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Project Management

Based on PRINCE2®

2009 EDITION

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Colophon

Preface

An increasing number of organizations are working in a project-like manner, using the PRINCE2® project management method. For these organizations the advantages of using one uniform standard method are obvious: a uniform method of working and terminology makes projects comparable, transferable and orderly. Moreover, PRINCE2 has additional qualities, such as the standard 'no go'/'go' decision with each stage, the Business Case at the centre of the project and clear agreements about who is responsible for what.

This book is intended for everyone doing projects in real world. It is written for Project Managers, Project Leaders and Team Managers and all others who are involved with the starting up and management of projects.
It aligns with the 2009 Edition of the PRINCE2 methodology, with many lists serving as reference material for all project types and sizes. As this book illustrates, PRINCE2 is quite logical and this title demonstrates why why it is often referred to as a structured best practice for project management.

In addition, the contents of this book meet the majority of the theoretical requirements set for successfully passing the PRINCE2 Foundation exam. It also provides a good reference title as part of the wider reading and practical experience required from those taking the Practitioner exam.

In this book, the authors have successfully combined their long experience in project management and PRINCE2 training. Using this background they explain the PRINCE2 approach in a structured manner, complemented with useful examples to help bring the theory alive. The Themes, Processes, techniques and Management Products as defined in PRINCE2 are explained in an easy-to-read, concise text. In the appendices you will find an example of a Project Brief and a paragraph on how to deal with lessons learned in a project. Additionally, PRINCE2 templates can be obtained via the web site www.vanharen.net.

Finally we would like to thank all reviewers who have kindly contributed with their comments to the quality of this book. We very much appreciate their help and their time.

March 2010, The Publisher

Contents

1 Introduction to project management

1.1 Why project management?

Managing projects is as old as the hills. There are stories dating back to ancient times about activities we would now call projects. Just think of the challenges facing building the pyramids in Egypt and South America. Even the way our forefathers moved encampments from one hunting ground to another can be seen as a project.

The concept of a 'project', however, originated in the 1960s and was mainly applied to major infrastructure works. At that time, project management involved little more than planning the work. In the 1970s, attention switched to controlling the work and after that the personal skills of the Project Manager came under scrutiny. In the 1990s, attention shifted towards a process-based approach to project management. In recent decades, there has been more and more focus on the environment in which projects are implemented. More and more projects are (or are starting to be) part of portfolios or programmes within organizations.

Project management is increasingly becoming a profession. In the past project management was a task taken on in addition to regular work, whereas nowadays project management is a separate profession from which many people earn a living. However, despite the increased professionalism, projects still frequently fail. Some failed projects hit the headlines, but most are never heard of again. There is no simple reason why projects fail, but a lack of an effective method for managing projects is one of the major causes.

Without a project management method various stakeholders may have differing expectations for organizing and completing a project or the amount of responsibility and authority they have. Rarely are such projects delivered to the satisfaction of those involved. This particularly applies to projects with a long lead time or projects in a changing environment.

A good project management method should not be static. The environment and the market are subject to change, Executives and users take up new positions. In other words, projects have to be managed in a changing environment. It is still too often assumed that a project can be managed in a 'frozen' environment. This may make things easy, but it is just not how things are in the world of today.

An effective project management method helps the Project Manager to organize and manage a project in a continually changing environment while still involving all the stakeholders. PRINCE2 is such a method and uses the fundamental principles of good project management.

1.2 What is a project?

It is important to recognize the difference between a project and the 'business as usual' of an organization. Lack of clarity as to what a project actually is can lead to a lot of friction and frustration.

Definitions of a project, PRINCE2 definition

One frequently used definition of a project is: "A project is a time and cost constrained operation to realize a set of defined deliverables up to quality standards and requirements." (Source: ICB version 3.0)

In the context of the above, PRINCE2 describes a project as:

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

A temporary organization entails staff temporarily being given a different set of responsibilities and authority. Line management has to delegate certain responsibilities and authority to the project organization, otherwise a project organization cannot function properly. Business products are products that provide added value for the customer. A Business Case is a justification for initiating and delivering a project. In a Business Case, the anticipated benefits and estimated costs for the project are recorded, as well as the time over which the benefits will be realized.

Why are projects important?

