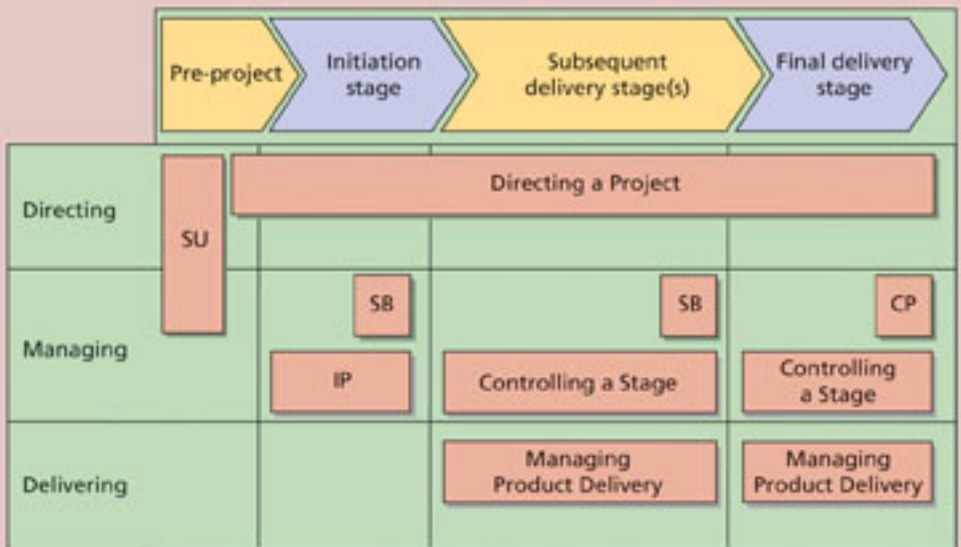


# Passing the PRINCE2® 2009 Edition Foundation exam

## A STUDY GUIDE



Bert Hedeman

Gabor Vis van Heemst

Steffi Triest

## Passing the PRINCE2 2009 Edition Foundation exam - A Study Guide

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A Study guide

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# Colophon

Title:	Passing the PRINCE2® 2009 Edition Foundation exam – A Study guide
Series:	Best Practice
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Reviewers:	Pierre Bernard (Pink Elephant Canada) Eddie Borup (ibp Solutions) Hans Fredriksz (ISES)
Publisher:	Van Haren Publishing, Zaltbommel, <a href="http://www.vanharen.net">www.vanharen.net</a>
ISBN:	978 90 8753 622 0
Print:	First edition, first impression, June 2011
Layout and typesetting:	CO2 Premedia, Amersfoort – NL
Copyright:	© Van Haren Publishing 2011

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# 1 About this book

The purpose of this book is to provide guidance to the readers in order to gain a basic understanding of the PRINCE2 method and to pass the PRINCE2 Foundation exam. For the content of the method this book has been based on the manual 'Managing Successful Projects with PRINCE2™'. This is a publication of the OGC, Office of Government Commerce. For the exam specifications this book has been based on the exam syllabus: *Managing a Successful Project using PRINCE2® - Syllabus 2011*. For the Foundation examination candidate guidance we have made use of the publication *PRINCE2 Foundation exam - Candidate Guidance V1.2*. These two are publications of the APM Group Ltd.

This book starts with the performance definition of a Foundation candidate and the examination format from the syllabus. Thereafter all fifteen syllabus areas are described per learning objective. In Appendix A.1 a glossary is included, together with examination guidance, a multiple choice answer key, and relevant publications and contact addresses.

1. About this book
2. Introduction to the syllabus
3. Overview, principles and tailoring PRINCE2 to the project environment
- **Section I Themes**
  4. Business Case
  5. Organization
  6. Quality
  7. Plans
  8. Risk
  9. Change
  10. Progress
- **Section II Processes**
  11. Starting up a Project
  12. Directing a Project
  13. Initiating a Project
  14. Controlling a Stage
  15. Managing Product Delivery
  16. Managing a Stage Boundary
  17. Closing a Project
- **Appendices**
  - G1 Glossary
  - G2 Foundation examination candidate guidance
  - G3 Multiple choice answer key
  - G4 Organizations
  - G5 References
  - G6 About the authors

## Structure of the chapters

The chapters covering the syllabus areas follow a standardized structure. First the purpose of the syllabus section is given, there then follows a summary of the learning objectives, the essential definitions, an introduction to the syllabus area and thereafter the description of the individual learning objectives. Finally a set of sample multiple choice questions are given at least one for each learning objective. The answer keys are given in Appendix A.3.

