



# INTRODUCTION TO PRINCE2

**Structure and Principles**



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# Welcome!

**WE HAVE COMPILED THIS GUIDE TO THE STRUCTURE AND PRINCIPLES OF PRINCE2** in conjunction with Ryan, ITonlinelearning's Project Management Tutor and Study Coach. Ryan is PRINCE2 certified and has been tutoring our Project Management students for close to a decade!

We strongly advise that you use this resource alongside our webinar "Introduction to PRINCE2: Structure and Principles" in order to gain maximum benefits from its content.

Should you have any questions or if you would like further study assistance, please get in touch with your Tutor and Study Coach.

Alternatively, please reach out to [support@itonlinelearning.com](mailto:support@itonlinelearning.com) or +44 (0)1795 504 553 where you will be redirected to the relevant department.

We look forward to hearing from you!

Information in this document & webinar has been adapted from the AXELOS Manual 'Managing Successful Projects with PRINCE2®'





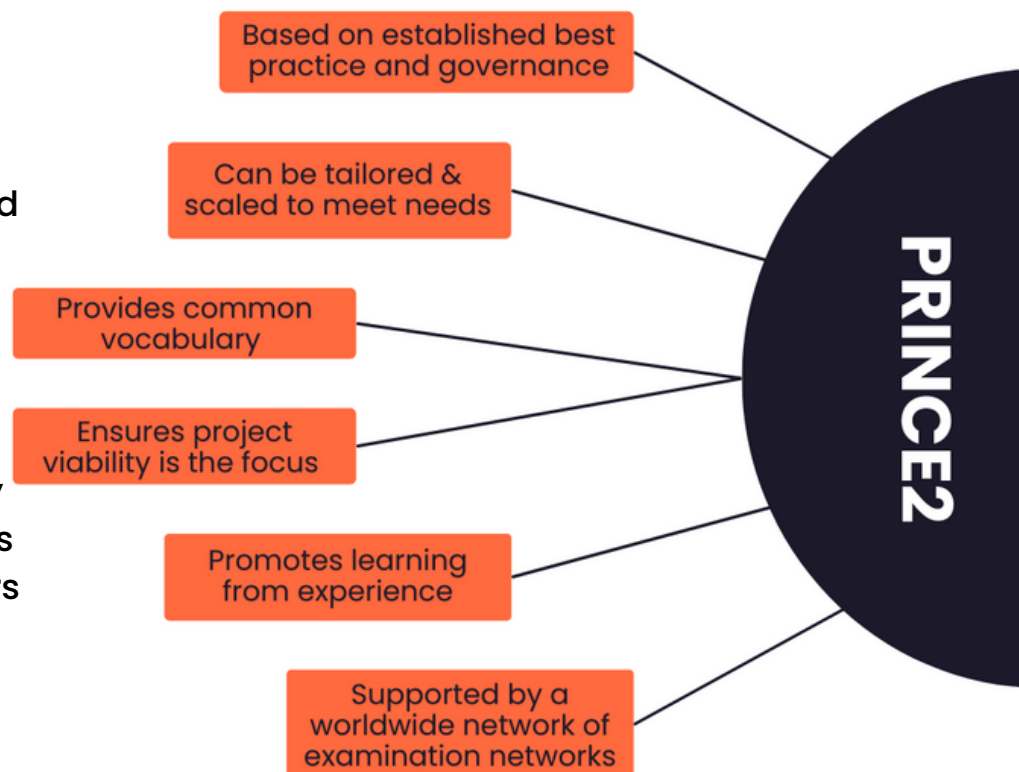
# OVERVIEW OF PRINCE2

PRINCE2 is a **widely used project management methodology** that helps to **ensure projects are completed successfully**. It is based on the experience of thousands of projects and input from project stakeholders such as project managers, project teams, and consultants. It **can be used for any type of project, regardless of size or industry**.

PRINCE2 separates the management of a project from the specialised tasks, like design or construction, and **focuses on what needs to be done instead of how it should be done**. This method **can be tailored** to fit the needs of an organization and **can be scaled** to different project sizes and complexities. It is widely recognised and understood, providing a **common language** for project participants, which promotes consistency and the ability to reuse project materials.

PRINCE2 also keeps the focus on the project's ability to **achieve its business objectives**, and promotes **continuous improvement**.

Organisations that use PRINCE2 as a standard can improve their capability and maturity in various areas such as construction, IT, mergers and acquisitions, research, and product development.





