



Lesson #2 Seven Principles of Prince 2

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Recap:



1. Definition of project, project management, and PRINCE2.
2. Characteristics of PRINCE2 integrated elements: principles, people, practices, processes and the project context.
3. Common reasons for using project management
4. Challenges addressed by PRINCE2
5. Project context/environment
6. Features and benefits of PRINCE2



Understanding the seven principles in PRINCE2®



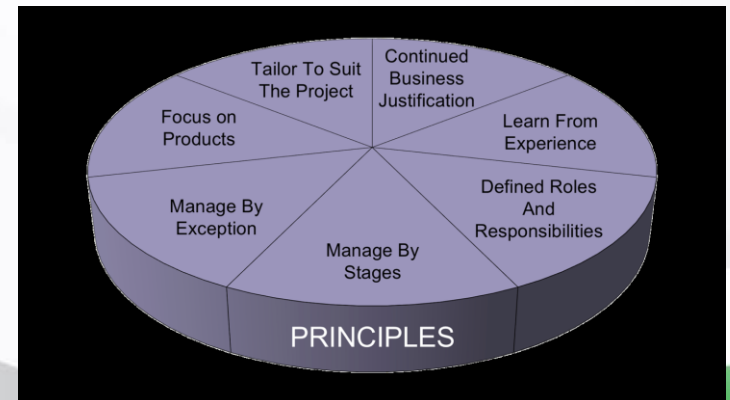
The 7 Principles

- The 7 Principles serves as a “guide” the way the project **manager works, make decisions and prioritize tasks.**
- PRINCE2 looked at numerous projects during its development and asked two questions:
 1. Why did this project succeed?
 2. Why did this project fail?
- The answers shaped PRINCE2 because it found the commonality within the projects...
- These best practices have been proven...
- Projects that had the 7 key principles tended to be more successful and less likely to fail...



7 principles in PRINCE2

1. Continued Business Justification
2. Learn from Experience
3. Defined Roles and Responsibilities
4. Manage by Stages
5. Manage by Exception
6. Focus on Products
7. Tailor to the Environment





Continued Business Justification

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1. Continued Business Justification

Are the benefits still worth the risks & costs?





1. Continued Business Justification

- Project must always remain desirable, **viable**, and achievable
- Does the organization has the capability to deliver the products?



1. Continued Business Justification

- Project must always remain **desirable**, viable, and achievable
- Is there a positive balance of benefits, costs, and risks?





1. Continued Business Justification

- Project must always remain desirable, viable, and **achievable**
- Will the use of the project's products result in the outcomes and benefits expected?
- If not, the project should be closed





1. Continued Business Justification

- Prevents wasting resources on a project that has no benefits.
- Benefits do not have to be monetary





Business Case

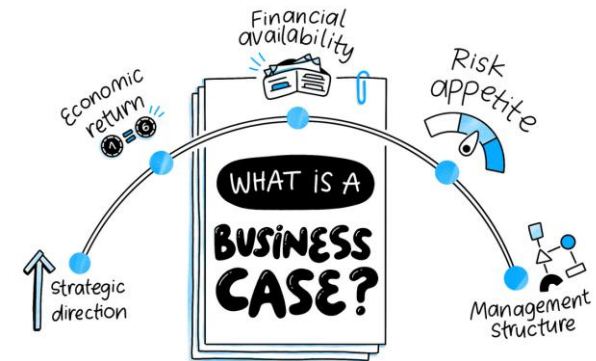


What is a Business Case?

- Product developed to provide justification

Business Case is also a **“theme”**

- Initial business case outline developed during the Pre-Project phase to determine if a project should be initiated
- Fully developed during the **Initiation Stage**
- Updated **continually** throughout the project





Do I need a Business Case?

- Even if the project is compulsory (regulatory), you still need a business case to justify the course of action you are choosing to use...
- Always more than one way to solve problems therefore executives need some choices





Business Case Components

- Reason for the project
- Expected benefits and dis-benefits
 - *What threshold would project be terminated?*
- **Timeline, Cost, and Risks**
- Underlying assumptions
- Options considered
- Chosen solution



Sample Business Case



This insight illustrates the business case **“Detect and predict potential problems”** through four sample case studies.

Case study	Researchers use AI to more effectively predict severe weather
Context	<p>Weather forecasting can be a challenge; errors can be embarrassing—or deadly. Researchers at one United States university, looking to improve severe weather forecasts, have developed an algorithm aimed at assisting meteorologists in detecting dangerous cloud patterns. Specifically, the system—based on machine learning (ML) categorization algorithms—examines satellite photos and seeks to detect cloud rotational movements that would otherwise go undetected. The researchers, in collaboration with meteorologists from the private sector, trained the tool using more than 50,000 historical U.S. weather satellite photos.¹</p>
Success factors	<ul style="list-style-type: none">• Collaborate with partners in other agencies, industries, and even the general public• Continually reassess the cleanliness and accuracy of the data



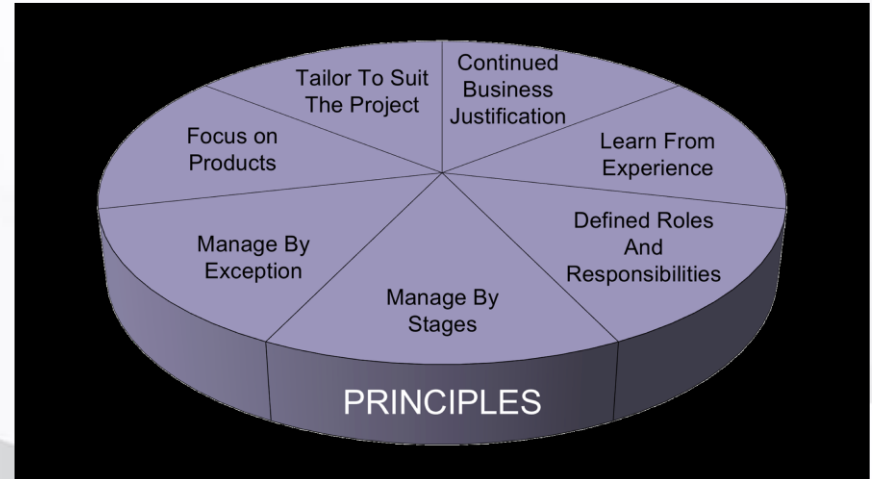
Learn From Experience

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2. Learn From Experience



How can we learn from both successes & failures?



