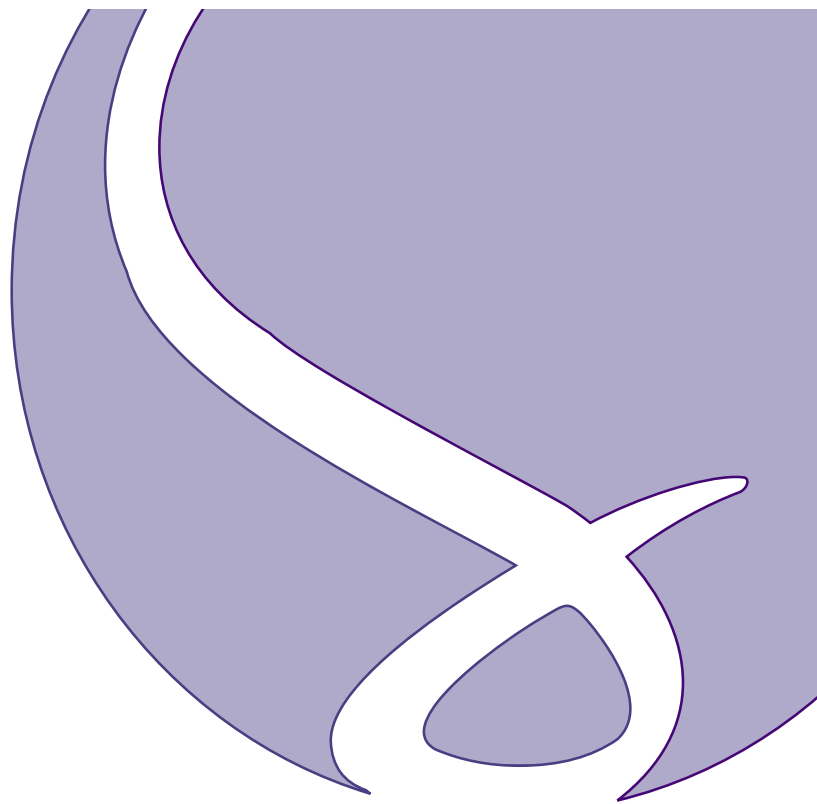




**SPOCE**  
TRAINING PROFESSIONALS



# PRINCE2®

Managing Successful Projects  
with PRINCE2® : 2017



## Key Learning Points



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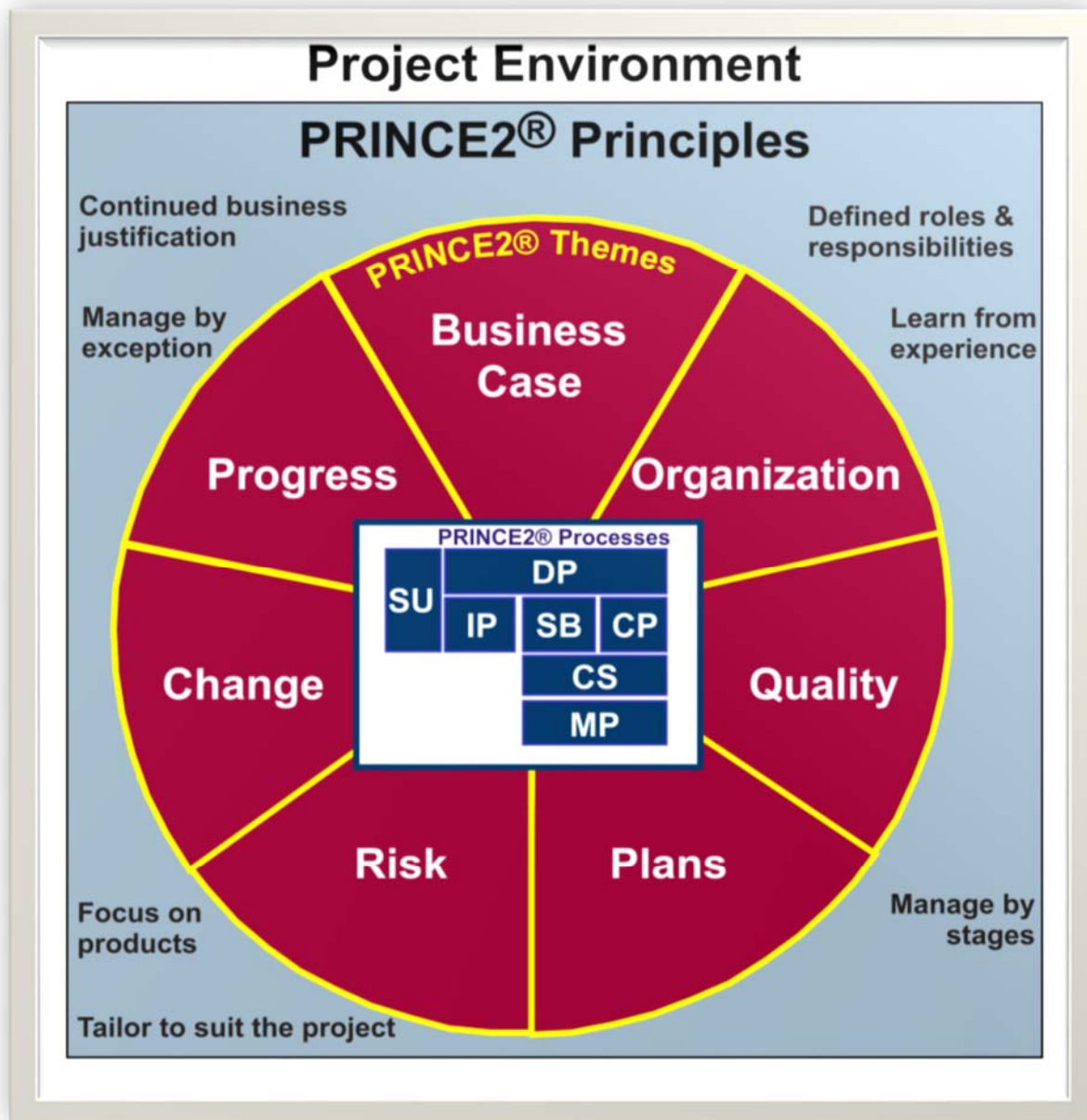
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## KEY LEARNING POINTS

The following Key Learning Points have been adapted/recreated from original textual information from the **Introduction, Project Management with PRINCE2®, Principles, Themes** and **Process** chapters within Managing Successful Projects with PRINCE2®: 2017 Edition.

They are aligned with the Official **Axelos Foundation Syllabus** to help you learn the core concepts and terminology of the method and be able to demonstrate sufficient recall and understanding of the PRINCE2® project management method.



## General, Context and Principles

### Features and Benefits:

#### PRINCE2:

- separates the management of project work from the specialist contributions, such as design, construction etc.
- Focusses on describing **what** needs to be done, rather than prescribing **how** everything is done.
- Is based on established and proven best practice and governance for project management
- Can be tailored to meet the specific needs of the organization and scaled to the size and complexity of different projects
- Can be applied to any type of project
- Is widely recognized and understood and provides a common vocabulary for all project participants. In doing so it promotes consistency of project work and the ability to reuse project assets. It also facilitates staff mobility and reduces the impact of personnel changes or handovers
- Ensures that participants focus on the viability of the project in relation to its business case objectives, rather than simply seeing the completion of the project as an end in itself.
- It ensures that stakeholders (including sponsors and resource providers) are properly represented in planning and decision-making
- Promotes learning from project experience and continual improvement in organizations.

### Four Integrated elements of PRINCE2®:

PRINCE2® addresses project management with four integrated elements:

- **Principles** There are 7 principles. Unless all 7 are applied, then it is NOT a PRINCE2® project. They are the guiding obligations
- **Themes** There are 7 themes covering different aspects of project management which must be applied continuously and in parallel throughout the project
- **Processes** There are 7 processes which describing the progression through the project lifecycle, from start through to closure
- **Project environment** Organizations often want a consistent approach to managing projects and so **tailor** PRINCE2® to create their **own** project management method This method is then **embedded** into the organization's way of working.

### What makes a Project a 'PRINCE2®' Project:

For a project to be following PRINCE2, **as a minimum** it must be possible to demonstrate that the project:

- Is applying PRINCE2's principles
- Is meeting the *minimum* requirements set out in the PRINCE2® themes
- Has project processes that satisfy the purpose and objectives of the PRINCE2® processes
- Is either using PRINCE2's recommended techniques or using alternative, equivalent techniques.

