SAMPLE

The PRINCE2® **Foundation** Training Manual

A common sense and practical approach to understating PRINCE2®

Version 0.9g
(**Check** latest versions)

Covers the PRINCE2 Foundation syllabus

Link to PRINCE2 **Foundation** Self Study guide
Link to PRINCE2 **Practitioner** Self Study guide

PRINCE2 ATO:

By Frank Turley, The PRINCE2 Coach
MgmtPlaza – Affiliate of TAG

Foundation Level

The PRINCE2® Foundation Training Manual

Thank you for reading our PRINCE2 Training Manual. The main objective of this book is to provide an easy-to-read and easy-to-understand PRINCE2® Foundation training manual. The idea for this book came from the questions I received from people trying to learn PRINCE2 and the fact that the official PRINCE2 manual "Managing Successful Projects with PRINCE2" is an excellent reference manual but it is not a training manual.

The official PRINCE2 Manual for the Project Manager can be rather difficult to pick up and read if you are new to both project management and PRINCE2 but you get a lot more from the official manual if you first understand the information in this training manual.

So this book is meant to be – and is – an easy introduction to PRINCE2 based on the Foundation syllabus and is quickly becoming the most read book for people wishing to learn about PRINCE2 and prepare for Foundation Exam.

Feedback: We welcome any feedback (suggests to improve or corrections), see next page for my email address.

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About the Author

Frank Turley (The PRINCE2 Coach) has been a Project Manager for more than 15 years and a PRINCE2 Practitioner. He is also a Project Manager trainer and coach and has written the following training material for PRINCE2:

- Introduction to PRINCE2 CBT & Podcast
  The CBT and Audio course are based on the Introduction to PRINCE2 book (the most read book on PRINCE2). This introduction course is used by persons who are preparing for a classroom training or who wish to refresh their PRINCE2 knowledge. **Link**
- PRINCE2 Audio Course
  This is the first PRINCE2 Audio Course that allows you to learn PRINCE2 while driving, walking, or gardening. **Link**
- Learn PRINCE2 Thru Questions Podcast (LTQ)
  This LTQ course provides more than 550 questions on PRINCE2 in an audio format to allow you to check your knowledge and learn about PRINCE2 at the same time. **Link**

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About TAG

Trans-Atlantic Consulting Group (hereinafter, "TAG") was established in 2001 by Peter Krischel. Since 2001, TAG has grown to be a global provider of PRINCE2 Project Management training and consulting services with training and consulting partners around the world. We have trained over 8,000 project managers in more than 20 countries using a global network of business partners.

Trans-Atlantic Consulting Group is an accredited PRINCE2 training organization (ATO). PRINCE2 is a process-based approach for project management, providing an easily tailored and scalable method for the management of all types of projects. This method is the *de facto* standard for project management in the UK and is also practiced worldwide.

About MgmtPlaza (iPlazza)

MgmtPlaza is a registered PRINCE2 affiliate of Trans-Atlantic Group and is managed by Frank Turley. Our mission is to make it easy for people to learn and use PRINCE2. We just focus on providing the following

- An easy to use PRINCE2 Self-Study
- Public and in-house PRINCE2 training
- PRINCE2 coaching services/workshops to Project Managers, Senior Managers, etc…

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1 Introduction – PRINCE2

1.1 The PRINCE2 Training Manual

The official PRINCE2 manual for the Project Manager is called "**Managing Successful Projects with PRINCE2**"; this is an excellent reference manual. The manual is designed for:

- Experienced Project Managers who want to learn PRINCE2
- Project Managers who want to have a reference manual for PRINCE2

This **PRINCE2 Foundation Training Manual** is different from the official PRINCE2 manual in the following ways:

- It is focused on the Foundation exam syllabus
- It is much more of a training manual and less of a reference manual.
- PRINCE2 terms are explained with examples, which makes it easier to understand.
- Manual is written in plain English so that you understand it the first time you read it.
- A lot of management documents examples are provided and we will continue to add more.
- A project timeline overview has been provided to help understand how a project is divided.
- Questions at the end of each chapter provide a good way to test your knowledge.
- Available in PDF format (easier to search and find the information you are looking for)

To summarize, if you want to learn PRINCE2 and prepare for the PRINCE2 Foundation Exam, then use this **PRINCE2 Foundation training manual** and if you want a very good reference manual then use the official PRINCE2 manual "Managing Successful Projects with PRINCE2".

1.2 What are Projects?

Projects are seen as a way to introduce change, hence they are unique by nature, i.e., two identical projects are never done. Now some of you may be thinking that in your company the same projects keep repeating. Well, if they are exactly the same, then these are referred to as processes; and processes that repeat are referred to as "business as usual" or operations.

Let us start with a more general definition of a project. I got this from Wikipedia.

A project is a unique series of actions designed to accomplish a unique goal within specific time and cost limitations.

I like this definition, as it is concise and easy to understand. It mentions terms like "series of actions," "unique goal" and "within the constraints of time and money."

Another definition of a project is as follows:

A project is a temporary endeavour undertaken to create a unique product or service.

This might sound like something from Star Trek but it is actually from the Project Management Body of Knowledge (PMBoK®).

Now let us hear what PRINCE2 says about what a project is**.** This is a quote from the manual:

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

You may not have understood this, as you need to know a little more about PRINCE2 first. It should start to make more sense in a few minutes after I start explaining what is meant by the words like *temporary organization* and *unique,* which appear in the definition.

The word ***organization*** refers to the project team, the persons involved in the project and how they relate to each other. Each project has a definite start and end, so it is **temporary**. Remember, projects that go on forever are referred to as "operations" or "business as usual" and are not projects (e.g., maintenance of a software application).

Business Case is one of the documents that exists in a PRINCE2 project. It includes information such as the reasons for the project, the benefits, costs and time information and ROI calculation

1.3 Why a Project Management Method?

Project Management deals with planning, delegating, monitoring and controlling the project; in other words the administration of the project. The role of the Project Manager is to achieve project objectives within the targets set for time, cost, quality, scope, benefits and risk.

Let us look at some typical things that can go wrong in a project:

- Sample Project: A new house
- Background information
  - Individual subcontractor firms are used to do the different specialist work (heating, electricity, fittings, etc…)
  - As you can imagine, these subcontractor may need to be managed
- Scenario 1:
  - You find out just one week before the plumbers are due to arrive that they may be delayed for one month.
- Result of this scenario
  - Most of the future planned work will be affected
  - It will be difficult to reschedule other contractors
  - You may still have to pay part of their costs (current contract conditions)
- Scenario 2:
  - You may find during the installation of the window frames that the allocated space is too small.
- Result
  - Again, this again may affect the rest of the project and throw it of track

Here you can see that a Project Manager is needed better plan, monitor work, do numerous checks and signoffs, deal with risk, deal with issues as they arise, identify areas to cut costs, and so on.

Some other common project failures are:

- Insufficient product definitions at the start, resulting in the wrong product being developed.
- Lack of communication, which may cause a black cloud over the project.
- Poor estimation of time and cost, which may cause the project to run out of money.

So hope you see there is a need for a good Project Management method.

1.4 Five characteristics of a project

Project have a number of characteristics, this is how projects differ from business as usual (eg: a repeating process).

Change: Projects are a way to introduce change
Eg: A new sales website will change how clients will purchase items

Temporary: There should always be a definite start and end to a project and it should stop once the required products are created. So ongoing maintenance of a product is after the project and is not considered part of the project.

Cross-Functional: A project involves people from different business departments and seniority, the work together for the duration of the project.

Unique: Every project is unique, there is always something different in each project. eg. building a 4th house may be different in the following way : location is different, slight difference in the design, different owners, owners want to change some fittings, …

Uncertainty: As parts of the project are unique this brings uncertainty as you are not 100% sure how this is going to work out. Using the above house example, the users may keep changing their mind, some of their chosen house fitting may not arrive in time, temperatures may fall to below zero, etc….

So these are the five characteristics of the project

1.5 What is PRINCE2?

PRINCE2 is a generic method for Project Management so it can be used for any project, from running a 1- to 2-day project for the TV program such as “The Apprentice” (a popular TV program in the UK and US) to a company acquisition -- or even to the construction of the main stadium for the London 2012 Olympic Games.

PRINCE2 separates the management layer from the work to create the required products that the project has to produce (specialist work). This means that the same management layer can be used for different types of projects. The Management Layer refers to the organization of the project, such as Project Board, Project Manager and Teams. You will see this more clearly when we discuss the process model later.

PRINCE2 is principle-based, meaning that a PRINCE2 project **should** include all 7 principles. These will be discussed and explained in the next chapter. The 7 principles are (don’t worry if you don’t understand what these mean for the moment)

- Continued business justification
- Learn from experience
- Defined roles and responsibilities
- Manage by stages
- Manage by exception
- Focus on products
- Tailor to suit the project environment

1.6 Six variables / six performance targets

The 6 variables / performance targets are : Timescales, Costs, Quality, Scope, Benefits and Risk. You can also say that **these are the six aspects of project performance to be managed during a project**

An easy way to remember these is to use the words **TeCQ**uila **SoBeR** with Tequila spelled with TeCQ. This will give you Timescales, Costs, Quality, Scope, Benefits and Risks. Or use can use the memory aid **BC QRST**.

See the following Project Manager dashboard example, it has a dial for each of the 6 performance targets and the Project Manager will keep monitoring these during the project.

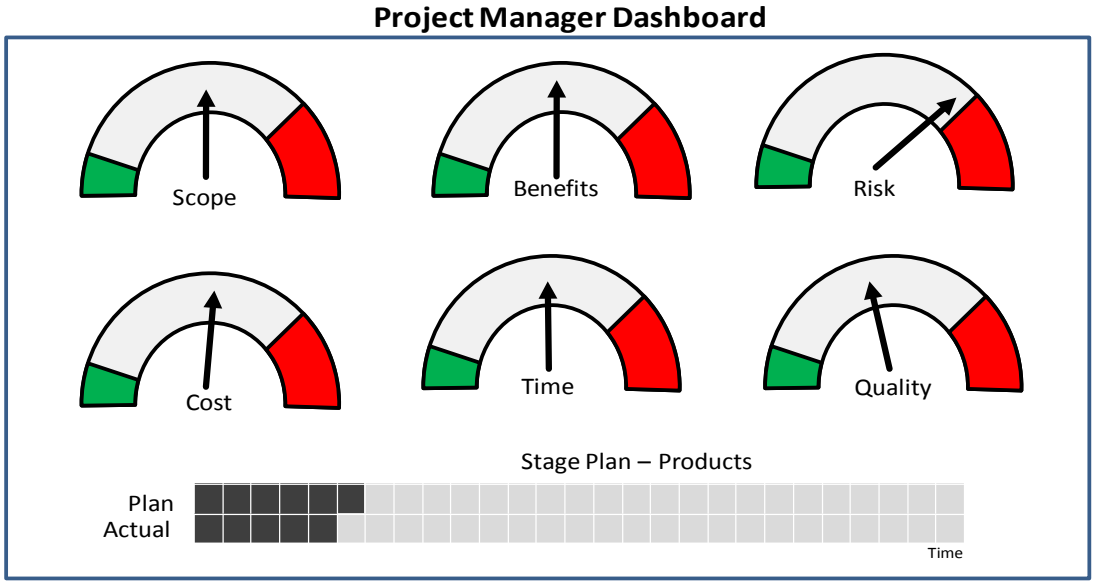


Fig 1.1: PM Dashboard Example

Variable	Description
Timescales	The question to ask for timescales: When will the project be finished?
Cost	Projects have to give a return on investment; therefore, the questions to ask are: Are the costs being controlled? and Are we within budget?
Quality	Will the product be usable at the end of the project (in other words fit for purpose) and are products passing their quality checks?
Scope:	Is the scope well-defined and clear to all stakeholders? Care must be taken by the Project Manager to avoid scope creep, which is to allow new requirements to be added during the project.
Benefits:	Why are we doing this project and what are the benefits? Benefits must be clear, measureable and known, and the benefits need to be delivered.
Risk	All projects are unique and therefore have risk. How much risk can we take on and how can risk be managed? For example, in a project concerned with building a house, what happens if one of the subcontractors does not show up?

Fig 1.2 The six project variables / six performance targets

PRINCE2 deals with the planning, delegation, monitoring and control of all six project variables (performance targets). The PMBok use the term “6 competing Project Constraints”

1.7 PRINCE2 Structure (Elements)

The PRINCE2 manual says that PRINCE2 method consists of 4 **main parts** and PRINCE2 has chosen the word **Elements (or Integrated Elements)** to represent these 4 parts. These elements are: Principles, Themes, Processes and Tailoring.
You can use the structure of this manual to help you remember. First, you have the Principles, then Themes, and then Processes and finally the last chapter, which is Tailoring.

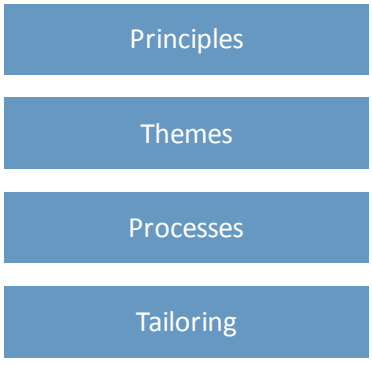


Fig 1.3 PRINCE2 Structure

- **Principles**: PRINCE2 says that each project should consist of the 7 PRINCE2 principles (in other words, “best practices” or good project characteristics).

- **Themes**: Themes answer the question regarding what items must be continually addressed during each project, e.g., Business Case, Organization, Quality and Configuration Management.
- **Processes**: Processes answer the question regarding what activities are done during the project and by whom. Processes also answers "What products are to be created and when?"
- **Tailoring**: Tailoring answers one of the most common questions from a Project Manager, "How do I best apply PRINCE2 to my project or my environment?"

1.8 Benefits of using PRINCE2:

As you might possibly imagine, there are many advantages to using a Project Management method; this also applies to PRINCE2. I will list a few of them here. You don't need to remember thse, but it is good to be aware of them. I will also include some examples where necessary.

Benefit 1: Best Practice: PRINCE2 has been used for more than 30 years in many thousands of projects, and PRINCE2 keeps learning from these projects. So all the feedback, suggestions, learning from other methods and discussions have helped PRINCE2 to become a best practice.

Benefit 2: PRINCE2 can be applied to any kind of project. This means that PRINCE2 can be used for projects as small as organizing a meeting, to huge projects the size of running an election, organizing a conference, constructing a bridge, or an IT project.

Benefit 3: PRINCE2 provides a structure for roles and accountability (also referred to as "Roles and Responsibility"). All persons on the Project Team should know what is expected of them. This is even more important for the Project Managers, as they have the duty of checking that tasks are completed as agreed.

Benefit 4: PRINCE2 is product-focused; meaning that the product is well-defined at the start of the project and is made known to all stakeholders. As a result, everybody has the same idea of what they are working on and the expected end-product.

Benefit 5: PRINCE2 uses Management by Exception. This allows the Project Manager to handle certain project issues, but once an issue goes beyond a certain tolerance, it becomes an exception. It should then be escalated to the next higher management layer. We could say that Management by Exception allows the above management layer to manage a lower management layer.

Benefit 6: PRINCE2 continues to assess the viability of the project from a Business Case point of view and this happens throughout the project lifecycle. If, for example, the expected return on investment is no longer probable at any point in the project, then the project should be stopped.

You will see other benefits as you continue with this course.

1.9 What does a Project Manager do?

You might already have a good idea about what a Project Manager does, but very often the Project Managers find themselves doing a lot of tasks as they try to keep the project on track. This might seem like a good idea at first, but they will end up not managing the project in the long run.

Let us start at the very beginning. There is a project to do and, therefore, a Project Plan must be created. This is usually one of the first tasks for the Project Manager when the project starts up. They create the plan with help from specialists and it includes tasks such as leading a planning workshop, defining products, activities and dependences, estimating resources required, scheduling these activities and defining roles and responsibilities.

The main objective for the Project Manager is to see that the project goes according to the plan. The review the completed tasks, get signoffs, and confirm that the following tasks can start and so on. In other words, the Project Manager monitors how well the work is going according to the Project Plan. I will repeat this line in case that you are in an Elevator someday and somebody asks what you do. You can say "I monitor how well the work is going according to the project plan".

Monitor the 6 variables / performance targets

The Project Manager will also constantly monitor the 6 variables we just discussed these and they are part of any project. These are Timescales, Costs, Quality, Scope, Benefits and Risk.

Dealing with Issues

They also have to deal with issues as they arise. In the case of small issues, they might choose to handle these themselves (e.g., getting a supplier to work an extra day to solve the issue and get the project back on track). If an issue arises such that could force the stage to go beyond the set tolerances, the Project Manager can escalate it to the Project Board.

Speed up the project

Another task of the Project Manager that is sometimes forgotten is to look for opportunities to speed the project up and reduce the costs.

Lastly, I recommend that Project Managers spend the necessary amount of time defining and agreeing Roles and Responsibilities at start of the project. Depending on your company, you might need good soft skills to do this. This will benefit the project and could also prevent some stakeholders from passing their work and responsibility back to the Project Manager.

1.10 PRINCE2 Foundation Exam & Syllabus

Here is some information on the PRINCE2 Foundation Exam.

Time:	1 hour
Questions	75 question
Type:	Multiple choice
Pass Rate:	50% pass mark
Book	You cannot not use the PRINCE2 manual during the Foundation Exam

The Foundation level is aiming to measure whether a candidate could act as an informed member of a project management team on a project using the PRINCE2 method, within an environment supporting PRINCE2. So they must show they understand the principles and terminology of the method and therefore should:

- Understand the purpose and responsibilities of all roles in a Project Management Team
- Understand the seven principles, the seven themes, the seven processes, and the Product-based Planning and Quality Review techniques.
- Understand the purpose of the management products and the composition of the Business Case, Product Descriptions, Issue Report and the Issue, Risk and Quality Registers.
- Understand when management products are created and updated
- Understand the relationship between principles, processes, themes, products and roles within a PRINCE2 project

This PRINCE2 Foundation Training manual is in line with the PRINCE2 Foundation Syllabus, if you wish to have extra background information, then refer to the PRINCE2 Practitioner Training Manual or the official PRINCE2 manual.

1.11 What you need to know for the Foundation Exam

For this Introduction chapter, you should be able to:

- Recognize the six aspects of project performance (six project variables / six performance targets (think **T**e**CQ**uila **S**o**B**e**R** or BC QRST)
- Recognize the characteristics of a project (Change, Temporary, Cross functional, Unique, Uncertainty), and have an idea of what they mean.
- Recognize the definition of project.
- List the four integrated PRINCE2 elements: Principles, Themes, Processes & Tailoring.
- Recognize the benefits of use PRINCE2

The word **recognize** refers to the fact that you have to recognize this information if you see it written before you in a question so you can choose the correct multiple choice answer.

See the Foundation Q&A Workbook to learn more about the type of exam questions to expect.

2 The Process Model and Project Timeline

2.1 The PRINCE2 Process Model

Perhaps you have seen and read the Introduction to PRINCE2 book (based on the PRINCE2 Process Model). This provides a helicopter view of PRINCE2 and a great way to get an introduction to PRINCE2. So if you have not read it, don't worry and this is also covered in this chapter.

The Introduction to PRINCE2 book will:

- Give you a high-level introduction to the PRINCE2 Process Model
- Show the relationship between processes and themes
- Show how a project starts and how it moves from one process to another
- Explain when, where and by whom the important documents are created
- Cover the role of the Project Manager and Project Board
- Explain how the Project Board controls the project
- And show how a typical project closes

2.2 Project Timeline overview

The objective of this project timeline overview is to:

- Give you an idea of a sample project
- Give you an idea of how the processes might relate to each other in a project
- Show when the Project Board gets involved in a project
- Show which processes are done once and which are done more than once
- Show how stages relate and how the Closing a Project process is part of the last stage.