2. Learn From Experience



Everyone makes mistakes, but how can we learn from them?

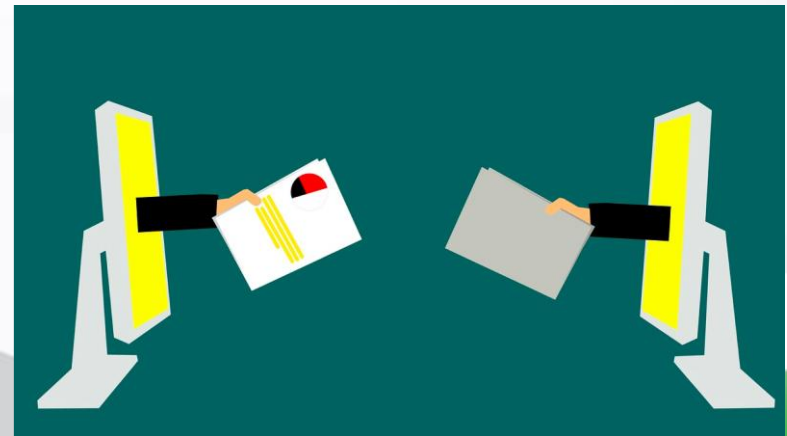
- Collect reports of the lessons learned from previous projects
- Generate reports during the project



Who's Responsibility Is It?



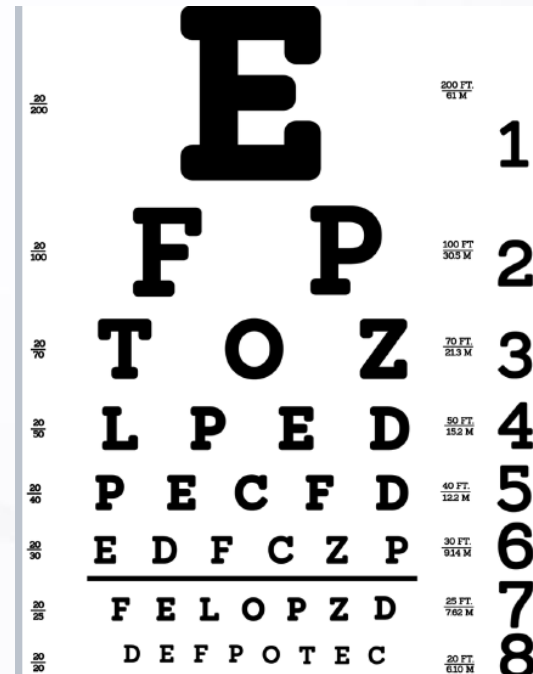
1. **Project managers** should identify, document, and disseminate lessons via lesson reports to the project board
2. **Project board** should distribute these reports to the organization's other project managers



Hindsight is 20-20



- Setup a lessons learned log during the Starting Up a Project process
- Generate lessons reports at the end of each stage
- Final lessons report created before the
- Closing a Project process is completed



Lessons Learned Are “Testable”



- Assurance auditors will ask for evidence that lessons are actually being *learned*
- Looking for proof that things are implemented to improve processes and prevent mistakes
- Lessons Learned \neq Lessons Observed



How To Prevent Mistakes?



- Learn from past mistakes to prevent new ones
- Create a repository of lessons reports
- Recruit members to your project with similar project experiences.....there really is no substitute for experience!



Defined Roles and Responsibilities

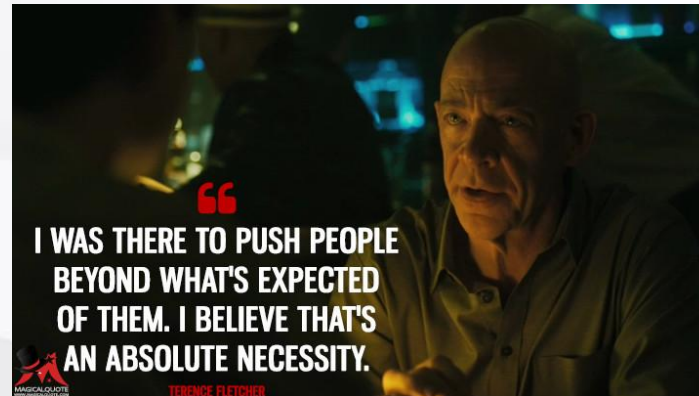
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Defined Roles And Responsibilities

- Does everyone know what is expected of them?





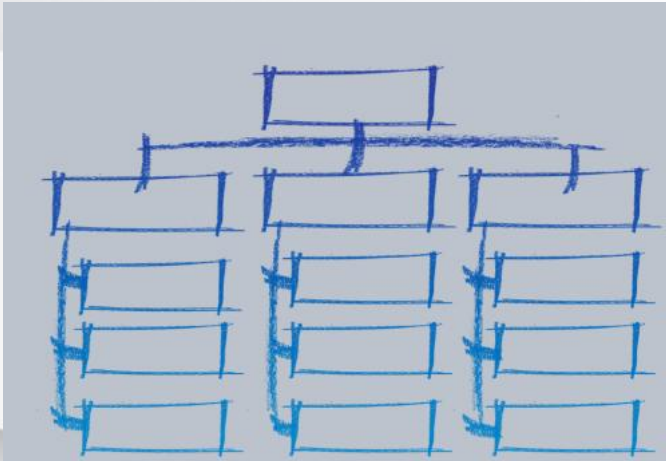
Defined Roles And Responsibilities

- Everyone in the project **should know exactly** what role they will be fulfilling and its associated responsibilities
- Provide **terms of reference** and role descriptions for all team members
- Ensure each team member has the **correct level of authority** to perform their role
- Ensure each person has **ample time to dedicate to the project**

