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# 1

## INTRODUCTION

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PRINCE (**PR**ojects **IN** **C**ontrolled **E**nvironments) is a structured method for effective project management. The method was first established in 1989 by CCTA (the Central Computer and Telecommunications Agency). PRINCE was developed from PROMPTII, a project management method created by Simpack Systems Ltd in 1975. PROMPTII was adopted by CCTA in 1979 as the standard to be used for all government information system projects. PRINCE superseded PROMPTII in 1989 within government projects.

CCTA (now the Office of Government Commerce) continued to develop the method, and PRINCE2 was launched in 1996 in response to user requirements for improved guidance on project management on all projects, not just information systems. PRINCE2 is based on the experiences of scores of projects, project managers and project teams, who have contributed, some from their mistakes or omissions, others from their successes.

PRINCE2 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.

### 1.1 Why use a project management method?

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

- Insufficient attention to checking that a valid Business Case exists for the project
- Insufficient attention to quality at the outset and during development
- Insufficient definition of the required outcomes, leading to confusion over what the project is expected to achieve
- Lack of communication with stakeholders and interested parties, leading to products being delivered that are not what the customer wanted
- Inadequate definition and lack of acceptance of project management roles and responsibilities, leading to lack of direction and poor decision making
- Poor estimation of duration and costs, leading to projects taking more time and costing more money than expected
- Inadequate planning and co-ordination of resources, leading to poor scheduling
- Insufficient measurables and 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 – and this is especially true of large projects.

A good project management method will guide the project through a controlled, well-managed, visible set of activities to achieve the desired results. PRINCE2 adopts the principles of good project management to avoid the problems just identified 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.

## 1.2 Benefits of using PRINCE2

Organisations are becoming increasingly aware of the opportunities for adopting a project approach to the way that they address business change. They are aware of the benefits that a single, common, structured method for project management can bring:

- A method that is repeatable
- A method that is teachable
- Building on experience
- Ensuring that everyone knows what to expect, where, how and when
- Early warning of problems
- Being proactive, not reactive, but also able to accommodate sudden, unexpected events.

Projects may exist in their own right, may have relationships with other projects or may be part of a larger programme of work. PRINCE2 is applicable in all these situations. PRINCE2 provides the organisation with:

- Controlled management of change, in terms of investment and return on investment
- Active involvement of users and stakeholders throughout the project to ensure that the product(s) will meet the business, functional, environmental, service and management requirements
- An approach which distinguishes the management of the project from the development of the product(s), so that the management approach is the same whether the project is to build a ship or to implement new working practices.

PRINCE2 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 risk more effectively.

PRINCE2 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.

PRINCE2 encourages formal recognition of responsibilities within a project and focuses on what a project is to deliver, why, when and for whom.

PRINCE2 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 during the project
- Good communication channels between the project management team and the rest of the organisation
- Agreement on the required quality at the outset and continuous monitoring against those requirements.

Project Managers using PRINCE2 are able to:

- Establish terms of reference as a prerequisite 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 that 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 products or outcomes 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
- Participate in quality checks throughout the project
- Ensure that their requirements are being adequately satisfied.

For senior management of the project, PRINCE2 uses the 'management by exception' concept, i.e. management agree a plan, and then let the Project Manager get on with it unless

something is forecast to go wrong. Senior managers are kept fully informed of the project status without having to attend frequent, time-consuming meetings.

### 1.3 Support for PRINCE2

There are many service providers offering training, consultancy, tools and services for PRINCE2, thus ensuring a competitive supply of services to support organisations in their implementation and use of the method.

There is an international accreditation programme for trainers and consultants, ensuring a high quality and consistent level of service to organisations. There are professional qualifications in PRINCE2 that assess an individual's knowledge of the method and ability to apply it to project scenarios. In addition, there is an active user group dedicated to the support, promotion and strengthening of the method.

### 1.4 Structure of the manual

There are five major parts to this manual, as shown in Figure 1.1.

