

# An Introduction to PRINCE2

## Why use a Project Methodology and What Does PRINCE2 Enable?

PRINCE - **PR**ojects **IN** Controlled **E**nvironments - is a project management method covering the organisation, management and control of projects. Prince was first developed by the Central Computer and Telecommunications Agency (CCTA) in 1989 as a UK Government standard for IT project management. Since its introduction, Prince has become widely used in both the public and private sectors and is now the UK's de facto standard for project management. Although Prince was originally developed for the needs of IT projects, the method has also been adopted on many non-IT projects.

The latest version of the method, PRINCE2, was designed to incorporate the requirements of existing users and to enhance the method towards a generic, best-practice approach for the management of all types of projects. The design and development work was undertaken by a consortium of project management specialists, under contract to CCTA. Over 150 public and private sector organisations were involved in a Review Panel which provided valuable input and feedback to the consortium. The development work was completed in March 1996.

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## An overview of PRINCE2 Project Management Methodology

### Introduction

Whenever we decide we want to do something, go somewhere, build something, achieve something, we need to know the answer to some questions.

- What are we trying to do?
- When will we start?
- What do we need?
- Can we do it alone, or do we need help?
- How long will it take?
- How much will it cost?

These are the usual questions asked at the start of any project and the answers are the building blocks of project management - defining what we want to do and working out the best way we can do it.

Structured project management means managing the project in a logical, organised way, following defined steps. A structured project management method is the written description of this logical, organised approach.

We know from experience that projects which aren't organised and controlled properly usually go disastrously wrong. Some of the big ones hit the press. London Ambulance and Channel Tunnel, for example, both experienced very public problems of systems not working properly and huge overspends. Structured project management methods have been developed to try to prevent such disasters.

### What is PRINCE2?

Prince (**PR**ojects **IN** **C**ontrolled **E**nvironments) is a structured method for effective project management. It is a de facto standard used extensively by the UK Government and is widely recognised and used in the private sector, both in the UK and internationally. Prince, the method, is in the public domain, offering non-proprietary best-practice guidance on project management. Prince® is, however, a registered trademark of CCTA.

Prince was established in 1989 by CCTA (the Central Computer and Telecommunications Agency). The method was originally based on PROMPT, a project management method created by Simpack Systems Ltd in 1975. PROMPT was adopted by CCTA in 1979 as the standard to be used for all Government information system projects. When Prince was launched in 1989, it effectively superseded PROMPT within Government projects. Prince remains in the public domain and copyright is retained by the Crown. Prince is a registered trademark of CCTA.

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The method describes how a project is divided in manageable stages enabling efficient control of resources and regular progress monitoring throughout the project. The various roles and responsibilities for managing a project are fully described and are adaptable to suit the size and complexity of the project, and the skills of the organisation. Project planning using PRINCE2 is product-based which means the project plans are focused on delivering results and are not simply about planning when the various activities on the project will be done.

A PRINCE2 project is driven by its business case which describes the organisation's justification, commitment and rationale for the project's deliverables or outcome. The business case is regularly reviewed in conjunction with the project's progress to ensure the business objectives, which may well change during the life of the project, are still being met.

In today's projects, there are often different groups of people involved, including the customer, one or more suppliers, and of course the user. PRINCE2 is designed to provide a common language across all the interested parties. Bringing customers and suppliers together generally involves contracts and contract management. Although these aspects are outside of PRINCE2, the method recognises the need to provide projects with the necessary controls and breakpoints to work successfully within a contractual framework

### Why use a project management method?

Project failures are all too common - some make the headlines, the vast majority are quickly forgotten. The reasons for failure are wide and varied. Some common causes are:

- Lack of co-ordination of resources and activities
- Lack of communication with interested parties, leading to products being delivered which are not what the Customer wanted
- Poor estimation of duration and costs, leading to projects taking more time and costing more money than expected
- Insufficient measurables
- Inadequate planning of resources, activities, and scheduling
- Lack of control over progress so that projects do not reveal their exact status until too late
- Lack of quality control, resulting in the delivery of products that are unacceptable or unusable.

Without a project management method, those who commission a project, those who manage it and those who work on it will have different ideas about how things should be organised and when the different aspects of the project will be completed.