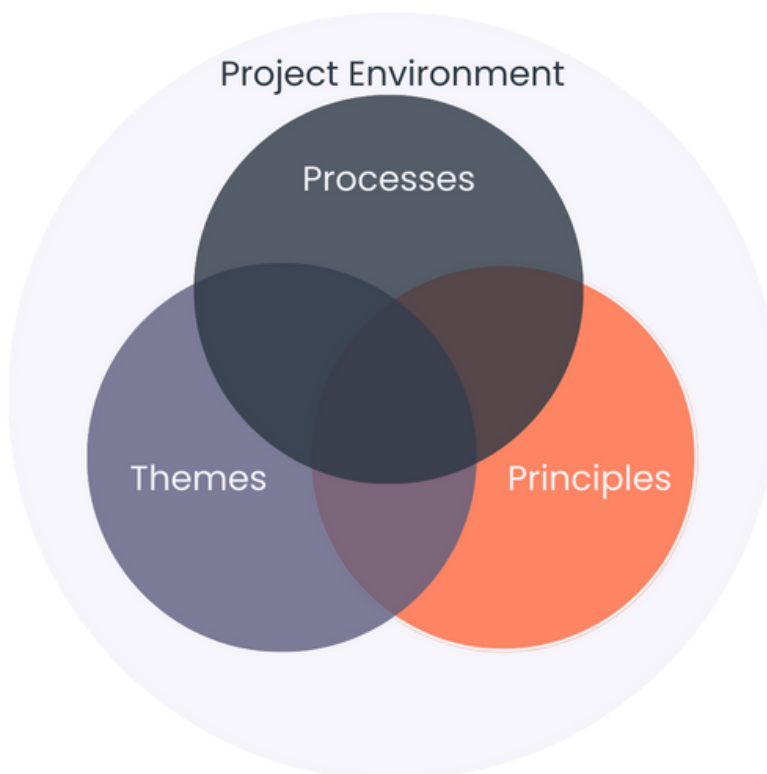
# STRUCTURE OF PRINCE2

PRINCE2 is a project management method that has 4 main components: **principles, themes, processes, and project environment**. The principles are the **guidelines and best practices** that tell if a project is being managed using PRINCE2. There are 7 principles in total, and for a project to be considered PRINCE2, **all 7 must be applied**. These principles help to manage a project effectively and are important for a project's success when using PRINCE2.

## WHAT MAKES A PROJECT A PRINCE2 PROJECT?

PRINCE2 has **criteria that must be met** to make a project a PRINCE2 project. The flexibility of PRINCE2 creates risk that a project might be claimed to follow PRINCE2, but not in practice. To be considered a PRINCE2 project, the project must, at a **minimum**:

- apply PRINCE2 principles
- meet the minimum requirements set out in PRINCE2 themes
- have project processes that satisfy the purpose of PRINCE2 processes
- use PRINCE2's recommended techniques or equivalent techniques.

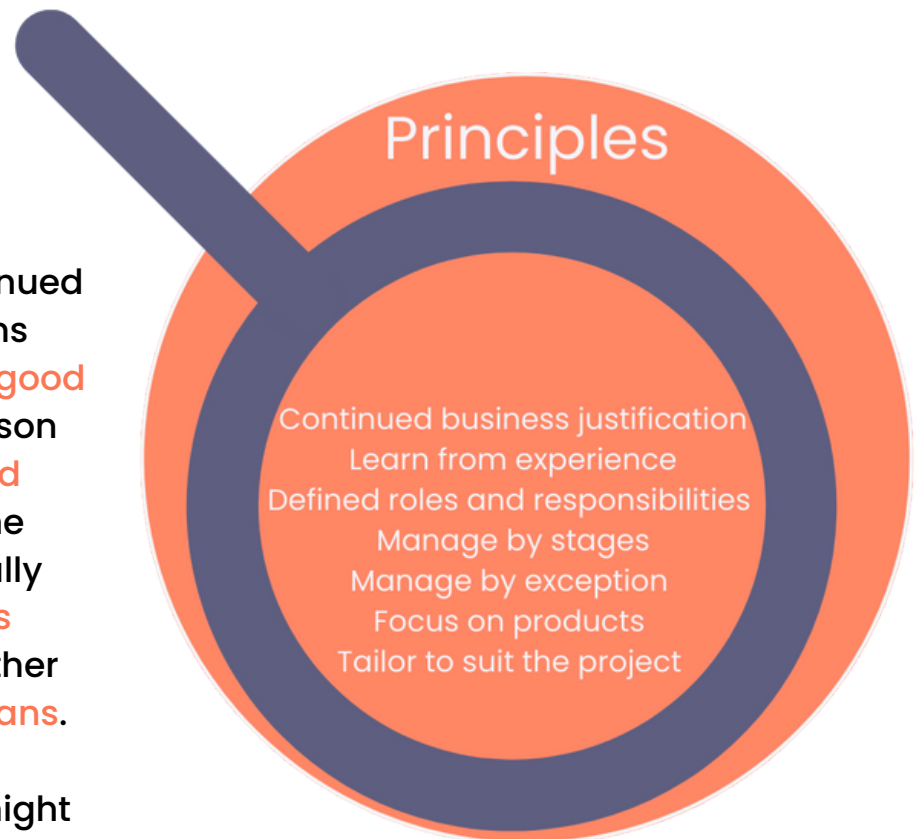




# PRINCIPLES OF PRINCE2

## CONTINUED BUSINESS JUSTIFICATION

PRINCE2's principle of Continued Business Justification means that a project must have a **good reason to start** and this reason must be **recorded, approved and still valid** throughout the project. Organisations usually **document this in a business case**, but sometimes use other documents like **business plans**. The way the organisation presents this justification might vary depending on the organisation's standards.