One of the most important reasons for working with projects is that the desired results simply cannot be achieved, or can be achieved only with difficulty, within the existing line organization or organizations. The existing (corporate) structures and processes are primarily geared toward efficiency and much less suited to dealing quickly and properly with change. The project organization is temporary. In other words, it has been created for the duration of the project and differs in that respect from the line organization. Unsurprisingly, the style and nature of projects differs from the line activities.

Working with projects is a good way of safeguarding support for and commitment to use the end result as early as possible by involving the different stakeholders in the initiation and delivery of the project. In this regard, projects have become an indispensable way of implementing changes within organizations.

What makes projects so 'different'?

Projects have specific characteristics compared to standard business operations work. These include:
- **Change** – A project always means a change from the status quo - sometimes a minor one, but sometimes also a major one - and this creates resistance to the change.. A temporary project organization provides a good way of developing and safeguarding support for and commitment to use the end result early in the development stage by involving the different stakeholders in the initiation and implementation of the project. In this way, a broad-based grounding in the line organizations involved is assured at an early stage.
- **Temporary** – This is a distinguishing feature of projects. Project have a defined start and end date. The project finishes as soon as the pre-agreed products and/or services have been delivered and handed over to the customer.
- **Cross-functional** – A project has an organization specially set up for this purpose. What characterizes a project organization is that it comprises the different competencies and roles required for the project. This renders the project organization effective. In this regard, it does

not matter whether the team members come from the same (line) organizations or different ones.

- **Unique** – Every project is different because every change is different. The result to be produced is different or there are different objectives. Different people are involved in the project organization, there are different stakeholders or the context is different. No two projects are the same.
- **Uncertainty** – All the specified characteristics of projects result in uncertainties. They can produce both opportunities and threats. There is no getting around this, but it is an inextricable fact with which projects are faced. In this regard, projects are often much more risk-laden than normal activities and risk management is an indispensable component of project management.

Relationship between projects and programmes

The need for a change in the organization can be defined from the perspective of the corporate objectives. To this end, projects can be initiated. In such cases, the project provides the necessary products and services required by the business organization in order for it to achieve its objectives and the benefits associated with these. However, achieving business objectives and benefits is, and remains, one of the business organization's responsibilities and is not the project's responsibility.

A programme is sometimes set up to develop one or more corporate objectives. In such cases, the programme serves to initiate the different projects. The products and services required for the programme are then produced in the projects in order to fulfill the agreed goals and benefits. A programme has a less well-defined path and also a much longer lead-time than the separate projects within the programme, for a programme must consciously be finished, whereas projects automatically come to an end on delivery of the output of the project. After all, if everything is running as it should, benefits will continue each year (see table 1.1). Consequently, programmes are not large projects but one of the operational management's own responsibilities. Projects are, of course, driven by the corporate or programme management.

Projects	Program
Driven by deliverables	Driven by vision of 'end state'
Finite - defined start and finish	No pre-defined path
Bounded and scoped deliverables	Changes to business capabilities
Deliver product or service	Realizing objectives
Ends by handing over output	Must be closed formally
Benefits accrue outside the project	Benefits realized as part of the program and afterwards
Shorter timescale	Longer timescale

Table 1.1 Projects versus programmes (Source: Managing Successful Projects with PRINCE2, produced by OGC)

1.3   What is project management?

Project management is planning, delegating, monitoring and controlling all aspects of a project and motivating all parties involved to achieve the project's objectives within the agreed targets pertaining to time, costs, quality, scope, benefits and risks (see figure 1.1).
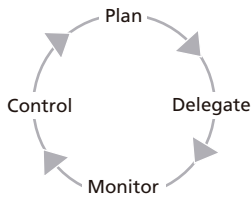
Figure 1.1 Project management (source: Managing Successful Projects with PRINCE2, produced by OGC)

The goal of project management is to control all specialist work in such a way that the desired output of the project is produced. This can only be done when it is a matter of collective effort. Consequently, project management is a duty borne by all those involved, from the different members of the Project Board and the Project Manager to the Team Manager(s).

1.4   What is the job of the Project Manager?

The Project Manager is responsible, within the limits set by the Project Board, for the day-to-day management of the project. The Project Manager is therefore responsible for planning, delegating, monitoring and controlling the work within the project. In addition to this, the work consists of:

* Getting the stakeholders involved for the provision of input and reviewing the results to be delivered and generating support in order to mitigate any resistance;
* Planning and reviewing the benefits that are to be achieved together with the ultimate results of the project;
* Motivating project team members and other people involved in the project.