Note: I do not use the concept of Exceptions in this Timeline overview

2.2.1 Starting Up a Project

The Trigger to start the project is the project mandate. As you can see from the diagram, it appears from outside the project team. PRINCE2 says that the project mandate is created by someone from the Corporate or Program Management.

Starting Up a Project (**SU**) is the first process and has the following main outputs that are given to the Project Board:

- The Project Brief, which contains the outline of the Business Case
- The Initiation Stage Plan, which is the plan for the Initiation Stage
- The Project Product Description

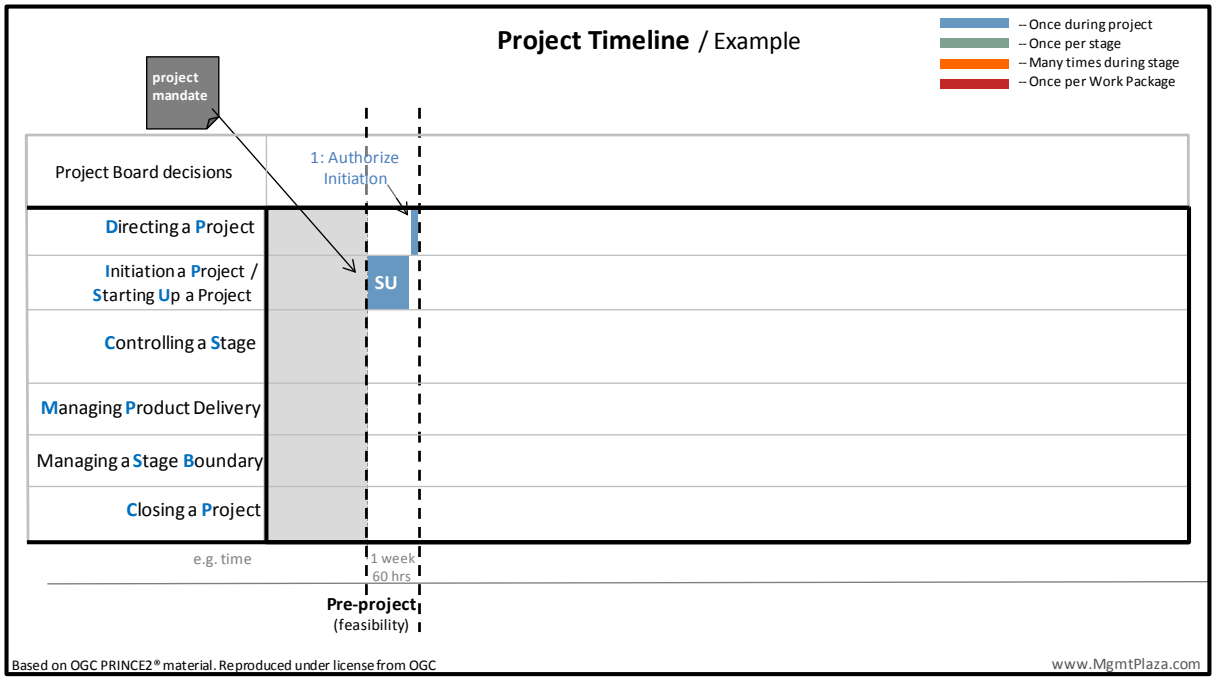
At the bottom of the diagram you can see the text "Pre-Project". The SU process is considered to be outside the project. Actually, the project does not start until the Project Board takes their first decision. So the SU process provides the information to start the project.

Project Board 1st Decision:

The very first decision the Project Board considers is whether to allow the Initiation Stage to start. This is known as "Authorize Initiation." They determine whether the project is worth doing (desirable, viable and achievable) and check and approve the plan for the Initiation Stage.

Timing:

- The Starting Up a Project process can be very short compared to the rest of project.
- This project example is about 8 months, but an average time for a Starting Up a Project could be one week, so these figures are just to give you an idea. It will differ from project to project.



Fix 2.1 Timeline example: Starting Up a Project

2.2.2 Initiating a Project Process / Initiation Stage

After the first Project Board decision, the Project Manager uses the approved Initiation Stage Plan to run the Initiation Stage. This is the first stage of the project.

The Initiation Stage has the following main outputs that form part of the PID:

- The four strategy documents (Risk, Quality, Configuration & Communication Management)
- The Business Case document (which is the responsibility of the Executive)
- The Project Plan
- The Product Descriptions
- Project Controls describing how the project will be controlled
- Roles & Responsibilities / Project Management Team Structure

Most of the work in this first stage is facilitated by the Project Manager, with lots of support from:

- the Executive to develop (refine) the Business Case.
- persons representing the users help with product descriptions and quality requirements
- specialists (also known as “Subject Matter Experts”) can also help with Product-Based Planning, which includes the creation of the Product Descriptions and estimating (planning) .
- Senior user provides the expected benefits information which are measurable and when (timeline) they are expected to be realized. This data is stored in the Benefits Review Plan

Project Board: 2nd Decision:

At the end of the Initiation Stage, the Project Board is ready to make their 2nd decision, which is to decide if the project should be allowed to continue to the 2nd stage, as they will only authorize one stage at a time. They will review most of the information in the PID, especially the Business Case, which includes an overview of the Risks, Benefits & ROI information. They will also review the Project Plan and the plan for the 2nd stage of the project. If the Project Board agrees, then they:

- Authorize the Project – so the project can start
- Authorize the Next Stage – so the first delivery stage can start.

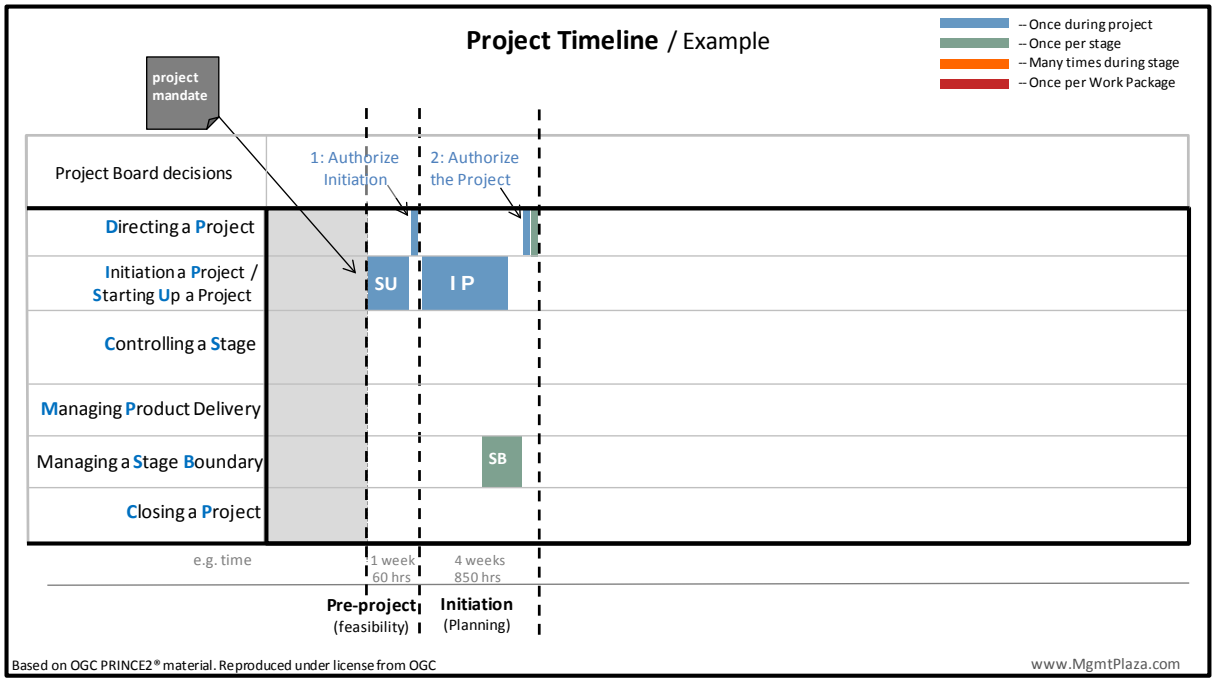


Fig 2.2 Timeline example: Initiation Stage

Timing:

- The Initiation Stage, or the Initiating a Project process, is longer than the Starting Up a Project process and usually not as long as a normal stage, but, again, this depends on the project.
- In the example above, the IP Stage is 4 weeks, while the next stage is 8 weeks.

2.2.3 Controlling a Stage – 1st delivery stage

Controlling a Stage is where the Project Manager does most of their day-to-day work. They mainly do the following activities:

- Give out work to Team Managers in Work Packages, check up on the status of these Work Packages and accept Work Packages back when complete.
- Continually review the stage status – where are we now compared to the Stage Plan.
- Provide regular reports to the Project Board.
- Capture and examine issues and risks, and escalate if necessary.
- Take corrective action to solve issues within their tolerance.

Managing a Stage Boundary (SB):

As you can see in the diagram below, the SB (Stage Boundary) process starts towards the end of the stage and before the Controlling a Stage process ends. The objectives of the Stage Boundary process are to prepare the following information for the Project Board:

- End Stage Report – how well the stage did compared to the Stage Plan
- Update the Business Case and Project Plan with actuals to date
- Next Stage Plan – A plan for the next stage that needs to be approved
- Benefits Review Plan – Check and update if expected benefits have or have not been realized

Project Board Decision:

At the end of the stage, the Project Board will do the following

- Review the current stage using mainly the End Stage Report
- Compare the progress of the project so far with the baselined Project Plan
- Review the Business Case to see if the project is still viable, and check risk information
- Check the Next Stage Plan, which is the plan to run the next stage.

- Review the Benefits Review Plan and compare expected benefits so far with actuals

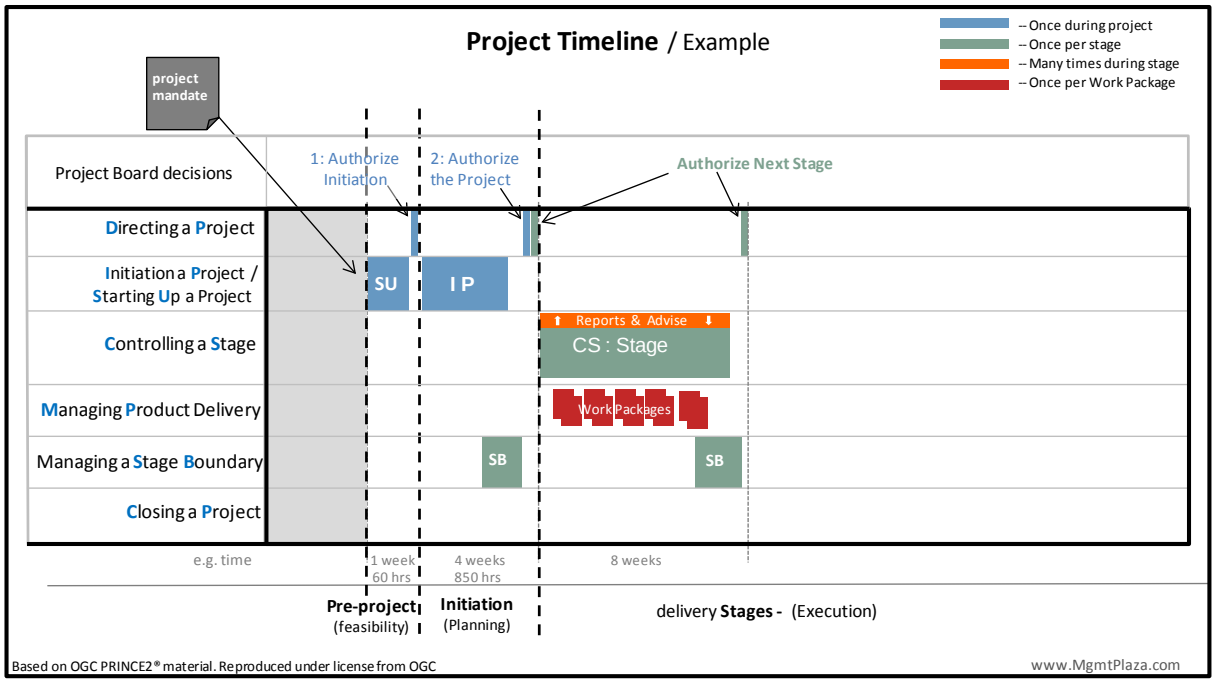


Fig 2.3 Timeline example: Controlling a Stage / Delivery Stage

The very last thing that the Project Board does is to “Authorize the Next Stage” so that the Project Manager can continue with the next delivery stage.

Timing:

- In this example, the delivery stage is 8 weeks long. This will of course depend on the type of project and you will learn more about this in the Planning Theme.
- You will also learn what is meant by the term ‘planning horizon’.

2.2.4 Next delivery stages

Projects can have more than 2 stages and they are all separated by a Project Board decision, as the Project Board uses stages to keep control of the project.

As you can see from the example, this current delivery stage follows the same management pattern as the previous stage. The main differences between the two stages will be the content of the Work Packages given to the teams to develop.

Project Board Decision:

The Project Board will carry out the same activities as described at the end of the last stage.

Timing:

- In this example the current stage is the same as the last stage and, again, this can vary depending on the project. For example, if there was little risk involved in the 2nd delivery stage and the Project Board has lots of confidence in the Project Manager after they have seen them manage the first stage, they might decide to lengthen the stages to 10 or 12 weeks.

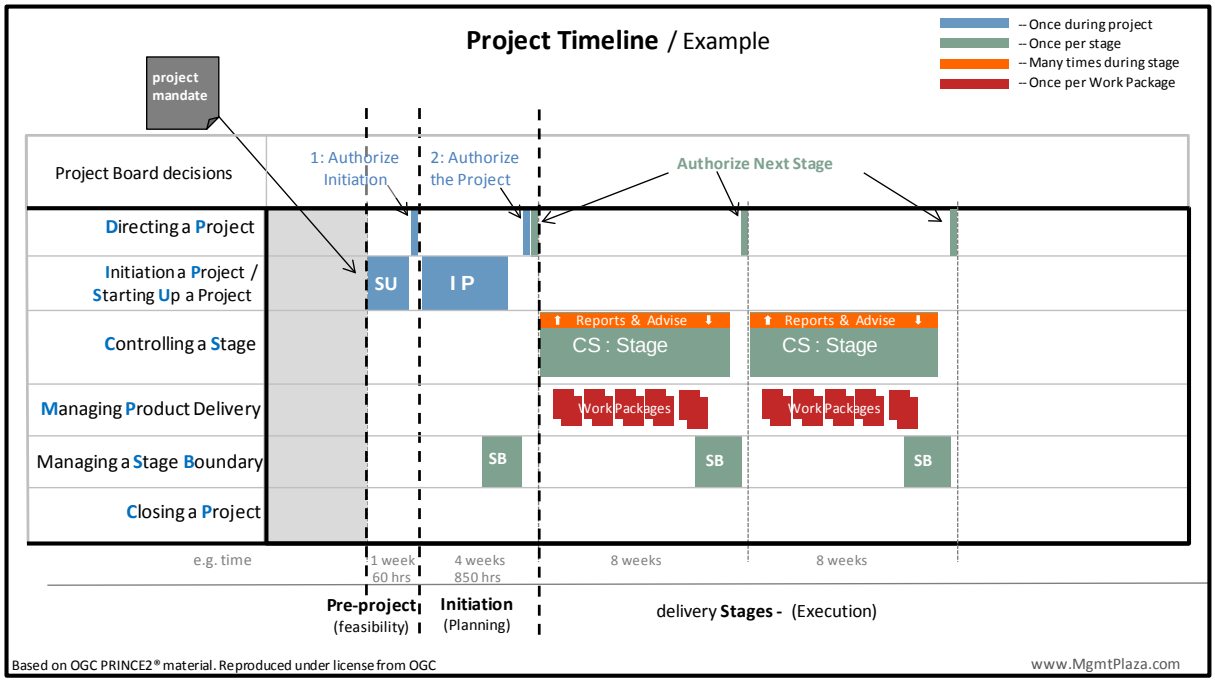


Fig 2.4 Timeline example: Next Delivery Stages

2.2.5 Last delivery stage and Closing a Project

The project will continue until all delivery stages are complete and it will be closed at the end of the last stage. Tip: "The Closing a Project process is always the last part of the last stage."

Normally towards the end of a stage, the Stage Boundary process is used to report on the current stage and plan the next one. As you can see from the diagram below, the Stage Boundary process is not used, but the Closing a Project process starts up near the end of the Controlling a Stage process. The Closing a Project process is where the Project Manager prepares the project for closure.

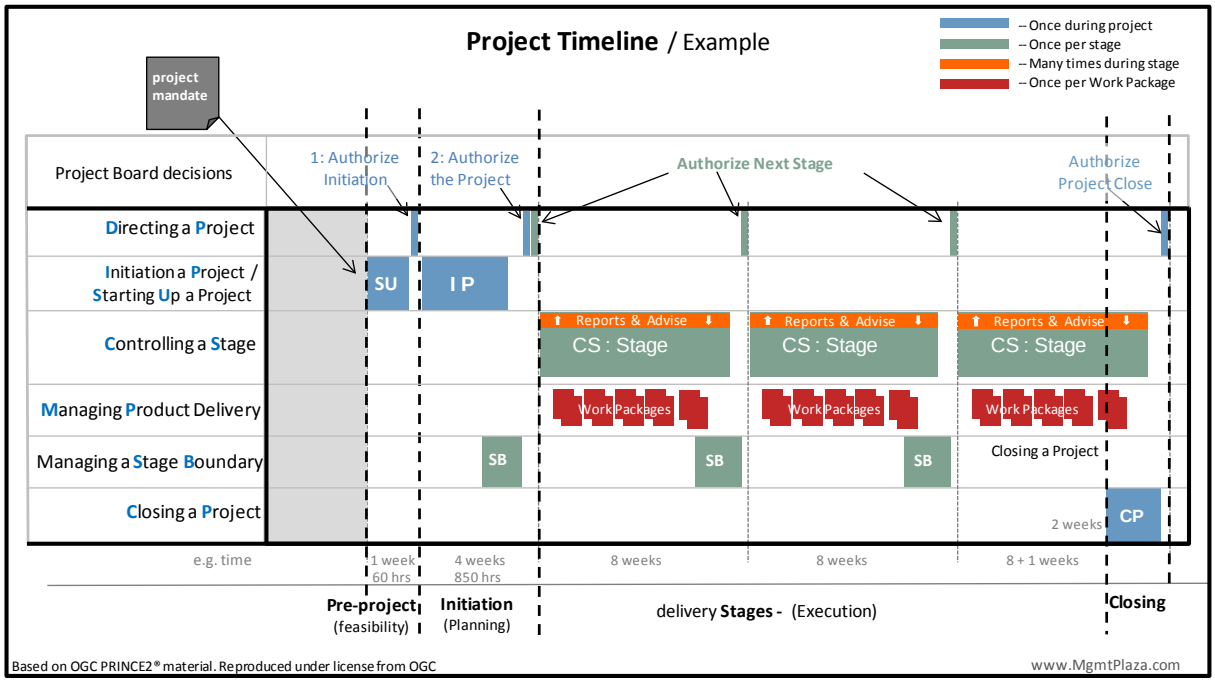


Fig 2.5 Timeline example: Closing a Project

The objectives of the Closing a Project process are to:

- Update the Project Plan to show what has been delivered, approved and when
- Hand over products, obtain acceptance, evaluate the project & create the End Project Report
- Benefits Review Plan – Check and update if expected benefits have or have not been realized

The last thing that the Project Manager will do in the Closing a Project process is to recommend Project Closure to the Project Board. You can see it is not the Project Manager that closes the project.