## Spelling of the PRINCE2 terms

PRINCE2 recognizes specific management products and roles. For the purpose of identification, these products and roles are always written with a capital letter: for example Executive and Business Case. In addition all PRINCE2 processes are also written with a capital letter. Activities within a process, however, are not characterized by a capital letter.

## 2 PRINCE2 syllabus

### Introduction

The *PRINCE2 2009 – Syllabus V1.1* provided by the APM Group provides exam candidates a breakdown of all the learning objectives that are tested in both the PRINCE2 Foundation and Practitioner exams. However, this book focuses on the Foundation level and, therefore, only information that is relevant to pass that exam is given.

The structure of this book follows the structure of the syllabus since it should form the basis of any learning materials and therefore will be explained further. We have included here the information given in the separate publication of APM Group, *PRINCE2 Foundation Exam Candidate Guidance*.

### Performance definition of a successful candidate for the Foundation examination

The Foundation examination will measure whether a candidate could act as an informed member of a project management team on a project using PRINCE2. Candidates need to show that they understand the principles and terminology of the method, and that they specifically understand:

- The purpose and responsibilities of all roles;
- The seven principles, the seven themes and the seven processes, the product-based planning and the quality review technique;
- Which management products are input to, output from and updated in the seven processes;
- The purpose of all management products and the composition of the Business Case, Product Descriptions, Issue Report and the Issue, Risk and Quality Registers;
- The relationship between the principles, processes, themes, products and roles within a PRINCE2 project.

The examination takes one hour and consists of 75 multiple choice questions which cover all 15 areas of the PRINCE2 Foundation syllabus. The exam is a closed book exam. No support material is permitted.

One hour  
75 questions  
Multiple choice  
50% pass mark\*  
Closed book

## Learning outcome assessment model

APMG has incorporated the Bloom's Taxonomy of Educational Objectives (Bloom et al.; 1956) into the Learning Outcomes Assessment Model, which is used as a basis for developing the exam qualification scheme and syllabuses. The adaptation of the generic model uses a four-step learning level. Levels 1 and 2 represent the Foundation level. Levels 3 and 4 are relevant for the Practitioner examination only and not applicable for the Foundation:

Table 2.1 Four-step learning level

1. Knowledge	Able to recall manual facts, including terms, concepts, principles, themes, processes, and responsibilities.
2. Comprehension	Understands the principles, processes, themes, the project's environment and roles, and can explain how these are applied on or involved with a project.
3. Application	Demonstrates application of the method through: <ul style="list-style-type: none"> <li>• appropriate use of themes;</li> <li>• creation of management products;</li> <li>• ability to apply appropriate tailoring of the processes and themes</li> </ul>
4. Evaluation	Ability to evaluate the use of the method through appraisal of completed products and project events for a given project scenario.

## Syllabus areas

The following syllabus areas and associated abbreviations for the syllabus areas are used:

Table 2.2 Syllabus areas

Syllabus area Acronym	Syllabus area
OV	Overview, Principles and Tailoring PRINCE2 to the project environment
BC	Business Case theme
OR	Organization theme
QU	Quality theme
PL	Plans theme
RK	Risk theme
CH	Change theme
PG	Progress theme
SU	Starting up a Project process
DP	Directing a Project process
IP	Initiating a Project process
SB	Managing a Stage Boundary process
CS	Controlling a Stage process
MP	Managing Product Delivery process
CP	Closing a Project process

For each syllabus area the respective learning outcomes and topics as specified in the PRINCE2 2009 – Syllabus V1.1 are given.

Table 2.3 Learning outcomes, levels and topics

Learning outcome (topic header)	What you will have to know, understand or do in order to demonstrate competency in that topic for each level of examination.
Level	Classification of the learning outcome against the APMG Learning Outcome Assessment Model.
Topic	Aspects that a candidate has to master to demonstrate that a learning outcome has been achieved for the Foundation level.