Those involved will not be clear about how much responsibility, authority and accountability they have and, as a result, there will often be confusion surrounding the project. Without a project management method, projects are rarely completed on time and within acceptable cost - this is especially true of large projects. A good project management method will guide

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the project through a controlled, well-managed, visible set of activities to achieve the desired results. Prince adopts the principles of good project management to avoid the problems identified above and so helps to achieve successful projects.

These principles are:

- A project is a finite process with a definite start and end
- Projects always need to be managed in order to be successful

For genuine commitment to the project, all parties must be clear about why the project is needed, what it is intended to achieve, how the outcome is to be achieved, and what their responsibilities are in that achievement.

### **Key Features**

The key features of Prince are:

- Its focus on business justification
- A defined organisation structure for the project management team
- Its product-based planning approach
- Its emphasis on dividing the project into manageable and controllable stages
- Its flexibility to be applied at a level appropriate to the project.

### **Benefits of using Prince**

Prince provides benefits to the managers and directors of a project and to an organisation, through the controllable use of resources and the ability to manage business and project risk more effectively.

Prince embodies established and proven best practice in project management. It is widely recognised and understood, providing a common language for all participants in a project. Prince encourages formal recognition of responsibilities within a project and focuses on what a project is to deliver, why, when and for whom. Prince provides projects with:

- A controlled and organised start, middle and end
- Regular reviews of progress against plan and against the Business Case flexible decision points
- Automatic management control of any deviations from the plan
- The involvement of management and stakeholders at the right time and place during the project

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- Good communication channels between the project, project management, and the rest of the organisation.

Managers using Prince are able to:

- Establish terms of reference as a pre-requisite to the start of a project
- Use a defined structure for delegation, authority and communication
- Divide the project into manageable stages for more accurate planning
- Ensure resource commitment from management is part of any approval to proceed
- Provide regular but brief management reports
- Keep meetings with management and stakeholders to a minimum but at the vital points in the project.
- Those who will be directly involved with using the results of a project are able to:
  - Participate in all the decision-making on a project
  - If desired, be fully involved in day-to-day progress
  - Provide quality checks throughout the project e ensure their requirements are being adequately satisfied.

For senior management Prince uses the 'management by exception' concept. They are kept fully informed of the project status without having to attend regular, time-consuming meetings.

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## Roles and Responsibilities

PRINCE2 says that a project should have:

An organised and controlled start, i.e. organise and plan things properly before leaping in;	An organised and controlled middle, i.e. when the project has started, make sure it continues to be organised and controlled;
An organised and controlled end, ie. when you've got what you want and the project has finished, tidy up the loose ends.	In order to describe what a project should do when, PRINCE2 has a series of processes which cover all the activities needed on a project from starting up to closing down.

## Project Manager

Organising and controlling a project means that we need to have someone responsible for doing the organising and controlling - this person is called the Project Manager. The Project Manager will select people to do the work on the project and will be responsible for making sure the work is done properly and on-time. The Project Manager draws up the Project Plans that describe what the project team will actually be doing and when they expect to finish.

## Customer, User and Supplier

The person who is paying for the project is called the customer or executive. The person who is going to use the results or outcome of the project, or who will be impacted by the outcome of a project, is called the user. On some projects, the customer and user may be the same person. The person who provides the expertise to do the actual work on the project (i.e. will be designing and building the outcome) is called the supplier or specialist. All of these people need to be organised and co-ordinated so that the project delivers the required outcome within budget, on time and to the appropriate quality.

## Project Board

Each PRINCE2 project will have a Project Board made up of the customer (or executive), someone who can represent the user side and someone to represent the supplier or specialist input. In PRINCE2, these people are called Customer, Senior User and Senior Supplier respectively. The Project Manager reports regularly to the Project Board, keeping them informed of progress and highlighting any problems he/she can foresee. The Project Board is responsible for providing the Project Manager with the necessary decisions for the project to proceed and to overcome any problems.