Project Board Decision:
The last decision the Project Board will take is to close the project. This is known as "Authorize Project Closure." Before taking this decision they will do the following:

- Review the baselined documents (Business Case and Project Plan) from the PID with the current documents to see how the project has performed compared to the original goals
- Confirm that products have been accepted and signed off
- Check the Lessons Learned report and hand it over so that it can be used for future projects
- Review the Benefits Review Plan and compare expected benefits so far with actuals

Timing:
In this example the stage is 9 weeks and the Closing a Project process is done over a period of two weeks. Again, this will be different for each project but it does give you an idea.

2.2.6 Timeline Summary

The objectives of this Project Timeline were to:

- Give you an idea of a sample project
- Give you an idea of how the processes may relate to each other in a project
- Show when the Project Board gets involved in a project
- Show which processes are done once and which are done more than once
- Show how stages relate and how the Closing a Project process is part of the last stage.

The Timeline diagram has also shown:

- How the project can be divided up: Pre-Project, Initiation, Delivery and finally Closing
- Which processes happen once or more than once in a project, e.g., the blue coloured processes, such as Starting Up a Project, Initiating a Project and Closing a Project.

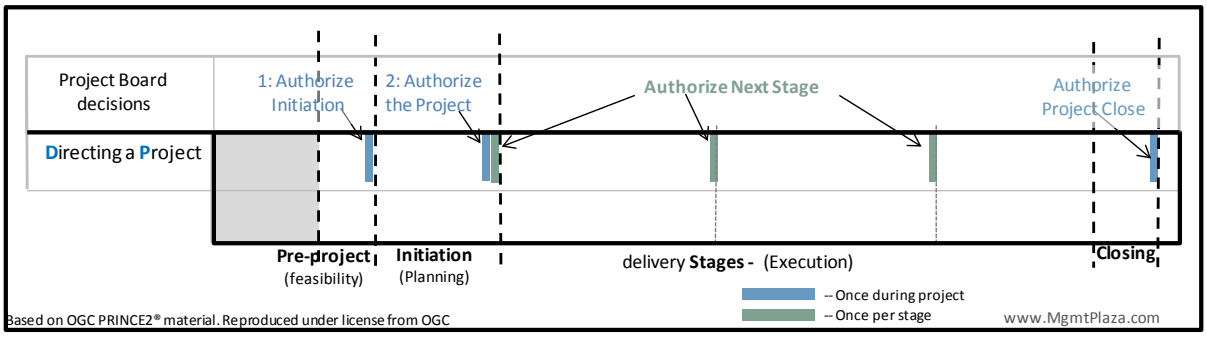


Fig 2.6 Project Board Decisions

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2.3 What you need to know for the Foundation Exam

This is an extra chapter that I have added to help to introduce how a PRINCE2 project works. I feel it is important to understand how a project works before you are introduced to the Principles and Themes as this will help your understanding. This information here will be covered again in the Processes section, so I will discuss what you need to know as you are introduced to each chapter. For now, just be able to understand the information in this section of the manual.

3 Principles

3.1 Introduction to principles

The PRINCE2 manual states that PRINCE2 is principle-based. This means that each PRINCE2 project should include the 7 principles and if even one of these principles is missing from the project, it cannot be considered a PRINCE2 Project.

I like the following definition of a Principle:

> Principles provide a framework of good project practice for those involved in a project.

From a PRINCE2 point of view, a Principle is a core value that must always exist in a PRINCE2 project. There are seven principles and they can be summarized as follows and I have also included the theme or area where these principles are discussed. To sum it up, think of principles as guides for good practice.

Principles	Which Theme or Information supports each Principle?
Continued business justification	Theme Business Case & Theme Progress
Learn from experience	(No theme) Lessons Learned (Log & Report)
Define roles and responsibilities	Theme Organization
Manage by stages	Theme Progress
Manage by exception	Theme Progress
Focus on products	Theme Plans
Tailor to suit the project environment	Tailoring

Table 3.1 The Theme or Information that supports each Principle

3.2 Principles: Continued Business Justification

A PRINCE2 project must have continued business justification, therefore each project should have a Business Case. This means that the reason to start the project must make sense from a business point of view and there must be a clear Return on Investment.

For example, the project will cost €20,000 but over the first 2 years, it will deliver a savings of €80,000 for the company. “Does the project have business justification?” is the same as asking “Does the project have a valid Business Case?” If at any time during the project, the expected Return on Investments falls, for example, by about 80%), then the project will most likely be stopped.

The Business Case document details the full Business Case, showing why the project should be done, the costs, the expected benefits and timescales. This information is also referred to as the business justification information. As the Business Case document is one of the first documents created in a project, it will prevent some projects that have few real benefits for the company from starting. The business justification is then checked throughout the lifetime of the project. This, for example, can happen at the end of each stage.

Even projects that are started to comply with new legislation require justification. For example, the cost of not complying with new legislation might affect the company’s market share or the company could lose clients. This could therefore be given a monetary value.

The continued business justification principle supports the need for a documented justification at the start and during the project so that decisions with the business value in mind. The Business Case is regularly reviewed during the project to check its continued business justification

3.3 Principles: Learn from Experience

PRINCE2 project teams should learn from previous projects. They should therefore take initiative to uncover previous lessons learned and take these into account during the life of the project.

We have mentioned before that Projects are unique, meaning that there is always something new. This creates an element of risk in each project. We can also say that each project has some unknowns which must be investigated. Now you can see why PRINCE2 urges the project team to take the necessary initiative to learn from similar projects that may have been done in the same company and if not, then get advice from other external people (for example, bring in outside consultants).

“Learn from experience” covers the full lifetime of the project, from Starting Up a Project, as the project progresses until the Project Closes. Any lesson learned during the project should be documented. Documented lessons should be passed on so they are available for future projects.

PRINCE2 also states that it is the responsibility of everyone involved with the project to seek lessons learned rather than waiting for some else to provide them.

3.4 Principles: Defined Roles and Responsibilities

In any project, people need to know what to do and what they can expect from others. From my perspective, this is one of the most important principles to get right from the beginning. PRINCE2 states that a project should have defined and agreed roles and responsibilities within an organization structure that engages the Business, User and Supplier Stakeholder interests.

Projects can have people from different departments or companies, so it is important that the project has a clear team structure, otherwise it might be impossible to manage the project.

According to PRINCE2, a project has 3 primary stakeholders. They are the Business sponsors, Users and Suppliers.

- Business sponsors are those who make sure the project delivers value for money.
- Users will usually the products once created, they receive the benefits.
- Suppliers provide the resources and expertise to the project and produce the products.

This principle states that these three primary stakeholders must be correctly represented in the Project Management Team and in the Project Board. .

To summarize the principle “Defined Roles and Responsibilities,” a good Project Management structure answers the question “What is expected of me, what can I expect from others and who make what decisions?” and each role in the project management team has defined role and agreed responsibility so .

3.5 Principles: Manage By Stages

A good way to go about doing any large task or project is to break it up into manageable chunks. In PRINCE2 we refer to these manageable chunks as stages, actually they are called Management Stages. A PRINCE2 Project is planned, monitored and controlled on a stage-by-stage basis. These stages are referred to as Management Stages, as they are separated by Decision Points (also known as “Control Points”) by the Project Board.

At the end of each stage, the Project Board assesses the performance of the last stage, the Business Case, the plan for next stage, and decides whether to proceed with the next stage. The Project Board has greater control over the project when the number of stages is high, but this also gives them more work. Fewer stages in a project indicate that the Senior Management will have less control and a lesser amount of work for the Project Board.

Some of the advantages of stages. Stages provide a good approach to project planning, as they:

1. Allow the project to be divided into a number of manageable chunks.
2. Have a high-level Project Plan for the whole project and a very detailed stage plan..
3. Make sure that the plans for future stages can also learn from previous stages . For example, if one team delivers their products quicker than expected, then this can be taken into account when creating the plan for the next stage.

There are a minimum of two management stages in a project: The Initiation Stage and one further Management Stage. The Close a Project process is then the last part of the 2nd Stage in a two-stage project. A PRINCE2 project is planned, monitored and controlled on a stage-by-stage basis.

3.6 Principles: Manage by Exception

This is a term that people who are new to PRINCE2 will most likely not have heard before. Because it is important that you understand it, I will start a simple explanation and then give you the PRINCE2 definition. The Project Manager has some tolerance to play with, when it comes to factors like time, cost, and scope, before they have to advise the Project Board that there is or might be a problem (e.g., cost can change ±10%). If the problem is small and it remains within the tolerances (e.g., the costs increase by 2% -- less than the 10% tolerance), then the Project Manager can deal with it and doesn't have to alert the Project Board and take up their time.

Manage by Exception is used by each level in the Project Organization to manage the level below. The layer below should only notify the above management layer if there is a big issue that is outside their tolerance. The PRINCE2 name for a big issue which means the issue is outside the agreed tolerance is Exception.

Now imagine you are sitting on the Project Board. If everything is going OK, you won't hear from the Project Manager except for the regular reports during a stage and at the end of the stage, unless there is an exception, hence the term Manage by Exception.

The PRINCE2 definition for Manage by Exception is as follows: A PRINCE2 project has defined tolerances for each project objective to establish limits of delegated authority.

PRINCE2 lists 6 tolerances that can be set. These are Time, Cost, Quality, Scope, Risk and Benefit. I will give examples only for Quality, Scope, Risk and Benefit, as Time and Cost are easier to understand.

- Tolerance Quality: You are creating a new GSM and you want the keyboard to work for an average user for 7 years but you have a tolerance of ±5%.
- Tolerance Scope: The requirements for a new GSM will have mandatory requirements plus 'nice to have' requirements. So the project can decide which 'nice to have' requirements to include, but must include the mandatory requirements.
- Tolerance Benefit: A Benefit is a measurable improvement resulting from the project for one or more of the stakeholders. These are benefits for the project stakeholders. For example, increase marketing share by 5%, or create a new profitable market segment. One question asked throughout the project is: Is the project still on track to meet the expected benefits?
- Tolerance Risk: Again, I'll use the example of the GSM. There will be a set tolerance level for risk and if you hear of something that is above this level then you will notify the Project Board. For example, you find out that the risk is now very high -that one of the providers cannot supply a 5 mega pixel camera with the correct integration specifications. This can cause many issues for your project.

To summarize, Manage by Exception provides the above management layer with a system to manage and control the lower management layer and they don't need to be annoyed by each small issue.

3.7 Principles: Focus on Products

You can imagine what happens when a product is not correctly described. All project stakeholders can have different ideas on what the product should be. This can cause many unnecessary meetings; time delays, unnecessary new requirements, misunderstanding of the quality required, additional costs and even an end product being produced that is of no use to anybody.

A detailed Product Description will guide the project, build correct expectations and help to the deliver the required products. The PRINCE2 manual states the following: A PRINCE2 project focuses on the definition and delivery of products, in particular, their quality requirements.

Good Product Descriptions provides clarity, as it defines the product's purpose, composition, derivation, format, quality criteria and quality method. Good Product Descriptions also make it easier to determine resource requirements, dependences and activities.

The Focus on Products principle states that product descriptions should be written as soon and as clear as possible in the project so all stakeholders will have a clear idea of what to expect. The Plans theme supports the **focus on products** principle as the Product Descriptions are created as part of product based planning, you will learn more about this in the Plans theme.

3.8 Principles: Tailoring or Tailor to suit the Project Environment

A PRINCE2 project should be tailored to suit the project's size, environment, complexity, importance, capability and risk. If your project is a small one, such as to host a workshop with 10 people, or a very large one, like building a nuclear power plant, then you should tailor PRINCE2 to suit the project, as PRINCE2 can be applied to any type of project.

One criticism most project methods often get is that, "We don't need a Project Method. Our projects are not that big and a project method will add a lot of unnecessary paperwork to each project". This would happen if you try to follow PRINCE2 like a robot. But that is not the way to use PRINCE2. I often use the popular TV program, The Apprentice, as an example. This is usually a 2-day project where 2 teams compete with each other and each team has a Project Manager. You can see that PRINCE2 can be used by each Project Manager and the paperwork can be just a checklist with some notes. You can also see that most Project Managers keep making the same mistakes week after week. This shows that they don't understand the principle of Learn from Experience or Lessons Learned.

The purpose of tailoring is to:

- Ensure that the Project Method relates to the project's environment (i.e., if working in a financial environment, then align it with the existing management structure).
- Ensure that the project's controls are based on the project's scale complexity, importance, capability and risk. (e.g., if there is a lot of risk in your project environment, then more time should be spent on dealing with Risk).

The Project Initiation document should describe how the PRINCE2 method is tailored for that particular project. Refer to chapter 20, "Tailoring" of this manual, for more information.

Note: This is all the information you need to know about tailoring for the Foundation Exam

3.9 What you need to know for the Foundation Exam

There are normal 2 to 3 questions on principles, so make sure you have an understanding of this chapter. You should:

- be able to recognize the principle names if mentioned in a question
- have a basic understanding of what each principle is about
- know how many principles a PRINCE2 project should have
- understand th**e table 3.1 "**The Theme or Information that supports each Principle". You will understand this table once you read the Theme chapters.

See the Foundation Q&A Workbook to learn more about the type of exam questions to expect. It also includes 15 practice questions based on the information in this chapter.

4 Themes Introduction

4.1 Introduction to Themes

PRINCE2 says that themes are the parts of the project that need to be continually addressed throughout the project lifecycle. Perhaps a better way to explain themes is : Themes are knowledge areas, so each Theme provides knowledge (how to go about) on a specific area of project management such as the Business Case, Planning, Quality, etc… Consider the following question for a moment:

Question: What activities will you do at the start of the project to set it up, define it and use to monitor and maintain the project throughout its lifecycle?

Answer: The answer to this question will be the themes

- We need a Business Case to define the reason for doing the project and to check to see if this reason is still valid. This is covered in the Business Case Theme.
- We need to know who is who, what they are doing and what are their responsibilities. This is covered in the Organization Theme.
- We need to create the Product Descriptions and then create a Project Plan to guide the project and produce the products. This is covered in the Plans Theme.
- We need to monitor how the intended products will match users' expectations, and then determine that the users will be able to utilize these products as expected. This is covered in the Quality Theme.
- We also need a way to evaluate and manage risks. This is covered in the Risks Theme.

Remember that Themes are activities that you do at the start of the project to set it up and then use to monitor and maintain the project throughout its lifecycle. We can also say that Themes provide guidance on how things should be done during the project.

Themes should also be tailored to suit the project you are working on. This will depend on the project you are trying to do and the environment you are working in. For example, if you are building a lunar module, you have only one chance to get it right, so the Quality and Risks themes would be used in much detail.

How do Processes Relate to Themes?

The PRINCE2 processes address the chronological flow of the project. In other words, processes guide you through the typical activities that you need to do at different stages of the project.

E.g. The Start-Up process activities and the Project Initiation process activities are all executed once. The themes that you work on in these processes (Business Case, Plans, Risk, etc...) will be used throughout the project lifecycle. Themes are therefore used throughout the project.

4.2 List of Themes

I will briefly discuss each Theme, explaining what each one does, and what questions they help to answer. This will make it much easier for you to visualize and remember.

4.2.1 Theme: Business Case

The Business Case answers questions like:

1. Why are we doing this project?
2. What are the business reasons?
3. What are the benefits for the organization?

The Business Case Theme also describes how to define the Business Case. It will be possible to see if there is a valid Business Case at the start of the project and how to check if the Business Case still has value throughout the project. The Executive is responsible for creating the Business Case, but it can be written by others or with help from others. For example, the Executive might involve a person from the financial department to assist with all financial information.

The project mandate document usually contains some Business Case information. This is expanded in to the outline Business Case at the start of the project and will become part of the Project Brief, it is further expanded to a separate Business Case document which becomes part of the PID

4.2.2 Theme: Organization

The Organization Theme answers the following questions:

1. Who is who in the project?
2. Who is sponsoring the project?
3. Who is responsible for the Business Case?
4. Who represents the Users and Suppliers?
5. What are the exact roles and responsibilities?
6. Who is the Project Manager?

A good way to remember this is with the following question: What are the rules of engagement?

The Organization Theme provides information on the Project Management Team, and its structure and accountability.

A PRINCE2 project is based on a customer/supplier environment. One party is the customer, who will specify the result and most likely pay for the project. The other party is the supplier, who will provide the resources, do the work and deliver the results.

PRINCE2 states that a successful Project [Management] Team should:

- Have Business, User and Supplier representation.
- Have defined responsibilities for directing, managing, and delivering the project.
- Have an effective strategy to manage communication flows to and from stakeholders.

4.2.3 Theme: Quality

The Quality Theme answers the questions:

1. What quality level must the product be at by the end of the project so that it can be correctly used as intended, or in other words, be fit for use?
2. What can we do to check the quality during the project and make sure the project delivers the required level of quality?

This theme helps to uncover the quality requirements. The PRINCE2 approach to quality is to focus on products as early as possible, question the level of quality expected of each product produced in the project, and then document this in the Product Descriptions.

The Quality Management Strategy document is used to define how quality will work in the project, such as standards to be applied, and the various responsibilities for achieving the required quality levels during the project.

4.2.4 Theme: Plans

This Theme answers questions such as:

1. How to go about creating the project product?
2. What will be the steps involved?
3. How to do product based planning?
4. What quality has to be attained?
5. How much will it cost?
6. What will be the level of detail required for each plan?
7. Who from the Organization is involved and what is their responsibility?
8. When will certain things be done?
9. Who needs to receive a copy of the plans?

A PRINCE2 plan is not just a Gantt chart; it is a lot more comprehensive. It is a document that describes how, when and by whom a specific target or set of targets is to be achieved. These targets will include the project's products, timescales, costs, quality and benefits. There is a lot of text in a plan to help explain what will happen.

The Project Plan is updated at the end of each stage to show what has been done, the products developed so far and the plan for the next stage. The project plan gives an updated picture of the status of the project that can be compared against the baselined Project Plan to see how well the project is going when compared to the original plan.

You will learn about the different levels of plan: (a) the Project Plan, which is a high-level plan and is mostly used by the Project Board; (b) the Stage Plan, which acts as a day-to-day plan for the Project Manager; and (c) the Team Plan, which is used by the Team Manager.

4.2.5 Theme: Risk

Each project is unique, as it tries to do something new. There is always a certain amount of risk attached to each project.

This Theme helps to uncover the following information:

1. What are the risks?
2. What if the risks happen?
3. How can risks be identified, analyzed and documented?
4. How can the possibility of risk be reduced?
5. How can risk be managed and monitored throughout the project?

Risk is an uncertain event or set of events that if they should occur, would have a positive or negative effect on the project. The word *Threat* is used to describe a risk that would have a negative impact on the project's objectives. The word *Opportunity* is used to describe a risk that would have a favorable impact on the project's objectives.

See Risk as having an impact on the project's objective rather than on the project itself. In other words, a risk can impact what the project wishes to achieve. Risk Management refers to the procedure to follow to identify and assess risk. Moreover, it refers to planning and how to respond to these risks. The Risk Management Strategy document describes the specific Risk Management techniques.

4.2.6 Theme: Change

All projects will have issues and most projects will have requests for change, as in new requirements. This Change Theme deals with the question: “What is the impact of this issue?”

Therefore, this theme describes (1) how the project can assess these issues and requests, (2) act upon and (3) manage them. All of these issues and changes can have a direct impact on the original Project Plan. Any proposed change must be correctly dealt with. All projects need a good Issue and Change Management approach from identification, assessment and control of issues.

Issues and Change Control happen during the full lifecycle of the project. Remember, the objective is not to prevent changes but to get changes agreed upon and approved before they can take place. The Change Theme also covers Configuration Management. Each project requires a Configuration Management System, which tracks products, issues and changes. The Configuration Management Strategy document describes how issues and changes will be handled in the project. It will answer questions such as:

1. How should products be planned, identified, controlled and verified?
2. How should issues and changes be handled?
3. What tools will be used (e.g., SharePoint, Niku Clarity, Shared Drive)?
4. What data should be kept for each product (e.g., Product Description, Configuration Item Records, etc.)?