## 3 Overview, principles and tailoring PRINCE2 to the project environment

### Learning outcomes

Syllabus area	Topic	Topic description	Level
Know facts, terms and concepts relating to the overview, principles and tailoring PRINCE2 to the project environment. Specifically to recall the:			
OV	o1	Six aspects of project performance to be managed	1
OV	o2	Definition of a project	1
OV	o3	Four integrated elements of principles, themes, processes and the project environment upon which PRINCE2 is based	1
OV	o4	Customer/supplier context of a PRINCE2 project	1
Understand terms and concepts relating to the overview, principles and tailoring PRINCE2 to the project environment, and explain how these are applied on/are involved with a project. Specifically to identify the:			
OV	o5	Benefits of using PRINCE2	2
OV	o6	Seven principles	2
OV	o7	Characteristics of a project	2

### Definitions

- **Project** – A temporary organization that is created for the purpose of delivering one or more business products according to an agreed Business Case.
- **Project management** – The planning, delegating, monitoring and control of all aspects of the project, and the motivation of those involved, to achieve the project objectives within the expected performance targets for time, cost, quality, scope, benefits and risks.
- **PRINCE2** - A method that supports some selected aspects of project management. The acronym stands for PRojects IN a Controlled Environment.

### Introduction

Project management is increasingly becoming a profession. In the past project management was a task taken on in addition to regular work, whereas nowadays project management is a separate profession from which many people earn a living. However, despite the increased levels of professionalism, projects still frequently fail. Some failed projects hit the headlines, but most are never heard of again. There is no simple reason why projects fail, but a lack of an effective method for managing projects is one of the major causes.



An effective project management method helps the Project Manager to organize and manage a project in a continually changing environment while still involving all the stakeholders. PRINCE2 is such a method and uses the fundamental principles of good project management.

PRINCE2 stands for 'Projects in a Controlled Environment' and is the de facto project management standard in the UK government. Throughout the world PRINCE2 is being used increasingly as *the* method to manage projects.

The method is generic, resulting in it being independent of the type of project. It creates a clear distinction between the specialist and the management aspects within projects. Consequently the method is easy to use and can be simply introduced as a standard within organizations.

The OGC (Office of Government Commerce) holds the copyright to the PRINCE2 brand and to the PRINCE2 methodology, but the method can be used freely.

## Definition of a project (OV02)

It is important to recognize the difference between a project and 'business as usual'. Lack of clarity as to what a project actually is can lead to a lot of friction and frustration.

In the context of the above, PRINCE2 describes 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.*

A temporary organization entails staff temporarily being assigned to a different set of responsibilities and authority. Business products are products or services that provide added value for the customer. A Business Case is a justification for initiating and delivering a project. In a Business Case the anticipated benefits and estimated costs for the project are recorded, as well as the time over which the benefits will be realized.

## Characteristics of a project (OV07)

Projects differ to business as usual in the following ways:

- **Change** – Projects are the means by which change is introduced. Therefore projects always have to deal with the changes in the client organization.
- **Temporary** – This is a distinguishing feature of projects. Projects have a defined start and end date. The project finishes as soon as the pre-agreed products and/or services have been delivered and handed over to the customer.
- **Cross-functional** – The different competencies have to work together in one team from different perspectives and motivations, from both the customer and the supplier side.
- **Unique** – Every project is different because every change is different; the output or the objectives differ; the people involved differ. No two projects are the same.

- **Uncertainty** – All the previous characteristics cause extra threats and opportunities. Projects typically encounter more risks than business as usual.

## Customer/ supplier context of a PRINCE2 project (OV04)

PRINCE2 is based on a customer/supplier environment. This assumes that there is always a customer who wants to receive a specific output and a supplier who wants to deliver that specific output. The supplier can be part of the same organization as the customer, but may also be an external party.

The Project Manager is, by default, from the client organization. However, the role of the Project Manager can also be fulfilled by an external contractor or a representative of the supplier.

## Six aspects of project performance to be managed (OV01)

Within PRINCE2, project management is defined as the planning, delegating, monitoring and control of all aspects of a project and the motivating of all parties involved to achieve the project's objectives within the agreed performance targets for time, costs, quality, scope, benefits and risks (see figure 3.1).

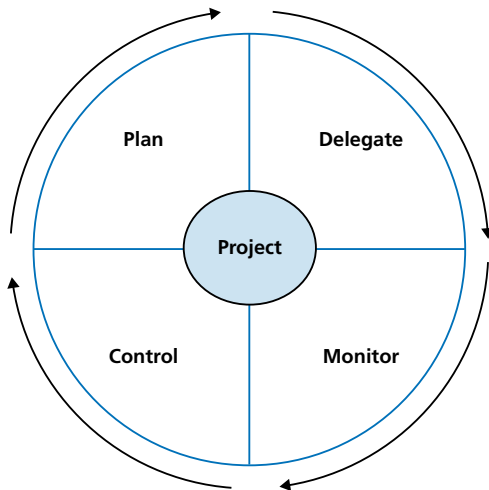


Figure 3.1 Cycle of project management

These six control aspects have to be managed by the Project Manager in each project:

- **Time** – This refers to the total lifecycle of the project including the handing over of the end result.
- **Costs** – This refers to the total costs of creating the project products, including the project management costs.
- **Quality** – Staying within budget and delivering on time is not enough. The end result also has to be fit for use and fit for purpose.