## What a Project is:

**Definition: Project:** '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'.

The **characteristics** of project work that distinguish it from business as usual:

**Change** Projects are the means by which we introduce change.

**Temporary** As the definition of a project states, projects are temporary in nature. Once the desired change has been implemented, business as usual resumes (in its new form) and the need for the project is removed. Projects should have a defined start and a defined end.

**Cross-functional** A project involves a team of people with different skills working together (on a temporary basis) to introduce a change that will impact others outside the team. Projects often cross the normal functional divisions within an organization and sometimes span entirely different organizations. This frequently causes stresses and strains both within organizations and between them, for example, customers and suppliers. Each has a different perspective and motivation for getting involved in the change.

**Unique** Every project is unique. An organization may undertake many similar projects, and establish a familiar, proven pattern of project activity, but each one will be unique in some way: a different team, a different customer, a different location, a different time. All these factors combine to make every project unique.

**Uncertainty** The characteristics already listed will introduce threats and opportunities over and above those we typically encounter in the course of business as usual. **Projects are more risky.**

## The Six Variables to be Controlled:

There are six project variables which need to be controlled, (6 aspects of project performance):

- Costs
- Timescales
- Quality
- Scope
- Benefits
- Risk

## Projects in Context:

- PRINCE2® assumes that there will be a customer who will specify the desired result and a supplier who will provide the resources and skills to deliver that result.
- PRINCE2® refers to the organization that commissions a project as "corporate management, programme management, or the customer". This organization is responsible for providing the project's mandate, governing the project, and for realizing any benefits that the project might deliver or enable.
- PRINCE2® refers to a supplier as the person, group or groups responsible for the supply of the project's specialist products.
- Projects can exist within many contexts; they may be stand-alone (with their own business case and justification) or they may be in a **commercial environment** (with separate business cases and justifications for the customer and supplier), or part of a **programme** or wider **portfolio**.

### Programme

A temporary flexible organization structure created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to the organization's strategic objectives. A programme is likely to have a life that spans several years.

### Portfolio

The totality of an organization's investment (or segment thereof) in the changes required to achieve its strategic objectives.

### Commercial environment

If the project is being run to deliver to a specific set of customer requirements, the customer may have entered into a **commercial** relationship with a supplier following a formal tender. The organization delivering the project (the supplier) will do so in order to satisfy a particular need identified by the customer.

In a commercial environment, sometimes there may be hierarchies of commercial relationships between suppliers, rather than a simple customer/supplier relationship involving just two organizations. There may be a primary commissioning organization (or **one** prime contractor), but there may be **several** customers and/or **several** supplier organizations, each of which may have their own business case for undertaking the project.

Examples include:

- Joint ventures
- Inter-governmental projects
- Partnerships.

### PRINCE2® Principles:

To be following PRINCE2®, these principles **must** be adopted when managing a project. The seven PRINCE2® principles are:

- **Continued business justification.** A PRINCE2® project has continued business justification.
- **Learn from experience.** PRINCE2® project teams learn from experience: lessons are looked for, recorded and acted upon throughout the life of the project.
- **Defined roles and responsibilities.** A PRINCE2® project has defined and agreed roles and responsibilities within an organization structure that engages the business, user and supplier stakeholder interests.
- **Manage by stages.** A PRINCE2® project is planned, monitored and controlled on a stage-by-stage basis.
- **Manage by exception.** A PRINCE2® project has defined tolerances for each project objective to establish limits of delegated authority.
- **Focus on products.** A PRINCE2® project focuses on the definition and delivery of products, in particular their quality requirements.
- **Tailor to suit the project.** PRINCE2® is tailored to suit the project environment, size, complexity, importance, team capability and risk.

## Tailoring PRINCE2® to Suit Different Projects:

Tailoring can be applied to **processes, themes, roles, management products** and **terminology**.

Tailoring is concerned with the appropriate use of PRINCE2® on any given project, ensuring that there is the right amount of governance, planning and control, in accordance with PRINCE2's principles.

- **Processes** may be combined or adapted (for example by adding or combining activities).
- **Themes** can be applied using techniques that are appropriate to the project.
- **Roles** may be combined or split, provided that accountability is maintained and there are no conflicts of interest. (See Organization Theme Section for more detail).
- **Management products** may be combined or split into any number of documents or data sources. They will often take the form of formal documents, but can equally be slide decks, wall charts or data held on IT systems if more appropriate to the project and its environment.
- **Terminology** may be changed to suit other standards or policies, provided it is applied consistently.

The Project Manager is responsible for identifying and documenting the level of tailoring for the project – (documented in the PID), with advice from Project Assurance, Project Support, or a centre of excellence (if one exists). Team Managers may suggest to the Project Manager any tailoring which would help them manage their work packages more effectively.



## Starting up a Project (SU)

### Purpose of SU:

Ensures the pre-requisites for initiating a project are in place by answering the question: do we have a viable and worthwhile project?

Defines base information about the project for decisions on whether to commission the project. Helps prevent poorly conceived projects from ever being initiated as well as approve the initiation of 'viable' projects.

The main output of SU is the **project brief**. Its **purpose** is: 'To provide a full and firm foundation for the initiation of the project'. In the initiating a project process, the contents of the project brief are extended and refined in the project initiation documentation (PID), after which the project brief is no longer maintained.

### Objectives of SU:

To ensure that:

- There is a business justification for initiating the project (documented in an outline business case)
- All the necessary authorities exist for initiating the project
- Sufficient information is available to define and confirm the scope of the project (in the form of a project brief)
- The various ways the project can be delivered are evaluated and a project approach selected
- Individuals are appointed who will undertake the work required in project initiation and/or will take significant project management roles in the project
- The work required for project initiation is planned (documented in a stage plan)
- Time is not wasted initiating a project based on unsound assumptions regarding the project's scope, timescales, acceptance criteria and constraints.

### Context of SU:

Projects can be identified in a variety of ways and thus have a wide variation in the information available at the time of start-up. PRINCE2® calls the trigger for the project the project mandate, which is provided by the responsible authority which is commissioning the project -typically the corporate, programme management or the customer. The term project mandate applies to whatever information is used to trigger the project, be it a feasibility study or the receipt of a 'request for proposal' in a supplier environment. The project mandate should provide the terms of reference for the project and should contain sufficient information to identify at least the prospective Executive of the Project Board. The mandate is refined to develop the project brief.

The Project Board must be provided with sufficient information to make the decision to initiate the project. The project brief is prepared for this purpose.

The effort involved in starting up a project will vary enormously from project to project. If the project is part of a programme, the programme itself should provide the project brief and will appoint some, if not all, members of the Project Board, thus eliminating much of the work required in this process. In such cases, the Project Manager should validate what is provided by the programme and, if necessary, recommend modifications.

The preparation of the outline business case and the assembling of the project brief (which are parallel and iterative activities) require regular and frequent interaction and consultations between the Project Manager, the Project Board members and other stakeholders. The more time spent on getting the requirements clearly captured during the starting up a project process, the more time will be saved during project delivery by avoiding issues, exceptions and re-planning.

The contents of the project brief are later extended and refined into the project initiation documentation (PID) via the initiating a project process.

## Directing a Project (DP)

### Purpose of DP:

Enables the Project Board to exercise its control and remain accountable for the project's success whilst delegating day to day management of the project to the Project Manager. Provides a structured environment for making key management decisions.

### Objectives of DP:

To ensure that:

- There is authority to initiate the project
- There is authority to deliver the project's products
- Management direction and control are provided throughout the project's life, and the project remains viable
- Corporate, programme management or the customer has an interface to the project
- There is authority to close the project
- Plans for realizing the post-project benefits are managed and reviewed.

### Context of DP:

The directing a project process starts on completion of the starting up a project process and is triggered by the request to initiate a project.

The directing a project process covers the activities of the project board and is not concerned with the day-to-day activities of the Project Manager. The Project Board manages by exception: it monitors via reports and controls through a small number of decision points. There should be no need for other 'progress meetings' for the Project Board. The Project Manager will inform the board of any exception situation. It is also important that levels of authority and decision-making processes are clearly identified.