4.2.7 Theme: Progress

During the project lifecycle, the project needs to be monitored. Highlight and Stage reports have to be written to show how the project is progressing in relation to the agreed plan. Checks must be done to ensure that the escalation process is working correctly. It is necessary to continually evaluate throughout the project lifecycle whether the project should be continued with or not.

This theme, therefore, addresses with the following concerns:

1. How the project will be controlled?
2. When reporting will be done?
3. Where we are now compared to the plan?
4. Is the project still viable?

The purpose of the Progress Theme can be explained in three parts:

1. To establish how to monitor and compare actual achievements against those that have been planned.
2. To provide a forecast for the project objectives and the project's continued viability.
3. To be able to control any unacceptable deviations.

In other words, Progress is about checking development of the project when compared to the plan, checking the project viability and controlling any deviations. Control is all about decision-making and is central to project management, ensuring that the project remain viable against its approved Business Case.

4.3 What you need to know for the Foundation Exam

This is an easy introduction chapter to themes so it would be very good to understand this chapter as you will be able to answer a good number of Theme related questions with this information.

Tip: A good test: Try to answer the following questions for each theme.

- List two questions that each Theme helps to answer

5 Business Case Theme

5.1 Introduction to Business Case Knowledge

Let's take a look at what will be covered in this Business Case Theme.

- The purpose of the Business Case Theme.
- What is a Business Case?
- What is meant by the terms *Output*, *Outcome* and *Benefits*? You will be able to give an example after this section.
- Types of Business Case.
- The path to creating a Business Case. This includes the steps *Develop*, *Verify*, *Maintain* and *Confirm* and who is responsible for each step.
- The four points in the project where the Business Case can be verified.
- The approach to confirming the benefits and how the Business Review Plan is used during and after the project.
- The typical contents of the Business Case and Roles and Responsibilities.

5.2 What happens in the real world?

Before I heard of PRINCE2, I had the opportunity to be a Project Manager on a number of projects and I did not see a real Business Case document in most of them. However, someone somewhere in the organization had requested the project and found some budget to pay for this.

Did they write a Business Case document? Perhaps they did, or perhaps this was just decided at a management meeting where one person presented the reasons why they needed a product, got permission, and agreed on a budget with the rest of the management team.

If you are a Project Manager, ask to see the Business Case for the project. You will learn what questions to ask about the Business Case by reading this Theme. If you work for a supplier that is generally contracted out to clients, then you may not get access to the Business Case, but you should have an idea of the potential value (benefits) of the project for the client.

As you will learn later, suppliers are supposed to have their own Business Case. Again, I have never seen this in paper format, but it usually goes something like this: If the cost to hire a permanent employee is €30 per hour, then the supplier needs to charge €50 per hour. If the client pays €50 per hour (+- 5%), then the supplier's Business Case is valid.

5.3 The Business Case knowledge provided by PRINCE2

The purpose of the knowledge in the Business Case Theme is "to provide a **structure to judge** whether the Business Case is desirable, viable, achievable and worth the continued investment that is made during the project"

You can also say the Business Case theme provides a **mechanisms to judge** whether the project is and remains desirable and achievable

Let us look at that statement again and break it up.

- Provide a structure: Provide guidelines to follow.
- Desirable: Determine if this product is really needed. (benefits v dis-benefits)
- Viable: Is it possible to do? Are we capable of delivering?
- Achievable: Is it possible to deliver the benefit?
- Worth the continued investment: If not, then the project must be stopped.

Business Justification:

"Business Justification" is a popular term in a number of methods and is now used by PRINCE2. Business Justification means that there is a valid business reason for doing the project and it remains valid throughout the project. If the Business Case becomes invalid during the project, then the project should be shut down. Business Justification is also one of the 7 principles of PRINCE2.

5.4 What does a Business Case do for the project?

The Business Case gathers the information to allow the management to judge if a project is desirable, viable and achievable and therefore worthwhile to invest in. The Business Case is normally developed at the start of the project unless it is provided by Corporate or Program Management. Once created, it is then maintained throughout the life of the project. A good question to ask here is "Why is the Business Case maintained and what does this mean?"

Let me give you an example to explain this. Your company will invest €100,000 in a Sales application and it expects to have a return on its investment in 20 months due to reduction of two administrative persons as less administrative work is required. The clients will be able to order and view all account information online and don't need to call as often. So as you can see this sounds like a good project.

However 3 months into the project, you find out the following: Two of your bigger clients don't wish to use web-based applications in their purchasing department, so you will need to keep one admin person. Therefore, the return on your investment (ROI) will change, as it will take 32 months instead of 20 months to recoup the cost of the project. The Business Case needs to be updated with this information.

As the Project Manager, you want to show that the project is still worth doing (if you think it is), but you will recommend to the Project Board to stop the project if not.

As you can see then, the Project Manager is constantly asking "*Is the continued investment in this project still worthwhile?*"

5.5 How to best describe what you get from a project?

PRINCE2 uses the terms "*Output*, *Outcome* and *Benefits.*" These terms help to describe what we get from a project. My objective here is to explain what these terms mean and, also, how they differ from one another.

I don't like definitions that hang in the air and prefer to use a focused question to help explain something. So I will start with the 3 simple questions to help explain *Output*, *Outcome* and *Benefits*.

Question to uncover Output:	What is the product that will be delivered by the project?
Question to uncover Outcome:	What can the users do better with this product?
Question to uncover Benefits:	List the measurable improvements of using this product?

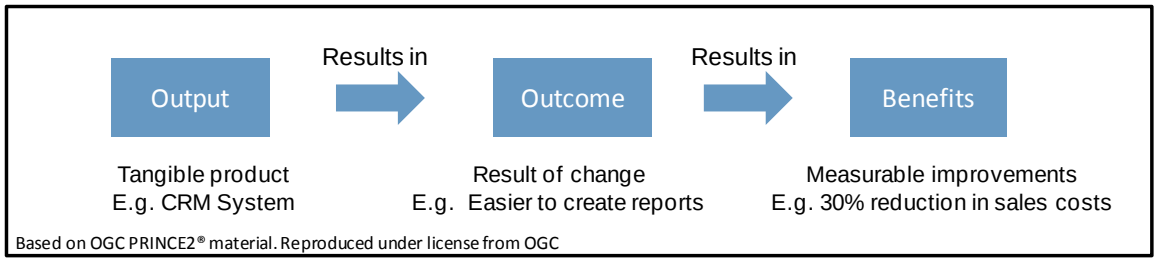

Fig 5.1 Output, Outcome and Benefits

Outputs: The Outputs of a project are the products that the users will use. These are also known as specialist products and the project is set up to create these products.

Outcome: You may have heard the expression "outcome is a result of change". From a PRINCE2 project point of view, we say that an Outcome is the result of the change derived from using the project's outputs. Outcomes describe what users can do better e.g. Faster reporting

Benefits: PRINCE2 says that Benefits are the **measurable** improvements, resulting from an outcome that is perceived as an advantage by one of the stakeholders. Try to see Benefits as the measurable advantages of using the product. Benefits can be realized during the project, but most benefits are usually realized after the project has closed and sometimes a long time after.

Exercise: What the Output, Outcome and Benefits for a new Sales system project

Output

- Question: What is the product that will be delivered by the project?
- Answer: This is the Sales system.

Outcome

- Question: What can the users do better (different) with this product?
- Answer: Some answers could be:
  - Sales orders are processed quicker and more accurately
  - Client can assess data online and track orders
  - Easier for administration staff to track orders
  - Easier to get reports from the system

Notice how all the answers are vague, and no measured criteria.

Benefits

- **Question:** What are the measurable benefits of using this product?
- **Answer:** Some answers could be:
  - 40% cost-reduction in handling client data
  - 15% increase in sales as users can order online
  - Overall revenue increased by 12% annually

Exercise: Think about a recent project & list the Outputs, Outcomes and Benefits

5.6 The path to creating the Business Case

The Business Case is developed in the Initiation Stage and maintained during the project. The Business Case is first **verified** by the Project Board so that the project can start. It is then verified at key decision points during the project, such as at the end of each stage.

(NR*) There are 4 steps to create the Business Case. They are:

1. Develop : Develop the Business Case
2. Verify : Verify the Business Case
3. Maintain : Maintain the Business Case
4. Confirm the Benefits : These are defined in the Benefits Review Plan

* NR means, this is Not Required for the Foundation Exam

5.6.1 Step 1: Develop (create) the Business Case

The Executive is responsible for creating the Business Case, but it can be written by others or with help from others. For example, the Executive might involve a person from the financial department to assist with the financial information.

When	Description
Before the project starts	The **project mandate** document usually contains an outline of the Business Case and will explain the reasons why the project is needed.
Pre-Project (**SU**)	The Business Case information is taken from the project mandate and copied to the **outline Business Case**, it will be part of the Project Brief.
Initiating a Project (**IP**)	The **outline Business Case** is extended into the **Business Case** document by (usually) the Executive with help from other people and becomes part of the PID

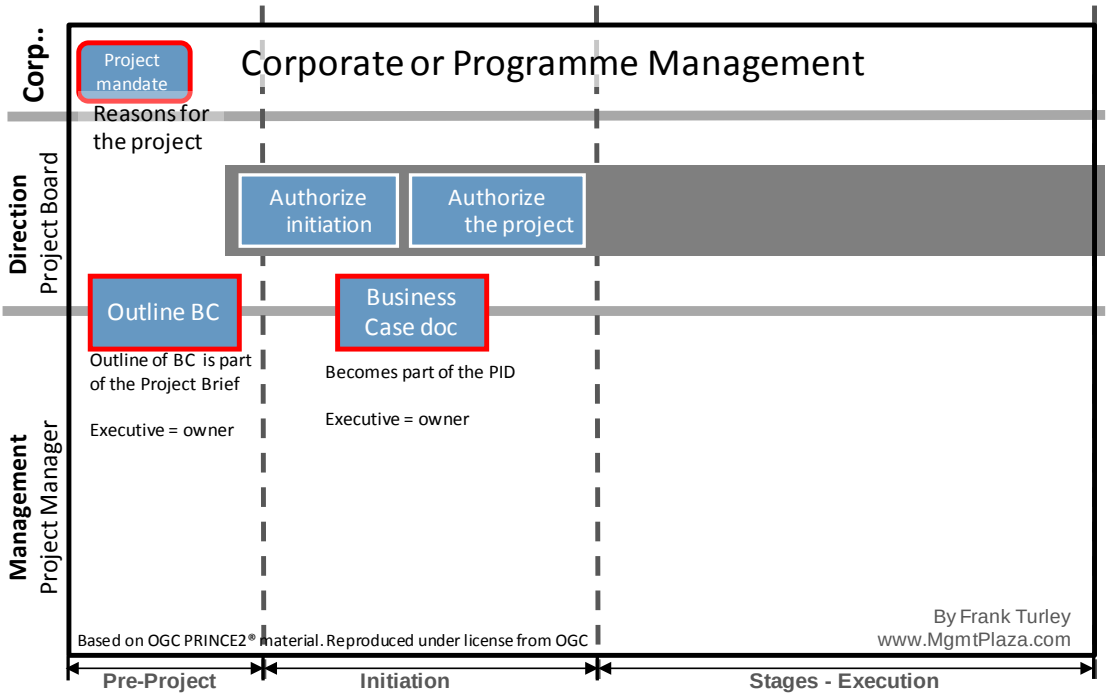

Fig 5.2 Develop the Business Case

5.6.2 Step2: Verify the Business Case – By Project Board

What does verify the Business Case mean?

- It means to determine whether the Business Case is worthwhile.
- This verification is done at a number of points in the project by the **Project Board**

Question: Where do you think would be good points in the project for the Project Board to Verify the Business Case (see if the Business Case is worthwhile?): **Tip:** Project Board decisions points.

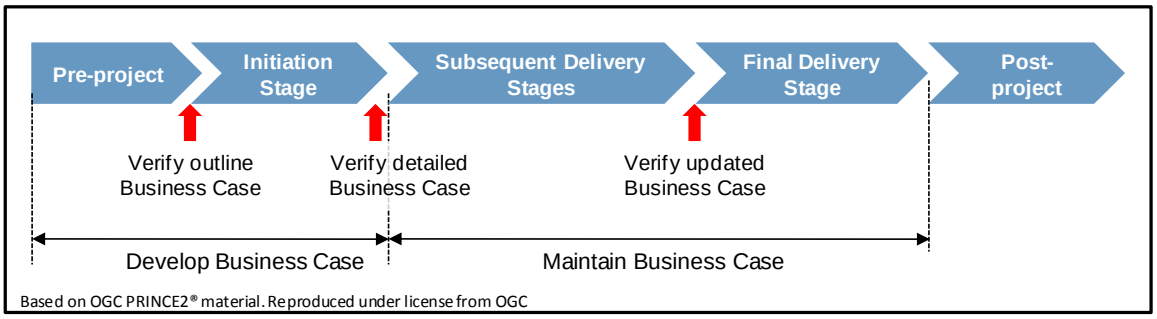

Fig 5.3 Verification Points

Project Board verification points

- **Verification Point 1**: At the end of the "Starting Up a Project" (Pre-project) process.
- **Verification Point 2:** At the end of the Initiation Stage
- **Verification Point 3:** At the start of each new delivery stage.

Other verification points are anywhere where the Business Case is updated or reviewed. E.g. The Project Manager will check for continue business justification during the Stage Boundary process, in other words the Business Case is used to justify the continuing viability of the project.

The Executive is responsible for ensuring the project is value for money, is aligned with the corporate objectives and assuring other stakeholders that the project remains viable. So the Executive is the **accountable** person for the project, not the Project Manager.

5.6.3 Step 3: Maintain the Business Case

What is meant by Maintain the Business Case?

Maintain the Business Case refers to keeping the Business Case up to date (living document) to reflect what is happening in the project. It may be done when assessing Risks or Issues, or at the end of a stage. For example some of the typical changes can be: increase or reduction of costs, new information on a risk and so on.

So when is a good time to update the Business Case during the project? A good time to update the Business Case is at the end of every stage, as you will have the true cost of the last stage, and perhaps the updated cost of the next stage, along with any information on issues and risks.

5.6.4 Step 4: Confirm the Benefits

Benefits are identified and written down at the start of the project in the document "The **Benefits Review Plan**" and the Business Case. For each benefit, you must include how the benefit will be measured and when this benefit will be realized and this is placed in the Benefits Review Plan.

Example of measureable: x% reduction in costs, x% increase in profits

Benefits are usually realized after the project is closed but some can be realized during the project. This step **Confirm the Benefits** checks to see if expected benefits have been realized.

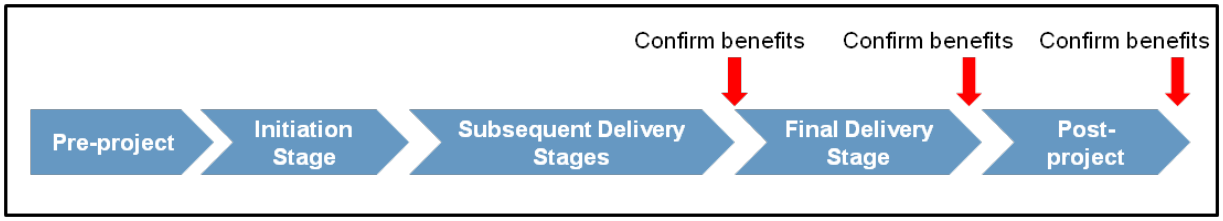

Fig 5.5 Confirm the benefits

The diagram shows that Confirming the Benefits is done at the end of each stage and after the project. The Benefits Review Plan may be updated at the end of each stage in the project.

5.7 The Benefits Review Plan

The purpose of the Benefits Review Plan is to identify the benefits and most importantly, to select how the benefits can be measured. In other words, the Benefits Review Plan is used **plan** the assessment of benefits. You can then compare the new results to the current situation (so the current situation becomes the baseline).

For example a Sales Application: we can measure the following and baseline this information:

- Average cost to handle each order by telephone and follow up
- Average time and cost to create sales reports
- Average time providing information to clients about orders and past orders
- Customer satisfaction (take a survey today)

So the purpose of the Benefits Review Plan are to:

- Define how a measurement of the achievement of the project's benefits can be made
- Define what benefits assessments need to be undertaken
- Define the activities required to measure the expected project's benefits

The Benefits Review Plan must include information on the expected **timeline** for these benefits. The Benefits Review Plan is created in the IP stage by the Project Manager. The **Senior User** is responsible for specifying the benefits and realizing the benefits

Why should the Senior User be responsible for specifying and realizing the benefits?

- The Senior User represents the users who are asking for a new product so they should be able to describe the expected benefits. These benefit descriptions should show that the project is value for money (worth the investment)
- The Senior is then responsible for using the product to achieve the benefits and they become more accountable to the Corporate or Programme Environment. This will also ensure their continued commitment during and after the project.

Tip: If you can't measure a benefit, then don't claim it.

5.8 The Contents of a Business Case

Business Case Introduction

The Business Case should describe the reasons for the project and includes information on the estimated costs, risks and expected benefits. The Business Case contain the following parts:

BC Parts	Description
Executive Summary	An short overview of the BC for upper management
Reasons	Reasons for doing the project (comes from project mandate)
Business Options	PRINCE2 teaches that there are always three options to consider concerning any investment. These are: o Do nothing, Do the minimum & Do something "Do nothing" may seem a bit strange but let me give you an example. Suppose we discover that the benefits of the Sales project will not be reached, as more than 66% of customers will never wish to order online and prefer to use the telephone. Then it is better that we **do nothing**. The "do nothing" option should always be the first option, as the Project Board will compare the fact of doing nothing with other options put forward that would require investment. The "Do the minimum" and "Do something" options would normally require a detailed Business Analysis showing costs, benefits, desire and viability.
Expected Benefits	List each benefit and how and when it can be measured
Expected Dis-Benefits	According to PRINCE2 a dis-benefit is an outcome that is seen as negative by one or more stakeholders. Another name might be a negative side-effect. For example, with the online CRM application, 50% of the current sales support staff may have to look for a new job
Timescales	Project start and end, when benefits will be realized
Costs	Cost for project plus expected ongoing maintenance costs after the project
Investment Appraisal	ROI information / calculation (costs v benefits)
Major Risks	A summary of the major risks (comes from Risk Register)

5.9 Business Case example: A new CRM (Sales system)

Executive Summary

We recommend the development and implementation of a Web-Based Customer Relationship Management system to allow our clients to order online, view order history and download report information to Excel. We forecast to recover the cost of the project in 18 months, with a benefit of €24,000 for the following 3 years.

Reasons: The reasons for this project are as follows:

- To make it easier for clients to order and view order history.
- One of our biggest competitors is offering such a system and their salespeople are promoting this as a valuable service.
- To help to reduce our costs, as we can reduce one of our in-house sales persons.
- To reduce the errors we have today with incorrect orders.

- To make it much easier for our in-house salesperson to follow-up on orders and provide the correct information to the shipping department.
- To provide better sales reporting for Sales Manager with minimum effort.

Expected Benefits

- Reduce sales administrative costs by 30%
- Forecast increase in sales by 5% to 10%
- Prevent loss of existing clients to another competitor
- Forecast reduction of 66% in errors in the ordering process
- Provide required sales information to Sales Manager with minimum effort

Expected Dis-Benefits

- Most clients will now order and track their orders online without ever having to contact administrative personnel from the company. This may have a negative effect as the administrative people in the company communicate less with the customers.

