
- The manual is written in plain English so that you understand it the first time you read it.
- It provides many sample PRINCE2 documents.
- A project timeline overview is provided to help you understand how a project is divided up.
- Questions at the end of each chapter provide a good way to test your PRINCE2 foundation syllabus knowledge.

To summarize, if you want to learn PRINCE2 and prepare for the PRINCE2 Foundation exam, then use this PRINCE2 Foundation Training Manual. If you want a very good reference manual, then use the official PRINCE2 manual “Managing Successful Projects with PRINCE2”

1.2 What are projects?

Projects are seen as a way to introduce change, hence they are unique by nature, i.e., two identical projects are never done. Now some of you may be thinking that in your company the same projects keep repeating. Well, if they are exactly the same, then these are referred to as processes; and processes that repeat are referred to as “business as usual” or daily operations.

Let us start with a more general definition of a project. I got this from Wikipedia:

A project is a unique series of actions designed to accomplish a unique goal within specific time and cost limitations.

I like this definition, as it is concise and easy to understand. It mentions terms like “series of actions,” “unique goal,” and “within specific time and cost limitations.”

Another definition of a project is from the PMBoK® and is as follows:

A project is a temporary endeavour undertaken to create a unique product or service.

Now let us hear what PRINCE2 says a project is. This is a quote from the manual:

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.

You may not have understood this, as you need to know a little more about PRINCE2 first. It should start to make more sense in a few minutes after I explain what is meant by words such as temporary organization and business case, which appear in the definition.
The word *organization* refers to the project team, the persons involved in the project, and how they relate to each other. Each project has a definite start and end, so it is *temporary*. At the end of the project, the people involved in the project will perhaps move on to a new project.

The business case is one of the documents that exist in a PRINCE2 project. It includes information such as the reasons for the project, the expected benefits, costs and time information, and ROI (Return On Investment) calculation.

Now read the above PRINCE2 definition again.

### 1.3 Why a project management method?

Project Management deals with planning, delegating, monitoring, and controlling the project; in other words, *the administration of the project*. The role of the project manager is to achieve project objectives within the targets set mainly for time and cost.

**Let us look at some typical things that can go wrong in a project:**

- **Sample project: A new house**
  - Individual subcontractor firms are used to do the different specialist work (heating, electricity, fittings, etc.).
  - As you can imagine, these subcontractors need to be managed.

- **Scenario 1:**
  - You find out just one week before the plumbers are due to arrive that they may be delayed for one month.

- **Result of this scenario:**
  - Most of the planned work will be affected.
  - It will be difficult to reschedule other contractors.
  - You may still have to pay part of their costs for the other contractors.

- **Scenario 2:**
  - During the installation of the new window frames, you may find that the allocated space is too small.

- **Result of this scenario:**
  - Again, this may affect the rest of the project and throw it off track.

Here you can see that a person (i.e., a project manager) is needed to plan the work, monitor the work, do numerous checks and signoffs, deal with risk, deal with issues as they arise, identify areas to cut costs, and so on.

Some other common project failures are:

- Insufficient product definitions at the start, resulting in the wrong product being developed
- Lack of communication, which may cause a black cloud over the project
- Poor estimation of time and cost, which may cause the project to run out of money

And, so, I hope you see there is a need for a good Project Management method.

### 1.4 What is PRINCE2?

PRINCE2 is a generic method for project management, so it can be used for any project, from running a 1 to 2-day project, to a company acquisition or even to the construction of a hyper loop between Paris and Berlin.
PRINCE2 separates the management layer from the work to create the required products that the project has to produce (specialist work). This means that the same management layer can be used for different types of projects. The Management Layer refers to the organization of the project, such as project board, project manager, and Teams. You will see this more clearly when we discuss the process model and the PRINCE2 timeline later.

1.5 Benefits of using PRINCE2

As you might possibly imagine, there are many advantages to using a project management method; this also applies to PRINCE2. I will list a few of them below. You don’t need to remember these, but it is good to be aware of them. I will also include some examples where necessary.