There needs to be a two-way flow of information between the Project Board and corporate, programme management or the customer during the project. At all times, the Project Board must ensure that the project remains aligned with the strategy of corporate, programme management or the customer.

It is a key role of the Project Board to engage with corporate, programme management or the customer and to act as a communication channel. The requirement for the Project Board to act as a communication channel, and how it is going to do it, should be documented in the communication management approach.

The Project Board should provide unified direction and guidance to the Project Manager. If the Project Board is unable to provide a single view, or if independent, possibly contradictory, advice is given, then the risk of project failure significantly increases. In such cases, the Project Manager should defer to the Executive.

The directing a project process provides a mechanism for the Project Board to meet its responsibility for ensuring that there is continued business justification without being overburdened by project activity. One of the functions of the project board is to provide informal advice and guidance to the Project Manager as well as formal direction. The Project Manager should seek advice, whenever necessary, during the course of the project.

## Initiating a Project (IP)

### Purpose of IP:

Aims to establish solid foundations for the project. Enables the organization to understand the work that needs to be done to deliver the project's products before committing to significant spend.

The main output of IP is the **project initiation documentation (PID)**. Its **purpose** is:

'To define the project, in order to form the basis for its management and an assessment of its overall success. The PID gives the direction and scope of the project and (along with the stage plan) forms the '**contract**' between the **Project Manager** and the **Project Board**'.

The three primary uses of the PID are to:

- ensure that the project has a sound basis before asking the project board to make any major commitment to the project
- act as a base document against which the project board and project manager can assess progress, issues and ongoing viability questions
- provide a single source of reference about the project so that people joining the 'temporary organization' can quickly and easily find out what the project is about, and how it is being managed.

### Objectives of IP:

To ensure that there is a common understanding of:

- the reasons for doing the project, the benefits expected and the associated risks
- the scope of what is to be done and the products to be delivered
- how and when the project's products will be delivered and at what cost
- who is to be involved in the project decision-making
- how the quality required will be achieved
- how baselines will be established and controlled
- how risks, issues and changes will be identified, assessed and controlled
- how progress will be monitored and controlled
- who needs information, in what format and at what time
- how the corporate, programme management or customer method will be tailored to suit the project.

### Context of IP:

Initiating a project is aimed at laying down the foundations in order to achieve a successful project. Specifically, all parties must be clear on what the project is intended to achieve, why it is needed, how the outcome is to be achieved and what their responsibilities are, so that there can be genuine commitment to it.

The initiating a project process enables the Project Board, via the directing a project process to decide whether or not the project is sufficiently aligned with corporate, programme management or customer objectives to authorize its continuation.

If, instead, the organization proceeds directly from starting up a project to controlling a stage then it may risk committing significant financial resources to a project without fully understanding how its objectives will be achieved.

All activities within the initiating a project process need further consideration if the relationship between the customer and the supplier is a commercial one (e.g. the reasons for undertaking the project as defined in the supplier's business case may be different from those defined in the customer's business case).

During the initiating a project process the Project Manager will be creating the suite of management products required for the level of control specified by the Project Board. The Project Manager should have agreed (as part of the initiation stage plan) the means by which the Project Board will review and approve the management products; the two extremes are one at a time or all at once.

## Controlling a Stage (CS)

### Purpose of CS:

To assign work to be done, monitor such work, deal with issues, report progress to the Project Board, and take corrective actions to ensure that the management stage remains within tolerance.

### Objectives of CS:

To ensure that:

- Attention is focused on delivery of the management stage's products. Any movement away from the direction and products agreed at the start of the management stage is monitored to avoid uncontrolled change and loss of focus
- Risks and issues are kept under control
- The business case is kept under review
- The agreed products for the management stage are delivered to stated quality standards, within cost, effort and time agreed, and ultimately in support of the achievement of the defined benefits
- The project management team is focused on delivery within the tolerances laid down.

### Context of CS:

The controlling a stage process describes the work of the Project Manager in handling the day-to-day management of the management stage. This process will be used for each delivery stage of a project. Towards the end of each management stage, except the final one, the activities within the managing a stage boundary process will occur.

The controlling a stage process is normally first used after the Project Board authorizes the project, but it may also be used during the initiation stage, especially for large or complex projects.

Work packages are used to define and control the work to be done and to set tolerances for the Team Manager(s). If the Project Manager is fulfilling the Team Manager role, work packages should still be used to define and control the work of the individual team members being assigned work. When this is the case, references to the Team Manager throughout the controlling a stage process should be regarded as references to the individual team member being assigned work.

Central to the ultimate success of the project is the day-to-day control of the work that is being conducted. Throughout a management stage, this will consist of a cycle of:

- authorizing work to be done
- monitoring progress information about that work, including signing off completed work packages
- reviewing the situation (including that for product quality) and triggering new work packages
- reporting highlights
- watching for, assessing and dealing with issues and risks
- taking any necessary corrective action.

Towards the end of the last management stage, the closing a project process will be invoked.

## Managing Product Delivery (MP)

### Purpose of MP:

To control the link between the Project Manager and the Team Manager(s), by agreeing the requirements for acceptance, execution and delivery.

The role of the Team Manager(s) is to coordinate an area of work that will deliver one or more of the project's products. They can be internal or external to the customer's organization.

### Objectives of MP:

To ensure that:

- Work on products allocated to the team is authorized and agreed
- Team Managers, team members and suppliers are clear as to what is to be produced and what is the expected effort, cost or timescales
- The planned products are delivered to expectations and within tolerance
- Accurate progress information is provided to the Project Manager at an agreed frequency to ensure that expectations are managed.

### Context of MP:

Managing product delivery views the project from the Team Manager's perspective, whereas the controlling a stage process views it from the Project Manager's perspective. The Team Manager ensures that products are created and delivered by the team to the project by:

- accepting and checking authorized work packages from the Project Manager
- ensuring that interfaces identified in the work package are maintained
- creating a team plan for the work packages being assigned (this may be done in parallel with the Project Manager creating the stage plan for the management stage)
- ensuring that the products are developed in accordance with any development method(s) specified in the work package
- demonstrating that each product meets its quality criteria through the quality method(s) specified in the product description; this may include using the PRINCE2® quality review technique
- obtaining approval for completed products from the authorities identified in the relevant product description
- delivering the products to the Project Manager in accordance with any procedures specified in the work package.

If the project uses external suppliers that are not using PRINCE2, managing product delivery provides a statement of the required interface between the Team Manager and the PRINCE2® method being used in the project by the Project Manager. The work package may be part of a contractual agreement. Therefore, the formality of a team plan could vary from simply appending a schedule to the work package to creating a fully formed plan that is presented in a similar style to a stage plan.

## Managing a Stage Boundary (SB)

### Purpose of SB:

To enable the Project Manager to provide the Project Board with sufficient information to be able to:

- Review the success of the current management stage
- Approve the next stage plan
- Review the updated project plan
- Confirm continued business justification and acceptability of the risks.

Therefore, the process should be executed at, or close to the end of each management stage.

The managing a stage boundary process is also used as part of the procedure to deal with exceptions. Projects do not always go to plan and in response to an exception report (if the management stage or project is forecast to exceed its tolerances) the Project Board may request that the current management stage (and possibly the project) is re-planned. The output from re-planning is an exception plan which is submitted for Project Board approval in the same way that a stage plan is submitted for approval.

### Objectives of SB:

Near or at the end of each management stage, to:

- Assure the Project Board that all products in the stage plan for the current management stage have been completed and approved
- Prepare the stage plan for the next management stage
- Review and, if necessary, update the project initiation documentation (PID); in particular the business case, project plan, project approaches, project management team structure and role descriptions
- Provide the information needed for the Project Board to assess the continuing viability of the project
- Record any information or lessons that can help later management stages of this project and/or other projects
- Request authorization to start the next management stage.

For exceptions, to:

- Review and, if necessary, update the PID; in particular the customer's quality expectations, project approaches and controls and role descriptions
- Provide the information needed for the Project Board to assess the continuing viability of the project
- Prepare an exception plan as directed by the Project Board
- Seek approval to replace the project plan or stage plan for the current management stage with the exception plan.

Managing a stage boundary is NOT used towards the end of the final management stage unless there is a need to create an exception plan. This is because the activities to review the performance of the whole project, as part of the closing a project process, include reviewing the performance of the final management stage.

## Context of SB:

The managing a stage boundary process is predicated on dividing the project into management stages.