Timescales

- Project time: 5 months : Tolerance: +-3 weeks
- Project Start: February 1st: Start with Requirements Analysis
- Project Finish: August 1st
- First Benefit Reviews will be 3 & 6 months after go-live

Costs

- Estimated costs are €24,000
- Estimated yearly maintenance and support is: €4,000
- Change Budget (20% of the cost): €6,800 will be available

Investment Appraisal (Simple)

- Estimate costs for project are: €34,000
- Estimate to save one of the two Admin Sales roles: €26,000 a year
- Estimate to increase sales and therefore profit by 5%: €12,000
- Estimated Return on Investment is less than 18 months

Risks

- CRM provider may not be able to deliver our exact requirements using their easy-to-use configuration tools and may need to use more development services.
- Competitors may start using a similar system which will affect our planned benefits.
- Clients may not like to use the system and may insist on ordering via telephone.

5.10 Business Case: Who is responsible for what?

Role	Responsibilities
Corp / Program Management	• Provide project mandate which will contain reasons and perhaps most of the information required by the Business Case • They wish to know if the expected benefits are realized
Project Board	• Verifying the Business Case (E.g. at each decision point)
Executive	• Responsible for the business case & securing funding for the project • Responsible for the Benefits Review Plan during the project • Making sure the project is value for money • Responsible to other stakeholders that the project remains viable
Senior User	• Specify the benefits • Ensuring the benefits will be realized
Project Manager	• Prepares the Business Case in the IP stage • Updates the Business Case during the project (Maintenance) • Examines the effect of issues and risks on the Business Case • Keep the Benefit Review Plan up to date
Project Assurance	• Assist in the development of the Business Case • Helps to ensure the Business Case contains correct information

5.11 What you need to know for the Foundation Exam

You should

- be able to recognize the **purpose** of the Business Case theme (the purpose of the knowledge in the Business Case theme)
- know how this Theme supports the continued business justification principle.
- be able to recognize the difference between an output (main product), outcome (think of features) and a benefit (measurable)
- know the purpose of the Business Case and the Benefits Review Plan
- know some of the typical contents of a Business Case (see the Business Case example)
- understand which Principle is supported by the Business Case Theme
    - The Principle: Continued business justification
- Explain what is meant by “PRINCE2 is based on a customer supplier environment”.

See the Foundation Q&A Workbook to learn more about the type of exam questions to expect. It also includes 15 practice questions based on the information in this chapter.

6 Organization

6.1 Introduction to Organization Knowledge

Let us take a look at what will be covered in this Organization Theme.

- The purpose of the knowledge contained in this Organization Theme
- Some Organization definitions, what a project is, what a program is.
- The three stakeholder categories (the three primary stakeholders)
- The four levels in a project & three levels in a Project Management Team.
- The duties and roles of the Project Board.
- The duties and roles of the Project Manager Role and the skills required.
- Introduce other project roles such as Change Authority, Team Manager & Project Support.
- Working with the Project Management Team and the stakeholders.
- The Communication Strategy document, the reason for this document and typical contents.
- And finally, the responsibilities of the different roles in the Organization Theme.

Sample

7 Quality

7.1 Introduction to Quality Knowledge

Let us take a look at what will be covered in this Quality Theme.

- The purpose of the knowledge in the Quality Theme
- Definitions for terms such as *Quality*, *Scope*, *Quality Management System*, *Quality Planning*, *Quality Control* and *Quality Assurance*. This will enable you to understand and explain all of these terms.
- The PRINCE2 Approach to Quality, two parts: Quality Planning and Quality Control.
- Customers Quality Expectations and how to extract this information.
- How Acceptance Criteria is used (checklist)
- Adding Quality information to the Product Descriptions.
- The Quality Management Strategy document, which defines how Quality will be carried out in the project. You will learn the type of information contained in this document.
- The Quality Register is a diary of quality events that is kept up to date during the project. The Quality Register will help your understanding of this theme.
- Introduction to Quality Control
- The PRINCE2 Quality Review technique, which is a Quality Inspection technique and includes the roles of Chair, Reviewer, Presenter and Administrator.
- And finally, the responsibilities of the different roles in the Quality Theme.

7.2 What happens in the real world?

Quality is something that project methods talk a lot about and it sounds great, but in reality, this is something that some Project Managers don't understand. Some companies have a Quality Management System in place that describes how Quality should be done in that organization, but most often, this can be for specific departments in the company and may be only suited to specific types of products. Therefore, other projects cannot make use of this Quality Management System.

Quality can difficult to define (if you don't know how) and many people do not know how to explain it in a simple way. For example, let's suppose the Sales Manager was asking for a new Sales system and you asked him to define the requirements. You will normally receive a list of requirements, but then if you ask them *"What about quality?"* or *"What are your Quality Requirements?"* you would leave them speechless, which may not be a normal state for a sales manager. So it is up to us as Project Managers to ask better questions.

Another point, if you don't consider Quality at the start of your project, it is very difficult to end up with quality (a useable product). So Quality must be addressed at the very start of the project

The good news is that the Quality Theme in PRINCE2 provides a simple solution for this. It describes how Quality can be defined, measured and controlled during the project.

Sample

8 Plans

8.1 Introduction to Plans Knowledge

Let us take a look at what will be covered in this Plans Theme.

- The purpose of the Plans Theme and how the information in this chapter can help you.
- Introduction to plans and planning. E.g. what a plan is and what is meant by planning.
- The three levels of a plan and how it compares to the project team management levels
- Introduction to the different types of plans: the Project Plan, Stage Plan & Team Plan.
- Introduction to the Exception Plan, why it is used and when created.
- The PRINCE2 approach to Plans
- Introduction to Product-Based Planning which has 4 steps
- The Product Checklist, its structure and value to the Project Manager.
- And finally, the responsibilities of the different roles in the Plans Theme.

8.2 What happens in the real world?

Most project managers seem to look around to see how other project managers do their planning, and then they follow a similar approach, as they first want to fit in with any standards that are used.

Project Managers who work in a Program Environment will be able to take advantage of how projects have been done in the past and get examples of how Project Plans are to be created and these standard plans (templates) can be a great help.

PRINCE2 might give them impressions that you need to know everything up front before you create the Project Plan and all Product Descriptions. This is possible with some projects but with many IT projects, a more relaxed approach is required and each stage can be an iteration. So the Stage Boundary process can be used to create Product Descriptions for new products that will be created in the next stage.

One good thing to keep in mind is how you will communicate the Project Plan to the Project Board, as they are not interested in reading a 20 to 30 page document. You could ask the Executive how they want to receive this status information (ask about previous projects)

My own favorite planning, tracking, reporting tool is the **product checklist**. This is easy to create, maintain, read and most important it is a good way to communicate with stakeholders that need this information. You will find an example of a product checklist later in this Theme.

One of the first things I do with planning is to try and get an idea of scope. It is very easy for a project to start off as a simple project, but when you start to draw out the requirements in a Product Breakdown Structure, it shows exactly what this so-called **simple project** involves. The Product Breakdown Structure makes it easy to discuss the scope and requirements with the Senior User.

I have seen few Project Managers using the Product-Based Planning technique, especially the Product Breakdown Structure technique, which is a pity, as it is very useful. Perhaps the main reason for this is the Project Managers don't get time to cover this in the training. Therefore, this manual includes a simple example and shows how you can use the indented list to help you get started. For the Foundation exam, you just need to be aware how Product-Based Planning works.

9 Risk Theme

9.1 Introduction to the Risk Knowledge

Let us take a look at what will be covered in this Risk theme, you will

- Be able to answer (a) what is Risk, (b) what is at risk in the Project and (c) what is Risk Management. Also, you will learn the 3 steps to Risk Management which are *Identify*, *Assess* and *Control* and *What Risk attitude is*.
- Learn how Risk Theme relates to OGC Management of Risk method.
- Learn about the Risk Register, how it is used, and typical contents.
- You will learn the 5 steps in the Risk Management Procedure, which are *Identify*, *Assess*, *Plan*, *Implement* and *Communicate* (**I** **A**te **P**eaches **I**n **C**hina).
- Learn about the Risk Budget.
- Learn the Risk Roles & Responsibilities.

9.2 What happens in the real world?

Most Project Managers don't really get a chance to practice Risk Management. This is something that is covered very well in all the Project Management methods, but it seems to get forgotten about as soon as the project starts up. Even if Project Managers spend an appropriate amount of time on Risk Management, they may stop once they realize that nobody is interested in the Risk information, as there may be very little awareness of Risk Management in the organization.

Project Managers are not to blame. They first need a Risk Management approach to follow and the rest of the organization also has to be aware of the importance of Risk Management. If you are working in a program environment, there will most likely be a standard approach to Risk Management and hopefully you will have received training.

If you are not working in a program environment, then you should check if there are standard procedures available for Risk Management in the company or in use by other Project Managers.

The knowledge provided in this Risk Theme provides an excellent approach to Risk Management that you will be able to understand and use. I believe that the most important thing to understand in this theme is the structure of the Risk Register and how to use it to enter Risk information and how to track risks during the project.

A good tip to remember is to ask your Executive *"How should risk be assessed, tracked and communicated during the project?* This will give you a very good idea on Risk awareness for the project and perhaps for the organization.

Sample

10 Change

10.1 Introduction to Change Knowledge

Let us take a look at what will be covered in this Change Theme.

- You will learn the purpose of the knowledge in the Change Theme – that it covers both *Change Management*, which is about looking after the products in the project and *Issue & Change Control Management*, which is about handling issues and change requests.
- You will be able to answer the following questions: *What is Configuration Management? What is a configuration item? What is an issue and what are the three types of issues?*
- You will learn about the PRINCE2 approach to change.
- You will learn about the Configuration Management Strategy document
- You will learn how to prioritize issues and track severity
- You will learn what the Change Authority does and about the Change Budget.
- You will learn about Configuration Management procedure which has 5 activities: *Planning*, *Identification*, C*ontrol Change*, *Status Accounting* and *Verification & Audit*.
- You will learn about the Issue and Change Control Procedure, which has 5 steps: *Capture*, *Examine*, *Propose*, *Decide* and *Implement*.
- Lastly, you will learn about the Roles and Responsibilities relevant to the Change Theme.

10.2 What happens in real world?

One of the biggest issues many Project Managers have is the ability to say *no*, or at least that is what they would like to say when they are asked to add more requirements to the project. This of course, depends on the organization. Project Managers that say *no* are not seen as team players and can quickly develop a name as being uncooperative.

In some projects, there may be a rush to get the project started and so the required amount of time is not spent on defining the requirements and Product Descriptions, and then the budget is set for the project. It can later become apparent that extra functionality has to be added and the Project Manager needs to know how to handle this situation.

What I like most about the Change Theme is that it shows you that as a Project Manager, you never have to say *no* or *yes*, but when requested to add new functionality, you can even thank the person for suggesting this, then provide them a Change Request form to fill in and offer help if required ☺. You then promise to follow up on this Change Request, letting the requester know that it will be Change Authority/Project Board that will decide on this request.

The Change Theme also describes the roles and responsibility of the Executive and the Project Board; this is useful, as you may need to remind the Executive of this. I have seen a few projects where the Executive was actually the person who was putting the pressure on the Project Manager to allow changes to creep into the project without providing extra resources. So this theme will show you how to deal with these situations.

Most Project Managers are also aware that they have to look after the products produced by the project and this is called Configuration Management. This mainly involves tracking changes, making sure the correct persons have access to the latest versions, baselining documents, and providing a central, accessible storage location. Some companies provide an easy-to-use documented IT system that makes it easy for the Project Manager to manage, control and distribute project information, while other companies provide systems that are very difficult to use and therefore ends up not being used. The good news is that it is very easy to get an easy-to-use online system that will provide most of the required functionality including secure access to the information.

The last point before moving on is that most Project Managers don't plan any time for Configuration Management activities and believe this is something they can do in the evening or perhaps while on a conference call. It is a very good idea to plan this work.

11 Progress

11.1 Introduction

Let us take a look at what you will learn in this Progress theme. You will learn:

- The purpose of Progress, which has 3 parts
    1) Check the progress of the project compared to the plan,
    2) Check project viability
    3) Control any deviations.
- Definitions for Progress, Progress Controls and Exceptions and Tolerances
- The PRINCE2 approach to Progress
- The four levels of authority in the Project Organization and 3 levels in the Project Team.
- The 3 Project Controls used by the Project Board and Project Manager
- Why Management Stages are used by the Project Board as controls.
- What are technical stages? How do they differ from Management Stages? and How it is possible to manage Technical Stages from Management Stages?
- How does the Project Manager review progress? How do they use the different management products such as the Checkpoint Reports, Daily Log and Issue Register?
- How the Lessons Log and the Lesson Report are used from a Progress point of view.
- The three reports used by the Project Manager to report progress to the Project Board.
- And lastly, the Progress Roles and Responsibilities.

11.2 What happens in the real world?

Progress is all about how to control the project and know where you are against the current plan. Each company and Project Manager will have different ideas on how best to do this and if you are Project Manager in a company the, one good question to ask your Project Board is: “how do I best keep you informed of the progress of the project?. The answer to this question will tell you a lot about the maturity of project control in the organization.

I believe are the most important points that a Project Manager has to keep in mind are:

- The format of reports used to provide information to the Project Board
- How best to keep track of issues, changes and risks
- How to check that the Business Case is still valid etc…
- And constantly check the current progress compared to the current plan

Most poor Projects Managers make the following mistakes

- Don’t have a good system in place to track process
- Feel responsible for issues as they arise and try to solve them, thus they end up firefighting and not managing the project (very dangerous)
- Are afraid to escalate issues as they may work in a shoot the messenger environment or work for a Project Board that does not understand their role.

You will find this chapter on PRINCE2 easy to read and understand and you will also learn how tolerances are used to help each management layer manage the layer below. The last point I would like to make is that the Project Manager should make sure they have time during the project to manage progress and control the project.

Sample

12 Introduction to Processes

12.1 Introduction to Processes

Let's take a look at what you will learn in this Introduction to Processes. Our approach for this foundation manual is as follows,

- Provide much more information in the Introduction to processes than in the official PRINCE2 manual, as this will make it much easier to understand the following chapters.
- Provide less than 20% of the information in the seven process chapters as in the official PRINCE2 manual. This will still give you a good clear understanding of the processes and covers the foundation syllabus and prepare you for the exam.
- We use process input/output diagrams to make it easier to understand each process .

What you will learn in this chapter?, you will learn the following:

- What is a process and what is a PRINCE2 process
- What happens in the Initiating a Project Process and what are the inputs and outputs
- What are the next stages in the project
- The final delivery stage and what happens here when closing the project.
- Introduction to the PRINCE2 Process Model.
- Introduction to the 7 processes.

12.2 The PRINCE2 Processes

A process is a structured set of activities designed to accomplish a specific objective. PRINCE2 has activities for Starting Up a Project, running a project and many others. It groups these into processes.

PRINCE2 is a process-based approach for project management and there are 7 processes that guide you through the project, and each provides a set of activities. These activities help to direct, manage and deliver a project and are described in the PRINCE2 manual. Like any process, a PRINCE2 process takes one or more inputs, acts on them, and provides defined outputs.

The 7 PRINCE2 process are:

1. Starting Up a Project
2. Initiating a Project
3. Directing a Project
4. Controlling a Stage
5. Managing Product Delivery
6. Managing a Stage Boundary
7. Closing a Project

By now you should be familiar with the Process Model Diagram, which clearly shows the seven processes. Use the Process Model Diagram when reviewing the following pages and visit this **link** to get a full page copy of the Process Model that you can print out.

12.3 Two Process Diagrams

It is important that you have an overview of how the process work with each other, how the outputs from one process are the inputs to another, which processes are done once and which can be repeated in a project, who creates the management products and where these are created, etc.… We therefore the diagrams,

1) The PRINCE2 Process Model Diagram
2) The Mgmt Product Map

Actually, if you understand these diagrams alone you can answer all of the process related questions in the PRINCE2 exams. The Mgmt Product Map also helps you to understand most of the themes much better as you can see when management products are created and updated.

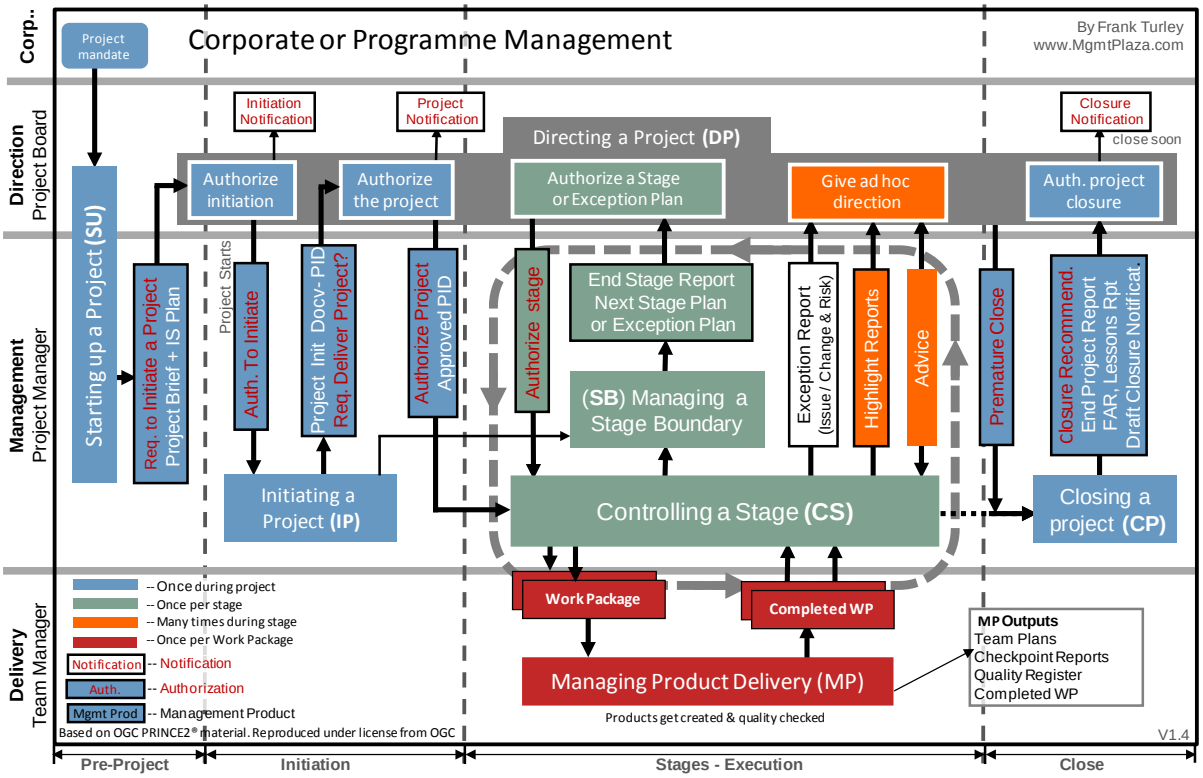

Fig 12.1 The PRINCE2 Process Model Diagram

The PRINCE2 Process Model Diagram

I believe that the Process Model is the best way to start learning about PRINCE2, as it provides an excellent high-level overview of a project and shows how all the processes relate to each other and how the outputs from one process are the inputs to another.

Learning the processes one by one will make it hard for you to see how they relate to each other and therefore harder to learn PRINCE2.

The Process Model overview in the PRINCE2 manual is very short. I suggest that you browse over our free “The PRINCE2 Process Model” book. This book is also available in Audio and Flash (animated) formats and it will take you just an hour to watch. It covers the Process Model in much more detail than in the PRINCE2 manual.

The Mgmt Product Map

This diagram shows when most management documents are created and updated, so it gives an excellent overview of both the Processes and Themes.

E.g. The Business Theme

- The outline Business Case is created in the Pre-Project (SU) process
- The Business Case is completed and baselined in the IP Process
- The Business Case is then updated in the Stage Boundary process
- The Business Case gets a final update in the Closing a Project process

E.g. The Plans Theme

- The Project Product Description (PPD) in the Pre-Project (SU) process
- The Project Plan is created and baselined in the IP Process
- The Project Plan is then updated in the Stage Boundary process (show actuals)
- The Project Plan gets a final update in the Closing a Project process, so it the project can be compared with the original Project Plan so see how well the project performed.