1.5   What aspects are managed?

There are six control aspects that have to be managed by the Project Manager during every project, these being:

* **Time** – This encompasses the end-to-end lifecycle of a project, including the handing over of the end result.
* **Costs** – This pertains to the costs involved in creating the products, including the project management costs.
* **Quality** – Staying within budget and delivering on time is not enough. The end result also has to satisfy the set requirements and wishes and be suitable for the goal for which it is intended.
* **Scope** – What is the end result? What is it exactly that is going to be delivered and what will not be? What work has to be done and what does not? All too often the people involved make assumptions and form images that are simply not correct, with all the negative consequences these entail.
* **Risks** – Every project has a degree of uncertainty and therefore contains risks. In itself this is not a problem, as long as it is managed well. Managing the threats - as well as the opportunities that present themselves during the project - is thus an absolute must.
* **Benefits** – Perhaps the most important questions in projects are 'why are we doing this?', 'what are we trying to achieve by doing this?', 'what advantages can be gained from the end result?' and 'are the costs still in the right proportion to the anticipated benefits?'

1.6   What is a successful project?

In the last few years there have frequently been discussions about the results gleaned using projects. Not so long ago, enormous investments were made in IT projects that were promising the earth. Many of these projects were unable to live up to their promises and there were increasingly strident calls for a critical eye to be cast over the results actually achieved.

But this is also the case in other sectors. Research results are regularly published showing that many projects are being completed late and/or are too expensive. Projects are also being closed prematurely without producing any results, or the output of the project is not used in practice. How does this happen? So much experience has been gathered regarding implementing projects. Where do projects go wrong? And furthermore, what are the factors that ought to be taken into consideration to complete a project successfully?

First of all, it is important to have a common definition of what constitutes project success. Opinion is divided on this. In the Nederlandse Competence Baseline (NCB version 3), project success is defined as "achieving the project objectives within the agreed constraints". Teun van Aken[1] offers a definition of project success as being "when all stakeholders are satisfied with the results achieved".

A project is successful when all stakeholders are satisfied with the results achieved.

Teun van Aken's definition clearly goes further than the definition from the NCB. If, for example, the users are dissatisfied with the output of the project, they will not be well-disposed towards getting the maximum return out of the product (or service) delivered and the result produced will be used less or not at all. You cannot refer to such cases as being successful projects. For that reason we adhere to Van Aken's definition of project success.

A large number of parties are stakeholders. However, the most important parties are:
• Executive;
• Users;
• Suppliers;
• Project team.

The Executive is the one wishing to achieve certain benefits with the results of the project and the one paying for the project. The users are the ones faced with the end result. This could be end users, but also people responsible for the management and maintenance of the final product and direct stakeholders. The suppliers are the ones responsible for achieving the end result. The project team are the ones that actually deliver the output of the project. Practical experience shows that the users are the most important factor in determining the extent to which a project is successful.

Thus several parties determine the success of a project. For this reason, it is important throughout the project to look at these stakeholders and the criteria for success they are using. This could be completely different for each of them and could be different for each project. The lack of factors that are deemed important by some stakeholders could be a reason for loss of motivation and even for calling off the project. Possible success factors for the various stakeholders are:

- Executive: The benefits of the project output exceed the cost of the project and are in line with expectations (fit for purpose);
- Users: The output meets the criteria set in advance and is fit for use;
- Supplier: A positive return on expenditure;
- Project staff: The work is challenging and enjoyable and is appreciated.

1.7   Why do projects fail?

Some of the reasons often given for the failure of projects are:
- Lack of a clear Business Case;
- Lack of ownership by Executive;
- Lack of support from the top of the organization;
- Result to be produced not defined sufficiently or unequivocally;
- Lack of acceptance criteria and quality criteria;
- Lack of clarity on roles, responsibilities and authority;
- Lack of structure and specific checkpoints;
- Changing specifications or lack of a working change control;
- Lack of commitment from the users from the start of the project.