A project, whether large or small, needs to ensure that the products it creates will deliver the benefits being sought, either in their own right or as part of a larger programme. The continuing correct focus of the project should be confirmed at the end of each management stage. If necessary, the project can be redirected or stopped to avoid wasting time and money.

It is also important to recognize that projects can go wrong or can be affected by external factors that invalidate the business justification. An early identifier of potential failure is the Project Manager's forecast that any of the project or management stage tolerances are likely to be exceeded. In such cases it is important to have a mechanism for corrective action to bring the project back into the right direction.

A positive decision not to proceed is not failure. However, providing insufficient information that prevents the Project Board from making an informed decision is itself a failure as it may lead to a wrong decision.

The managing a stage boundary process provides a means by which an exception process can be implemented.



## Closing a Project (CP)

### Purpose of CP:

To provide a fixed point at which acceptance for the project's product is confirmed, and to recognize that objectives set out in the original project initiation documentation (PID) have been achieved (or approved changes to the objectives have been achieved), or that the project has nothing more to contribute.

### Objectives of CP:

To:

- Verify user acceptance of the project's products
- Ensure that the host site is able to support the products when the project is disbanded
- Review the performance of the project against its baselines
- Assess any benefits that have already been realised and update the benefits management approach to include any post-project benefit reviews
- Ensure that provision has been made to address all open issues and risks, with follow-on action recommendations.

### Context of CP:

One of the defining features of a PRINCE2® project is that it is finite; it has a start and an end. If the project loses this distinctiveness, it loses some of its advantages over purely operational management approaches.

A clear end to a project:

- Is always more successful than a slow drift into use as it is a recognition by all concerned that:
  - The original objectives have been met (subject to any approved changes)
  - The current project has run its course
  - Either the operational regime must now take over the products from this project, or the products become inputs into some subsequent project or into some larger programme
  - The project management team can be disbanded
  - Project costs should no longer be incurred
- Provides an opportunity to ensure that all unachieved goals and objectives are identified so that they can be addressed in the future
- Transfers ownership of the products to the customer and terminates the responsibility of the project management team.

Closure activities should be planned as part of the stage plan for the final management stage. When closing a project, work is required to prepare input to the Project Board in order to obtain its authorization to close the project. Subsequently, the executive should also notify corporate, programme management or the customer that the project has closed.

It is also possible that the Project Board may wish to trigger a premature closure of the project under some circumstances (e.g. if the business case is no longer valid). If the project is being brought to a premature close, this process will still need to be executed, but may have to be tailored to the actual project situation.

A number of actions specific to the project's products may be required after the project, and these should be documented and planned for as follow-on action recommendations. These may have different audiences and therefore may need to be issued individually. The needs of the recipient will determine the format and content; some may want a formal report, some a log entry on a system, and others a meeting.

## Business Case Theme

### Purpose of theme:

- To establish mechanisms to judge whether the project is (and remains) desirable, viable and achievable as a means to support decision-making in its (continued) investment.
- Projects must have a documented business justification. This sets out not only the reason for the project, but also confirms whether the project is:
  - **Desirable:** the balance of costs, benefits and risks
  - **Viable:** able to deliver the products
  - **Achievable:** whether use of the products is likely to result in envisaged outcomes and resulting benefits.
- The business justification is usually documented in a **business case**.
- 'Outputs', 'outcomes', 'benefits' & 'dis-benefits': Projects will:
  - create '**outputs**' (the specialist products) which enable business changes...
  - which result in '**outcomes**' (i.e. changes in behaviour and/or circumstances derived from using the outputs)...
  - which create '**benefits**' (the measurable improvements resulting from the outcomes).

Projects, and the associated business changes, can also result in '**dis-benefits**'.

A **dis-benefit** is: A measurable decline resulting from an outcome perceived as *negative* by one or more stakeholders, which reduces one or more organizational objective(s).

Both benefits and dis-benefits are recorded in the business case.

### Minimum Requirements for the Theme:

To be following PRINCE2, a project must, as a minimum:

- Create and maintain a business justification for the project; usually a business case (PRINCE2's continued business justification principle)
- Review and update the business justification in response to decisions and events that might impact desirability, viability or achievability of the project (PRINCE2's continued business justification principle)
- Define the management actions that will be put in place to ensure that the project's outcomes are achieved and confirm that the project's benefits are realized (PRINCE2's continued business justification principle)
- Define and document the roles and responsibilities for the business case and benefits management (PRINCE2's defined roles and responsibilities principle).

### Management Products for the Theme:

PRINCE2® requires that two products are produced and maintained:

- **Business case:** Provides the costs, benefits, expected dis-benefits, risks and timescales against which viability is justified and continuing viability is tested.
  - **Business case development path:**  
The business case (derived from the project mandate) will be:
    - **Developed:** in 'outline' during SU process as part of Project Brief & in 'detail' during IP process and assembled as part of PID.
    - **Verified:** is the investment in this project still worthwhile? - in DP process at end of the SU process, at the end of each management stage, and during exceptions.
    - **Maintained:** updated in SB process at end of each stage to include current information e.g. actual and new forecast costs, timescales, benefits and major risks. Also updated during exception situations.
    - **Confirmed:** assessment of whether benefits have (or will be) realized.

The business case should be central to the impact assessment of issues and risks throughout the project.

- **Benefits management approach:** Defines the management actions that will be put in place to ensure that the project's outcomes are achieved and confirm that the benefits are realized.

- Although some benefits can be realized and measured during the life of a project, many are realized outside/after the life of the project. The benefits management approach is created during initiation and defines how, when & by whom the benefits will be measured and reviewed both during and post-project. In most cases it's used 'after' the project has ended, as that is when most benefits tend to be realized, i.e. once the products are in operational use.
- The post-project benefit reviews should also review the *performance* of the project's products when in operational use and to identify whether there have been any side-effects (beneficial or adverse) that may provide useful lessons for other projects.

## Organization Theme

### Purpose of theme:

- Establish the project's structure of accountability and responsibilities (the who?)
- Every project needs effective direction, management, control and communication
- Establishing an effective project management team structure and approach for communication at the beginning of a project, and maintaining these throughout the project's life, are essential elements of a project's success
- One of PRINCE2's principles is that projects must have defined and agreed roles and responsibilities within an organization that engages with the **business, user** and **supplier** stakeholder interests
- A stakeholder is any individual, group or organization that can affect, be affected by, or perceive itself to be affected by, an initiative (i.e. programme, project, activity or risk).
  - A stakeholder may:
    - **support** or **oppose** the project
    - **Gain** or **lose** as a result of project delivery
    - See the project as a **threat** or **enhancement** to their position
    - Become active **supporters** or **blockers** of the project and its progress.
- There are 3 principal categories of project stakeholder: **Business/User/Supplier**, (represented by the Project Board): Executive role = **Business**; Senior User role = **User**; Senior Supplier role = **Supplier**.
- Each of the 3 principle categories of stakeholders has a specific interest, or viewpoint on the project:
  - **Business** interest: The products of the project should meet a business need that justifies the investment in the project. The project should also provide value for money. The business viewpoint should be represented to ensure that these two prerequisites exist *before* a project commences and **remain** in existence *throughout* the project.
  - **User** interest: PRINCE2® makes a distinction between the business interests and the requirements of those who will use the project's outputs. The user viewpoint represents those individuals or groups for whom some or all of the following will apply:
    - They will use the outputs of the project to realize the benefits.
    - They will operate, maintain or support the project's outputs.
    - The outputs of the project will impact them.
    - The user presence is needed to specify the desired outputs and ensure that the project delivers them through the supplier.
  - **Supplier** interest: The creation of the project's outputs will need resources with certain skills. The supplier viewpoint should represent those for whom some, or all of the following will apply:
    - They will provide the necessary skills and produce the project product.
    - The supplier needs to have an understanding of all the relevant standards with which the output (product) needs to comply.
    - The project may need to use both in-house and external supplier teams to construct the project product.

- A successful project management team should:
  - Have business, user and supplier stakeholder representation
  - Ensure appropriate governance by defining responsibilities for directing, managing and delivering the project and clearly defining accountability at each level
  - Review the project roles throughout the project to ensure that they continue to be effective
  - have an effective approach to manage communication flows to and from stakeholders.
- The project management structure has four levels:
  - **Corporate, programme management or the customer** (sits 'outside' of project management team)
  - **Directing** (Project Board)
  - **Managing** (Project Manager)
  - **Delivering** (Team Manager)

} Part of project management team

The project management team structure is **temporary** and flexible, based on '**roles**' NOT management jobs. It is reviewed and changed (where necessary) at the end of each management stage to reflect the needs of the next management stage.