Continued Business Justification helps to make sure that projects are in line with the benefits that were intended and with the project's objectives. If the organization is not careful with Continued Business Justification, projects might proceed even if they do not have any real benefits, or they might not be in line with the company's overall strategy, which can lead to projects with similar or duplicate objectives.



# PRINCIPLES OF PRINCE2

## LEARN FROM EXPERIENCE

The principle of Learn from Experience principle means that project teams **learn from their experiences throughout the project lifecycle**. Lessons are sought, recorded, and acted on.

**Projects are temporary organisations for finite timescales for specific business purposes**, and they have a unique element that can't be managed by existing line management or functional units. This makes the project challenging as temporary teams may not have experience of projects like the one being undertaken.

Learning from experience takes place **throughout a PRINCE2 project**, such as reviewing previous or similar projects when starting a new one, seeking external advice if it's the first project for the organisation and incorporating lessons learned in reports and reviews as the project progresses, with the **goal of implementing improvements** during the lifecycle.

The project should pass on lessons by closure; unless lessons provoke change, they are lessons identified not lessons learned.





# PRINCIPLES OF PRINCE2

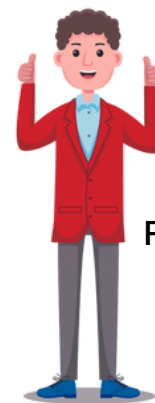
## DEFINED ROLES & RESPONSIBILITIES

Defined Roles & Responsibilities means **projects have clearly defined and agreed roles and responsibilities within the organisation structure**. It engages the business, user, and supplier stakeholders' interests.

Projects are typically cross-functional and may involve **several organisations**, and a **mix of full- and part-time resources**. The management structure of the parties involved is likely to vary with different priorities to protect. The day-to-day line management structure may not be designed or suited for project work, and so projects must have an explicit team structure consisting of defined and agreed roles & responsibilities for people involved, as well as a means for effective communication between them, to be successful.

All projects have primary stakeholders such as business sponsors, users and suppliers. All three stakeholders' interests need to be represented, two out of three is not enough.

**Business Sponsors:**  
Endorse objectives and ensure business investment provides value for money



**Suppliers:**  
Provide resources and expertise required by the project

**Users:** Use products to enable the organisation to gain expected benefits



# PRINCIPLES OF PRINCE2

## MANAGE BY STAGES

PRINCE2 follows a "manage by stages" principle. This means that projects are broken down into smaller, sequential sections called **management stages**. Each stage is planned, monitored, and controlled by the project manager and reviewed by the project board. The project board makes decisions on whether to continue with the project based on the progress to date, the state of the project plan, the business case, and the risk.



This approach provides review and decision points throughout the project, allowing the project board to assess the project's viability at defined intervals, and make key decisions before detailed work is done to implement them. This allows for clarification of the impact of external factors such as the corporate budget-setting process or legislation. It also facilitates the "manage by exception" principle by delegating authority to the project manager at each management stage, and giving the project manager day-to-day control of a management stage within agreed tolerance.





# PRINCIPLES OF PRINCE2

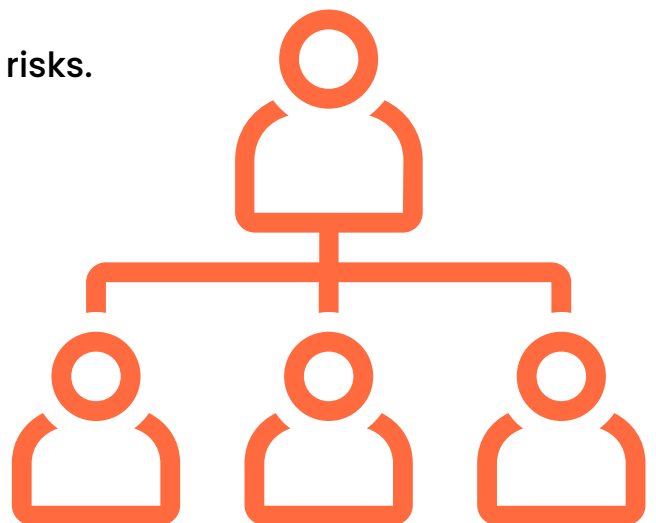
## MANAGE BY EXCEPTION

PRINCE2's "manage by exception" principle involves **setting defined tolerances for project objectives** to establish limits of delegated authority. This approach **enables appropriate governance** by clearly defining distinct responsibilities for directing, managing and delivering the project, and establishing accountability at each level.