**Benefit 1:** Best practice: PRINCE2 has been used for more than 35 years in many thousands of projects, and PRINCE2 keeps learning from these projects. So all the feedback, suggestions, learning from other methods, and discussions have helped PRINCE2 become a best practice.

**Benefit 2:** PRINCE2 can be applied to any kind of project. This means that PRINCE2 can be used for projects as small as organizing a meeting to huge projects the size of running an election, organizing a conference, constructing a bridge, or developing an IT System.

**Benefit 3:** PRINCE2 provides a structure for roles and accountability (also referred to as “Roles and Responsibility”). All persons on the project team should know what is expected of them. This is even more important for the project managers, as they have the duty to check that tasks are completed as agreed.

**Benefit 4:** PRINCE2 is product-focused, meaning that the product is well-defined at the start of the project and is made known to all stakeholders. As a result, everybody has the same idea of what they are working on and the expected end-product.

**Benefit 5:** PRINCE2 uses Management by Exception. This allows the project manager to handle certain project issues, but once an issue goes beyond a certain tolerance, it is escalated to the next higher management layer. Another example: A junior claims person at an insurance company could handle all claims up to the value of €500. If the claim is higher than €500, then it is escalated to their boss; and if higher than €10,000, it can be escalated to the next management level.

**Benefit 6:** PRINCE2 continues to assess the viability of the project from a business case point of view, and this happens throughout the project lifecycle. If, for example, the expected return on investment is no longer probable at any point in the project, then the project should be stopped.

You will see other benefits as you continue with this book.

1.6 PRINCE2 structure (elements)

The PRINCE2 manual says that the PRINCE2 method consists of 4 main parts, and PRINCE2 has chosen the word Elements (or Integrated Elements) to represent these 4 parts. These elements are: Principles, Themes, Processes, and Tailoring. You can use the structure of this manual to help you remember. First, you have the Principles, then the Themes, then the Processes, and finally, the last chapter, which is Tailoring.

- **Principles:** PRINCE2 says that each project should consist of all 7 PRINCE2 principles (in other words, “best practices” or good project characteristics). You learn to see these principles as common sense and that they should be included in all projects.

- **Themes:** The 7 themes answer the question regarding which items must continually be addressed during each project, e.g., business case, organization, quality, and change.
1.7 What makes a project a PRINCE2 project?

We can say that a project is a PRINCE2 project if it is:

- Applying the 7 PRINCE2 principles
- Meeting the minimum requirements as described in the PRINCE2 themes
- Using the processes and satisfying the purpose and objectives of these processes
- Using PRINCE2 or similar techniques (e.g., MoSCoW, quality review, progress evaluation)

It is also possible for a small project to be a PRINCE2 project.

1.8 What you need to know for the foundation exam

From this introductory chapter, you should be able to:

- Recognize the definition of a PRINCE2 project
- List the 4 integrated PRINCE2 elements: principles, themes, processes, tailoring
- Recognize the benefits of using PRINCE2
- Recognize what makes a project a PRINCE2 project

The word "recognize" refers to the fact that you have to recognize this information if you see it written in a question, so you can choose the correct multiple-choice answer.
2 PRINCE2 and project management

2.1 Five characteristics of a project

Projects have a number of characteristics, which is how projects differ from business as usual or a repeating process.

- **Change:** Projects are a way to introduce change.
  
  *Example:* A new sales website will change how clients will purchase items.

- **Temporary:** There should always be a definite start and end to a project, and it should stop once the required products are created. Ongoing maintenance of a product occurs after the project and is not considered part of the project.

- **Cross-Functional:** A project involves people from different business departments and seniority that work together for the duration of the project.

- **Unique:** Every project is unique, as there is always something different in each project. *Example:* Building a fourth house may be different in the following ways: the location is different, there’s a slight difference in the design, there are different owners, and owners want to change some fittings.

- **Uncertainty:** As parts of the project are unique, this brings uncertainty, as you are not 100% sure how it is going to work out. Using the above example, the owners might keep changing their minds, some of the chosen house fittings may not arrive in time, temperatures may fall to below zero, etc.

These are the 5 characteristics of the project, and you can see these in all sizes of projects.

