About Topic Gateways

Topic Gateways are intended as a refresher or introduction to topics of interest to CIMA members. They include a basic definition, a brief overview and a fuller explanation of practical application. Finally they signpost some further resources for detailed understanding and research.

Topic Gateways are available electronically to CIMA members only in the CPD Centre on the CIMA website, along with a number of electronic resources.

About the Technical Information Service

CIMA supports its members and students with its Technical Information Service (TIS) for their work and CPD needs.

Our information specialists and accounting specialists work closely together to identify or create authoritative resources to help members resolve their work related information needs. Additionally, our accounting specialists can help CIMA members and students with the interpretation of guidance on financial reporting, financial management and performance management, as defined in the CIMA Official Terminology 2005 edition.

CIMA members and students should sign into My CIMA to access these services and resources.

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PRINCE2

Definition and concept

PRINCE stands for Projects in Controlled Environments. It is a project methodology framework that offers an approach with a simple structure to help run projects effectively. It covers the organisation and management of projects.

There are two key principles to PRINCE2:

A project should be driven by its business case. This means that a project should not be started unless there is a sound business case.

PRINCE2 is product based. It focuses on the products to be produced by the project, not the activities to produce them.

PRINCE2 is owned and developed by the Office of Government Commerce (OGC). PRINCE2 is a registered trademark of the OGC. The Stationery Office (TSO) is the official publisher of PRINCE2. The last revision to PRINCE2 was in 2005.

Context

In the current CIMA syllabus, students will study and may be examined on PRINCE2 as part of the Managerial level paper 5, Integrated Management. Project management makes up 40% of the Integrated Management syllabus. PRINCE2 forms a part of this syllabus section.

Related concepts

Managing Successful Programmes (MSP) comprises a set of principles and processes for use when managing a programme. There is a close link between programme management and project management because the programme is made up of projects and can only succeed if the projects within it succeed.

Alternative concepts

AIS (Administrative Information System)
BPMM (Bates Project Management Methodology)
CALS (Continuous Acquisition Lifecycle System)
Chestra (Siemens Business Service Methodology Framework)
COST (Customer Ownership System Teamwork)
IDEAL (Initiation, Diagnostics, Establishing, Action, Learning)
PRINCE2 was originally developed for IT projects from a project management methodology created in 1975 called PROMPTII. PRINCE superseded PROMPTII in 1989 and PRINCE2, the latest version, was released in October 1996. It is based on over 30 years experience from projects, project managers and project teams.

A PRINCE2 project is driven by the project’s business case which describes the organisation’s justification, commitment and rationale for the deliverables or outcome. The business case is regularly reviewed during the project to ensure the business objectives are still being met. These objectives often change during the lifecycle of the project.

The methodology has been designed to be used on any type of project in any environment. It contains a complete set of concepts and project management processes required to run and manage a project.

PRINCE2 defines a project as: ‘A management environment that is created for the purpose of delivering one or more business products according to a specified business case.’

A PRINCE2 project has the following attributes:

- a finite defined lifespan
- defined and measurable business products (‘deliverables’)
- a given amount of resources
- an associated organisational structure outside the normal business routine.

The PRINCE2 project management methodology is increasingly being used in countries outside the UK. These include the USA, Australia, New Zealand, South Africa, Hong Kong, the Netherlands, France, Italy, Croatia and Poland.
Application

The PRINCE2 methodology breaks down into a three part structure.

Eight processes – the ‘when’ of the PRINCE project management or your recipe.

Eight components – the ‘what’ of the PRINCE project management or your ingredients.

Techniques – a small number which link with the processes.

The PRINCE processes

The eight PRINCE2 processes help project managers to work through the life of a project and explain what information should be gathered. Each process breaks down into between three and nine sub-processes. PRINCE is adaptable to any project, not vice versa, and not all processes have to be strictly followed. The processes are suggested best practice guidelines which provide a useful checklist to survey the project’s health throughout its lifecycle.

1. Starting up a project (SU)
   
   This is where base information is collected to make rational decisions about the commissioning of the project. The outline business case is outlined here and is then continually renewed until project closure. There are six sub processes in this process and its aim is to answer the basic question: Do we have a viable and worthwhile project?

2. Initiating a project (IP)
   
   Here the foundations are laid for the fulfilment of a successful project. There are six sub processes which lead to the creation of the project initiation document (PID). This document brings together the key information needed to start the project and conveys relevant information to those involved.