A clear Business Case forms the basis of a project. The fact is, this will incorporate the reasons why the Executive wants to implement the project and what the added value of the project output is for the organization in proportion to the costs and effort needed to achieve the project output. If it is not clear what the project will be contributing to the corporate organization, then support from the Executive and the management of the corporate organization will dwindle during implementation of the project. Important decisions will be delayed or not taken at all. There will be problems financing the project. Other projects and initiatives will suddenly seem more important. Without a good Business Case and without management support, there will certainly be resistance from the users as soon as they become aware of exactly what it is the project is going to signify for them. And with the decline in commitment from the Executive and the management and the increase in resistance from the users, the project staff will get the feeling that their efforts are not important and not wanted. They will look for other things to do or, worse still, become demotivated. Thus it can involve a dramatic chain reaction.

An inadequately defined output constitutes another risk. How can something be produced to the satisfaction of another person if the desired end result is not clear? In this regard it is not only important that the quality criteria are made known but also that the acceptance criteria are specified. The clearer the description of these criteria, the better the work to be carried out can be evaluated, the easier it will be to direct things toward the output ultimately to be achieved and the better user expectations regarding the final output can be managed.

Not managing the scope and the changes well could also play a significant role in the failure of projects. Every change for the good of one person has consequences for another. Changes not controlled well could result in frustration for the other parties involved and often have significant unforeseen consequences for the project as well. Managing the scope and controlling the changes is therefore a must.

Finally, sometimes it seems like an attractive option not to involve the users in the project: no nagging, the ability to make good progress and quick decisions are attractive prospects. However, not involving users from the beginning of the project can lead to incomplete specifications, no interim monitoring on whether you are on the right track, no interim indication that the project output to be delivered has to be adjusted and significant resistance as soon as the users become aware of what the project is going to signify for them. This latter invokes the old adage 'if you want something done properly, do it yourself'. Results in which you are involved yourself are always better, even if the output may be 'objectively' less. This could lead to the end result not being accepted, or it being accepted but then not being used, or (in the worst case scenario) a premature halt being called to the project after a great deal of frustration and expense for all parties concerned and the 'culprits' being stigmatized.

It is therefore better to have prior insight into the Business Case, to define the output well, to manage the process, control the changes and get the users involved. Even if this results in it becoming clear in the meantime that the project is no longer viable, the project can then be adapted or halted prematurely and in a professional manner, without unnecessary loss of capital and unnecessary damage to those involved.

1.8   Why PRINCE2?

The causes of project failure discussed in section 1.7 led to the development of the project management method PRINCE2. The method focuses on managing projects in a changing environment with the Business Case as a guiding principle, addressing the commitment of all stakeholders and the control of the process. PRINCE2 places more emphasis on controlling the process than on sticking to the original principles.

In this regard, project organization and risk management are important areas for attention. Within the project organization, the connection and interaction between the project and its environment are established. The uncertainties in and around the project are controlled using risk management. For in the PRINCE2 method, risk management constitutes an integral part of all the processes to be implemented.

2   Introduction to PRINCE2

2.1   What is PRINCE2?

PRINCE2 is a structured project management method based on best practice. PRINCE2 is process-based. In other words, its method assumes that a project is not so much implemented in a linear fashion as in terms of process. The method focuses specifically on the management aspect of projects. In 1996, PRINCE2 was introduced by the then CCTA (Central Computer and Telecommunications Agency), after which the methodology was modified several times, most recently in June 2009.

PRINCE2 stands for 'Projects in Controlled Environments' and is the de facto project management standard in the British government. These days PRINCE2 is controlled by the OGC (Office of Government Commerce), which has registered it as a trademark in the United Kingdom and other countries.

Throughout the world PRINCE2 is being used increasingly as *the* method with which to manage projects. The OGC holds the copyright to the PRINCE2 brand and to the PRINCE2 methodology, but the method can be used freely.

The method is generic, resulting in it being independent of the type of project. It creates a clear distinction between the intrinsic aspects and the management aspects within projects. Consequently the method is straightforward to use and can easily be introduced as a standard within organizations.

2.2   The structure of PRINCE2

The PRINCE2 method approaches project management from four angles:

* **Principles** – The fundamental principles to which any given project must adhere if it is to be a PRINCE2 project.
* **Themes** – The minimum management aspects that must be managed by the Project Manager throughout the project. Each theme describes the specific application and its necessity.
* **Processes** – The processes describe the entire course of the project step-by-step from commencement to closure. Each process describes the requisite activities, management deliverables and related responsibilities.
* **Tailoring the method** – PRINCE2 cannot be successful until it is applied 'sensibly'. Adjusting the method to the type of project and the project environment is therefore crucial.