Leadership Leads To Success



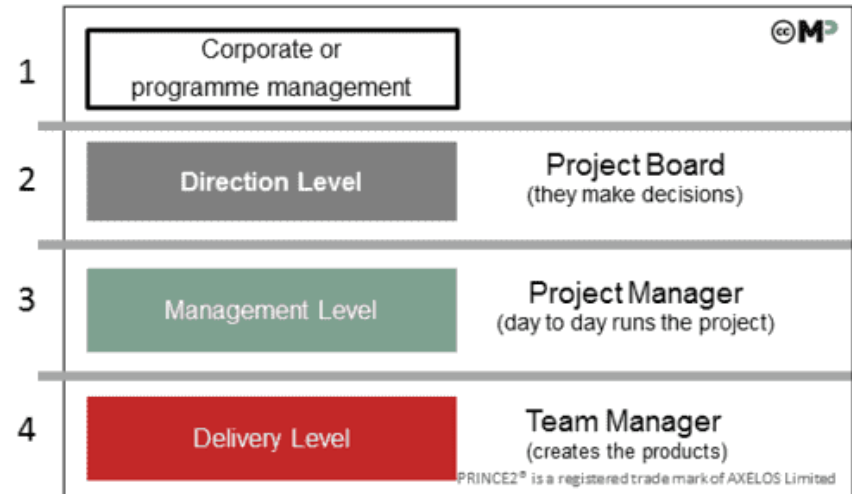
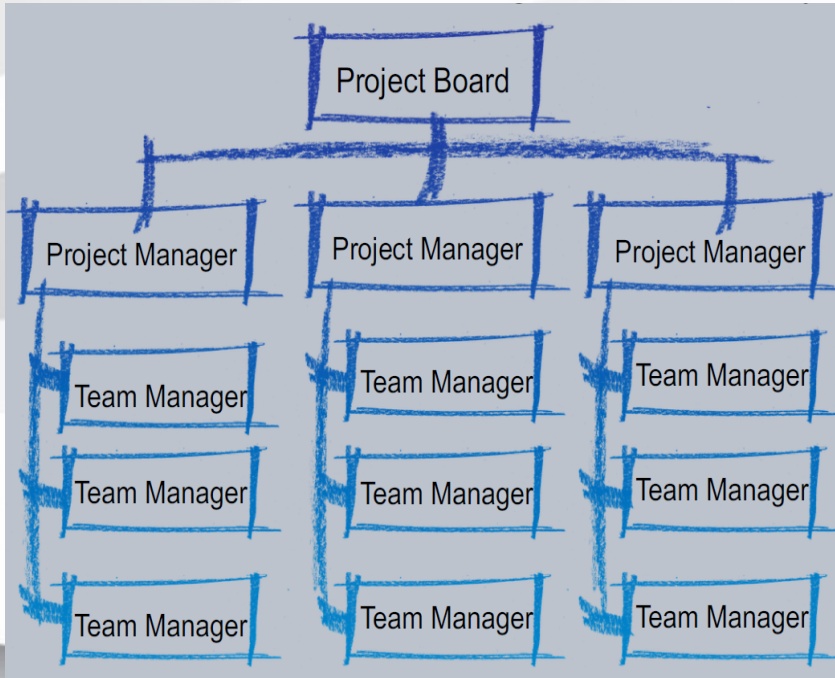
- Should the organizational structure be vertical or horizontal in nature?
- Teams are cross-functional and everyday organizational structures often won't work



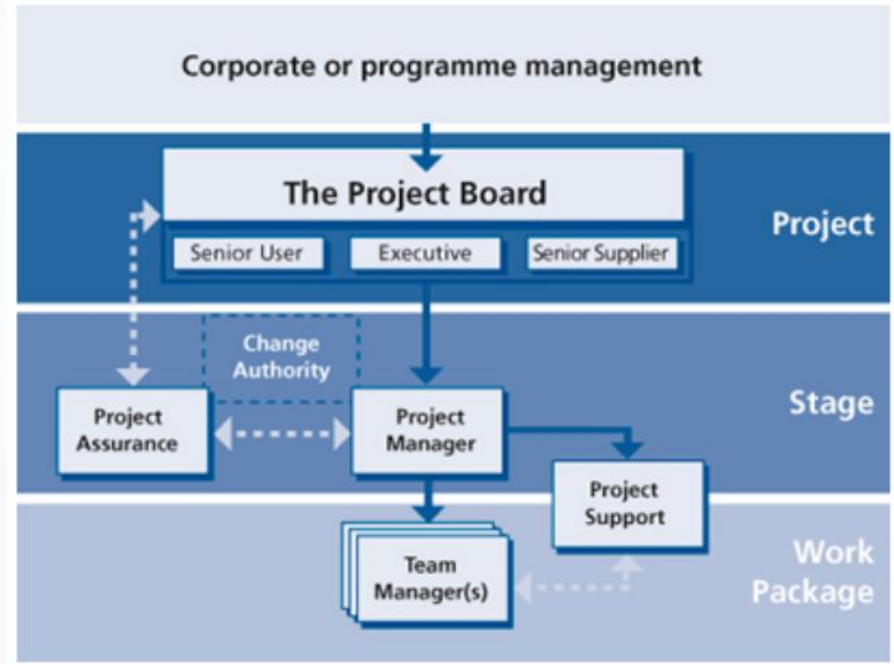
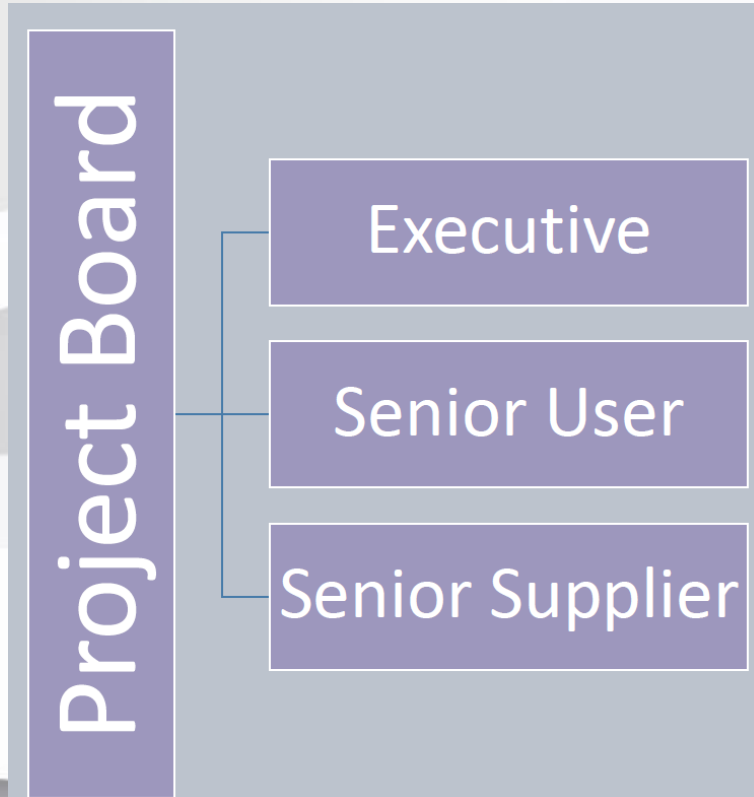
Management Levels