3. Controlling a stage (CS)
   
   Stages are divisions of a project with a decision point at their end. The nine sub-processes of controlling a stage concern the monitoring and control activities of the project manager. These ensure that the project stays on course at each stage and that the project manager reacts to unexpected events. This process is repeatable and links directly to the number of stages in the project.
4. Managing product delivery (MP)

The objective of managing product delivery and its three sub-processes is to ensure that the project creates and delivers planned products. This process is repeatable and linked directly to the number of stages in the project.

5. Managing stage boundaries (SB)

Managing stage boundaries provides the project board with key decision points on whether to continue with the project or not. This process is repeatable and linked directly to the number of stages in the project.

6. Planning (PL)

Planning is a repeatable process consisting of seven sub-processes. It focuses on the planning steps required to complete a project. These range from designing, analysing products, identifying activities and dependencies, estimating and scheduling, through to analysing possible risks that may disrupt the finished plan.

7. Directing a project (DP)

Here the senior project management team with overall responsibility for the project takes the key decisions. Directing a project and its five sub-processes include authorising a project to start, approving each project stage, giving ad hoc direction when required and confirming project closure.

8. Closing a project (CP)

The purpose of closing a project is to execute a controlled close to the project and to make sure the project has done the job. The three sub-processes ensure that the project is decommissioned with an end project report, any outstanding issues or incomplete products are followed up and post-project evaluations are planned to determine whether the expected benefits have been obtained.
The PRINCE components

The eight components explain how a particular subject affects project management and provides guidance on when and how to address resulting issues.

1. Business case

   The business case describes the reasons for the project and the justification for undertaking it. It is based on estimated project costs, the risks and the expected business benefits and savings. The business case is formally reviewed at the project start, again at stage boundaries and finally at project closure. It should also be reviewed when major change requests are made.

2. Organisation

   The organisation component is based on a customer/supplier environment and consists of roles and responsibilities that bring together the various project interests and skills. There are four layers to the PRINCE2 project organisation structure: corporate management; project direction (the project board); day to day project management (the project manager); and team management.

   Ten different project management team roles are set out in PRINCE2 that explain each of the responsibilities and tasks. These can be tailored and some roles can be combined or divided to suit the project’s needs.
3. Plans

Plans are the backbone of the management information system required for any project. PRINCE2 focuses on four types of plan, namely project plans, stage plans, exception plans and team plans.

4. Controls

The controls component is about decision making and is central to project management. Its purpose is to ensure that the project produces the required products, that it runs to schedule and meets cost plans, and remains viable against its business case.

Within PRINCE2 there are reports designed to communicate key information at appropriate points in the project. 32 suggested reports are outlined in the manual. PRINCE2 also sub-divides the project in management stages rather than technical stages.

For senior management, PRINCE2 controls are based on the concept of ‘management by exception.’ This means that once the project manager and senior management agree to a plan, the project manager is left alone to run it unless the project deviates from the agreed plan.

5. Management of risk

The management of risk component defines the key moments when risks should be reviewed. It outlines an approach to the analysis and the management of risk, and tracks these through all the processes. PRINCE2 is concerned with managing risk, not simply avoiding it.

6. Quality in a project environment

Quality in a project environment ensures that the quality expected by the customer is documented in the project quality plan and is achieved. Each element of the quality path, from establishing the customer’s expectation to inspection methods, is explained and cross-referenced to the PRINCE2 process it relates to.
7. Configuration management

At its simplest, the configuration management component is just ‘version control.’ This component defines the essential facilities and information required for a configuration management method, and how it relates to the other component in PRINCE2 methodology. It gives precise control over the project’s products by allowing management to specify product versions. Configuration management also maintains up to date records, aids change control and helps in the audit of product records.

8. Change control

PRINCE2 acknowledges that change is highly likely in any project. The change control component focuses on the assessment of the impact of potential changes, their importance, costs and whether to include changes in the project.

The PRINCE techniques

There are three techniques specifically described by PRINCE2. These are product based planning, change control and quality review.

1. Product based planning

This is a key feature of PRINCE2 and focuses on the products to be delivered and their quality. Product based planning is a method of identifying all the products and associated work required to complete a project. By emphasising products (or deliverables) and defining the whole products necessary for the project, it is possible to document the critical assumptions and constraints at the beginning.

The first task in product based planning is to write a product description of the final project product. Next, a hierarchical structure called a product breakdown structure is produced. This breaks down the final product into its constituent sub-products. Product descriptions are then written for each significant simple product within the product breakdown structure. Finally, a product flow diagram is produced to indicate the order or sequence in which the plan’s products will be created.