- **Scope** – What is the total scope of the project? What is exactly to be delivered and what not? What work has to be done and what does not?
- **Risks** – Every project has a degree of uncertainty and therefore contains risks. In itself this is not a problem, as long as it is managed well. Managing the threats - as well as the opportunities - is thus an absolute must.
- **Benefits** – Perhaps the most important questions in projects are ‘why are we doing this?’, ‘what are we trying to achieve by doing this?’, ‘what advantages can be gained from the end result?’ and ‘are the costs still in the right proportion to the anticipated benefits?’.

## Four integrated elements of principles, themes, processes and the project environment upon which PRINCE2 is based (OV03)

The PRINCE2 method is based on four integrated aspects of project management:

- **Principles** – The fundamental principles and best practices to which any given project must comply if it is to be a PRINCE2 project.
- **Themes** – The minimum management aspects that must be managed by the Project Manager throughout the project. Each theme describes the specific application and its necessity.
- **Processes** – The processes describe the entire lifecycle of the project step-by-step, from starting up to closure. Each process describes the requisite activities, management deliverables and related responsibilities.
- **Tailoring to suit the project environment** – PRINCE2 cannot be successful until it is applied ‘sensibly’. Adjusting the method to the type of project and the project environment is, therefore, crucial.

PRINCE2 does not provide:

- **Specialist aspects** – This is also one of the strengths of the method. As a result of this, PRINCE2 can be applied to any type of project.
- **Detailed techniques** – Except for product-based planning and quality review no techniques are described within the method, as all the other common techniques are well documented or industry-specific.
- **Leadership** – Leadership, motivation and other social skills are immensely important, but cannot be addressed in one method. However, through the structure of the method, PRINCE2 supports leadership within the context of the project.

## Seven principles (OV06)

PRINCE2 offers a project management method independent from the specific characteristics and the context of a project. This is possible due to the fact that PRINCE2 is based on a number of principles that a project must satisfy and not on a prescribed set of procedures and templates.

These principles have been shown to be effective over the years, and they are universal and can be used in any project. These principles also serve to motivate the users of the method, because it offers them the opportunity to organize and tailor the project in terms of specific characteristics and context. For a PRINCE2 project, however, the application of these principles is not optional. If you do not think and act from the perspective of these principles, you cannot call it a PRINCE2 project!

### **1. Continued business justification**

For every PRINCE2 project there must be a business reason to commence it. This reason is the project's business justification and is indispensable as a foundation for making decisions with regard to the project. Although the business justification can change during the course of the project, it will still have to remain valid and thus be tested continually. This justification is set down in the Business Case, formally approved and then subjected to formal change control.

### **2. Learn from experience**

PRINCE2 project team members learn from experience. Lessons are not only sought but also recorded and applied during the project. Project management is a profession. It is a trade that must primarily be learned by applying it.

### **3. Defined roles and responsibilities**

A PRINCE2 project has clearly defined roles and responsibilities organized in such a way that the interests of the business, user and supplier are represented. A temporary organization is required for the purpose of delivering the result, including the accompanying tasks, responsibilities and authority. These can sometimes be profoundly different to the normal rules and cultures within the business as usual organization.

### **4. Manage by stages**

A PRINCE2 project is divided into stages. It provides the opportunity to direct the project on a step-by-step or stage-by-stage basis. Each stage boundary provides a formal checkpoint, allowing approval of the (interim) products already assessed as well as detailed planning of the next stage on the basis of this. Working in stages also provides the Project Board with the opportunity to assess the viability of the project and to ensure control of the progress by means of predefined decision points.

### **5. Manage by exception**

Effective governance can be achieved by allocating unequivocal responsibilities and authority to the respective levels of governance. The advantage of working with the principle of management by exception is that the next higher level of management is only involved in the governance of the project if there is a specific reason for doing so. For the Executive this will only be at decision points agreed in advance, if advice and direct intervention is required, or if there is a risk of agreed tolerances being exceeded. This principle provides the Project Manager with some flexibility, limits the number of meetings and eliminates the need for the Executive and other members of the Project Board to be involved in operational matters. If it is anticipated that tolerances will be exceeded, escalation to the next higher management level is required.