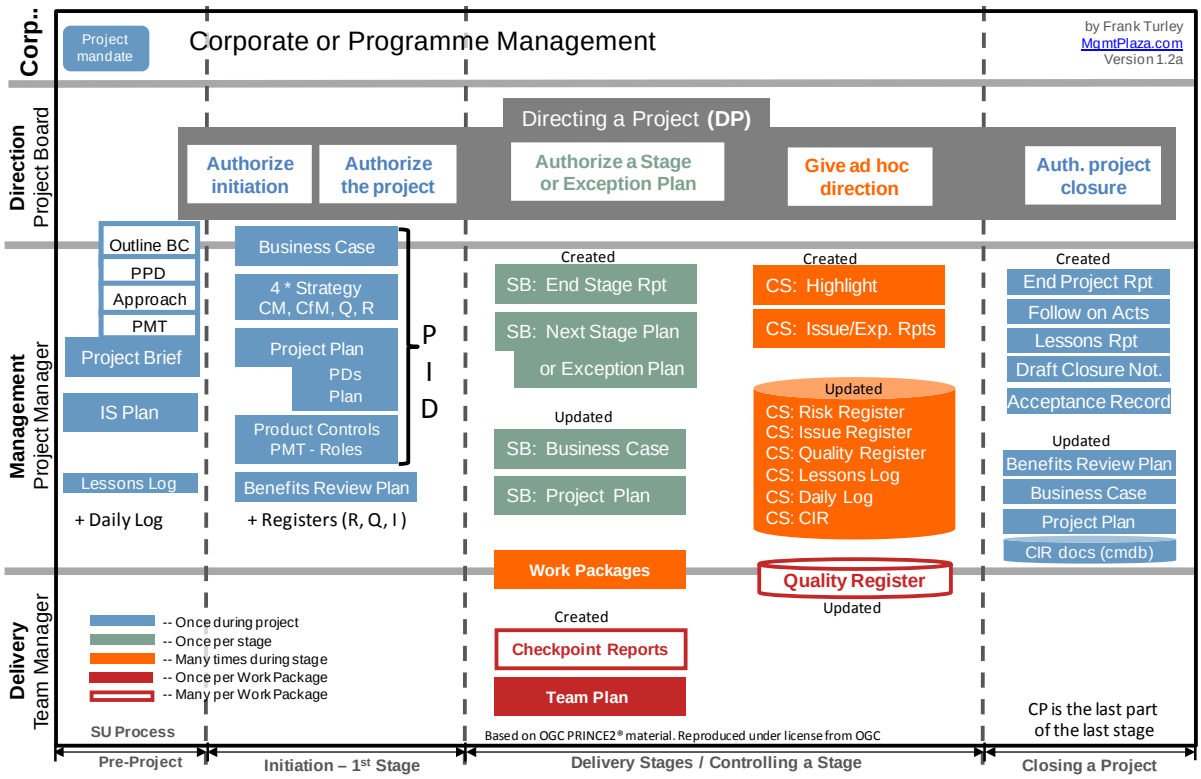

Fig 12.2 The Mgmt Product Map

12.4 Pre-Project

What happens before the project starts? This is known as Pre-Project (project has not started yet).

Someone, somewhere, sometime has an idea or a need. This can be a business opportunity or something that is necessary to do for the company (e.g., a change in legislation like CO_2 reduction). This idea or need is the trigger for the project.

The first step that is normally taken is the creation of a project mandate document. This is why we say that the project mandate is the Trigger for the project. A project mandate can be a simple one-page note, an email, or a structured document based on a company project mandate template.

There are a number of Pre-Project activities to be done and these are referred to as the project start-up. PRINCE2 suggests a number of pre-project activities that should be done and all of them are contained in a process, i.e., the *Starting Up a Project* Process.

The main objective of the Starting Up a Project Process is to verify that the project is worthwhile. The project mandate is expanded to a Project Brief, and a plan is created for the Initiation stage. The Starting Up a Project Process is also about preventing poor projects from starting.

After this process is complete, The Project Board reviews the **Project Brief** and decides whether to initiate the project. This is the first decision that the Project Board takes.

12.5 Initiation Stage

This is the first Stage in a project and the activities to be performed for project initiation are contained in the "**Initiating a Projec**t" process. The main objectives of the Initiation Stage are to:

- Define the Project Product quality, project timeline, costs, risk analysis and commitment of resources, and then assemble the PID (Project Initiation Documentation). The PID contains almost all of the project information to date, including the Project Plan.
- Create a detailed Business Case, document the benefits and prepare a Benefits Review Plan that will describe how and when Benefits will be reviewed.

- The Project Plan is a high-level plan for the whole project. A Stage Plan is also created for the first delivery Stage Plan (in the Stage Boundary process), which is a lot more detailed.

At the end of the Initiation Stage, the Project Board will receive the PID and decide to authorize the project or not. In simple terms, this means that the Project Board will decide (Yes or No) to allow the project to start. If *yes*, the PID is baselined so it can be used in the future to compare the project objectives with the current situation.

12.6 Next Stage or Stages after the Initiation Stage

The Project Manager has day-to-day responsibility for the project on a stage-by-stage basis, and reports to the Project Board. The Project Manager does the following:

- Assigns work to be done (assigns work to the Team Managers)
- Checks that all deliverables have passed the required quality tests.
- Checks that stage is in line with Stage Plan.
- Checks that forecasts are within project tolerances.

All these activities are done in the Controlling a Stage process.

At the same time the Project Manager maintains a number of documents, such as the Daily Log, Lessons Log, Issue Register, Risk Register, Quality Register and Configuration Items Record. These will be discussed in future chapters.

The Project Manager keeps the Project Board up to date about the progress of the project using the Highlight Report. For example, the Project Board may have agreed to receive a Highlight Report every two weeks from the Project Manager.

Work Packages are produced in the Managing Products Delivery process, and the Checkpoint Reports are used to keep the Project Manager up to date on a regular basis.

Towards the end of a stage in the Managing a Stage Boundary Process, the Project Manager will request permission to proceed to the next stage and will have to provide the following information to the Project Board: Updated Business Case, End Stage Report, and Next Stage Plan.

The Project Board will use the information provided by the Project Manager to assess the continued viability of the project and will make the decision to authorize the next stage.

Final Delivery Stage

During the final stage the Project Manager will be accepting and getting approval for the last products to be produced and will focus on decommissioning the project.

The Project Board will check that the recipients of the project's products are in a position to own and use them, and will also check that they will be supported after the project has stopped.

The Closing a Project Process is always the last part of the last stage and it describes a number of activities that should be done, such as:

- Assessing the project by comparing it to the original plan.
- Writing End Project Report.
- Planning post-project benefits reviews.
- Writing and delivering Lessons Learned report

The Project Board will revise the data provided by the Project Manager and then can take the decision to Authorize Project Closure. The Project Manager can then leave the building.

12.7 Introduction to the Seven Processes

As mentioned earlier, there are seven management processes in PRINCE2 and each process is the responsibility of one of the management levels in the project organization, meaning the Project Board, Project Manager or Team Manager. It is a good idea to view the Mgmt Product Map (see Fig 12.2) when reviewing the following text.

Directing a Project Process

Directing a Project is the responsibility of the Project Board. It runs from the start of the project until its end. Note that the Starting Up a Project Process happens before the project starts. During this Directing a Project process, the Project Board authorizes project stages and manages the overall project by using the management style *Management by Exception*.

The Starting Up a Project Process

This is the responsibility of both the Project Manager and the Executive. This is the very first process and is, in fact, known as the Pre-Project process, referring to the fact that it occurs before the project starts, as the project does not start until the Initiation Stage begins. In this process the reasons for the project are established, the project management team is assigned, and a Stage Plan is created to run the Initiation Stage.

The Initiating a Project Process

The Initiating a Project Process is the process that defines the Project Product, product quality, project timeline and costs, risk analysis, commitment of resources and assembles the PID (Project Initiation Documentation). This is also the process where the Project Plan is created and the Business Case for the project is finalized. All of this information is assembled into the Project Initiation Documentation.

The Controlling a Stage Process

The Controlling a Stage Process is where the Project Manager does most of their work. The Project Manager watches over the work, takes corrective action, observes changes, and communicates with stakeholders, which includes reporting. Each action can be repeated many times by the Project Manager until the stage is complete. The project is divided into stages for management and control efficiency. The Controlling a Stage process monitors each stage and is repeated for each stage in the project.

The Managing Product Delivery Process

Managing Product Delivery is the process where the planned products are created and it comes under the responsibility of the Team Manager. It is where the Work Packages are executed, the products get created, and work gets done. The Team Manager receives the Work Packages (which are a list of tasks) from the Project Manager, and delivers the completed and tested Work Packages back to the Project Manager.

The Managing a Stage Boundary Process

The Managing a Stage Boundary Process has two main functions: 1) reporting on the performance of the existing stage and 2) plan the next stage. So Project Board can check on how well the stage has done against the Stage Plan, in other words, this process evaluates the stage and prepares the plan for the next stage. The End Stage Report and next Stage Plan are submitted to the Project Board.

The Closing a Project Process

The Closing a Project process covers the work of wrapping up the project and this process is the last part of the last stage. PRINCE2 suggests a number of activities to be done to prepare the project for closure, such as End Project Report, Lessons Learned Report and Acceptance Record.

The output of this process will be the basis for the Project Board's confirmation for closure, as the project is closed by the Project Board in the Directing a Project Process and not by the Project Manager.

13 Starting Up a Project

13.1 Introduction

Let us take a look at what you will learn in this Starting Up a Project (SU) process. You will be learning about the following.

- The purpose of the Starting up a Project process
- An overview of the Starting up a Project process activities.
- SU Inputs and Outputs
- SU Roles and responsibilities
- The major inputs and outputs of the SU process

13.2 Purpose & Objective of the Starting Up a Project Process

Purpose of the Starting Up a Project Process

The purpose of this process is to answer the question, *"Do we have a worthwhile and viable project?"* The project mandate is usually the only document that exists when this process starts, and this is not enough information for the Project Board to make the decision to start the Initiation Stage.

Therefore, the purpose of this process is to provide the Project Board with the necessary information to judge if the project is worthwhile. They use the Project Brief, which will contain information on the Business Case. Another important purpose of the Starting Up a Project process is to prevent poor projects from starting up.

This process should be brief; perhaps that's where we get the name Project Brief. In fact, the aim is to do the minimum necessary just to see if it is worthwhile doing the Initiation stage.

The Objectives of the Starting Up a Project Process

The objectives of the Starting Up a Project process are to prepare and make sure that the following is done during and by the end of this process:

- There is a Business Case (business reason) and this should be documented in the outline Business Case. The Business Case document is not completed until the Initiation Stage.
- Look at the project approach, which examines the best way to go about doing this project and obtaining advice from other projects in the form of lessons learned, specialists or even outside knowledge.
- Choose the people who will do the work to initialize the project, and other roles in the project team.
- Create the Project Brief, which provides information on the scope of the project and most of the information collected during this process.
- Create a detailed Stage Plan to plan the work to be done in the Initiation Stage.

So as you can see, the Starting Up a Project process objectives are to provide the Project Board with certain information and to prepare the Initiation Stage Plan.

13.3 Activities Introduction

This is a high-level overview of the Activities and it is good to understand this before we begin with the Activities in more detail.

- The **Trigger** to start the project is the project mandate, which is provided by a high-level person within the company or a program (Corp or Programme Environment)
- During this process, the project mandate will be expanded into in the Project Brief. Keep in mind that the Project Brief will be used by the Project Board to decide whether to Initiate the project or not.

- **Note:** If the project is part of a program, then most of the Project Brief will be provided by the program. In fact, most of the work in this process will already be done by the program.
- Assembling the Project Brief and refining the outline Business Case require close cooperation between the Project Manager, Project Board and some of the Stakeholders.
- The work on the Project Brief and the outline Business Case is an iterative activity, i.e., there is a constant cycle of discussions and improvements to these documents.
- PRINCE2 points out that the more time spent on clearly defining the requirements in this process, the more time that will be saved during the project, as some of the following situations can be avoided:
    - Meetings and detailed discussions trying to define certain products;
    - Re-planning due to creating the wrong sub-products; and
    - Avoiding costly exceptions during the Stages.
- In many companies, projects are started too quickly, as upper management needs to see that some action is taken, so the result is the creation of a poorly defined Project Product.

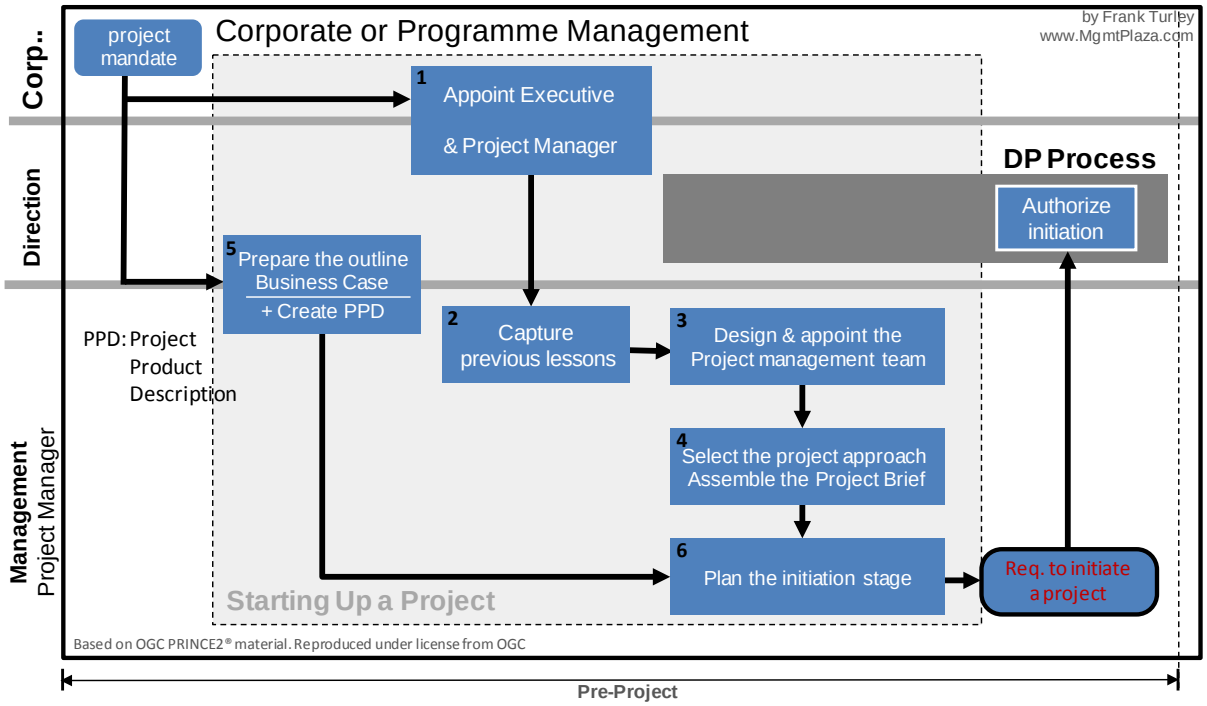

Fig 12.1 Overview of Starting Up a Project

The following Activities are to be done in the Starting Up a Project Process:

1. Appointing the Executive and the Project Board
2. Capturing Previous Lessons.
3. Designing & appointing the project management team.
4. Preparing the outline Business Case + create the Project Product Description (PPD)
    - The PPD is a description of the main product that will be produced
5. Selecting the project approach and assemble the Project Brief.
6. Planning the initiation stage.

Look at the above diagram and notice in which level the activities are done and you can see that most activities are done by the Project Manager. The outline Business Case is created by the Executive with some assistance from the Project Manager and the Project Product Description is created by the Project Manager.

13.4 SU Input / Output Diagram

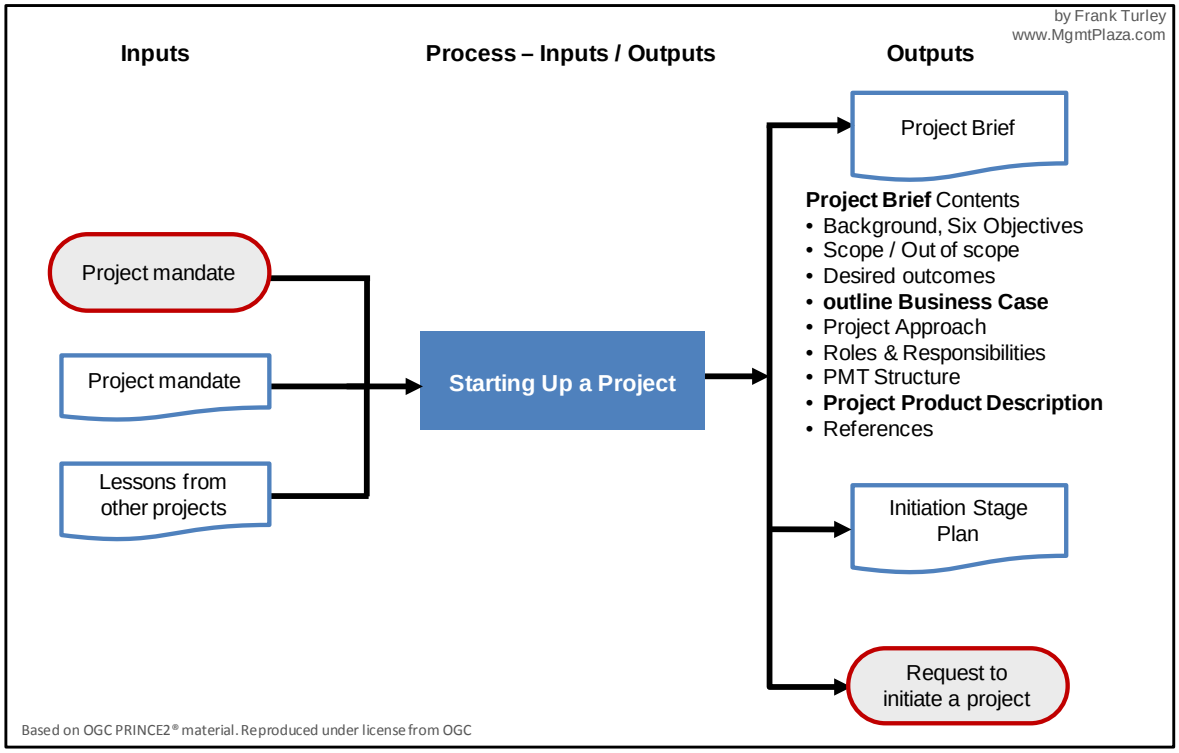

Fig 13.2 SU Input / Output diagram

SU Inputs

- The project mandate is the trigger to start the project and comes from outside the project
- The project mandate can have such data as the reasons for the project, some business case information and perhaps other data that is required by the Project Brief
- The PM should seek lessons from other projects (e.g. see if Lessons Reports are available from other projects or invite all stakeholders to offer lessons)

SU Outputs (Main Outputs)

- **Project Product Description**: This is a normally a 1 to 3 page description of the main product that will be produced by the project. The structure of this document is covered in both the Quality and Plans themes
- **outline Business Case**: This is the responsibility of the Executive and its objective to provide some business justification for the project.
- **Project Management Structure** (PMT), this will provide information on the structure of the PMT (The Project Board, Assurance, Change Authority, Project Manager)
- **Project Approach**: This part of the document will define the project approach that should be taken by the project. The Project Manager will ask such questions as:
    - Create product from scratch, update existing product, or off-the-shelf solutions?
    - Should we use internal or external people in the project
    - What can you learn from other projects?
    - Are there other information sources, both internal and external?
- **The Project Brief**: All the above information is assembled into the Project Brief plus other information such as the scope, roles & responsibilities, six performance targets,…
- **Initiation Stage Plan**: The Project Manager creates the first plan which is a day to day plan for the Initiation Stage.