### Minimum Requirements for the Theme:

To be following PRINCE2, a project must, as a minimum:

- Define its organization structure and roles. This must minimally ensure that all of the responsibilities in PRINCE2's role descriptions are fulfilled (PRINCE2's defined roles and responsibilities principle)
- Document the rules for delegating Change Authority responsibilities, if required
- Define its approach to communicating and engaging with stakeholders.

### Management Products for the Theme:

PRINCE2® requires that two products are produced and maintained:

- **Project initiation documentation (PID):** in the context of the organization theme, the PID provides the single source of reference for how the project is to be managed. The PID sets out the project management team structure and roles. Created in IP process and reviewed/ possibly updated at end of each management stage in SB process.
- **Communication management approach:** describes the means and frequency of communication to stakeholders both internal and external to the project. Created in IP process and reviewed/possibly updated end of each stage in SB process. Forms part of the PID.

### Project Management Team:

PRINCE2® mandates that certain project **roles** are fulfilled on *every* project. As shown below, the roles may be **combined** within certain limits.

- **Restrictions to combining roles:**
  - The Executive and Project Manager roles **cannot** be combined
  - There **cannot** be **more than one** Executive or Project Manager
  - The Executive's accountability for project success **cannot** be delegated
  - The Project Board should **not** assign any Project Assurance roles to the Project Manager, Team Manager or Project Support
  - It is not recommended to combine the roles of Senior User and Senior Supplier as this can create conflicts of interest for an individual.

## The Project Management Team Roles and Responsibilities:

- All projects **MUST** have a **Project Board**: made up of **three** roles: **Executive**, **Senior User** and **Senior Supplier** (**see below for 'specific' responsibilities of each role**). Project Board responsibilities include:
  - Being accountable for the success or failure of the project in terms of the business, user and supplier interests
  - Providing *unified* direction to the project
  - facilitating integration of the project management team with the functional units of the participating corporate, programme management or customer organizations
  - Delegating, using the PRINCE2® organization structure and controls designed for this purpose
  - Providing the resources and authorizing the funds necessary for the successful completion of the project
  - Effective decision-making
  - Providing visible and sustained support for the Project Manager
  - Ensuring effective communication both within the project team and with external stakeholders.
- **Executive**: Role must **not** be shared.
  - Is ultimately accountable for the project's success.
  - Is the key decision-maker
  - Designs and appoints the rest of the project management team, including other Project Board members
  - Secures funding for the project and ensures a cost-conscious approach to the project, in that it delivers value for money
  - Ensures project is focused on achieving objectives and delivers a product that will achieve forecasted benefits
  - Responsible for the business case and the continued business justification of the project.
- **Senior User(s)**: More than one person may be required to represent the users, but should not be split between too many people.
  - Responsible for specifying the needs of those who will use the project's products (*including operations and maintenance*)
  - Represents the interests of all those who will use the project's products, those for whom the products will achieve an objective, or those who will use the products to deliver benefits
  - User liaison with the project management team and for monitoring that the solution will meet those needs within the constraints of the business case in terms of quality, functionality and ease of use
  - Commits user resources and monitors products against requirements
  - Specifies the benefits and is held to account by demonstrating to corporate, programme management or the customer that the forecasted benefits are subsequently realized.
- **Senior Supplier(s)**: More than one person may be required to represent the suppliers.
  - Represents the interests of those designing, developing, facilitating, procuring and implementing the project's products.
  - Accountable for the quality of products delivered by the supplier(s) and responsible for the technical integrity of the project.
  - Provides supplier resources to the project and ensures that proposals for designing and developing the products are feasible and realistic.
  - Often represents the interests of those who will **maintain** the specialist products of the project after closure, e.g. engineering maintenance and support, unless it's an external supplier who's delivering products to a customer who will maintain them in service/operation, in which case the '*operations and maintenance*' interests are more likely to be represented by the Senior User (see Senior User above).

- **Project Manager:** Role must **not** be shared.
  - Has single focus for day-to-day management of the project
  - Has the authority to run the project on behalf of the Project Board within the constraints laid down by the Project Board
  - Delegates responsibility for managing product delivery process to Team Manager(s)
  - Manages Team Managers and Project Support. May perform Team Manager and Project Support responsibilities if these roles haven't been allocated to *separate* people.
- **Change Authority:** Makes decisions on requests for change and off-specifications.
  - Due to their dynamic nature, projects will often receive many requests to change the initial agreed scope.
  - Project Board are responsible for agreeing to any changes, but may *delegate* some authority, within defined limits, for approving or rejecting requests for change and off-specifications.
  - Some decision-making authority may be delegated to the Project Manager and/or Project Assurance, within defined limits.
- **Project Assurance:** The Project Board is responsible, via its Project Assurance role, for monitoring all aspects of the project's performance and products, in all PRINCE2® processes, (aligned to their respective areas of Business, User and Supplier).
  - Project Board may do themselves if they have the time/knowledge/skills to do so, or may delegate to separate individuals
  - **MUST** be **independent** of the Project Manager. Project Support and Team Manager roles
  - If delegated, the Project Board remain accountable
  - Supports the Project Manager by giving advice and guidance on aspects such as use of corporate standards, or that the correct personnel are planned to be involved in different aspects of the project, e.g. quality inspections or reviews.
- **Team Manager:** Role may be assigned to the person who's Project Manager, or a *separate* person(s).
  - A *separate* person(s) may be required where the size of the project, the specialist skills or knowledge needed for certain products, geographical location of team members and the preferences of the Project Board necessitates it. If a *separate* person(s) is not assigned to the Team Manager role, then the Project Manager undertakes the Team Manager role/responsibilities
  - Responsible for the production of those products allocated by the Project Manager (as defined in a work package) to the agreed time, cost and quality
  - Reports to, and takes direction from, the Project Manager
  - Provides progress information (via checkpoint reports) to the Project Manager.
- **Project Support:** The role of Project Support is not **optional**, but the allocation of a **separate** individual or group to carry out the required tasks is.
  - Project Support is the responsibility of the Project Manager
  - If required, the Project Manager can delegate some of this work to a Project Support role to provide administrative services or advice/guidance on the use of project management tools
  - Typically responsible for administering change control
  - Provide specialist functions to the project such as planning or risk management
  - Some corporate, programme management or customer organizations may have a project office (a temporary office set up to support the delivery of a specific project) or a similar structure, which can fulfil some, or all, of the Project Support role.

## Risk Theme

### Purpose of the Theme:

- To identify, assess and control **uncertainty**, and as a result improve the ability of the project to succeed
  - Projects enable change and change introduces **uncertainty**, hence **risk** is inevitable in all projects when trying to achieve their objectives
  - **A Risk is:** An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. A risk is measured by a combination of the probability of a perceived threat or opportunity occurring, and the magnitude of its impact on objectives.
  - Risk can have either a negative impact or positive impact on objectives if they occur:
    - **Threat:** uncertain events that will have a negative impact on objectives
    - **Opportunity:** uncertain events that will have a positive impact on objectives
  - Risks can impact the project's objectives of delivering to an agreed scope and benefits to an agreed time, cost and quality
  - **Risk management is:** The systematic application of principles, approaches and processes to the tasks of identifying and assessing risks, planning and implementing risk responses and communicating risk management activities with stakeholders
  - Effective risk management involves a **five-step** procedure (risk management procedure technique):
    - **Identify:**
      - **Identify context:** understand objectives at risk and formulate a risk management approach
      - **Identify risks:** capturing and describing risks, including **cause, event** and **effect**:
        - **Risk cause:** The source of the risk; i.e. the situation that gives rise to the risk
        - **Risk event:** The area of uncertainty in terms of the threat or opportunity
        - **Risk effect:** The impact(s) that the risk would have on objectives should it materialize
    - **Assess:**
      - **Estimate:** each risk in terms of its probability, impact(s) on objectives and timing (proximity)
      - **Evaluate:** the combined effect of all risks to see if the overall risk exposure remains within the *risk appetite* of the organization
        - **Risk appetite is:** An organization's unique attitude towards risk-taking that in turn dictates the amount of risk that it considers acceptable
    - **Plan:** identifying and evaluating the possible risk responses to remove or reduce threats and to maximize opportunities:
      - Responses types for **threats**: Avoid; Reduce; Transfer; Share; Accept; Prepare contingent plan
      - Response types for **opportunities**: Exploit; Enhance; Transfer; Share; Accept; Prepare contingent plan
    - **Implement:** the risk responses are actioned, their effectiveness monitored and corrective action taken where the responses aren't having the desired effect. Risks are assigned to:
      - Risk **owner**: individual who is responsible for the management, monitoring and control of all aspects of a particular risk assigned to them, including implementation of the selected responses
      - Risk **actionee**: individual assigned to carry out a risk response action or actions to respond to a particular risk. They support and take direction from the risk owner.
- In many cases the risk owner and risk actionee are likely to be the same person
- **Communicate:** risk information is *continuously* communicated, within the project and to external stakeholders (via checkpoint report, highlight report, end stage report, end project report and exception report).