- PRINCE2 establishes management hierarchy



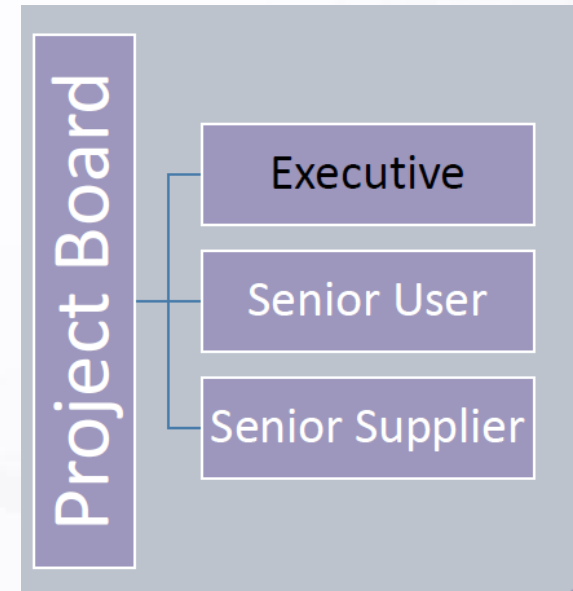
Project Board





Executive

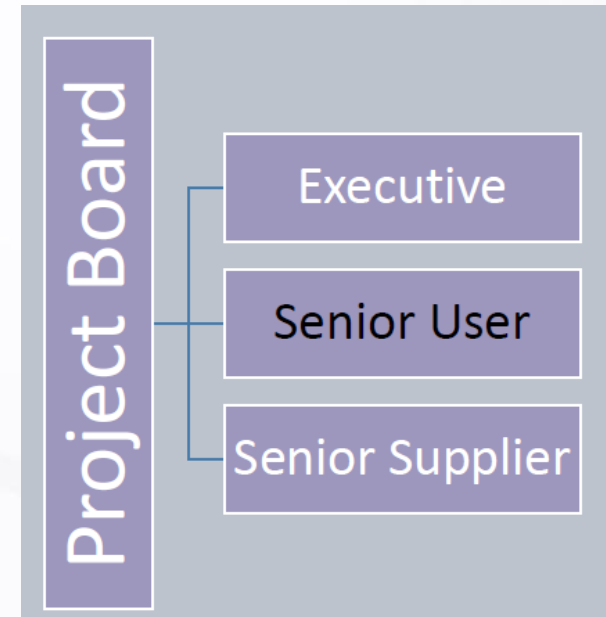
- Appointed by Corporate or Program Management
- Only **one person** can hold the executive role
- Acts as the **decision maker and the overall responsible** role for the project
- Develops and **owns the business case**





Senior User

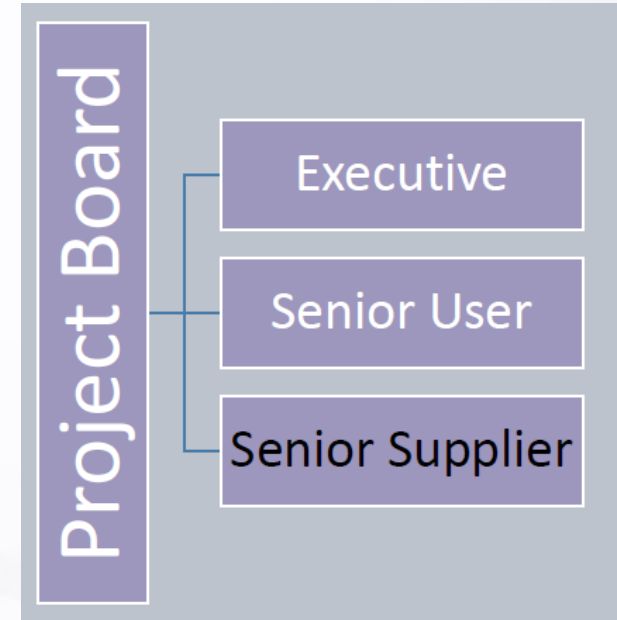
- One or more people can hold this role
 - Executive can fill the role in small projects
- Represents the **needs of the user** who will use the project's products
- **Liaison** between the Project Team and Users
- Supplies benefits information for the **Benefits Review Plan**



Senior Supplier



- One or more people can hold this role
 - Executive can fill the role in small projects
- Represents the interests of those designing, developing, and implementing the project's products
- Provide supplier resources to the project (people, tools, and expertise)
- Comes from organization (Purchasing Manager) or the supplier themselves



Stakeholders



- Business, user, and suppliers' interests are all represented in the Project Board
- PRINCE2 assumes a customer-supplier relationship
- **Who is the customer?**

An individual, group, or organization which has a business need (increase profits, cut costs, build a widget, or other needs)