2.3   Relationship to other OGC guidelines

The PRINCE2 project management method forms part of a set of guidelines developed by the OGC. Using these guidelines, both organizations and individuals can get better results from their projects, programmes and services (see figure 2.1).
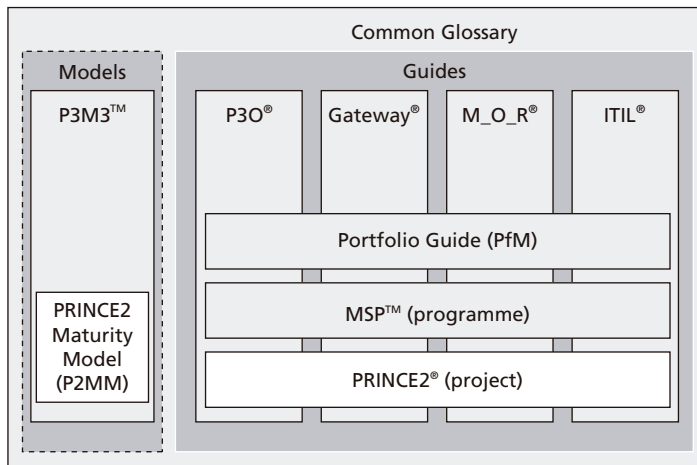
Figure 2.1 OGC best-practice guidance (Source: Managing Successful Projects with PRINCE2, produced by OGC)

P3M3 – Portfolio, Programme and Project Management Maturity Model. This is a set of best practice guidelines. This enables critical performance areas to be assessed and improved. P3M3 distinguishes five levels of maturity for organizations.

P2MM – PRINCE2 Maturity Model can be used as a tool to introduce PRINCE2 in organizations. It is a derivative of P3M3.

P3O – Portfolio, Programme and Project Offices provides practical tips on how to design, set up and use project offices.

Gateway – OGC Gateway Review Process is a a review process that examines programmes and projects at key decision points in their lifecycle, and looks ahead to provide assurance that they can progress successfully to the next stage. This process is mandatory for high-risk government projects in the United Kingdom.

M_o_R – Management_of_Risk expands on project risk management covered by PRINCE2 and provides guidance on how risk sits not just within the project environment but within the context of the entire organization.

ITIL – IT Infrastructure Library offers a comprehensive set of best practice guidelines for IT Service Management, and increasingly for service management in general.

PfM – Portfolio Management Guide explains the basic principles of portfolio management within organizations.

MSP – Management of Successful Programmes provides a structure for organizations that are running and managing programmes.

2.4   What is not in PRINCE2?

The PRINCE2 method does not describe every aspect in the field of project management. This does not mean that these aspects are unimportant. On the contrary, these aspects are indispensable to the projects, but have been omitted from the method deliberately. It is the strength of the PRINCE2 method, however, to indicate clearly what is and is not described. It does not involve the following three areas of interest:

- **Specialist work** – Thanks to the method's generic design, it is widely applicable. On the other hand, this means that specific intrinsic activities are not described for an industry or type of project. Obviously in this regard the method can easily be tailored accordingly.
- **Techniques** – Nowadays there are many kinds of planning techniques, planning software and other support technologies. Often these have already been described in detail by specialist companies. PRINCE2 does describe techniques that directly support the application of the method, such as the focus on products.
- **Leadership qualities** – No project can be completed without leadership, motivational and communication skills. However, this aspect has been described so well and so comprehensibly in other models and literature that reference is made to these as a supplement to the method. Even though PRINCE2 does not encompass any social skills, it does support the social conduct required to be able to manage projects effectively: a good structure supports the right conduct.