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## Project Assurance

Providing an independent view of how the project is progressing is the job of Project Assurance. In PRINCE2, there are three views of assurance; business, user and specialist. Each view reflects the interests of the three Project Board members. Assurance is about checking that the project remains viable in terms of costs and benefits (business assurance), checking that the users' requirements are being met (user assurance), and that the project is delivering a suitable solution (specialist or technical assurance). On some projects, the assurance is done by a separate team of people called the Project Assurance Team, but the assurance job can be done by the individual members of the Project Board themselves.

## Project Support

On most projects there is a lot of administrative work needed, keeping everyone informed, arranging meetings, keeping plans up-to-date, chasing things up, keeping files, etc. Project Managers often do all this work themselves, particularly on smaller projects. But if there are a number of projects going on at the same time, a Project Support Office can be setup to help the Project Managers with this work.

## Controlling Change

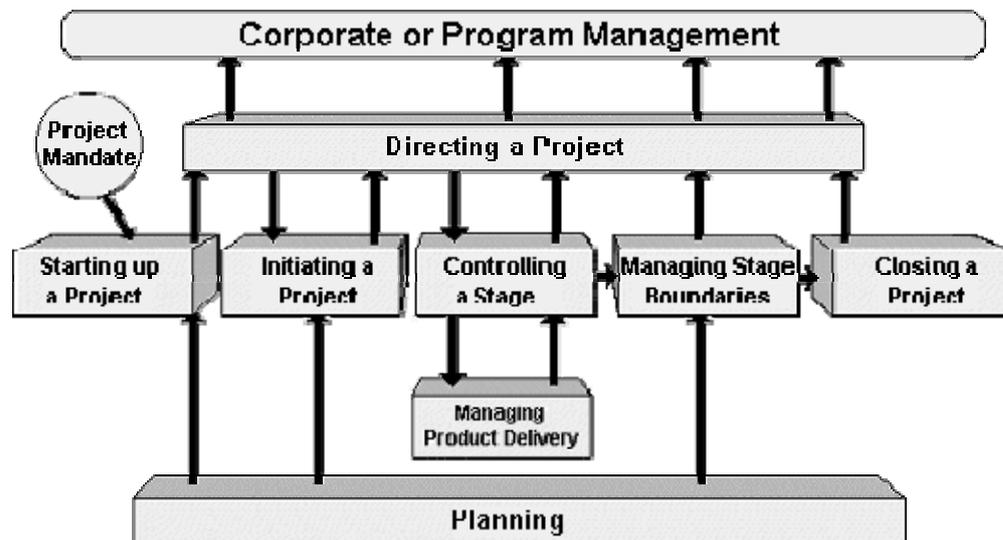
Apart from describing the different people involved on a PRINCE2 project, and what they are each responsible for, the method also explains how to manage risk, how to manage quality, and how to control change on the project. Risk Management is about working out what could go wrong and planning what to do if it does. Quality Management is about checking the quality of work done on the project, either by testing it or reviewing the work in some way. There are always lots of changes during the life of a project, people change their minds, other things happen which affect what the project is doing. PRINCE2 has a technique of controlling the way changes impact the project in order to prevent the project going off in the wrong direction.

So, PRINCE2 is a method for managing projects. It helps you work out who should be involved and what they will be responsible for. It gives you a set of processes to work through and explains what information you should be gathering along the way. But PRINCE2 doesn't do the work for you, it cannot guarantee that your projects will be successful. Good projects, which deliver quality results, on-time and within budget are dependent on the quality of people involved from Project Board down to individual team members.

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## PRINCE2 Processes

PRINCE2 is a process-based approach for project management providing an easily tailored, and scalable method for the management of all types of projects. Each process is defined with its key inputs and outputs together with the specific objectives to be achieved and activities to be carried out.



### Directing a Project (DP)

Directing a Project runs from the start-up of the project until its closure. This process is aimed at the Project Board. The Project Board manages by exception, monitors via reports and controls through a number of decision points.

The key processes for the Project Board break into four main areas:

- Initiation (starting the project off on the right foot)
- Stage boundaries (commitment of more resources after checking results so far)
- Ad hoc direction (monitoring progress, providing advice and guidance, reacting to exception situations)
- Project closure (confirming the project outcome and controlled close).

This process does not cover the day-to-day activities of the Project Manager.