Request to initiate the Project

- The final output of the SU process is to send a request to the Project Board to Initiate the Project which is to allow the first stage of the project to start. The Project Managers gives both the **Project Brief** and **Initiation Stage Plan** to the Project Board.

13.5 SU Roles and Responsibilities

Role	Responsibilities
Corp / Program Management	• Provide project mandate – this is trigger – comes from outside the project • Provide project level tolerance information • Appoint the Executive and may appoint the Project Manager
Executive	• Appoints the Project Manager (if not done already) • Approves the PMT • Creates the outline Business Case
Senior User	• Provide information for Project Product Description
Project Manager	• Facilitate the creation most of the Project Brief (PPD, roles and responsibilities, scope, PMT, etc…) • Facilitate the Project Approach and gather lessons • Create the Initiation Stage Plan
Team Manager	• May be asked to help with Project Approach and PPD

13.6 What you need to know for the Foundation Exam

You just need know the following,

- know the purpose of the SU process
- know the objectives of the SU process
- have an understanding of what happens in the SU process and why
- know the purpose of the Project Brief

See the Foundation Q&A Workbook to learn more about the type of exam questions to expect. It also includes 5 practice questions based on the information in this chapter.

14 Initiating a Project

14.1 Introduction

Let us take a look at what you will learn in the Initiating a Project Process. You will learn the,

- Purpose of the IP process
- Objectives of the IP process
- Context of the IP process in relation to the rest of the project
- Purpose of the Project Initiation Documentation
- The major inputs and outputs of the IP process

Sample

15 Directing a Project

15.1 Introduction

Let us take a look at what you will learn in the Directing a Project Process. You will learn

- The purpose of the DP process
- The objectives of the DP process
- The context of the DP process in relation to the rest of the project
- The major inputs and outputs of the DP process

15.2 Introduction to the Directing a Project

Purpose: What is the purpose of Directing a Project?

The purpose of the Directing a Project Process is to enable the Project Board to be accountable for the project by making key decisions, and to have overall control

Objective: What are the objectives of Directing a Project?

The objectives of Directing a Project Process are to provide authority (to make a decision)

1. to initiate the project (allow the Initiation Stage to start)
2. to deliver the project's products (start the delivery stages).
3. to close the project.

Other objectives of the Directing a Project Process are to:

4. Provide direction and control during the project.
5. Be the interface to Corporate or Program Management.
6. Ensure that post-project benefits will be reviewed.

Context:

Let us put the Directing a Project Process into context. What does Directing a Project Process really do for the project, how is the project triggered, how does the Project Board control the project, when do they give advice, and how do they communicate and check business justification.

It is a good idea to look at the Process Model Diagram to see how the Directing a Project Process interacts with the other processes.

What is the trigger for the Directing a Project Process to start?

It is the Request to Initiate a Project that is done by the Project Manager at the end of the Starting Up a Project Process. As you know, day-to-day management of the project is done by the Project Manager, while the Project Board looks down from above. They manage by exception, receive regular reports, exercise their control and make decisions.

Where is it decided how often the Project Manager communicates to the Project Board?

The Communication Management Strategy covers how often communication should be done between the Project Board and the Project Manager.

What about advice?

The Project Board provides guidance to the Project Manager throughout the project and the Project Manager can seek advice at any time.

Business Justification

The Project Board is responsible for ensuring that there is continued business justification and can decide to shut down the project if the Business Case is no longer viable, as this can change during the project.

15.3 Introduction to Activities

There are 5 activities within the Directing a Project Process; they are:

1. Authorizing Initiation – which is to allow the Initiation Stage to start
2. Authorizing the project – which is to allow the delivery stages to start.
3. Authorizing a Stage or Exception Plan – review the existing stage and authorize the next stage to begin, or to authorize exception plan to complete the current stage.
4. Giving *ad hoc* direction – Project Board provides guidance throughout the project.
5. Authorizing project closure – shut down the project after a number of checks.

The best way to show the Directing a Process activities is by using the Process Model Diagram.

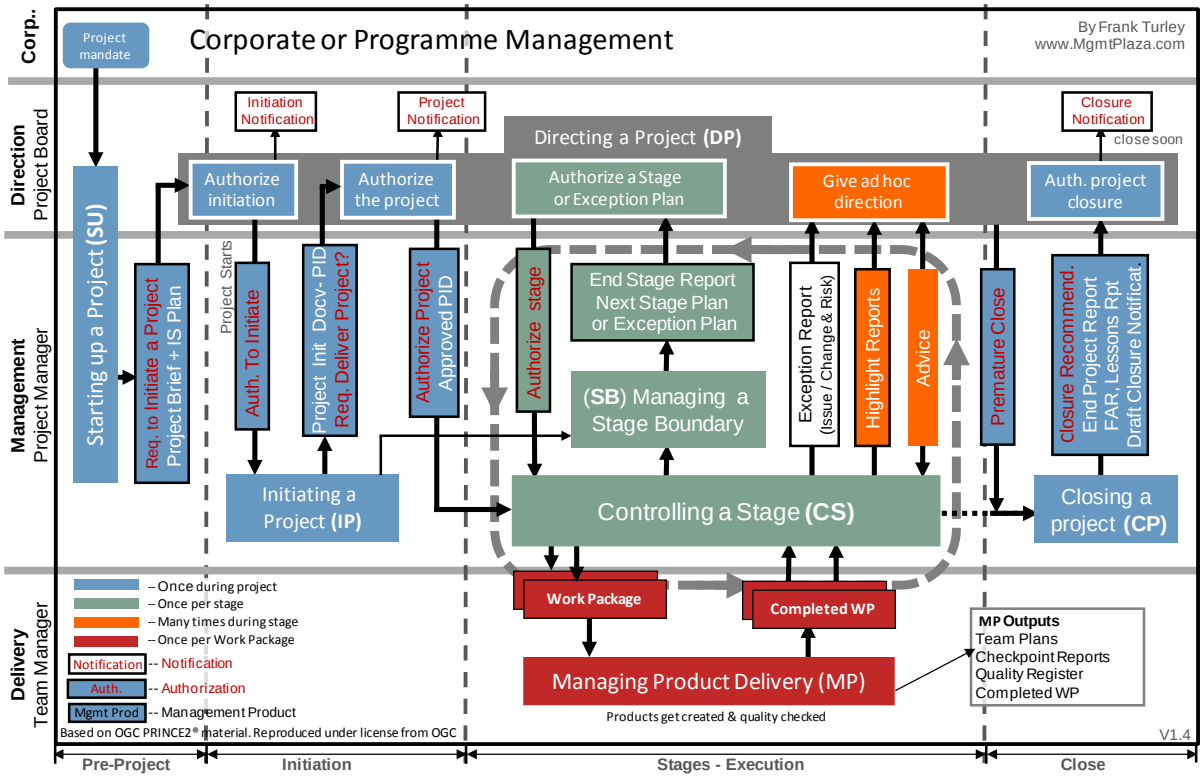

Fig 15.1 The five activities in Directing a Project (Process Model)

The following diagram is taken from the Timeline diagram and gives another view of the five activities.

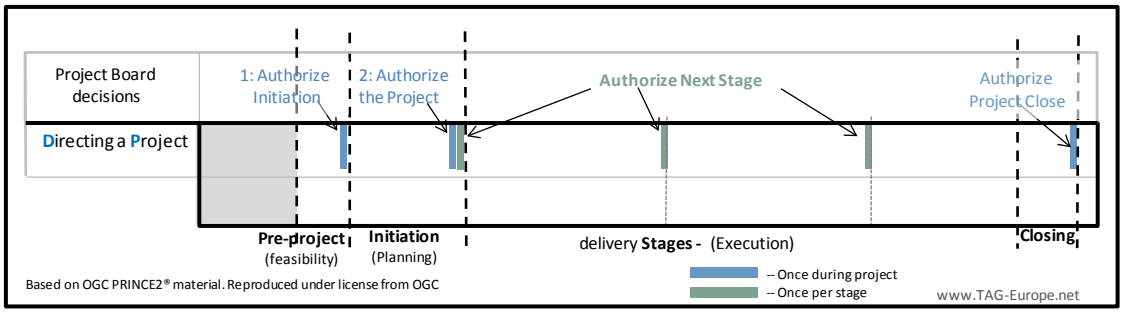

Fig 15.2 The 5 activities in Directing a Project (Timeline overview)

15.3.1 DP Inputs and Outputs

This diagram gives an overview of the inputs and outputs for each DP activity, you do not know the know this diagram for the exam but it's a good idea to be able to understand it.

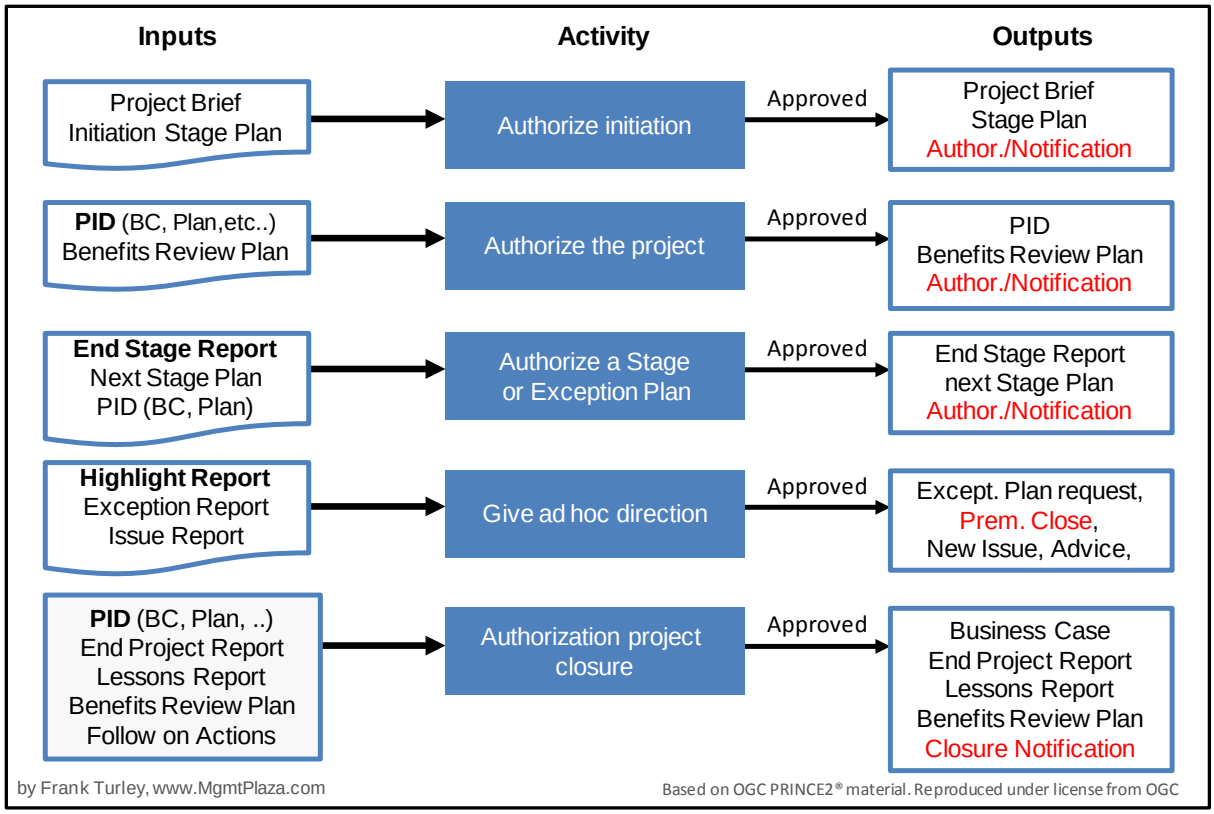

Fig 15.3 DP Inputs and Outputs

As you read through the above diagram, remember the following,

- The Project Manager provides most of the information to the Project Board.
- Each Activity is a decision for the Project Board
- The main outputs are Approvals, Authorizations and Notifications

15.4 DP Roles and Responsibilities

Role	Responsibilities
Project Board	• All decisions

15.5 What you need to know for the Foundation Exam

You just need to know the following:

- know the purpose of the DP process
- know the objectives of the DP process
- have an understanding of what happens in the DP process in relation to the rest of the project.

See the Foundation Q&A Workbook to learn more about the type of exam questions to expect. It also includes 5 practice questions based on the information in this chapter.

16 Controlling a Stage

16.1 Introduction

Let us take a look at what you will learn in the Controlling a Stage (CS) process. You will learn

- The purpose of the CS process
- The objectives of CS process
- The context of the CS process and in relation to the rest of the project
- The CS process Inputs and Outputs

16.2 Purpose & Objective

Purpose

The purpose of the Controlling a Project (CS) Process is for the Project Manager to assign the work to be done, monitor this work, deal with issues, report progress to the Project Board and take corrective action to ensure that the stage remains within tolerance.

Objective:

The objective of the Initiating a Project Process is to ensure that:

- Attention is focused on the delivery of the products.
- Keep Risks and Issues under control.
- Keep the Business Case under review.
- Deliver the products for the stage to the agreed quality within agreed cost and time & achieve the defined benefits.

16.3 Context

Refer to the Process Model diagram when reading the following text.

The Initiating a Project Process describes the work of the Project Manager as they do their day-to-day management of a stage, and it is where the Project Manager does most of their work.

During a stage the Project Manager will repeat the following tasks:

- Authorize the work to be done (give out work in Work Packages to the Team Managers)
- Monitor progress information for this work using Checkpoint Reports & Quality Register.
- Review the current situation in relation to the Stage Plan, sign off completed work and issue new Work Packages.
- Report to the Project Board using the Highlight Report.
- Watch for issues, assess issues and deal with issues and risks.
- Take any necessary correct action.

As mentioned above, the Project Manager will keep repeating these tasks until all the planned products for the stage have been completed and then start to prepare for the Stage Boundary process. This whole sequence of activities is again repeated for each stage in the project.

At the end of the last stage, the Closing a Project will be invoked and therefore, the Project Manager will start to prepare the project for closure.

16.4 Introduction to Activities (NR)

There are 8 activities within the Controlling a Stage process and they are divided into 3 parts that also describe what the Project Manager does:

1. Work Packages
2. Monitoring and Report
3. Issues

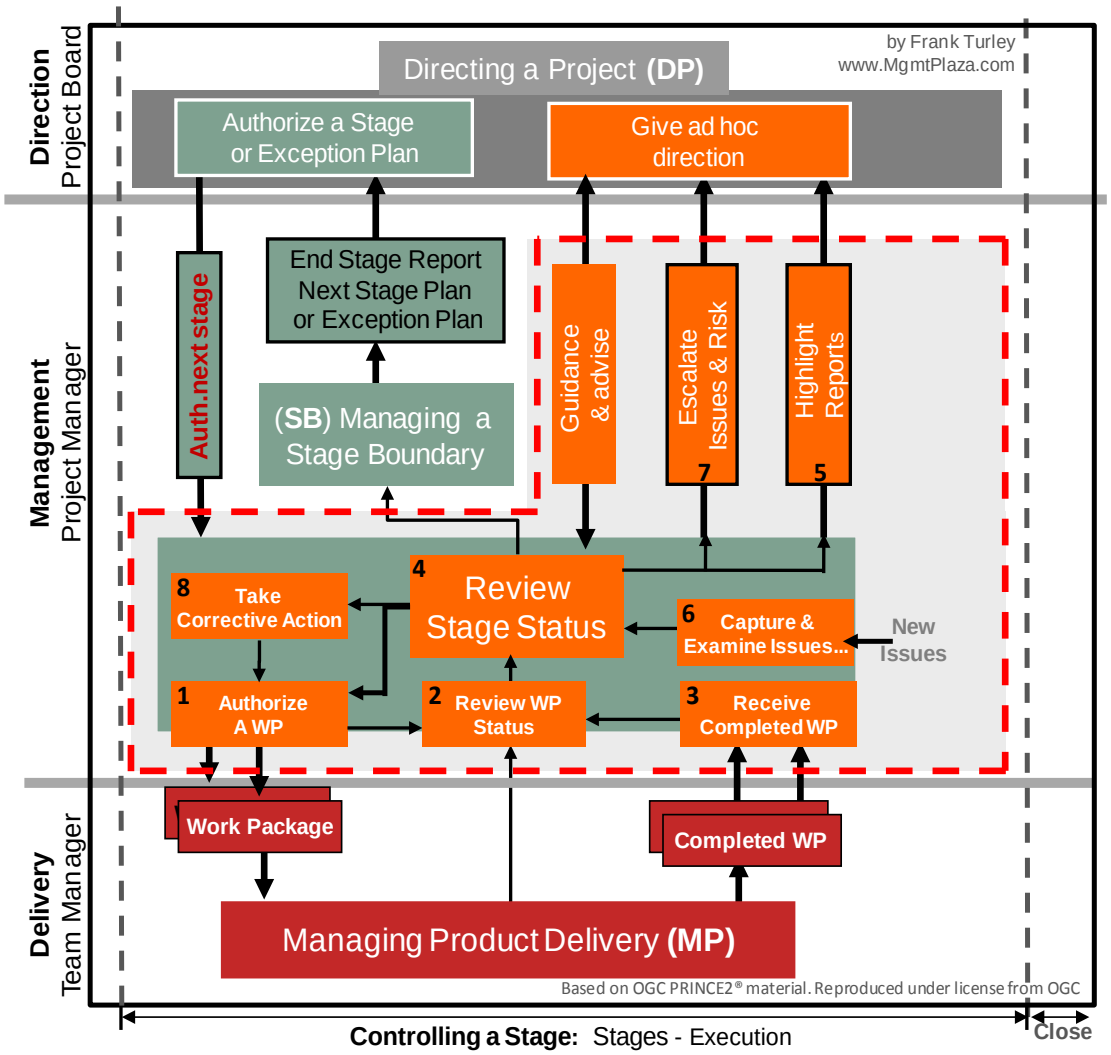

Fig 16.1 Controlling a Stage

The Work Packages Activities are:

1. Authorize a Work Package – assign and agree with the Team Manager
2. Review Work Package Status – check on Work Package progress
3. Receive completed Work Package – check quality & Configuration Management

The Monitoring and Reporting activities are:

1. Review the stage status – continually compare status to Stage Plan
2. Report Highlights – regular reports to the Project Board

The Issues activities are:

1. Capture and examine issues and risks – categorizing and assess impact
2. Escalate issues and risks – create Exception Report & send to the Project Board
3. Take corrective action – solve issues while keeping stage within tolerance

16.5 CS Inputs and Outputs

The follow diagrams gives an overview of the main inputs and outputs for the CS process.