2.5   PRINCE2, benefits

PRINCE2 is a methodology that, thanks to its continuous application, has continued to develop to a mature level with many benefits. The most important of these are summarized below:

- **Best practice** – This means that the method has been created from practical experience of projects from many different backgrounds and industries, making it extremely recognizable and practicable. The recognizability is further reinforced by the uniform terminology and approach. Furthermore, no specific requirements are set for the type of project to which PRINCE2 can be applied. The method is generic.
- **Clearly defined organizational structure** – In PRINCE2 the tasks, responsibilities and authority are clearly described for all roles within a project. In addition to this, specific attention is paid to involving the stakeholders in the decision-making at the decision times during the project based on the principle of managing by exception.
- **Focus on rationale and products** – There is continuous focus on the project's viability. Is this project still worth the effort? Are the benefits still wanted and feasible? Are the costs and benefits still in equilibrium? As an extension to this, is continuous attention being paid to the project's deliverables?
- **Control** – The project is controlled throughout. The plans tie in with the needs of the different management levels within the project. The quality of both product and process are continually assessed and adjusted where necessary. Any changes, problems and also risks are assessed and followed up on.
- **Learning and developing** – Within projects it is important to keep learning and developing, thereby improving. There is something to be learnt from every experience in subsequent projects. PRINCE2 encourages the reuse of project products (e.g. documents), suggestions and lessons in order to be able to manage projects increasingly well.

2.6   Differences in PRINCE2 v2009 versus v2005

The fundamentals of the PRINCE2 method have not changed. The most important improvement is that the underlying principles of PRINCE2 are now explicit guiding principles for the content of the themes and processes as these are defined within the method (see figure 2.2). The principles are also emphatic guiding principles for tailoring the method to a specific project in a given

context. It is explicitly stated that deviation from the use presented in the themes and processes is possible, but that if not all PRINCE2 principles are applied in a project, it can no longer be termed a PRINCE2 project.

The changes that have been implemented can be distinguished according to methodical changes, changes in the structure of the manual and smaller changes within a specific theme, product or process.
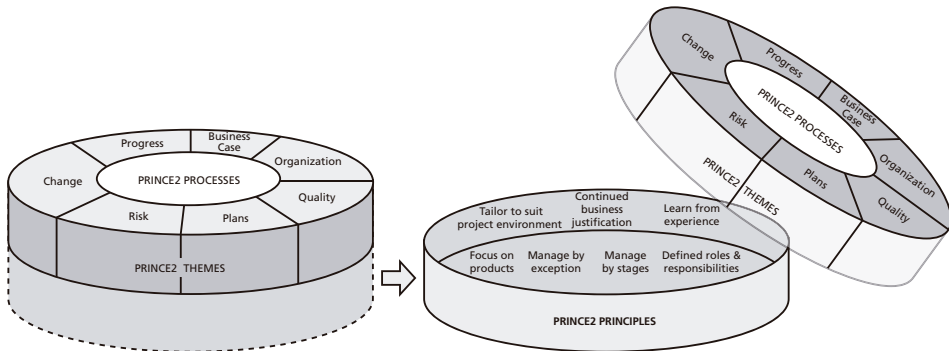
Figure 2.2 Differences in PRINCE2™ v2009 versus V2005 (Based on OGC PRINCE2 material)

Structural changes
The most important structural changes are:
- Firstly, of course, the new chapter that has been added in which the PRINCE2 principles are explicitly named and described.
- More attention has been paid to adapting the method to a specific project in a given context. This has now become a separate chapter called Tailoring PRINCE2.
- The method is less prescriptive. With regard to many subjects, it is stated that deviation from the approach described is possible. It is stated that it is better to work according to the spirit of the method than to adhere to the rules of the manual.
- The method is less bureaucratic. Sub-processes have been swapped for activities. Fewer management products have been defined.
- There is now greater emphasis on learning from experience. In the first PRINCE2 process, learning from experience gleaned from previous projects is expressly mentioned as an activity. Lessons now come up for discussion in all reporting and meetings. Conveying one's own experiences to the corporate or programme management is now included during stage boundaries too.
- There is a clearer link to other OGC methods, such as Management of Successful Programmes (MSP) and Management of Risk (M_o_R).
- Strategies have been introduced for risks, quality, configuration management and communication, all in line with MSP.
- There is more reference to techniques to be used. Reference is made to frequently-used techniques, not only in planning but also for risks and (for example) the Business Case.
- Delivery of the results in stages is pointedly assumed.

