BEST PRACTICE

PRINCE2®
2009 Edition
A Pocket Guide

	Pre-project	Initiation stage	Subsequent delivery stage(s)	Final delivery stage
Directing	SU	Directing a Project		
Managing		SB / IP	SB / Controlling a Stage	CP / Controlling a Stage
Delivering			Managing Product Delivery	Managing Product Delivery

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PRINCE2
LICENSED PRODUCT

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PUBLISHING

PRINCE2® 2009 EDITION – A POCKET GUIDE

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PRINCE2® 2009 Edition
Edition
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Colophon

Contents

Chapter 1
Introduction

PRINCE2® is a generic project management method which focuses on the management aspects of projects. PRINCE2® was originally launched in 1996 by the CCTA. Since then several versions have been launched. The newest update of the method has been published in June 2009.

PRINCE2® is now a registered trade mark of AXELOS. Additionally AXELOS provides certification to organizations, activities and persons related (but not limited to) projects, programmes and risk based on the methods owned by AXELOS, such as ITIL®, PRINCE2®, MSP™, M_o_R®, P3O® and P3M3™.

1.1   The purpose of this guide

This pocket guide supplies a summary of the PRINCE2 method. It is intended to provide a quick introduction as well as a structured overview of the method and to act as a reference for those who have studied the method in the past and want to use the method now in the day-to-day management of their projects.

1.2   What is a project?

A project is a set of related activities within a temporary organization that is created to deliver, according to agreed conditions, one or more predefined products or services.

Within the context of the method of PRINCE2 a project is defined as:

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

1.3   Why are projects important?

Projects are mainly carried out under conditions where normal business operations cannot deliver properly. One of these conditions is when the business operations have to transform to meet new requirements, in order to survive or to compete in the future.

The temporary organization of projects makes it possible to bring all stakeholders together to deliver the required products or services. The structure and processes within a proper project management method enforce focus, support and commitment for the products and services that are to be delivered. Projects are therefore an important means to support change.

As business change is becoming more and more important in the present governmental activities and business operations, projects nowadays are crucial in professional life.

1.4   What makes a project different from regular business?

Based on the definition of a project, there are a number of characteristics of projects that distinguish project work from regular business operations:

Change – most projects are carried out in a changing environment and are, at the same time, the means by which the organization introduces these changes. This will often cause severe resistance from the parties involved. The project has to manage this resistance and, increasingly, has to contribute in diminishing this resistance in addition to also meeting its requirements in terms of delivering the predefined products and services.

Temporary – this is an essential condition for a project. Without this, there is no project. A project ends automatically when the predefined products or services are handed over to the customer. Projects by nature are finite, they have a predefined start and end.

Cross-functional – projects involve a team of people with different skills and functions, most often from different organizational entities. This can be from within a single organization or from several organizations.

Unique – every project is different, even when an identical product or service is delivered. The context is always different and there are always differences in objectives, new team members or other parties involved. This makes each project unique in relation to every other project.

Uncertainty – all the characteristics above result in uncertainty and this will always introduce opportunities and threats. You cannot exclude this, you only can manage it. Projects are typically more risky than the normal business operations. Management of risk (uncertainty) is therefore at the core of project management.

1.5   What is project management?

Project management is the planning, delegation, monitoring and control of all aspects of the project, and the motivation of those involved, to achieve the project objectives within the expected performance targets for time, cost, quality, scope, benefits and risks, see figure 1.1.
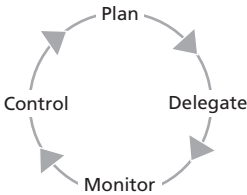
Figure 1.1 Project management cycle (Source: AXELOS)

The purpose of project management is to keep control over the specialist work required to create the project's products.

Project management, therefore, within this definition is not limited to the work of the Project Manager. Project management is a duty of all involved in the management of the project. This includes the Executive, the members of the Project Board, the Project Manager and the respective Team Managers.

1.6   What does a Project Manager do?

The Project Manager is responsible for the day-to-day management of the project, within the directions set by the Executive/Project Board.

As part of this day-to-day management, the Project Manager is responsible for the planning, delegation, monitoring and control of the works to be carried out, as well as for the management of other aspects of the project, such as:

- Engagement of stakeholders to create support and commitment and to diminish resistance;
- Planning and monitoring of the benefits to be achieved in the customer organization through the project output;
- Motivation of team members and all who are contributing to the project.

1.7 What is it all parties involved wish to control?

There are considered to be six basic aspects involved in any project:

Costs – the costs involved to create the defined project products. This also includes the costs to manage the project.