- Risk management supports decision-making by ensuring the project team understand each risk and the overall *risk exposure* that exists at a particular time
  - **Risk exposure is:** The extent of risk borne by the organization at the time
- A **risk budget** can be assigned for the project. It's used to fund specific risk management responses to the project's threats and opportunities (for example to cover the costs of implementing a contingent plan if a risk were to materialize).

### Minimum Requirements for the Theme:

To be following PRINCE2, a project must, *as a minimum*:

- Define its risk management approach, which must *minimally* cover:
  - How risks are identified and assessed; how risk management responses are planned and implemented and how the management of risk is communicated throughout the project lifecycle
  - Assessing whether identified risks might have a material impact on the business justification of the project (PRINCE2's continued business justification principle)
  - The roles and responsibilities for risk management (PRINCE2's defined roles and responsibilities principle)
- Maintain some form of risk register to record identified risks and decisions relating to their analysis, management and review
- Ensure that project risks are identified, assessed, managed and reviewed throughout the project lifecycle
- Use lessons to inform risk identification and management (PRINCE2's learn from experience principle).

### Management Products for the Theme:

PRINCE2® requires that two products are produced and maintained:

- **Risk management approach:** describes how risk will be managed on the project and includes the specific processes, procedures, techniques, standards and responsibilities to be applied. Created in IP process and reviewed/possibly updated end of each stage in SB process. Forms part of the PID.
- **Risk register:** provides a record of identified risks relating to the project, including their status and history. It is used to capture and maintain information on all the identified threats and opportunities relating to the project. Created in IP process, reviewed/updated throughout project.

## Plans Theme

### Purpose of Theme:

- To facilitate communication and control by defining the means of delivering the products: the where, how and by whom and estimates the when (time) and how much (cost) of delivering the work/project.
- Provides information on: what products need to be delivered; the risks (threats and opportunities); any issues with definition of scope; what specialist equipment/resources are needed; when activities and events should happen and whether the targets of time, cost, quality, scope, benefits and risk are achievable.
- Creates/maintains credible plans (project plan, stage plan, team plan and exception plan) to provide a baseline from which to measure progress.
- **A plan is:** a detailed proposal for doing or achieving something which specifies the what, when, how and by whom.
- Plans provide the backbone of the management information required for any project; without a plan there can be no control.
- There are **3** levels of plan:
  - **Project plan:** is high-level. Covers entire project. Shows the major products, activities and resources required for the project. Provides costs and timescales for the business case and identifies major control points such as management stages and milestones. Approved and used by the Project Board as a baseline against which to monitor project progress management stage by management stage.
  - **Stage plan:** is detailed. Created for *each* management stage. Used by the Project Manager as the basis for day-to-day control throughout a management stage. Produced close to the time when the planned events (for the next management stage) will happen. Produced with knowledge of earlier management stage performance and should not extend beyond the planning horizon (the timeframe between each management stage division). Approved by the Project Board.
  - **Team plan:** is an 'optional' level of plan. Created by Team Manager and used as the basis for team management when executing work packages. A management stage may have a number of *work packages*, each of which may have a team plan. Approved by the Project Manager.
    - **Work package is:** A set of information relevant to the creation of one or more products. Contains a description of the work, product description(s), constraints and confirmation of agreement between the Project Manager and the person or Team Manager who is to implement the work package that the work can be done within the constraints.
- **Exception plan:** is **NOT** a level of plan. It's prepared to the same level of detail as the plan it replaces. It picks up from the current plan actuals and continues to the end of that plan.
  - Exception plans are prepared (at the Project Board's request) to show the actions required to recover from the effect of a project plan or stage plan tolerance deviation. Exception plans are **not** produced for work package tolerance deviations (i.e. do **not** replace a team plan).

- **Management stages are:** The sections of the project that the Project Manager is managing on behalf of the Project Board at any one time.
  - The number of management stages is flexible and depends on scale, duration and risk of project
  - Defining management stages is about balancing:
    - how far ahead in the project it is sensible to plan (relating to planning horizon)
    - where the key decision points need to be on the project
    - the amount of risk within the project
    - too many short management stages (increasing the project management overhead) versus too few lengthy ones (reducing the level of control)
    - how confident the Project Board and Project Manager are in proceeding.
  - Length of management stages influenced by factors:
    - The planning horizon at any point in time
    - The delivery steps within the project
    - Alignment with programme activities (end-of-tranche reviews)
    - The level of risk (lower risk = longer stage/higher risk = shorter stage)
- **Delivery steps are:** a *separate concept* from the 'management stages' described above, and the work comprising delivery steps is ***always*** included within a management stage as either work packages or activities.
- **Management stages and delivery steps - differences:** Delivery steps often 'overlap', but management stages do not. Delivery steps are typified by the use of a particular set of specialist skills. Management stages equate to commitment of resources and authority to spend.
- Often the boundary of the management stage and the end of a delivery step will coincide; for instance, when the management decision is based on the output(s) from delivery step activities. However, on other occasions management stage and delivery step boundaries will not coincide; for example, there might be *more than one* delivery step within a management stage which end part the way through the management stage.
- Resources required to deliver a plan need to be committed to by those approving the plan.
- **Planning horizon:** The time period that planning can be done with reasonable accuracy. It's not usually possible to plan the entire project *in detail* from the outset. Planning becomes more difficult the further in to the future it extends. It's best to have a *detailed* plan (stage plan) for short term and a higher-level *outline* plan (project plan) for the long term. This also applies to a stage plan for a management stage (higher-level outline) compared to a team plan for a work package (more detailed than the stage plan).
  - High-level and detailed plans should be created and maintained at the same time.
  - A stage plan is produced before the start of that stage, and must not extend beyond the planning horizon.
- PRINCE2® has a principle to 'focus on products'. The philosophy behind this is that what needs to be delivered (the products) must be identified *before* deciding what activities, dependencies and resources are required to deliver those products. This approach is called product-based planning.

## Minimum Requirements for the Theme:

To be following PRINCE2, a project must, as a minimum:

- Ensure that plans enable the business case to be realized (PRINCE2's continued business justification principle)
- Have at least two management stages; an initiation stage and at least one further management stage. The more complex and risky a project, the *more* management stages that will be required (PRINCE2's manage by stages principle)
- Produce a project plan for the project as a whole and a stage plan for each management stage (PRINCE2's manage by stages principle)
- Use a product-based planning for the project plan, stage plans and exception plans. It may be optionally used for team plans. PRINCE2® recommends the following steps for product-based planning:
  - Designing a plan; \*Defining and analysing the products; Identifying activities and dependencies; Preparing estimates; Preparing a schedule; Documenting a plan; Analysing risks to a plan.
- \*PRINCE2® recommends the following approach **within** the 'Defining and analysing the products' step:
  - Write a project product description for the final end product (this is the *first* step and only one project product description is required per project);
  - And for each *level* of plan:
    - Create a product breakdown structure
    - write product descriptions (for each of the products delivered by the plan)
    - create a product flow diagram (**optional**)
- Produce specific plans for managing exceptions (PRINCE2's manage by exception principle)
- Define the roles and responsibilities for planning (PRINCE2's defined roles and responsibilities principle)
- Use lessons to inform planning (PRINCE2's learn from experience principle).