2.2 Variables to control in a PRINCE2 project

Most people think of the two most common variables to control which are time and cost. In PRINCE2, there are 6 variables (performance targets) to control in a project and these are: Timescales, Costs, Quality, Scope, Benefits, and Risk. You could also say that these are the 6 aspects of project performance to be managed during a project.

An easy way to remember them is to use the words **TeCQuila SoBeR.** This will give you Timescales, Costs, Quality, Scope, Benefits, and Risk. Or you can use the memory aid “BC QRST.”

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**Fig 2.1:** PM Dashboard Example

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See Figure 2.1 project manager dashboard example. It shows a dial for each of the 6 performance targets, and the project manager will keep monitoring these during the project. In fact, if any person asks the PM how the project is going, they could just show this project dashboard and nothing else.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Timescales</strong></td>
<td>The question to ask for timescales is, <em>“When will the project be finished?”</em></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td>Projects have to give a return on investment; therefore, the questions to ask are: <em>Are the costs being controlled? and are we within budget?</em></td>
</tr>
<tr>
<td><strong>Quality</strong></td>
<td>Will the product be usable at the end of the project (in other words, <em>fit for purpose</em>) and are products passing their quality checks?</td>
</tr>
<tr>
<td><strong>Scope</strong></td>
<td>Is the scope well-defined and clear to all stakeholders? Care must be taken by the project manager to avoid scope creep, which is to allow new low-value requirements to be added during the project.</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>Why are we doing this project and what are the benefits? Benefits must be known, clear, and measurable, and the benefits need to be delivered.</td>
</tr>
<tr>
<td><strong>Risk</strong></td>
<td>All projects are unique and therefore have risk. How much risk can we take on and how can risk be managed? For example, in a project concerned with building a house, what happens if one of the subcontractors does not show up?</td>
</tr>
</tbody>
</table>

PRINCE2 deals with the planning, delegation, monitoring, and controlling of all 6 project variables (performance targets). The PMBoK uses the term “6 competing project constraints.”

### 2.3 Projects in context

PRINCE2 assumes that there will be a customer and a supplier in each project.

- The customer will specify the desired result and perhaps pay for and use the products delivered by the project.
- The supplier will provide the resources and skills to deliver the desired products. This can be a person, group, or even a group of groups (e.g., a group of contractor companies).

The requests for projects have to come from somewhere outside the project (level above the project), and they can come from: 1) a programme, 2) upper management (corporate), or 3) a customer. PRINCE2 refers to the organization that commissions a project as *corporate, programme management, or the customer.*
Fig 2.1 Portfolios, programmes, and projects

Projects can exist within many contexts. Projects can be stand-alone with no connection to any other project or they may be part of a programme or portfolio. Figure 2.1 shows how projects may fit within a programme and portfolio context or may be stand-alone.

Definition: Programme

A programme is a temporary flexible organization structure created to coordinate, direct, and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to the organization’s strategic objectives.

A programme is likely to have a life that spans several years (for example, rolling out a new organization ERP system), and this can contain numerous projects. I would suggest that fewer than 25% of all companies have a proper functioning programme office.

Definition: Portfolio

A portfolio is the totality of an organization’s investment in the changes required to achieve its strategic objectives.

In other words, a portfolio is a group of projects and programmes for the organization which are selected and managed in one group. This group of projects and programmes helps the organization advance its goals.

2.4 Projects in a commercial environment

Customer / Supplier contract

Some projects will use a contract which will detail the customer’s requirements and what the supplier must do to satisfy the needs of the customer (quality requirements and acceptance criteria). This contract will describe how the customer and supplier will work together; e.g.:

- Project approach
- How reporting will be done
- Roles and responsibility of the customer (provide clear requirements and feedback)
- Procedure for change requests
- Procedure for reporting issues
- How products will be tested and accepted, etc.

In larger projects (e.g., a bypass road around a town), there may be many subcontract suppliers, and in this case, there will be multiple contracts. These contracts could be between the town and the suppliers or between the town and one prime supplier. The prime supplier would then have a contract with all the other suppliers in the project. Other examples of such projects include:

- joint ventures