## 6. Focus on products

According to PRINCE2, results-oriented working is a fundamental principle for projects. You cannot define the work to be carried out if you do not know what to deliver. The total of the project products defines the scope of the project: what is and what is not to be delivered and whether this meets the expectations.

## 7. Tailoring to suit the project environment

PRINCE2 can be used irrespective of the nature of the project and irrespective of the context within which the project is being implemented. A direct consequence is that the method does have to be tailored to be used 'sensibly', i.e. not slavishly sticking to prescribed activities and products, but also not ignoring every suggestion or recommendation in the method. Tailoring ensures that the project management method is in line with the organization's project processes and that the project controls are based on the project features and environment.

## Benefits of using PRINCE2 (OV05)

PRINCE2 is a methodology that, thanks to its continuous application, has developed to a mature level with many benefits. Here is a summary of the most important of these:

- PRINCE2 is proven best practice and widely recognized;
- Provides a common vocabulary and approach, and can be applied to any one project;
- Focuses on management aspects only and can be integrated easily with industry-specific standards;
- Management by exception for senior management;
- Focuses on continuous justification of the project;
- Clear roles and responsibilities for all participants and involvement of users and suppliers;
- Focuses on what the project will deliver to the management of business and project risks;
- Plans meet the needs of different levels of management;
- Allocates resources as part of the go/no go decision moments;
- Based on meetings that only take place if they are essential and uses economical structure of reports;
- Incorporates quality control during the whole lifecycle of the project;
- Promotes learning and continuous improvement;
- Promotes the reuse of project assets and facilitates staff mobility;
- Availability of accredited training organizations;
- Facilitates assurance and assessment of project work;
- Is a diagnostic tool for assurance and assessments.

## Multiple choice - Introduction

OV01. Which of the following describes a project the best?

- a. Driven by the output to be delivered
- b. Driven by a vision of the 'end state'
- c. Has a predefined path
- d. Is an ongoing endeavour

OV02. Which of the following is NOT a characteristic of a project?

- a. Cross-functional
- b. Unique
- c. Uncertain
- d. Repeatable

OV03. Which of the following describes the context of a PRINCE2 project the best?

- a. Based on a customer/supplier environment
- b. Based on a customer/user environment
- c. Based on a customer/client environment
- d. Based on a stipulated Business Case

OV04. Which of the following are aspects of project performance that need to be managed according to PRINCE2?

- a. Scope, Tolerances, Stakeholder, Controlling, Monitoring
- b. Time, Costs, Quality, Scope, Risks, Benefits
- c. Planning, Reviewing, Tracking, Reporting
- d. Risk, Costs, Quality, Benefits, Soft skills

OV05. Identify the missing words in the following sentence.

[ ? ] are the four integrated elements upon which PRINCE2 is based.

- a. Business Case, Plans, Controls, Quality
- b. Scope, Time, Cost, Risk
- c. Principles, Themes, Processes, Tailoring
- d. Specialist aspects, Leadership, Techniques, Benefits management

OV06. Which of the following is NOT one of the seven PRINCE2 principles?

- a. Learn from experience
- b. Tailoring to suit the project environment
- c. Defined roles and responsibilities
- d. Focus on change

OV07. Which of the following is NOT one of the benefits of using PRINCE2?

- a. Common vocabulary
- b. Availability of accredited training organizations
- c. Focus on what the project will deliver
- d. Availability of a tailored leadership methodology



## I PRINCE2 themes

The PRINCE2 themes describe those aspects of project management that have to be addressed continuously and integrally throughout the lifecycle of every project (see figure 1.1).

Business Case	> Why?
Organization	> Who?
Quality	> What?
Plans	> How, how much, when?
Risks	> What if?
Change	> What's the impact?
Progress	> Where are we now?
	> Where are we going?

Figure 1.1 PRINCE2 themes

- **Business Case** – To establish mechanisms that assess whether it is, or remains, desirable, viable and achievable to start or continue with the project.
- **Organization** – To define and establish the project's structure of accountabilities and responsibilities.
- **Quality** – To define and implement the resources by means of which the project will be able to produce and assess products that are fit for purpose.
- **Plans** – To define the scope and the means of delivering the products.
- **Risks** – To identify, assess and control uncertainties, thereby improving the capacity of a project to be successful.
- **Change** – To identify, assess and control any potential and approved change to the baseline.
- **Progress** – To monitor and compare actual achievements against those planned so that a forecast can be provided on the project objectives to be fulfilled, and to enable any unacceptable deviations to be controlled.