Time – the total lifecycle of the project and/or the date of handing over the project products.

Quality – the product's ability to meet its requirements.

Scope – what is included in the project product? What has to be delivered and what not? What work has to be carried out and what not?

Risks- the management of threats as well as the management of the opportunities.

Benefits – the benefits to be realized based on the project's output.

In addition to these basic aspects, other aspects are often involved in projects, such as health, environment, safety and security, together with issues such as support and commitment.

Chapter 2
Introduction to PRINCE2

PRINCE2 is a structured project management method, based on best practice.

PRINCE2 is a non-proprietary method. Project Managers and others are free to use the method in their own practice.

PRINCE2 is truly generic. It can be applied to any project, regardless of scale, type, organization, geography or culture. However the method always has to be tailored to the project in hand.

PRINCE2 achieves this by isolating the management aspects of project work from the specialist contributions, such as design, construction, etc. However the specialist work can easily be integrated with the PRINCE2 method.

Because PRINCE2 is generic and based on proven principles, organizations can easily adopt the method as a standard and substantially improve their organizational capability to perform projects and deliver change.

PRINCE2 is protected by trademark. Professional training is restricted to Accredited Training Organizations and their Affiliates. See the websites of the APMG and its subsidiary offices.

2.1   Structure of PRINCE2

The PRINCE2 method addresses project management from four different perspectives, see figure 2.1:
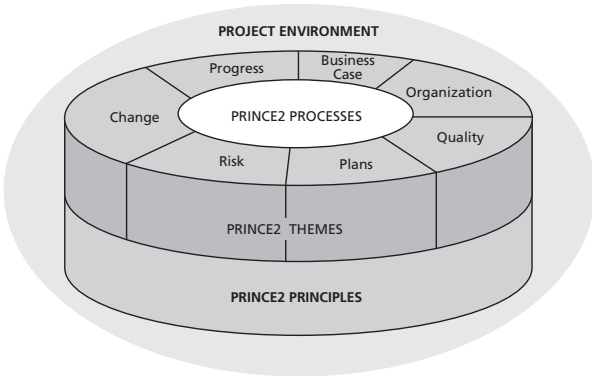
Figure 2.1 The structure of PRINCE2® (Source: AXELOS)

1. **Seven Principles** – these are the guiding obligations and good practices which determine whether the project is genuinely being managed using PRINCE2. Unless all of them are applied, a project it is not considered a PRINCE2 project.
2. **Seven Themes** – these describe the aspects of project management that must be addressed continually and in parallel throughout the project. The themes explain the specific treatment required by PRINCE2 for various project management disciplines and why they are necessary.
3. **Seven Processes** – these describe a step-wise progression through the project lifecycle. Each process provides checklists of recommended activities, products and related responsibilities.

4. **Tailoring PRINCE2** – this relates to the tailoring of PRINCE2 to the specific context of the project. This context depends on specific project factors as well as environmental factors.

2.2 Related AXELOS guidance

PRINCE2 is part of a suite of guidance, see figure 2.2, since 2014 owned by AXELOS, which is aimed at helping organizations and individuals manage their projects, programmes and services consistently and effectively.
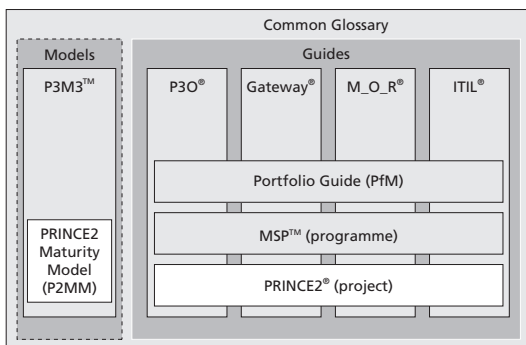
Figure 2.2 AXELOS Best Practice Guidance (Source: AXELOS)

P3M3™ – Portfolio, Programme and Project Management Maturity Model is a reference guide for structured best practice. It breaks down the broad disciplines of portfolio, programme and project management into hierarchy of Key Process Areas (KPAs). P3M3 distinguishes five maturity levels.

P2MM – PRINCE2 Maturity Model describes a set of KPAs required for the effective implementation and use of PRINCE2 within an organization. P2MM is derived from P3M3.

P3O™ – P3O stands for Portfolio, Programme and Project Office. This framework provides guidance on how to define, establish and operate such an Office (Project Management Office, PMO).

Gateway™ – OGC Gateway Review Process is a well established project and programme assurance review process, which is mandated for all UK Government high-risk programmes and projects.

M_O_R® – Management of Risk puts the management of project risk into the context of the wider business environment.

