PRINCE2® in a nutshell

Introduction

This document aims to describe in a nutshell what the PRINCE2® methodology is about. This description was written in 2007 but is still current under the current version of PRINCE2® because the approach is described on the level of unchanged principles. The audience for this document is:

- Senior management; policy and decision makers who focus on giving direction rather than on managing or participating in projects.
- Members of steering committees (*Project Board*); decision makers in projects within the mandate given to them by the group described above
- *Project managers*; managing the project under the control of the *Project Board*.

It is important that on all levels people have the same perception of what PRINCE2® is.
This document avoids going into detail. Details can be found in the official PRINCE2® Manual.
PRINCE2® terms in this document are printed in *Italic* font.

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Key message

PRINCE2® is theoretically described as a comprehensive system to keep a project under control. Key to using the approach is the realisation that PRINCE2® needs to be tailored down to the requirements of the individual projects.

Processes

The PRINCE2® approach describes eight high level processes that in their detailed sub processes guide the project management through the start (preparation and initiation), middle (execution, control and escalation) and closure of a project. In this short overview only two processes are mentioned here: *Starting Up a Project* (*SU*, preparation) and *Initiating a Project* (*IP*, definition and planning).

Preparation - Starting Up a Project (SU)

A project is usually started after an idea for a change. This results in the *Project Mandate* which can be very vague. During the first process of PRINCE2® the following questions should be answered:

- Who should be involved in this project (see page 3, chapter *Organisation*).

- What should be done in this project? What deliverables including their acceptance criteria should be created by this project? Obviously this should be described on a high level. This is the *Project Brief*.
- How should the deliverables be created? Again high level: e.g. are we doing this with own staff or will (parts of) the project be outsourced? This is described in the *Project Approach*.
- Most importantly: why should this effort be undertaken: the *Business Case*, the justification and ongoing driver of the project. The answers to the questions asked above are derived from and should be related to the justification.

This should lead to a common understanding on basis of which the effort for planning can be authorised.

Initiation - Initiating a Project (IP)

The result of the Initiation Stage is the so called *Project Initiation Document (PID)*. This is a misleading name as the so-called document is essentially the assembly of the information needed to decide if a project is worth commencing. For any significant size project the *PID* may need to be divided into a set of linked documents to aid navigation and address the multiple audiences involved in the project.

The more practical approach could well be to work with the individual documents that together form the *PID*. These include (not en extensive list):

- Business Case
- Project Plan
- Communication Plan
- Project Quality Plan
- Information from *SU* (see above), probably with more detail

The *PID* will be the "contract" between the *Project Board* and the *Project Manager* and will together with a *Stage Plan* (for the first part of the work, see page 3 chapter Plans and Stages) be authorised leading to commitment of resources by the *Project Board*.

Business Case

PRINCE2® is a result driven approach which makes the *Business Case* the most important piece of information. The *Business Case* drives the project by constantly focussing on the question: why are we doing this? The heart of the *Business Case* is the balance between the expected benefits of the change versus the expected cost of the project and the expected cost of the operational support of the results. A PRINCE2® *Project Manager* should constantly focus on the *Business Case* of the *Customer* of the project.

It is important to realise that the *Supplier* of a project have their own conflicting *Business Case*. When working with an external supplier this is obvious: the more the project will cost, the more benefits the supplier can expect. It is less obvious but still usually an issue with internal suppliers.

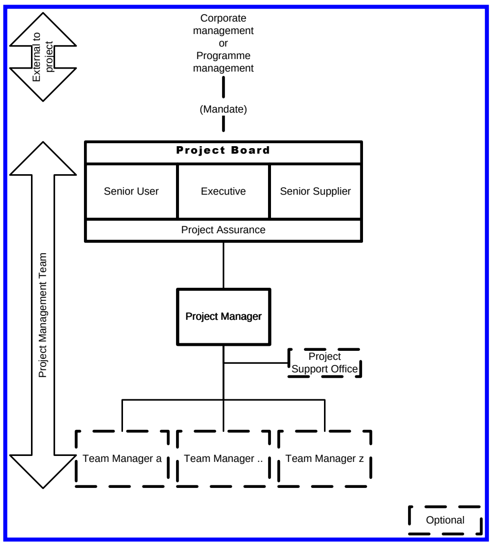
The issue of conflicting *Business Cases* is the reason behind the PRINCE2® organisational concept.

Organisation

The PRINCE2® organisational concept is based on the conflicting *Business Cases* between the *Customer* and *Supplier*. The *Customer* and their *Business Case* should drive the project.

But also within the customer side conflicting interests can be found. The *Business Case* is about balancing expected benefits against the cost but future users of the results of the project are usually not really interested; they will be interested in getting the right results out of the projects, no matter what the cost are.

This results in a *Project Board* where the customer is represented by the Business in the role of the *Executive* and by the user community in the role of *Senior User*. The *Project Board* should not manage, but only direct the project. The role of *Senior User* should therefore not be confused with the roles of the real users. The *Senior User* should be a manager representing the interest of those whose work will be affected by the results of the project, voicing their views and committing to resources to play a part in the project, e.g. for defining the expected quality of the results and for testing. Commitment should be given on basis of the plans submitted by the *Project Manager*.



Within the PRINCE2® approach a number of roles must be assigned. In some cases it will be appropriate to combine the roles of Executive and Senior User. In larger or more complex projects it may be required to have multiple people filling the roles of Senior User and/or Senior Supplier.