## Management Products for the Theme:

PRINCE2® requires that four products are produced and maintained:

- **Project product description:** a description of the **overall** project's output, including the customer's quality expectations, together with the acceptance criteria and acceptance methods for the project. It applies to a project plan only. Produced in SU process.
- **Product description:** a description of each product's purpose, composition, derivation and quality criteria. Produced in IP process for project plan products; SB process for stage plan products and optionally in MP process for team plan products.
- **Product breakdown structure (PBS):** a hierarchy of all the products to be produced during a plan. Produced in IP process for project plan products; SB process for stage plan products and optionally in MP process for team plan products.
- **Plan:** provides a statement of how and when objectives are to be achieved, by showing the major products, activities and resources required for the scope of the plan. In PRINCE2, there are three levels of plan: project, stage and team. In addition, PRINCE2® has exception plans, which are created at the same level as the plan they are replacing. Produced in IP process (project plan); SB process (stage plan and any exception plans), and in MP process (optional team plan).

...and **optionally** a:

- **Product flow diagram (PFD):** a diagram showing the sequence of production and interdependencies of the products shown in the product breakdown structure. (**PRINCE2® recommends, but does not require, that a product flow diagram is created and maintained**). If required; produced in IP process for project plan products; SB process for stage plan products and in MP process for *optional* team plan products.

## Quality Theme

### Purpose of Theme:

- Define and implement the means by which the project will verify that products are **fit for purpose**.
- Ensure products **meet business expectations** and **enable desired benefits to be realized**.
- Looks for ways to apply continuous improvement - to introduce more efficiency and effectiveness into the products AND the management of the project.
- Adequate quality management activities need to be applied to help eliminate potential slippages, overspends and/or poor quality results.
- **Quality is:** the degree to which a set of inherent characteristics of a product, service, process, person, organization, system or resource fulfils requirements.
- **Quality management is:** the coordinated activities to direct and control an organization with regard to quality.
- Addresses quality methods & responsibilities for the specification, development and approval of the project's products AND for the management of the project.
- PRINCE2® requires systematic activities to:
  - Explicitly agree the customer's quality expectations and acceptance criteria for the project product
    - **Customer's quality expectation is:** a statement about the quality expected from the project product, captured in the project product description
    - **Acceptance criteria is:** a prioritized list of criteria that the project product must meet before the customer will accept it, i.e. **measurable** definitions of the attributes required for the set of products to be acceptable to key stakeholders.
  - Identify the project's products (to the level at which the project intends to exert control)
  - Define the project's products in product descriptions including the **quality criteria** by which they will be assessed, the **quality methods** to be used in designing, developing and approving them, and the quality responsibilities of those involved
    - **Quality criteria is:** a description of the quality specification that the product must meet, and the quality measurements that will be applied by those inspecting the finished product.
    - **Quality method is:** the type of quality check/test/inspection/review etc, to be used to ensure a product meets its quality criteria. Used *during* and *after* the development of a product.
  - Implement and track (the carrying out of) the quality methods employed throughout the project.
- **Quality Planning:** defining the products and their agreed quality criteria, what quality methods are to be used (including effort required for quality control and product approval) and quality responsibilities for producing, reviewing and approving each product.
  - **Quality planning purpose:** provide a secure basis for:
    - Project Board approval
    - Communicating what's agreed to key stakeholders
    - Controlling, by establishing an effective *baseline* for the project's quality controls, including quality tolerances
- **Quality Control:** focuses on operational techniques and activities used (the implementing monitoring and recording of quality methods & responsibilities) in order to fulfil the quality requirements by 'checking' (e.g. doing reviews/tests/inspections etc) the products *meet/conform to* their quality criteria. And to look for and improve process performance using previous lessons.

- **Quality Assurance and Project Assurance - differences:**

- **Quality assurance:** provides a check and assures the *wider* stakeholders that the project's direction and management are adequate for the nature of the project and that it *complies* with relevant corporate, programme or customer standards and policies. Quality assurance is a role/function within the corporate, programme or customer organization and is therefore **independent** of the project.
- **Project Assurance:** is the Project Board's responsibility to *assure itself* that the project is being conducted correctly. The Project Board members each have a specific area of focus for project assurance, namely business assurance for the Executive, user assurance for the Senior User(s), and supplier assurance for the Senior Supplier(s). Project assurance is a project management team role **within** the project, but must be *independent* of the Project Manager, Project Support and any Team Managers.

### Minimum Requirements for the Theme:

To be following PRINCE2, a project must, *as a minimum*:

- Define its quality management approach. This approach must *minimally* cover:
  - The project's approach to quality control
  - The project's approach to project assurance
  - How the management of quality is communicated throughout the project lifecycle
  - The roles and responsibilities for quality management (PRINCE2's defined roles and responsibilities principle).
- Specify explicit quality criteria for products in their **product descriptions** (PRINCE2's focus on products principle).
  - **Product description purpose:** Provides a description of each product's purpose, composition, derivation and *quality criteria*.
- Maintain records to provide evidence that the planned quality activities have been carried out, and summarize those activities that are planned or have taken place in some form of quality register.
- Specify the customer's quality expectations and prioritized acceptance criteria for the project in the **project product description** (PRINCE2's focus on products principle).
  - **Project product description purpose:** (see 'Management Products' under 'Plans' theme)
- Use lessons to inform quality planning, the definition of quality expectations and quality criteria (PRINCE2's learn from experience principle).

### Management Products for the Theme:

PRINCE2® requires that two products are produced and maintained:

- **Quality management approach:** describes how quality will be managed on the project. Includes the specific processes, procedures, techniques, standards and responsibilities to be applied. Created in IP process and reviewed/possibly updated end of each stage in SB process. Forms part of the PID.
- **Quality register:** used to summarize all the quality management activities that are planned or have taken place, and provides information for the end stage reports and end project report. Created in IP process (empty register), updated in SB process (with details of 'planned' quality management activities), updated in MP process (with quality management activity 'results').

## Change Theme

### Purpose of the Theme:

- To identify, assess and control any potential and approved changes to the baselines.
- Projects take place with an organizational and wide context, both of which will change over time.
- It's rare that a project closes having delivered exactly what was envisaged when the project was initiated.
- Change is inevitable, particularly for more complex projects.
- Need a common systemic approach to managing issues that may result in changes that inevitably arise from various sources throughout the project's life.
- Provides a project environment that's *responsive* to its stakeholders.
- Without an effective issue and change control procedure a project can soon drift 'out of control'.
- Issue and change control is a *continual* activity performed throughout life of project.
- Changes are identified as '**issues**'. The term 'issue' is used to cover any relevant event that has happened, was not planned and requires management action.
  - **Three types of issue:** 'Request for change'; 'Off-specification'; 'Problem/concern'.
- A *change budget* can be assigned to a project.
  - **Change budget is:** a sum of money that the customer and supplier agree will be used to fund the cost of requests for change, and possibly also their analysis costs. A change budget:
    - Can reduce the number of trivial exceptions arising in projects where frequency of requests for change is expected to be high.
    - Provides for a more *realistic* expectation of the overall costs/timeframe of the project.
- Issues may be raised at *any time* during the project by *anyone* with an interest in the project or its outcome.  
**Issues are captured in:**
  - **Issue Register:** used to capture and maintain all issues being handled *formally*, with additional info recorded in:
    - **Issue Report:** containing the description, impact assessment and recommendations for a request for change, off-specification or a problem/concern. Created **only** for those issues that need to be handled *formally*.
  - **Daily Log:** used to capture issues being handled *informally*.
- The response to an issue might be to change some dimension of the project's time, cost or scope.
  - Not *every* issue has to have something done about it, some can be *rejected*
  - There are only two reasons to implement a change:
    - To introduce a *new* benefit
    - To protect an *existing* benefit
- Change control involves a **five-step** procedure (Issue and Change Control Procedure technique):
  - **Capture:** formal issues will be recorded in issue register with a unique issue identifier, informal issues recorded in daily log.
  - **Assess:** undertake *impact analysis* (impact on time, cost, quality, scope, benefit & risk)
  - **Propose:** options considered for responding to issue and proposing course of action (may also require exception report if recommended option will cause a stage or project-level tolerance to be exceeded).
  - **Decide:** make a decision on action, (i.e. approve, reject, defer, or ask for more information). Decision made by Project Manager (if *within* their delegated authority), or escalated to Project Board, or its delegated Change Authority.
  - **Implement:** take corrective action to implement changes or produce exception plan, if asked, where management stage or project level tolerances were forecast to be exceeded.