ITIL® – IT Infrastructure Library provides a cohesive set of best practice guidance for IT service management.

PfM – Portfolio Management Guide explains the key principles of portfolio management.

MSP™ – Managing Successful Programmes – represents proven programme management best practice in successfully delivering transformational change.

2.3   What PRINCE2 does not provide

There are three broad areas which are deliberately outside the scope of PRINCE2:

Specialist work – PRINCE2's strength is in its wide application. Consequently industry-specific or type-specific activities are outside the scope of PRINCE2. However PRINCE2 can easily be aligned to specialist lifecycle models.

Techniques – there are many proven planning and control techniques. Such techniques are well documented elsewhere. Techniques are only included in PRINCE2 where they contribute to the specific PRINCE2 treatment of a theme, e.g. the product-based planning technique for developing plans.

Leadership capability – leadership and other social skills are inherently important in project management but impossible to codify in a method.

Also these are well documented elsewhere. However the principles, themes and processes of PRINCE2 facilitate a good performance of these skills and contribute in this way to the performance of the project too.

2.4   Benefits of PRINCE2

PRINCE2 delivers benefits to all parties concerned, especially the customers, suppliers and the Project Manager. Although most characteristics of PRINCE2 are of benefit to all, a certain sub-division can be made:

- Proven best practice, widely recognized;
- Can be applied to any type of project;
- Provides a common vocabulary and approach;
- Integrates easily with industry-specific standards;

- Allocates resources as part of the go/no-go moments;
- Thorough but economical structure of reports;
- Restricts meetings to only those that are essential;

- Promotes learning and continuous improvement;
- Promotes reuse of project assets, facilitates staff mobility;
- Availability of Accredited Training Organizations;

- Clear roles and responsibilities for all participants;
- Focus on continuous justification of the project;
- Participation of stakeholders in planning and decision making;
- Management by Exception for senior management;

- Product focus: what a project will deliver;
- Plans meet the needs of different levels of management;
- Quality control during whole lifecycle of the project;
- Manages business and project risks;

- Ensures issues are escalated;
- Diagnostic tool for assurance and assessments.

2.5   How to use this pocket guide

Of course this pocket guide can be read from cover to cover. However for those who wish to get a quick introduction to the PRINCE2 method, you are advised to read in particular the introductory chapters (chapters 1 and 2) together with chapter 4 Principles, chapter 5 Overview Themes and chapter 13 Introduction to PRINCE2 Processes.

The senior management of the project are advised to read in addition chapter 15 Directing a Project and chapter 21 Tailoring PRINCE2. For a specific reference the respective chapter can be read in conjunction with the corresponding appendices.

PRINCE2 management products, as defined in appendix A Outline Product Descriptions and appendix C Roles and Responsibilities, are written in the text with a capital for the reader's convenience.

Chapter 3
PRINCE2 2009 Edition versus 2005 Edition

The essential improvement is that PRINCE2 has become much more principle based. PRINCE2 is now much more than just a set of rules and regulations, see figure 3.1.
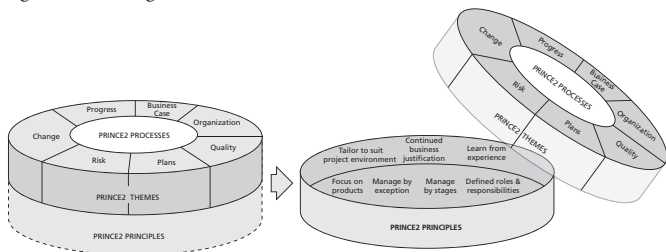
Figure 3.1 PRINCE2 is now much more based on principles (Based on AXELOS, PRINCE2 material)

3.1   Main structural changes

- A chapter added about principles, making principles now explicit instead of implicit;
- More guidance on tailoring. This has become now a separate chapter;
- Less prescriptive. The emphasis is on working in the spirit of PRINCE2 instead of simply adhering to the regulations of the manual;
- Less bureaucratic. Sub-processes have been changed into activities. Fewer management products have been defined;
- Greater emphasis on seeking lessons;
- Improved linkage with other AXELOS products;
- More references to possible techniques;
- Acceptance of the reality of phased handover.

3.2   Changes to the manual

- The manual has been reduced from around 450 pages to nearer 300 pages, primarily by removing duplication;
- Components have become Themes, and have been positioned before the processes;
- There are only seven themes. Configuration Management has been integrated into the theme Change;
- The component Controls has become the theme Progress;
- The section Technique has been removed. The techniques now forming an integral part of the relevant themes;
- The number of processes has been reduced to seven; Planning is now integrated in the theme Plans;
- More guidance for Project Board members. There is a separate manual for board members entitled 'Directing Successful Projects with PRINCE2';
- The annex Risk Categories has been removed;
- The annex Health Check by Component has been replaced by a checklist by process.