Accountability is established by delegating authority from one management level to the next by setting tolerances against six aspects of performance for the respective level of the plan, such as:

- **Cost:** the degree of allowable overspend or underspend against an agreed budget
- **Time:** the degree to which a project is allowed to deliver later or earlier than an agreed target completion date
- **Quality:** how much something can vary from agreed quality criteria
- **Scope:** allowable variation of the plan's products
- **Benefits:** the degree to which it is allowable to under-deliver or over-deliver benefits
- **Risk:** limits on the plan's aggregated risks.

Controls are set up so that if those tolerances are forecast to be exceeded, they are described as being in exception and immediately escalated to the next management level for a decision on how to proceed. An assurance mechanism is also put in place so that each management level can be confident that such controls are effective.





# PRINCIPLES OF PRINCE2

## FOCUS ON PRODUCTS

PRINCE2 places emphasis on the **definition and delivery of products**, particularly their **quality requirements**. The goal of a PRINCE2 project is to meet stakeholder expectations and the business justification. To achieve this, the project team must have a clear understanding of the products to be produced and the quality standards they must meet.

PRINCE2 projects are **output-oriented** and focus on the products to be delivered, rather than the work required to produce them. The project's products are defined and agreed upon before any work is started. This helps to manage scope and change, and reduces the risk of user dissatisfaction.

PRINCE2 uses **product descriptions** to provide clarity on each product's purpose, composition, derivation, format, quality criteria, and quality method. These descriptions are used to determine effort estimates, resource requirements, dependencies, and activity schedules.



In an Agile delivery approach, the focus is initially on the purpose, derivation, and quality criteria of the products, with more detail emerging as the product nears completion. This focus on products **supports various aspects of PRINCE2** such as planning, responsibilities, status reporting, quality, change control, scope, product acceptance, and risk management.



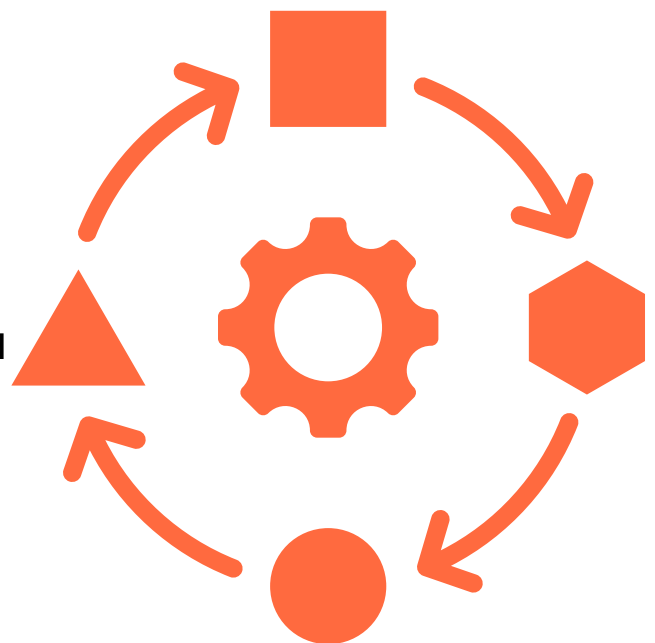
# PRINCIPLES OF PRINCE2

## TAILOR TO SUIT THE PROJECT

PRINCE2 is a flexible project management method that **can be tailored to suit the specific needs and context** of a project. This includes factors such as the **project environment, size, complexity, importance, team capability, and risk**. Because of this, it can be used for any type of project, in any location or culture.

The purpose of tailoring is to ensure that the project management method used is **appropriate for the project and the controls are appropriate** for the project's scale, complexity, importance, team capability, and risk. Tailoring requires the project board and the project manager to make proactive choices and decisions on how PRINCE2 will be applied.

It's important to remember that **effective project management requires both information and decisions**, not just documents and meetings. The Project Initiation Document (PID) should describe how PRINCE2 has been tailored for the particular project, so all those involved understand how to carry out their responsibilities. If PRINCE2 is not tailored, it's unlikely that the project management effort and approach will be appropriate for the project, which can lead to **"mechanistic"** or **"heroic"** project management.





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# THANK YOU

**WE HOPE YOU FOUND THIS RESOURCE HELPFUL!**

If you would like to gain access to more materials that can assist you in preparing for your PRINCE2 exam, please get in touch with your Tutor and Study Coach or, contact us on [support@itonlinelearning.com](mailto:support@itonlinelearning.com) or via +44 (0)1795 504 553.