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### Starting up a Project (SU)

This is the first process in Prince. It is a pre-project process, designed to ensure that the pre-requisites for initiating the project are in place. The process expects the existence of a Project Mandate which defines in high level terms the reason for the project and what outcome is sought. Starting up a Project should be very short.

The work of the process is built around the production of three elements:

Ensuring that the information required for the project team is available

Designing and appointing the Project Management Team

Creating the Initiation Stage Plan.

### Initiating a Project (IP)

The objectives of Initiating a Project are to:

- Agree whether or not there is sufficient justification to proceed with the project
- Establish a stable management basis on which to proceed
- Document and confirm that an acceptable Business Case exists for the project
- Ensure a firm and accepted foundation to the project prior to commencement of the work
- Agree to the commitment of resources for the first stage of the project
- Enable and encourage the Project Board to take ownership of the project
- Provide the baseline for the decision-making processes required during the project's life
- Ensure that the investment of time and effort required by the project is made wisely, taking account of the risks to the project.

### Managing Stage Boundaries (SB)

This process provides the Project Board with key decision points on whether to continue with the project or not. The objectives of the process are to:

- Assure the Project Board that all deliverables planned in the current Stage Plan have been completed as defined

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- Provide the information needed for the Project Board to assess the continuing viability of the project
  - Provide the Project Board with information needed to approve the current stage's completion and authorise the start of the next stage, together with its delegated tolerance level
  - Record any measurements or lessons which can help later stages of this project and /or other projects.

### **Controlling a Stage (CS)**

This process describes the monitoring and control activities of the Project Manager involved in ensuring that a stage stays on course and reacts to unexpected events. The process forms the core of the Project Manager's effort on the project, being the process which handles day-to-day management of the project. Throughout a stage there will be a cycle consisting of:

- Authorising work to be done
- Gathering progress information about that work
- Watching for changes
- Reviewing the situation
- Reporting
- Taking any necessary corrective action.

This process covers these activities, together with the on-going work of risk management and change control.

### **Managing Product Delivery (MP)**

The objective of this process is to ensure that planned products are created and delivered by:

- Making certain that work on products allocated to the team is effectively authorised and agreed e accepting and checking Work Packages
- Ensuring that work conforms to the requirements of interfaces identified in the Work Package
- Ensuring that the work is done
- Assessing work progress and forecasts regularly

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- Ensuring that completed products meet quality criteria
  - Obtaining approval for the completed products.

### Closing a Project (CP)

The purpose of this process is to execute a controlled close to the project. The process covers the Project Manager's work to wrap up the project either at its end or at premature close. Most of the work is to prepare input to the Project Board to obtain its confirmation that the project may close.

The objectives of Closing a Project are, therefore, to:

- Check the extent to which the objectives or aims set out in the Project Initiation Document have been met
- Confirm the extent of the fulfilment of the Project Initiation Document and the Customer's satisfaction with the deliverables
- Obtain formal acceptance of the deliverables
- Ensure to what extent all expected products have been handed over and accepted by the Customer
- Confirm that maintenance and operation arrangements are in place (where appropriate)
- Make any recommendations for follow-on actions
- Capture lessons resulting from the project and complete the Lessons Learned Report
- Prepare an End Project Report
- Notify the host organisation of the intention to disband the project organisation and resources.

### Planning (PL)

Planning is a repeatable process, and plays an important role in other processes, the main ones being:

- Planning an Initiation Stage (SL16)
- Planning a Project (IP2)
- Planning a Stage (SB1)

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- Producing an Exception Plan (SB6).

Prince provides a product-based start to the planning activity. It also provides planning framework which can be applied to any type of project. This involves:

- Establishing what products are needed
- Determining the sequence in which each product should be produced
- Defining the form and content of each product
- Resolving what activities are necessary for their creation and delivery.

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## Further Information

PRINCE2 is in the public domain. At its simplest level, PRINCE2 is documented in a manual published by the Stationery Office. Further detail can also be found on the website, <http://www.ogc.gov.uk/prince/>

In particular, to get the maximum benefit for your organisation there are Accredited Training Organisations and Registered Consultants able to work with you to tailor and focus PRINCE2 on your requirements. Details of these can be found on the website.

## Acknowledgement

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The material presented here is an edited summary from the PRINCE2 website; <http://www.ogc.gov.uk/prince/>

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