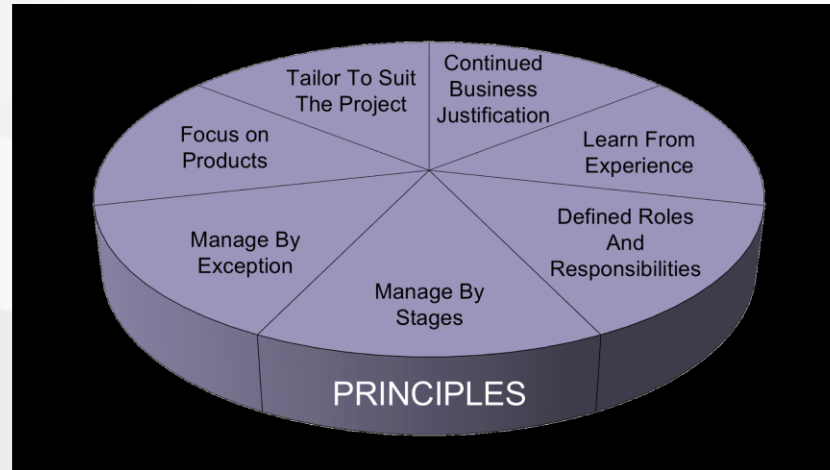
Manage By Stage

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Manage By Stage



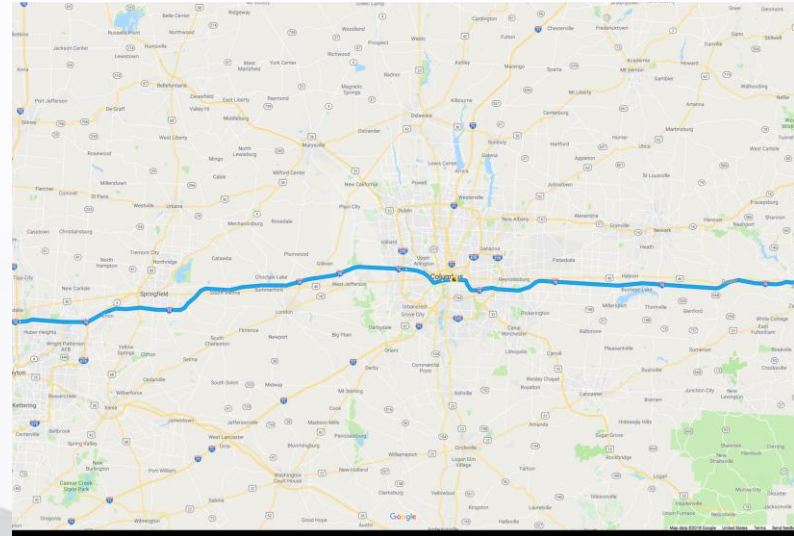
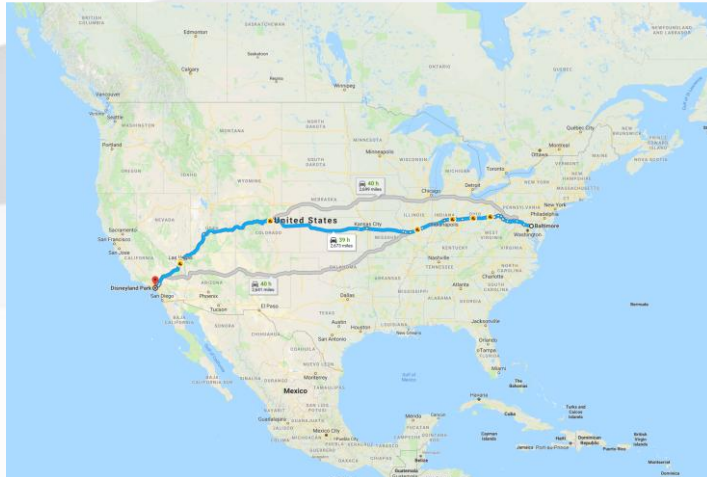
How far out can I plan?



Manage By Stage



Each project should have a **high-level plan** covering the whole project, but **detailed plans will only** be added on a stage-by-stage basis



Manage By Stage



- It is more accurate to plan by stages
- Agree to the detail at each stage break
- How much will it cost?
- How long will it take?





How Many Stages Do You Need?

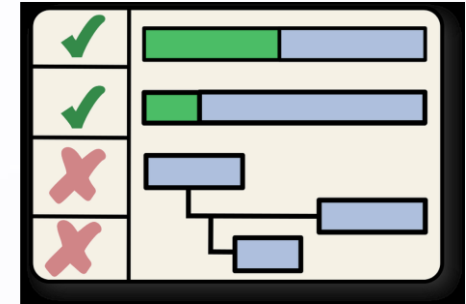
- Minimum of two stages is required

1. Initiation Stage

- Used to plan the project

2. Delivery Stage (or stages)

- Used to deliver the project's specialized products





Planning Horizon

- Plans can be made only to a manageable level of detail based on their timeline
- PRINCE2 recommends three levels
 1. **Project Plan (Project Board)**
 2. **Stage Plan (Project Manager)**
 3. **Team Plan (optional) (Team Manager)**



1. Initiation Stage

- Ensures costs and timescales are considered before a project is started
- Project Initiation Documentation (PID) is produced in this stage
- Project Board uses PID to determine the project's viability to continue to next stage



Sample PID



Document:	Project Initiation Documentation	Project:	Pen Project	Author:	Project Manager	Date:	
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1. Project Definition

The project will choose a quality pen and give out about 400 pens to our clients.

Project Objectives:

- Choose a quality that meets specifications
- Choose a pen that users will perceive as a quality pen

Project Scope:

- Choose a pen
- Promotional pen catalogues
- Sales people list
- List of clients that will receive a pen

Constraints and assumptions:

- Possible to find a pen in the catalogues provided

Project Tolerances:

- Time: 3 months + 30%
- Cost: €7 for a pen: Estimate €3400 for the project +- 10%
- Quality: Pens must meet quality requirements

2. Project Approach

The company will choose a pen that meets the requirements from an existing business gift company. Project will be run internally.

3. Business Case

Attached: Business Case document

4. Project Management Team Structure

Attached: Project Management Team Structure document

5. Role Descriptions

This project uses the roles description as defined by PRINCE2
- [Link](#) to the Roles Descriptions document

6. Quality Management Approach

Attached: Quality Management Approach document

7. Change Control Approach

Attached: Change Control Approach doc

8. Risk Management Approach

Attached: Risk Management Approach document

9. Communication Management Approach

Attached: Communication Management Approach document

10. Project Plan

Attached: Project Plan document

11. Project Controls

Attached: Project Controls document

12. Tailoring of PRINCE2

Attached: Tailoring of PRINCE2 document

This is mostly an assembly of other documents, so we only have references to other documents rather than embedding the information here.

2. End of a Stage



- Each stage ends with a Go/No Go decision
- Should we move forward with the project?
- Minimizes risk by providing cancellation points
- Project Board controls the project using the Project Plan and stage boundaries
- Project Manager updates Project Plan with forecast and actuals from the stage and runs the day-to-day execution of the project