The *Project Manager* should focus on the *Customer*'s *Business Case*. PRINCE2® recommends that the Project Manager should come from the Customer side of the project because of the conflicting *Business Cases* between *Customer* and *Supplier* potentially leading to a conflict of interest and priorities.

The *Executive* will be appointed by the management level that ordered the project as part of their *Mandate*: *Corporate Management* or *Programme Management*. The *Project Manager* (probably appointed by the *Executive*) will design the rest of the *Project Management Team* in close liaison with the *Executive*. The *Executive* will be ultimately accountable for the project and it's results and therefore owns the project's *Business Case*.

PRINCE2® roles are extensively described in Appendix B of the manual.

Plans and Stages

Projects can be relatively unpredictable, especially when they are sizeable. Commitment to plans is therefore difficult to give for *Project Board* members. This also makes the task of control difficult. These are issues that PRINCE2® suggests to handle by splitting a project up in *Management Stages*. On basis of risks there will be key milestones in a project where the Project Board needs to evaluate and show ongoing commitment. These *Management Stages* should not be confused by technical phases; again, the *Project Board* is not there to manage details; that is the job of the *Project Manager*.

As a result the *Project Manager* will only receive authorisation for one Stage at the time. As a delegated task the *Project Manager* will also report to the Project Board about the status of the overall project and the *Business Case*.

A result of the above is that there will be a high level *Project Plan* and per stage a detailed *Stage Plan*, enabling the right levels of control (right, not tight!). Whatever the level of the plan is, a plan should consist of:

- A clear description of the *Products* delivered by the plan. These *Product Descriptions* can be tested for measurable *quality criteria*.
- The schedule of the plan, based on the *Products* showing the activities and resources to deliver the *Products*.
- *Risks* and their results:
    - Revised activities to keep the *risks* under control,
    - *Tolerances*. Risks make the work deviate from the plan but there should not be an escalation for every deviation. *Tolerances* include *time, cost, quality, scope, benefit and risk*.

During the execution of a stage the *Project Manager* has three main responsibilities:

1. Assigning the work to *Team Managers* or individual team members and tracking their work.
2. Assessing *issues* and, when they cause a threat to the *tolerance* levels, escalation (*Exception Report*). This includes proposals to deal with the exception.
3. Reporting progress against the plan to the *Project Board* and thus showing them that the stage, project and Business Case is under control. This is the *Highlight Report*.

At the end of a stage the Project Manager will present a next *Stage Plan*, proposing how to continue and asking for commitment of the *Project Board*. This includes the overall status of the project including the revised *Business Case* and *Project Plan*.

Closure

PRINCE2® defines evaluations during the project to keep control: e.g. *Highlight Reports* and *End Stage Reports*. The final evaluation will take place during the closure. This includes the *Post Project Review Plan*, a plan for the evaluation of the *Business Case* (responsibility of the *Executive,* this can only take place after a period of usage of the *Products*). There will also include confirmation that all Products are accepted and supported for operational usage.

Any still open *issues* and / or *risks* will also be reported to the Project Board to guarantee that they will be handled after the project.

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Op mijn Website zijn de volgende documenten over PRINCE2® en MSP™ te vinden:

- PRINCE2 in een notendop; de essentie van PRINCE2 in slecht vijf pagina's
- PRINCE2 Principes; worden de principes wel toegepast? Wat veroorzaakt de ineffectiviteit van PINO?
- PRINCE2 en MSP in relatie tot elkaar en andere methodes en aanpakken, zoals ITIL, PMBoK en Agile methodes. Raakvlakken en vooral culturele verschillen.
- PRINCE2 (niet) voor leveranciers; waarom PRINCE2 niet voor leveranciers bedoeld is en hoe zij dit model misschien toch kunnen toepassen
- Hoe voer je een methode als PRINCE2 in? Overwegingen, valkuilen en praktijkvoorbeelden
- PRINCE2 Life Cycle; hoe de Business Case zich ontwikkelt gedurende een project
- PRINCE2 Procesmodel; wat is de *process flow* en wie is verantwoordelijk voor welke processen?
- PRINCE2 tijdens Stages; een overzicht van PRINCE2 processen die tijdens Stages gebruikt worden
- Special: SPEER - ERP/SAP programma bij Defensie
- Special: Commissie Elias, ICT Projecten en cultuur

http://www.viergever.info/nl/downloads.aspx

On the topics of PRINCE2® and MSP™, the following documents are available on my Website.

- PRINCE2 in a nutshell; the essence of PRINCE2 is only five pages
- PRINCE2 Principles; are the 7 principles applied? What causes the ineffectiveness of PINO?
- PRINCE2 (not) for suppliers; why PRINCE2 is not aimed at suppliers and how they can possibly use the model
- Programmes and Projects; how do projects and programmes relate and interface? What is MSP and how to use MSP in combination with PRINCE2.
- How to implement a method such as PRINCE2? Considerations, pitfalls and examples
- PRINCE2 Lifecycle; the product life span versus the project life cycle
- PRINCE2 Process Model; shows the *process flow* and who is responsible for what processes
- PRINCE2 during Stages; details of the PRINCE2 processes used during Management Stages
- Method Integration; can ICT development approaches such as RUP, SCRUM, Agile, etc, really be combined with PRINCE2 (and MSP)?
- PRINCE2 and SLA; how does PRINCE2 cope with service level agreements and with support (ITIL) after the project?

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