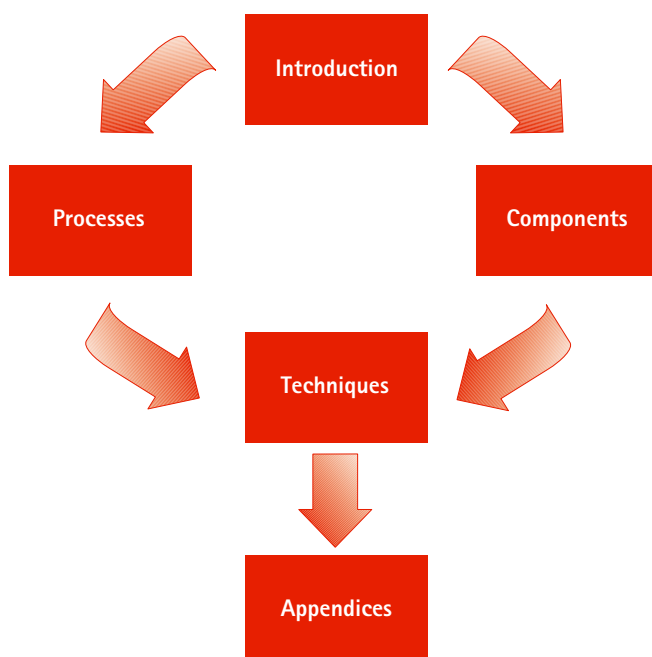


Figure 1.1 Structure of the manual

*Introduction* presents the basic principles governing project management and how PRINCE2 addresses them; it also shows how PRINCE2 fits with the related topic of programme management.

*Processes* describes the PRINCE2 process model, explaining what has to be done to manage a project by bringing together and applying the principles in a successful manner.

*Components* explains and describes the major elements of project management, such as organisation and control, and how PRINCE2 incorporates them. These components represent the ‘raw materials’ of good project management, including quality management and the management of risk.

*Techniques* explains some techniques of project management that are specific to PRINCE2.

*Appendices* offer Product Description outlines for PRINCE2 management products, role descriptions, a series of ‘healthcheck’ questions for organisations to ask themselves when using PRINCE2, risk categories and a suggested filing scheme for management documents.

In addition, there is a full glossary of terms.

## 1.5 Using the manual

This manual is aimed at people who will be playing a part in a PRINCE2 project or those who wish to understand how PRINCE2 contributes to the project management process; this would include senior managers responsible for the overall direction of a project, Project Managers, project auditors, quality assurance personnel and members of the project team. In addition, line managers of project personnel may find it useful to gain an appreciation of their staff’s involvement in a project by reviewing *An introduction to PRINCE2*, Chapter 2.

This manual has been designed to provide a complete reference to the PRINCE2 method. As such, the entire manual provides essential reading for all Project Managers. However, the following is offered as a focus for specific groups:

- Project Managers coming to PRINCE2 for the first time should:
  - read and understand *An introduction to PRINCE2*, Chapter 2 to appreciate the overall approach that PRINCE2 takes to creating and managing a project
  - use the process descriptions in the *Processes* section as the basis for planning a project and deciding on resource requirements
  - read and understand the *Components* section to familiarise themselves with the interaction between the components and the processes
- Project Managers already familiar with PRINCE2 should read and understand the process model described in the *Processes* section to appreciate the changes of emphasis and process-driven approach
- Senior managers who will be involved in a project at Project Board level should gain an appreciation of PRINCE2 and their roles within a project by studying *Introduction*, Chapters 1 and 2; *Business Case*, Chapter 13; *Organisation*, Chapter 14 and the description of the process *Directing a Project*, Chapter 6
- Programme managers with PRINCE2 projects in their programme should gain a clear understanding of the approach that PRINCE2 takes to creating and managing a project.

## 1.6 PRINCE2 terminology

The following terms are the most important to understand with regard to PRINCE2 and are all included in the Glossary. Readers should familiarise themselves with them to prevent any possible confusion when using PRINCE2.

**Business Case** is used to define the information that justifies the setting up, continuation or termination of the project. It answers the question: ‘Why should this project be done?’ It is updated at key points throughout the project.

**Customer** is used to represent the person or group who has commissioned the work and will be benefiting from the end results.

**Product** is used to describe everything that the project has to create or change, however physical or otherwise this may be. Results of projects can vary enormously from physical items, such as buildings and machinery, to intangible things such as culture change and public perception.

**Programme** is a collection of projects that together achieve a beneficial change for an organisation.

**Supplier** is used to mean the group that is providing specialist resources and skills to the project or is providing goods and services to create the project outcome required by the customer and user(s).

**User** is defined as the person or group who will use or operate the final product. In some situations, the customer and user may be the same group of people.