-- Break --



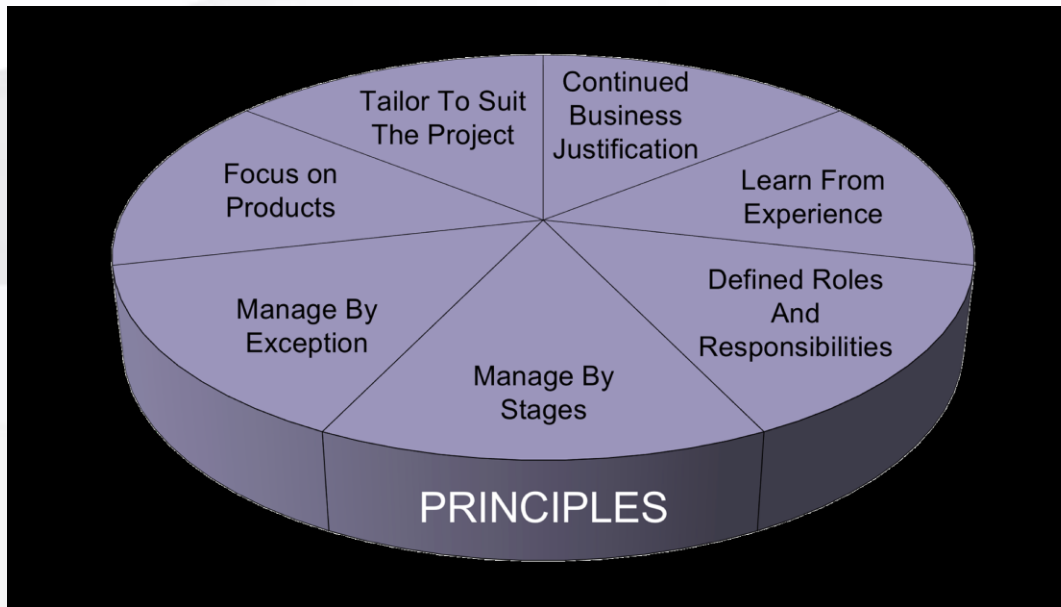
Manage By Exception

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Manage By Exception



How can we manage this project more efficiently?



Manage By Exception



Only significant deviations from a budget or approved plan are brought to the attention of management.



Manage By Exception



- Projects are fluid, change is going to happen
- How will you deal with change?
- Each project should have tolerances established for each project objective and delegated authorities properly defined
- Allows project managers to handle more of the issues without having to involve senior managers (and eliminating meetings)

Highlight Report



- Keeps the Project Board informed about the progress of the project
- If tolerance of a stage is forecast to be exceeded, then an *exception report* is sent to the Project Board



Project Objectives



Time



Cost



Quality



Scope



Benefits



Risk



Tolerances

1. Project level

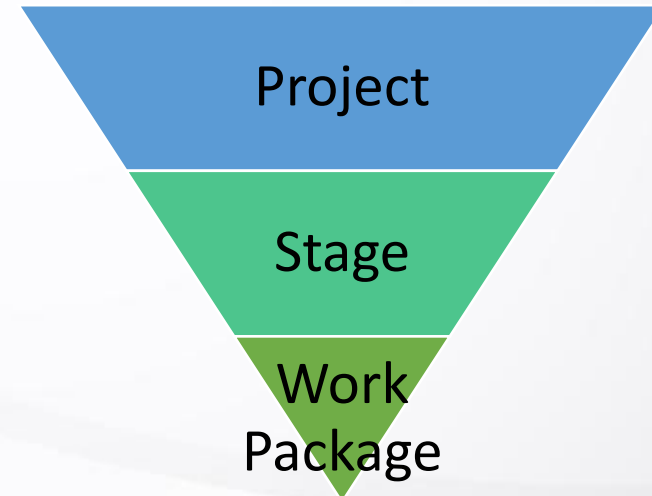
- Set and approved by the Corporate or Program
- Management when they approve the Project Plan

2. Stage level

- Recommended by Project Manager
- Set and approved by the Project Board when it approves the Stage Plan

3. Work Package level

- Set and Approved by the Project Manager when they approve the Team Plan





Benefits Of Management by Exception

- Allows senior management to focus on strategy without getting overburdened with daily decisions of the project
- Efficient use of senior management's time
- There are no regular progress meetings are held between the Project Board and Project Manager





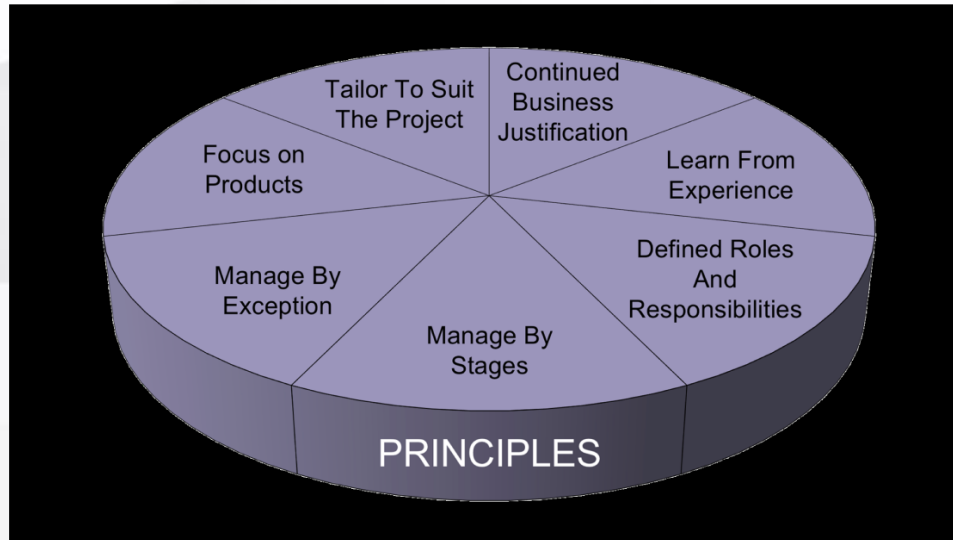
Focus On Products

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Focus On Products



Are we delivering the required quality?



Focus On Products



Successfully delivered products lead to the project's benefits being realized

Stakeholder's expectations are met

Agreed upon quality is achieved

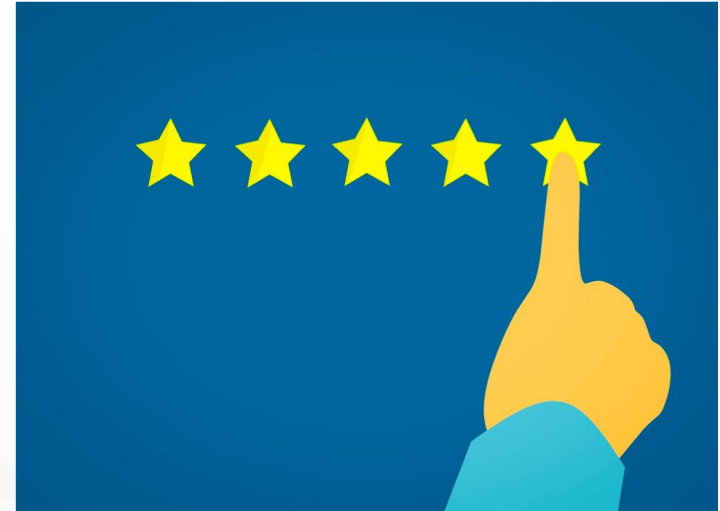
Is the product fit for purpose?