3.3   Detailed changes

Themes
- **Business Case** – Post Project Review Plan is now called Benefits Review Plan and is now initially produced during Initiation and reviewed and updated at the end of each stage. Justification is based on whether the Business Case is desirable, viable or achievable. The development path of the Business Case is divided into develop, verify, maintain and confirm. The Business Case also contains an executive summary, dis-benefits and benefit tolerances.
- **Organization** – the four layers of management are now described as corporate or programme management, directing, managing

and delivering. The Change Authority role is now shown in the organization structure. The Configuration Librarian is now part of Project Support. Conforming to MSP Managing Successful Programmes, the Senior User specifies the benefits and is held to account by having to demonstrate to corporate or programme management that the forecasted benefits are realized.

- **Quality** – there is a greater focus on products. The 'path of quality' has been changed to 'quality audit trail' with two overlapping activities of quality planning and quality control. The Project Product Description is introduced, which includes the customer's quality expectations, the acceptance criteria and the project level quality tolerances. The Project Quality Plan is replaced by the Quality Management Strategy. The scope of a plan is defined as the sum total of its products.
- **Plans** – the Product Description for the final product is now known as the Project Product Description. In addition, a Product Description is now required for all identified products. The technique Product Based Planning is less prescriptive: "When presenting the product breakdown structure <u>consider</u> the use of different shapes, styles or colors for the different type of products".
- **Risks** – this whole chapter has been rewritten, so that it aligns to M_O_R™ (Management of Risk). Opportunity responses have been defined. There is recognition of the roles of Risk Owner and Risk Actionee.
- **Change** – the Daily Log is now used to record problem/concerns that can be handled informally by the Project Manager. The issue and change control procedure has been revised. The configuration management procedure has been integrated.
- **Progress** – this theme supersedes the component Control. All references to the project start-up and the controlled close have been removed.

Processes

- **Starting up a Project (SU)** – SU now includes 'Capture previous lessons'. The Project Management Team structure and role descriptions, the project approach and the Project Product Description are now part of the Project Brief. Only the Daily and Lessons Log are created in this process.
- **Directing a Project (DP)** – DP now starts after SU. The process itself remains almost the same.
- **Initiating a Project (IP)** – IP now starts with the creation of the Risk, Quality, Configuration and Communication Management Strategies. Also all the registers are created in this process. The PID is now described as the Project Initiation Documentation. The PID should state how the PRINCE2 method is being tailored.
- **Controlling a Stage (CS)** – the activities 'Capture and examine issues and risks' are now combined.
- **Managing Product Delivery (MP)** – this process remains almost the same.
- **Managing a Stage Boundary (SB)** – the activity 'Update the Risk Register' is integrated in 'update the Business Case'. The PID and the Benefits Review Plan are updated. Creating a Lessons Report and recommendations for follow-on actions may be part of this process now.
- **Closing a Project (CP)** – the Lessons Report and the follow-on actions recommendations are now part of the End Project Report. The activity 'Hand over products' is introduced.

Tailoring PRINCE2 to the project environment

This is a new chapter. Where in the past this aspect was addressed is the different chapters, this aspect is now addressed in one chapter. In addition this subject has been broadened in respect to the 2005 edition. There is distinguished embedding PRINCE2 in an organization and tailoring PRINCE2 to a project.

Special attention is given for tailoring projects in a programme environment and for tailoring PRINCE2 to the project scale, to a commercial customer/supplier environment, to multi-organization projects, to different project types and to sector differences.

Appendices

A. Product Description outlines – The number of products has been reduced from 36 to 26. Additional is the format and presentation of the individual products.

B. Governance – This appendix is new and shows how PRINCE2 addresses the governance principles published by the Association for Project Management in the UK.

C. Roles and responsibilities – The role of Change Authority has been added. The role of Project Support Office has been deleted. The role of Configuration Librarian is incorporated in the role of Project Support.

D. Product based planning example – This example is transferred from the Product based planning technique to appendix D. The Project Product Description and an example of a product breakdown structure in a format of a mind map and a simple list have been added.

E. Health check – The questions are now grouped per process in stead of per component. Special attention is given to the questions for the different activities within Direct a Project.

Further information – A short summary is given of the suite of guidance developed by the Office of Government Commerce.

Glossary – This list has been extended in respect to the 2005 Edition.