CS Inputs

- The trigger to start each CS process is the Authorization from the Project Board
- The main inputs are the Stage Plan and information in the PID

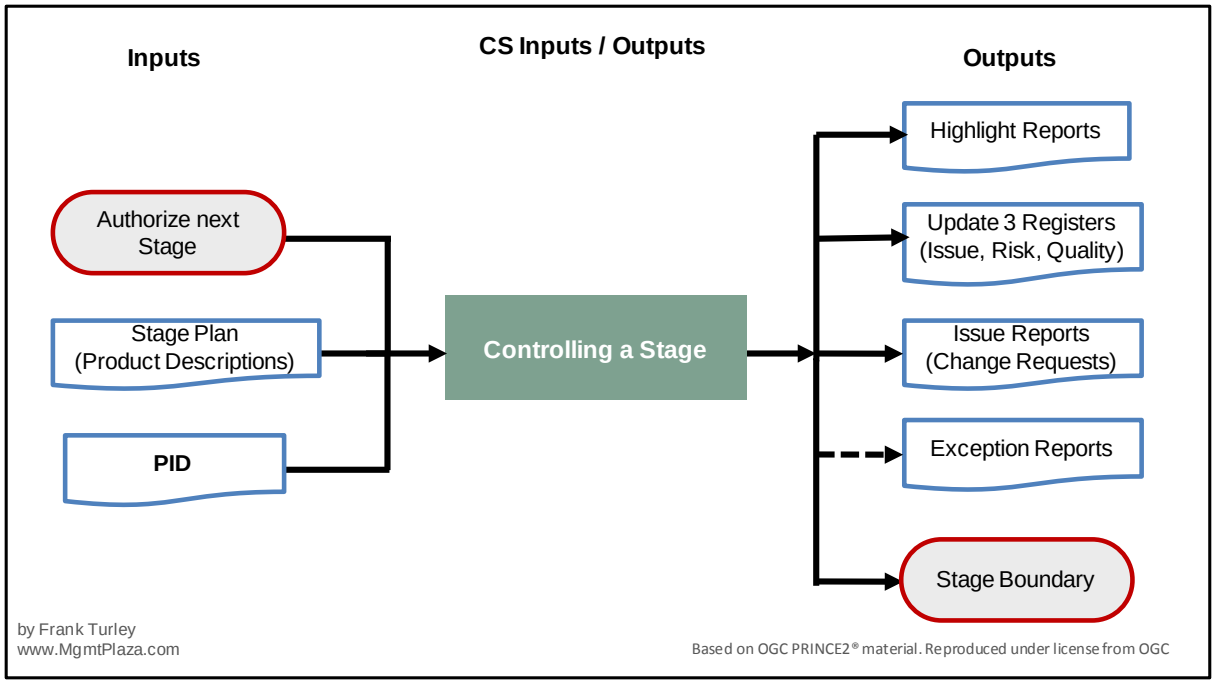

Fig 16.2 CS Inputs and Outputs

CS Outputs

- Highlight Reports are used to keep the Project Board up to date on the stage progress
- The Project Manager constantly reviews Issues, Risk and Quality and therefore updates the Issue, Risk and Quality registers.
- Issue Reports (includes Change Requests) are used to escalate issues to the Project Board
- Exception Reports are used to report if the stage is or is forecast to go out of tolerance.
- The Stage Boundary process is started near the end of the current stage

16.6 CS Roles and Responsibilities

Role	Responsibilities
Project Board	• Give advice to Project Manager
Project Assurance	• Give advice to Project Manager
Project Manager	• All day to day activities are performed by the Project Manager • Creates or updates all CS management documents
Team Manager	• Sends Checkpoints reports (MP process)

16.7 What you need to know for the Foundation Exam

You just need to know the following:

- know the purpose of the CS process
- know the objectives of the CS process
- have an understanding of what happens in the CS process in relation to the rest of the project

See the Foundation Q&A Workbook to learn more about the type of exam questions to expect. It also includes 5 practice questions based on the information in this chapter.

17 Managing Product Delivery

17.1 Introduction

Let's take a look at what you will learn in the Managing Product Delivery process. You will learn

- The purpose of the Managing Product Delivery (MP) process
- The objectives of MP process
- The context of the MP process and in relation to the rest of the project
- The MP process Inputs and Outputs

Sample

18 Managing a Stage Boundary

18.1 Introduction

Let us take a look at what you will learn in the Managing a Stage Boundary process. You will learn

- The purpose and objectives of the SB process
- The context of the SB process and in relation to the rest of the project
- The SB process Inputs and Outputs

Sample

19 Closing a Project

19.1 Introduction

Let us take a look at what you will learn in the Closing a Project process. You will learn

- The purpose and objectives of the CP process
- The context of the CP process and in relation to the rest of the project
- The CP process Inputs and Outputs

Sample

20 Tailoring PRINCE2 to the project environment (NR)

20.1 Introduction and What is Tailoring?

Let us take a look at what you will learn in this chapter on Tailoring PRINCE2.

For the Foundation Exam you don't need to know this information, you just need to be aware of tailoring and understand why it is useful. It's really for the Practitioner Course and even then, there is not much attention given to Tailoring in the PRINCE2 Practitioner classroom course or exam.

You will learn the following:

- What tailoring is and the general approach to tailoring.
- The type of information that can be changed in PRINCE2.

Again, you don't need to know much about tailoring for the exam but it is important if you want to become a good PRINCE2 Project Manager. For now it is good to be aware of what is meant by tailoring, and I have done my best to simplify this information to make it easier to understand. It is not so easy to read this chapter if you are new to PRINCE2 or Project Management.

Appendix A

Simple Glossary by Frank Turley & Eralp Tezcan

Based on the PRINCE2 Glossary from the book: Managing Successful Projects with PRINCE2

Introduction
The goal of this glossary it to provide a simple explanation for the more popular PRINCE2 terms and to provide examples to help explain where necessary. For more information you can also refer to the official PRINCE2 glossary which you can find at: link

Acceptance Criteria
A list of criteria that the final output of the project must satisfy for the customer to accept it. Just imagine a list of criteria arranged in the order of importance in a spreadsheet. Each entry should be discussed and confirmed by both the customer and the supplier. Throughout the project, the acceptance criteria can be refined and changed, but in the end, only when all the criteria are met and each box is ticked off can the project can be closed.

Baseline
Once a product is baselined, it becomes a fixed reference for subsequent versions of the same product. For example, the Project Plan is defined, agreed and signed off at the start of the project. The Project Plan will be updated during the project to show what has been done. The Project Board can compare the baselined Project Plan with the current project plan to see how well the project is going as compared to the original expectations.

Another example: A mailing list for an event has been approved and will be baselined and given a version number, so it cannot be changed. If changes need to be made to it, then a new version of the mailing list must be created, as the baselined version cannot be changed.

Business Case
A document that explains the reasons for the project, in terms of cost, risks and benefits. It explains in detail why the project should be done and why the final outcome is desired. During the project lifetime, whenever a risk appears, the odds should be weighed against the Business Case to check if the benefits still exist within the expected time and cost constraints.

For example, if a company is running a project to develop and implement a new CRM application, the Business Case should include the improved efficiency for client management so more clients could be handled within a certain period of time.

Another example: During the project, an important new requirement has been added to the project. A new feature will be added to allow users to see if items they wish to order are in stock. This connection to the stock application will cost an extra €30,000, so the business case must be updated to reflect this increase in cost and see if the project is still worth doing.

Communication Management Strategy
It defines the method and frequency of the information exchange. During the start-up, the traffic of communication and reporting may be higher. The Communication Management Strategy provides an organized approach to deliver reports on a timely basis to those who need the information for decision-making and/or other purposes.
E.g.: The Communication Management Strategy document may show that it has been agreed that the Project Manager will send a two-page Highlight Report to the Project Board every two weeks on a Thursday morning in a certain format.

Customer
The customer will specify the desired outcome of the project; will be the owner of the final product of the project; will be representative to those who are going to use the final product; and will probably pay for the project. Remember PRINCE2 is based on a Customer/Supplier environment and both will be represented on the Project Board.

The term “Customer” can also refer to both User and Business interests.

End Project Report
The End Project Report is the Project Manager's report to the Project Board that confirms delivery of outputs to the customer; provides an overview of what went well and not so well, a review of the benefits as compared to the expected benefits that were listed in the Business Case, and a review of how well the project went according to the Project Plan. It can also confirm that products have been accepted by the customer.

End Stage Report
The Project Manager's report to the Project Board that provides information on project performance during each stage and the overall project status up to that point. It will also include a review of the benefits reached so far, and a review of the Issues and Risks. An End Stage Report should contain a forecast for the next stage. This will help the Project Board to decide whether to continue the project or not. This can be a structured document, an email or a few slides.

Executive
The Executive is the chairperson of the Project Board, and represents the Customer. He or she is responsible for the Business Case, and is the person responsible to ensure the project satisfies its goals and delivers the intended benefits. The Executive is also responsible for making sure the project runs within the framework of the Business Case and has the final say in the Project Board.

Follow-op on action recommendations
A report created by the Project Manager at the end of a project (or at the end of a stage) that puts together recommendations on how to handle incomplete outputs, ongoing issues that are taken from the Issue Register, and existing risks. **E.g.:** unfinished work, possible activities that should be done for some products. As you can imagine, this can be very important for the persons who are going to take over the maintenance of the products.

Highlight Report
A report on the stage progress prepared regularly by the Project Manager for the Project Board. The frequency for this report is indicated in the Communication Management Strategy, **e.g.:** It may be agreed that the Project Manager will send this every two weeks on a certain day and with a specific format, which can be a 2- or 3-page overview.

The report can confirm that the stage runs within tolerances and the Project Manager can also point out any foreseeable problems.

Issue
Any event related to the project that has already happened and requires the intervention of the Project Manager or higher management. All issues that need to be handled formally will be first examined and classified into one of three types of issues, and then entered into the Issue Register. The three categories for an issue are: 1) a request for change, 2) an off-specification (something that the supplier was not able to do as planned), and 3) a problem or a concern.

Issue Register
A log that captures and keeps track of all formal issues. It is regularly monitored by the Project Manager throughout the project. Just imagine a spreadsheet where each line is an issue and there are columns for Issue ID, Issue Type, Date Raised, Raised By, Description, Current Status, and Close Date.

Lessons Report
A document that lists the lessons gained during the project. It helps to avoid possible mistakes and to repeat positive actions in future projects. Any important lessons that can be applied to future projects should be listed in the Lessons Report. This report is created by the Project Manager using information from the Lesson Log and given to the Project Board always at the end of the project. In large projects, it can also be created at the end of a stage.

Product
A product is ny input to a project or output produced during the project. A PRINCE2 project creates two kinds of products, Specialist products and Management products.

Projects are started to create the specialist products and these are the products that will be given to the users
Management products are documents used solely for the purpose of communication among the project management team. **E.g.:** Project Plan, Business Case, you can also say that management products are by products of the project.

Product-based planning
A PRINCE2 technique used to create a detailed plan that focuses on the required products before even thinking about activities. There are four steps in Product-Based Plan:

Step 1: Write the Project Product Description: Just imagine the information you might see on a web site about a laptop: Laptop Overview, Laptop Specifications and Features (including information on Quality).

Step 2: Create Product Breakdown Structure: This is a sorted list in a diagram of all the parts that make up the laptop, such as keyboard, mouse, memory, motherboard, hard-drive and case. You may put keyboard & mouse under a branch labeled as Input devices.

Step 3: Write a Product Description for each part mentioned in the Product Breakdown structure: For example, Hard-drive: overview information, specifications, features and quality information.

Step 4: Create Product flow diagram: This defines the sequence in which the Project Product will be created. **E.g.:** A new Laptop prototype – You may decide to start with products that are manufactured in house and add products that are outsourced. The flow diagram must represent the sequence of how the product will be created.

Product Breakdown Structure
A ranking list of all the products defined in the plan. The plan is broken down into its major products and these products are listed in priority according to their dependencies.

E.g.: A Laptop Prototype: You would list and link all the parts that make up the laptop in a diagram, such as keyboard, mouse, memory, motherboard, hard-drive and case. You might place keyboard & mouse pad under a branch labeled Input devices, and you may have another branch for external connection adapters, such video, USB, power, network, and earphone.

This can either be a top-down diagram, a Mind-map diagram, indented list, etc….

Product Checklist
A list of all the major products to be produced, along with their dates of delivery.

Imagine a spreadsheet with a number of columns like Product ID, Product Title, Product Description Approved Date, Draft Ready Date – Plan & Actual, Quality Check Date – Plan & Actual, and Approved Date – Plan & Actual.

This checklist is a great way to see how the project is progressing. Some Project Managers use this as their main document for this purpose.

Product Description
Information on the product's purpose, composition, derivation and quality criteria. A product is defined as soon as its need is identified. Technical products, as well as management products, should have product descriptions.

E.g.: Think of a Product Description for the hard drive of a Laptop. You will have an Overview description: e.g., Features, Specifications, Quality Requirements (and how this will be tested), and a list of parts.

Product Flow Diagram
A diagram showing the order of production and the prerequisites for each product defined in the Product Breakdown Structure.

E.g.1: Imagine you are building a new prototype laptop: The Product Flow Diagram may show that you start with the bottom casing and then add the metal linings, the motherboard and the rest of the parts in sequence until the laptop is built.

E.g.2: Think of an instruction diagram that comes with a flatpack piece of furniture from IKEA. This is also a sequence different states during the creation of a product.

Project Assurance
The Project Board is responsible for monitoring the project's performance in the user, supplier and business areas. To achieve this, the Board may decide to delegate its assurance functions to another entity to make sure the project runs smoothly.

The best way to explain Project Assurance is to look at why we need it. The Project Manager may be hiding information or providing misinformation to the Project Board; therefore, the Project Board needs an independent view of how the project is really going so they can check if the products reported to be created have actually been created. This is Project Assurance.

Project Brief
A document that contains the following information collected during the Pre-project process "The Starting up a Project". The Project Definition includes background information, time, cost, quality & scope; and an Outline of the Business Case; Project Description; Project Team Structure and Project Approach.

It is used by the Project Board to decide if they will continue with the initiation stage of the project and therefore spend money; this is their first decision. It is not updated during the project.

Project Initiation Documentation
A set of documents that contain essential information to start the project; in other words, the documents that were created during the Initiation Stage that describe how the project will be done in detail. It includes the Project Plan, Business Case, 4 Strategy Documents, Risk Register, and Team Structure, among others.

The Project Board reviews the Project Initiation Documentation in order to authorize the start of the project. It is also used to communicate the project to its stakeholders. The documents in the Project Initiation Documentation are subject to change throughout the project. After each change, every document is baselined for future comparison. A good way to think about the contents of a PID is to think of the Themes.

Project life cycle
The time between the start of the project and the acceptance of the product or the close of the project. Therefore, follow-up maintenance and support is not part of the project life cycle but happens after the project has closed.

Project management
The conducting of the project by planning, delegating, monitoring and controlling all sides of the project in view of the project objectives by creating the project plan and then running the project according to this plan. This includes the management of the human and nonhuman resources within the limits of time, cost and quality.

Project management team
Defines the total management structure of the project from top to bottom, from the Project Board to the Project Manager to the Team Managers and the support staff. It is a temporary structure solely established to manage the project to a successful conclusion. The Project Management Team is disbanded at the end of the project.

Project Manager
The person appointed by the Project Board to manage the daily progress of the project to deliver the end product within the limits set by the Board or, in other words, to run the project according to the project plan as efficiently as possible, for example, by looking for opportunities to speed up the project and reduce cost.

Project mandate
Information provided by the upper management outlining what is desired from the project. This is an external document and is used as an input for the Starting up a Project process. This can be an email, an internal memo, or a structured document. The project mandate can contain some basic information on the business case, project tolerances, reasons for the project, who the executive should be, and risk information.

The information in the project mandate document is expanded into the Project Brief in the Starting up a Project process.

Project Plan
A control document for measuring progress. It shows the required products of the project, their delivery dates and cost, as well as the quality objectives and how these will be achieved. It is not just a Gantt chart but it contains product descriptions, product breakdown structure, responsibilities, how stages are used, lessons, how the project will be controlled, tolerances, and quality information.

Quality Management Strategy
A plan of action that defines the quality requirements and the control methods for all the products in the project. This document also confirms how the quality systems from the customer and supplier are going to be applied in the project. This is created at the Initiation Stage and becomes a part of the Project Initiation documentation.

Quality
A product's ability to satisfy its intended properties by meeting expectations, requirements and specifications. One of the first questions you should ask when defining the Project is what quality is expected. For example, if you are developing a CRM system, some quality questions would be: How easy should the product be to use? What percentage of features should work when launched (this could be 99%)? The time delay to carry out specific activities, such as a search.

Documenting the quality requirements really helps to define the project product and therefore the project.

Risk
An event that, if it occurs, may have a positive or negative effect on the project's objectives. Risks are constantly reviewed during the project using the Risk Register. As projects are unique in nature, they will have risks, and these need to be managed.

Risk Register
A log of possible risks that the project faces, this is kept up to date during the project by the Project Manager. Imagine a spreadsheet with the following columns: Risk ID, Risk Author, Date Registered, Risk Category, Risk Description, Impact, Proximity, Risk Status, Risk Owner.

Senior Supplier
Senior Supplier is a Project Board role that represents the interests of those who are going to deliver the desired products. The supplier can be an in-house department or an external company. Their main concern throughout the project is "Can it be done?" and "Can it be done within the agreed time and cost and quality?"

Senior User
The Senior User is a Project Board role that represents the future users of the project's product. They represent the Users' Interests. The Senior User is responsible to ensure that the product satisfies the quality and functionality requirements of the user. Their main concern throughout the project is "Will it Work as expected?"

Stage Plan:
A Stage Plan is created by the project manager and has a similar structure to the Project Plan, but differs in two ways:

1) The project plan is very high-level, while the stage plan is much more detailed -- for example, it can show what has to be done day to day.

2) The project plan lists all products that will be produced during the project, while the stage plan is focused just on the products that will be created during a particular stage.

Stages (Management Stages and Technical Stages)

Management Stage: The section of a project that the Project Manager is managing on behalf of the Project Board at any one time, at the end of which the Project Board will wish to review progress to-date, the state of the Project Plan, the Business Case and risks, and the next Stage Plan in order to decide whether to continue with the project.

Technical Stage: A method of grouping work together by the set of techniques used or the products created. This results in stages covering elements such as design, build, and implementation. Such stages are technical stages and are a separate concept from management stages.

There are two types of stages Management Stages and Technical Stages.

Management Stages: A PRINCE2 project is divided into stages and each stage is separated by a decision from the Project Board to continue to the next stage or not.

A Technical Stage is a grouping of a certain set of techniques used in the development of the product.

One difference is that Management Stages can never overlap while the Technical Stages can, **e.g.:** Designing, Building and Training may overlap.

So how can the Project Manager manage Technical Stages from PRINCE2?
The PRINCE2 Project Manager uses Management Stages so they see which products are created in the Technical Stages and place these in the corresponding Management Stage.

E.g.: There may be a Training Technical stage that spans two Management Stages, and the final output is approved training material. So the Project Manager looks to see how they can divide this work into two separate Management Stages. A solution can be to split the product into 2 products, a first product could be **Draft Training** and the complete product could be the **Approved Training Material**. Therefore, the Draft Training product could be produced in the first Management Stage, and the Approved Training Material product is produced in the next Management Stage.

Team Plan

A Team Plan is created by the Team Manager to plan the execution of the activities that are agreed with the project manager. Team Plans are optional. These activities are grouped together into Work Packages and a Team Plan can be for one or more Work Packages.

PRINCE2 does not provide a format for a Team Plan and the Team Manager can use a simple task list in Excel, MS Project, or could create a plan that looks like a stage plan. In most projects the Project Manager may request to review the Team Plan to get a better idea of how the work will be done.

Tolerance

The estimated time and cost allowance in the project plan to tolerate possible deviations without the need of the Project Board intervention. Imagine if there was no tolerance in a project. For every small issue that the Project Manager would have, they would contact the Project Board. This would happen many times each day and the Project Board would end up running the project.

The Project Board members are very busy and don't want to be bothered every hour by the PM, so they give them tolerances for time, cost, quality, benefits, scope and risk, and let the Project Manager get on with it. They are told to alert the Project Board only if it has been forecast that the project could go above one of these tolerances.

User(s):
The end users of the project's final deliverable; they will receive the benefits of the project.

Work Package:
Work Packages are a way for the Project Manager to group work activities together and assign work to a team or Team Manager to produce one or more products. A Work Package is therefore a set of information about one or more required products. A Work Package can contain the following: a Work Package description, product descriptions, techniques to be used, tolerances, date of agreement between PM and TM, how the TM will report to the PM, and Quality information.