- **Baselining:** Change can only be assessed in terms of its impact on an agreed 'current situation'. The 'current situation' at any point in time is represented by a 'snapshot' of all the management and specialist products (or items) produced during the project.
  - At a point in time, each of the products/items will be in a known state or '**baseline**'.
    - **A baseline is:** Reference levels against which an entity is monitored and controlled.
    - 'Baselines' are created at a point in time for a purpose. e.g. a baseline might be created when a product is 'ready to be reviewed' or when it has been 'approved'.
    - Making changes to a baselined product creates a *new* version of the product, with the original baseline being kept *unchanged*.
- A **prerequisite** of effective issue and change control is to define a way of creating **baselines** of products and allowing *appropriately controlled* changes to the baselines.
- PRINCE2® calls the things that need to be controlled and baselined '**configuration items**'. Information about the 'state' and 'status' of configuration items is held in 'configuration item records'.
  - **A configuration item record is:** a record that describes the status, version and variant of a configuration item, and any details of important relationships between them.
- PRINCE2® also has the concept of a 'product status account'. Used to provide more detail about the status of products (configuration items).
  - **A product status account is:** A report on the status of products. The required products can be specified by identifier or the part of the project in which they were developed.

#### Minimum Requirements for the Theme:

To be following PRINCE2, a project must, *as a minimum*:

- Define its change control approach. This approach must *minimally* cover:
  - How issues are identified and managed
  - Assessing whether identified issues might have a material impact on the business justification of the project (PRINCE2's continued business justification principle)
  - The roles and responsibilities for change control (PRINCE2's defined roles and responsibilities principle), including a defined *Change Authority*.
    - **Change Authority:** the Project Board may decide to delegate decisions regarding request for changes and off-specifications to another person or group, within pre-defined limits.
    - The Project Manager and/or people with delegated Project Assurance responsibilities can be the Change Authority.
- Define how product baselines are created, maintained and controlled.
- Maintain some form of issue register to record identified issues and decisions relating to their analysis, management and review.
- Ensure that project issues are captured, examined, managed and reviewed throughout the project lifecycle.
- Use lessons to inform issue identification and management (PRINCE2's learn from experience principle).

#### Management Products for the Theme:

PRINCE2® requires that two products are produced and maintained:

- **Change control approach:** used to identify, assess and control any potential and approved changes to the project baselines. Describes the procedures, techniques and standards to be applied and the responsibilities for achieving an effective issue management and change control procedure.
- **Issue register:** captures and maintains information on all the issues that are being formally managed.
  - If the issue register does not contain sufficient detail (e.g. for the options appraisal, recommendation and decision), then a separate issue report, can be used but this is an *optional* management product.



## Progress Theme

### Purpose of the Theme:

- Establishes mechanisms to monitor and compare *actual* achievements against those planned.
- Provide a **forecast** for the project objectives and the project's continued viability.
- Provides mechanisms (using tolerance) to control unacceptable deviations.
- Progress is the measure of the achievement of the objectives of a plan which involves measuring *actual* progress against the performance targets of costs, timescales, quality, scope, risk and benefits.
- Progress information is used to make *decisions*, such as whether to:
  - Approve a management stage
  - Approve a work package
  - Escalate deviations to the next level of management
  - Prematurely close the project
  - Take corrective actions as required.
- Progress can and should be monitored at work package, management stage and project level.
- The principle of 'manage by exception' is particularly important to the progress theme.
  - An exception is a situation where it can be **forecast** that there will be a deviation beyond agreed **tolerance** levels.
    - **Tolerance is:** the *permissible deviation* above and below a plan's target for **time** and **cost** *without* escalating the deviation to the next level of management.
      - There may also be tolerance levels for quality, scope, benefit and risk. (see the six types of tolerance below)

### Minimum Requirements for the Theme:

To be following PRINCE2, a project must, *as a minimum*:

- Define its approach to controlling progress in the project initiation documentation (PID) Established in IP process.
- Be managed by stages (PRINCE2's manage by stages principle)
  - Minimum number of stages is 2 (Initiation stage and at least one further delivery stage for undertaking the planned work and closing down the project).
- Set tolerances and be managed by exception against these tolerances (PRINCE2's manage by exception principle)
- Review the business justification when exceptions are raised (PRINCE2's continued business justification principle)
- Learn lessons (PRINCE2's learn from experience principle).

PRINCE2® provides progress control through:

- Delegating authority from one level of management to the level below it
- Dividing the project into management stages and authorizing the project one management stage at a time (PRINCE2's manage by stages principle)
- **Time-driven** and **event-driven** progress reporting and reviews
  - **'Time-driven' controls:** Take place at predefined periodic intervals, for example highlight report and checkpoint report are produced at 'regular/timely' intervals.
  - **'Event-driven' controls:** Take place when a specific **event** occurs, for example holding an end stage assessment and producing an end stage report at the end of a management stage and an exception report is produced when a stage-level or project-level tolerance is forecast to be exceeded.
- Raising exceptions (PRINCE2's manage by exception principle).
- The project is 'managed by exception' against **six types of tolerance**:
  - **Time/Cost/Quality/Scope/Benefits/Risk**

- **Levels of tolerances:** agreed between the four management levels:
  1. **Corporate, programme management or the customer:** sets **project-level** tolerance (for the Project Board). Documented in the project plan and PID.
  2. **Project Board:** sets **stage-level** tolerance (for the Project Manager). Documented in a stage plan.
  3. **Project Manager:** sets **work package-level** tolerance (for the Team Manager). Documented in a work package.
  4. **Team Manager:** *agrees and works within* work package tolerance, but does **NOT** 'set' tolerances. In addition, '**product-level**' tolerance can be set for a product's 'quality criteria'. Documented in its related product description.
- **Raising exceptions:** Exceptions are raised where there is a *forecast* deviation outside of the agreed **tolerance** level. Exceptions are raised & escalated at 3 levels, starting at the **lowest** level:
  - **Work Package level** (recorded in a **work package**): Team Manager will keep the Project Manager informed of work package progress via time-driven checkpoint reports and should **raise an issue** if the tolerances are forecast to be exceeded, for the Project Manager to make a decision on corrective action needed.
    - **Work package:** forms an agreement between the Project Manager and Team Manager as to the work to be completed within the defined tolerances.
      - Assists the Project Manager as a **baseline for progress control** purposes
  - **Stage level** (recorded in a stage plan): the Project Manager will **raise an issue and an exception report** for the Project Board's attention if stage tolerances are forecast to be exceeded, in order to get a decision on corrective action. If an exception plan is requested, the Project Board will conduct an exception assessment, similar to the end stage assessment, to review and approve the exception plan.
  - **Project level** (recorded in the project plan and PID): this is outside of the authority of the Project Board and should be escalated by the Project Board to Corporate, Programme management or the customer for a decision on corrective action. The Project Board may request the Project Manager to produce an exception plan for the project.

#### Management Products for the Theme:

- **Reviewing progress** handled through:
  - **Issue register:** contains details of all formal issues raised during the project
  - **Risk register:** records identified risks (threats and opportunities) related to the project
  - **Quality register:** records of all planned and implemented quality activities
  - **Product status account:** provides a snapshot of the status of products within the project, management stage, or a particular area of the project.
  - **Daily log:** can be useful for recording small actions and any observations.
- **Capturing and reporting lessons** handled through:
  - **Lessons log:** used for capturing and reporting lessons when reviewing progress. One of the principles of a PRINCE2® project is that the project management team learns from experience, which means that lessons are sought, recorded and actioned throughout.
- **Reporting progress** handled through:
  - **Checkpoint report:** A 'time-driven' control which provides the Project Manager with details of progress against the work package. Produced by the Team Manager.
  - **Highlight report:** A 'time-driven' control which provides the Project Board with details of progress for the whole project and/or management stage. Produced by Project Manager.
  - **End stage report:** provides the Project Board with details of progress towards the end of each management stage, including information on progress to date, the overall project situation and (together with the next stage plan) sufficient information to ask for a Project Board decision on what to do next with the project. Produced by Project Manager.
  - **End project report:** provides the Project Board with information needed to evaluate the project and authorize closure. Produced by the Project Manager towards the end of the project.

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