Product-based Planning

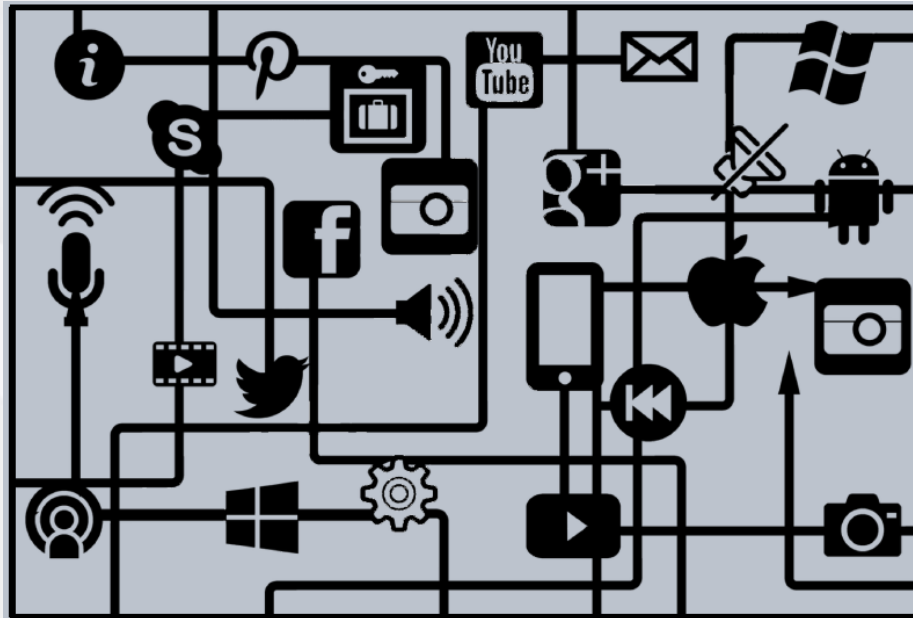


- Other management methods like PMP focus on activity planning (how to do things)
- PRINCE2 focuses on what to do
 - It first identifies what products need to be created
 - Reduces risk of scope creep
 - Reduces likelihood of user acceptance disputes
 - Reduces likelihood of user dissatisfaction



Focus On Products

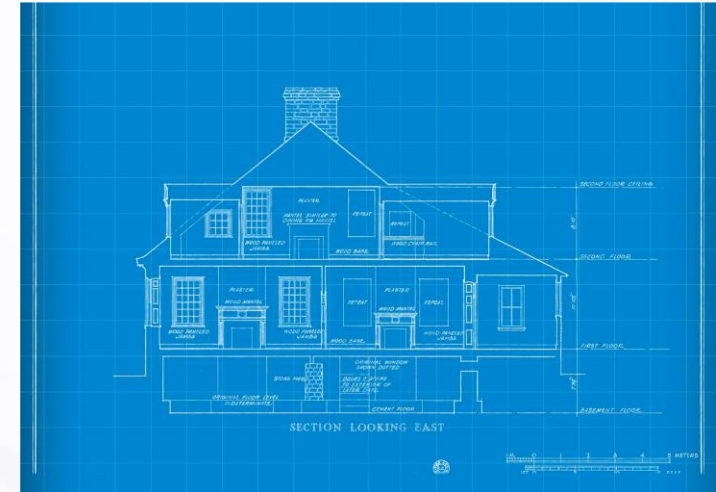
- Are Successfully delivered products lead to the project's benefits being realized delivering the required quality?



Product Descriptions



- Delineate exactly what the project will deliver
- Contains:
 - Purpose
 - Composition
 - Specifications
 - Quality criteria
 - Tolerance levels
 - Acceptance criteria
- Helps the product team to estimate resources, time, cost, and activities required to get the product to its final delivery and acceptance





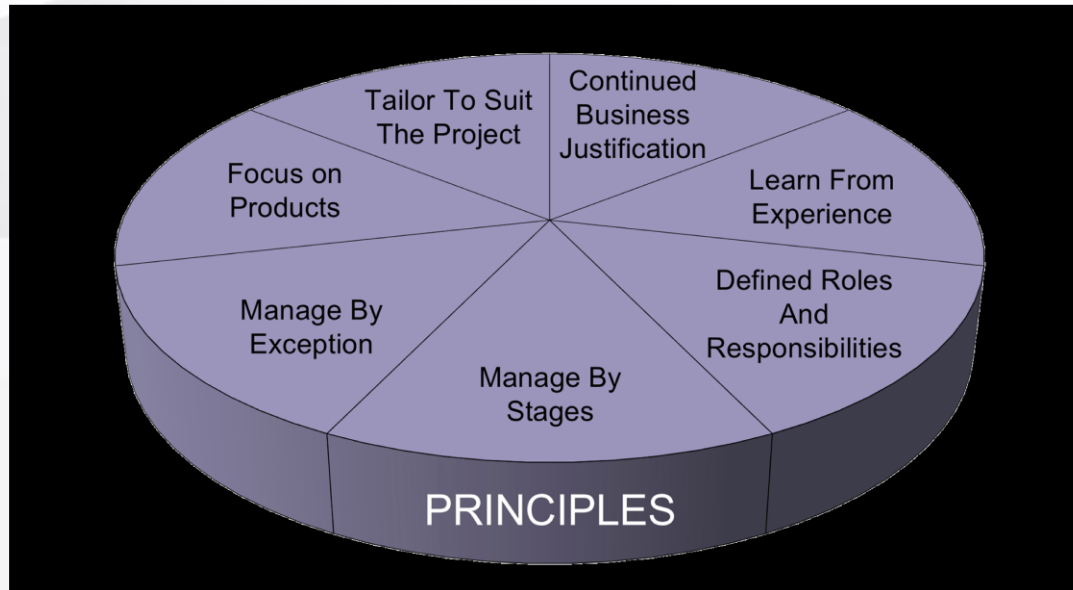
Tailor To Suit The Project Environment

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Tailor To Suit The Project Environment

How can PRINCE2 be adapted based on the size, scope, and complexity of the project?