2. Change control

This technique ensures that changes are handled and controlled through the same approach during the project. It is aimed at programmes or organisations without a mandatory change control procedure and can be integrated with any existing change control techniques.
3. Quality review

This is a structured procedure to assess whether a product is ‘fit for purpose’ or conforms to stated requirements. It is useful for reviewing document based products, and can be used with other quality checking techniques.

**Reported benefits of PRINCE2**

Benefits of PRINCE2

A standard approach to project management.

Embody proven and established best practice in project management.

Widely recognised and understood, so provides a common language for all project participants. The common terminology and standards improve communications between project team members, thus reducing the risk of misunderstanding.

The ability to manage business and project risk more effectively.

The involvement of management and stakeholders at the right time and place during the project. PRINCE2 introduces the concept of ‘management by exception.’

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

It is well established and understood within the UK.

It is well documented, and a wide range of books are available on the market and from TSO.

Frequent public courses are available. There are numerous organisations that provide consultancy, services and accredited training courses in PRINCE2 in the UK and worldwide.

Skills in PRINCE2 are widespread. A central body, the APM Group (AMPG) is responsible for maintaining standards in PRINCE2 by setting PRINCE2 examinations and accrediting consultants, trainers and training organisations.
PRINCE2 enables projects to have:

- a controlled and organised start, middle and end
- regular reviews of progress against plan and against the business case
- flexible decision points
- automatic management control of any deviations from the plan.

**Reported drawbacks of PRINCE2**

The way in which you apply PRINCE2 to each of your project needs varies considerably. The tailoring of the method must suit the circumstances of an individual project and this is critical to its successful use.

The method assumes that the following are already in place or are adequately explained elsewhere in other methods.

- Budgetary control and earned value analysis techniques.
- People management techniques.
- Risk management techniques.
- Generic planning techniques.

**References**


APM Group

This website is all about the PRINCE2 methodology - what it is, who owns the method, which qualifications are available and who to contact for training and consultancy. [www.prince2.org.uk/home/home.asp](http://www.prince2.org.uk/home/home.asp)

[Accessed 13 February 2008]
Further information

Articles

Full text articles are available from Business Source Corporate
www.cimaglobal.com/mycima
[Accessed 13 February 2008]


Langley, Nick. Make the most of project challenges with PRINCE2. Computer Weekly, 29/8/2006, p. 30


Abstract only is available from Business Source Corporate
www.cimaglobal.com/mycima
[Accessed 13 February 2008]


Books


*People issues and PRINCE2*. (2002). Norwich: The Stationery Office
Case studies

The PRINCE2 case studies focus on the business case for using PRINCE2, how PRINCE2 was implemented, lessons learned and benefits achieved.

www.prince2.org.uk/PRINCE2Resources/Case-Studies.asp
[Accessed 14 February 2008]

Websites

APM Group (APMG)
This website explains the PRINCE2 methodology - what it is, who owns the method, which qualifications are available and who you can contact for training and consultancy. www.apmgroup.co.uk/home/home.asp
[Accessed 14 February 2008]

Best Management Practice.com
The OGC official umbrella site dedicated to making access to the guidance quick and easy. It provides support for all levels of adoption of the OGC Best Practice guidance. www.best-management-practice.com
[Accessed 14 February 2008]

OGC’s PRINCE2 website – PRINCE2
The OGC’s official website gives an overview and background of PRINCE2, with explanations of how it works and the benefits.
www.ogc.gov.uk/methods_prince_2.asp
[Accessed 14 February 2008]

OGC’s Successful Delivery Toolkit
OGC’s Delivery Toolkit and the main OGC website are integrated here to create a single source of guidance and online workbooks.
www.ogc.gov.uk/resource_toolkit.asp
[Accessed 14 February 2008]

Project Manager Today Magazine
An online subscription website for Project Manager Today magazine.
www.pmtoday.co.uk/content/en/default.aspx
[Accessed 14 February 2008]

Successful PRINCE2 Practitioner Register
A database list of all candidates who have succeeded in passing the PRINCE2 Foundation or Practitioner Examinations.

www.prince2.org.uk/examquery.asp
[Accessed 14 February 2008]

TSO Publishers – Official publishers of PRINCE2. The online bookshop for PRINCE2 publications from TSO Publishers. www.tso.co.uk
[Accessed 14 February 2008]

Best Practice User Group™
Best Practice User Group™ is the leading support organisation for users of the OGC PPM Best Practice products, such as PRINCE2™, Managing Successful Programmes and Management of Risk. It organises workshops and conferences, represents users on technical and examination boards and hosts the official issues log on its website.

http://usergroup.org.uk
[Accessed 14 February 2008]