Tailor To Suit The Project Environment

- PRINCE2 is highly adaptable specifically to each and every project
- Project occurs in different contexts
 - Culturally
 - Geographically
 - Complexity
 - Scale
 - Risk

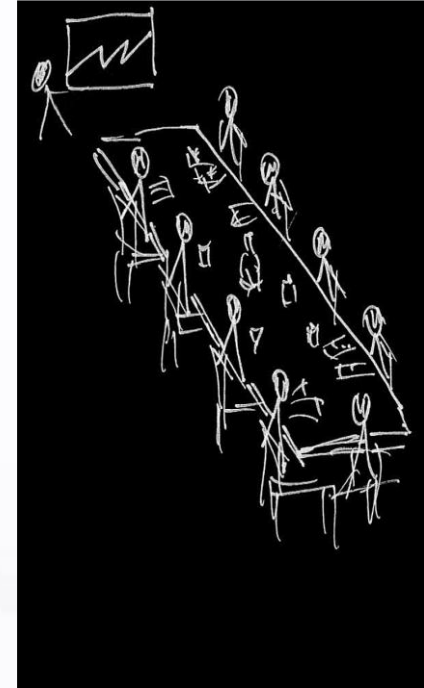
How Do I Adapt PRINCE2?



Project Board meetings are not required under PRINCE2 since the highlight report replaces them...

...but many organizations still want to regularly have progress meetings

Would be considered tailoring of PRINCE2





What Do I Do If My Organization Tailors PRINCE2?

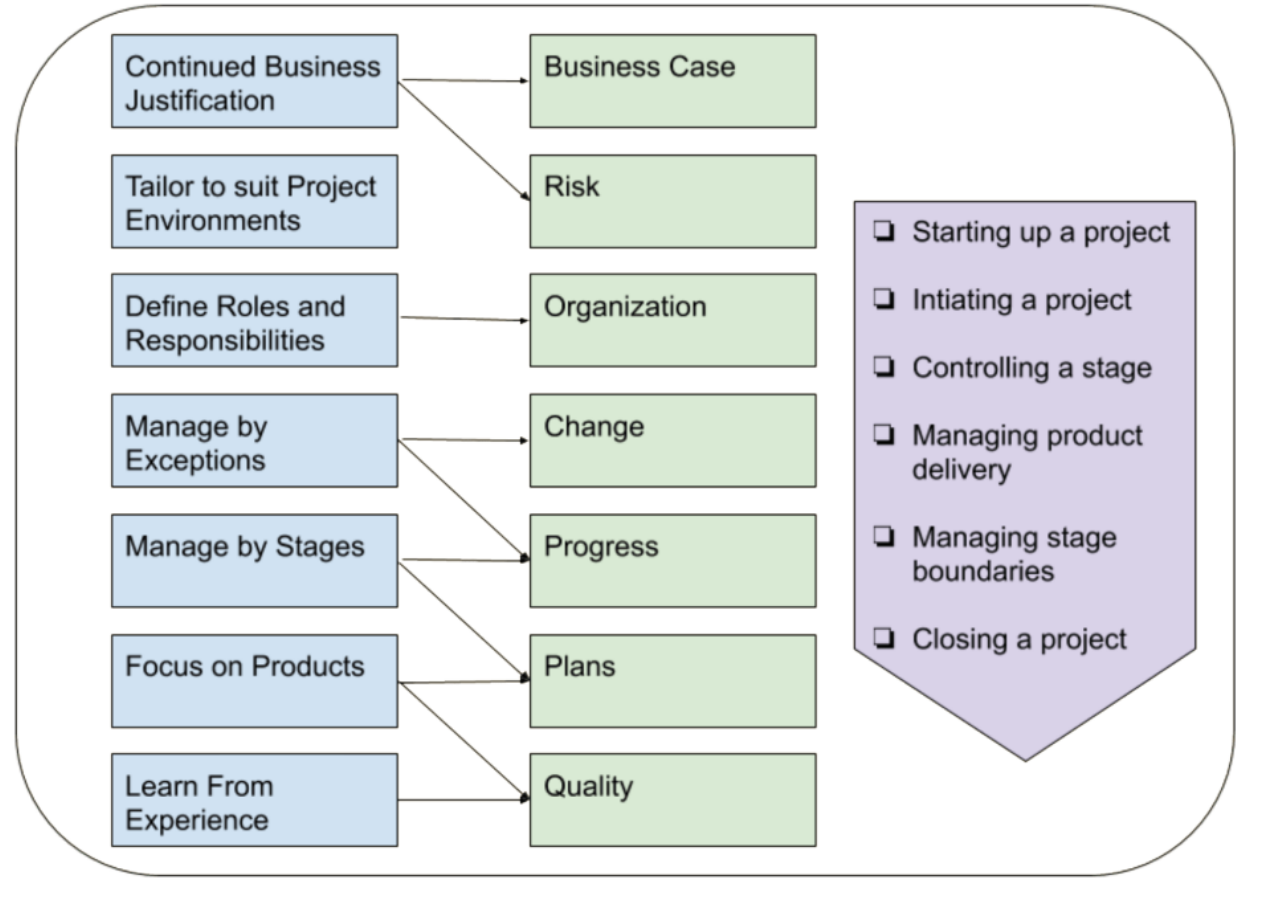
- Any changes should be documented in your Project Initiation Documentation (PID)
- This provides an audit trail and evidence you are compliant with PRINCE2 and your organizational standards





7 Themes

- Business Case
- Organization
- Quality
- Plans
- Risk
- Change
- Progress



Questions? 😊



Thank you!



Q1



1. What are the 7 Principles in PRINCE 2?
2. What is the purpose of having 7 Principles in PRINCE 2?
3. What are the two minimum stages?
4. Who are the three members of project board?
5. What are the three components of business case?

Quiz#1 KEY ANSWERS



1. What are the 7 Principles in PRINCE 2?

Continued Business Justification, Learn from Experience, Defined Roles and Responsibilities, Manage by Stages, Manage by Exception, Focus on Products, Tailor to the Environment

2. What is the purpose of having 7 Principles in PRINCE 2? ***The 7 Principles serves as a “guide” the way the project manager works, make decisions and prioritize tasks.***

1. What are the two minimum stages? Initiation and Delivery

2. Who are the three members of project board? Exec, Senior User, Senior Supplier

3. What are the three components of business case? **Timeline, Cost, and Risks**