Changes to the manual

- First of all, the manual has been reduced from some 450 pages to around 330 pages, primarily by removing duplication of components and processes.
- The components have become themes and have been put before the processes. As themes they have also become what they are, namely areas for attention, without wishing to create an impression of being integral to a project - the term 'component' suggests.
- The eight components have been reduced to seven themes. Configuration management has now been integrated into the Change theme.
- Control aspects have now been renamed as the Progress theme.
- The Techniques section is now defunct. The techniques are now described in the relevant themes, alongside other important techniques.
- The number of processes has been reduced from eight to seven. The Planning process has now been included as a procedure within the Planning theme. This puts planning in line with other procedures, such as those of risk management and change control, which always used to be dealt with like procedures within the components/themes.
- There are more support and guidelines for the members of the Project Board and the senior management. To this end, the OGC has even published a separate manual with a separate exam associated with it.
- The appendix incorporating risk categories has become defunct.
- The health check has now been arranged according to the different steps in the project process.

Detailed changes
Themes
- **Business Case** – The Post-Project Review Plan is now called Benefits Review Plan. This plan is now created during initiation of the project and assessed by the Project Board during project authorization. For each stage, the Benefits Review Plan is brought up to date. Justification of the project is now based on whether the project is wanted, viable and achievable. The lifecycle of the Business Case is now subdivided into developing, verifying and confirming. The Business Case now also contains an Executive summary, dis-benefits and benefit tolerances. In the case of delivery in stages, benefits reviews can be held during the project.
- **Organization** – The four levels of management are now called corporate or programme management, directing, managing and delivering. The Change Authority has now been included in the organization chart. The configuration librarian is now part of the Project Support. In line with MSP, the Senior User is now responsible for identifying and defining the benefits and the operational or programme management holds this role responsible for demonstrating that the benefits forecasted are being achieved. The agreements on communication are now detailed in a Communication Management Strategy.
- **Quality** – There is now greater emphasis on the quality of the products. The quality path has been replaced by a quality audit path with overlapping paths for quality planning and quality management and quality control. The 'project product' has been introduced, which refers to the project's final product to be delivered. The Project Product Description contains the customer quality expectations, the acceptance criteria and the quality tolerances at project level. The Project Quality Plan has been replaced by the Quality Management Strategy. The Stage Quality Plan is no longer distinguished separately in the Stage Plan.

- **Plans** – The method now states that a Product Description is required for all products identified. In contrast to this, the technique focus on products, which is now explained within the Planning theme, is less prescriptive. Thus for external products they only 'advise' choosing an anomalous colour or shape, for example.
- **Risks** – This chapter has been completely revised and therefore ties in heavily with the Management of Risks (M_o_R) method from the OGC. The agreements on approach to risk are now set down in a Risk Management Strategy. The risk process has been modified. Risks are now distinguished according to opportunities and threats. The responsibilities of the risk-owner have been extended and the role of a risk-actionee is now recognized. The Risk Log has now become a formal Risk Register, which is created during the initiation of a project.
- **Change** – The Daily Log is now also used to record issues and risks that can be managed informally. The change procedure has been modified. Formal issues are now recorded in an Issue Register. The configuration management has been fully integrated into the Change theme. The approach to change control and configuration management is now recorded in the Configuration Management Strategy.
- **Progress** – The Progress theme replaces the Control component. This theme now concentrates entirely on the implementation of the project. The control aspects in the processes Starting up and Initiating a Project and Closing a Project are now no longer dealt with within this theme.

Processes
- **Starting up a Project (SU)** – Now also specifies the review of previous lessons. The project organization, the project approach and the Project Product Description have now been incorporated into the Project Brief. The Daily Log and Lessons Log are arranged in this process.
- **Directing a Project (DP)** – This process now begins at the end of the SU process in response to the request to commence initiation of the project. Apart from this, the DP process in itself has largely stayed the same. However, whereas in the past the Project Board requested initiation of the process Managing a Stage Boundary and premature closure of a project, this action is now the responsibility of the Project Board itself.
- **Initiating a Project (IP)** – The first activities of this process are now developing the different strategies for risk management, quality control, configuration management and communication management. The Risk Register is now arranged in this process too. The 'PID' is now defined as the Project Initiation Documentation. It now has to be explicitly recorded in the PID how the PRINCE2 method has been tailored to a project in this context.
- **Controlling a Stage (CS)** – This process has largely stayed the same. Only the sub-processes 'capture' and 'examine issues' have now been merged and extended into one activity: capturing and examining issues and risks.
- **Managing Product Delivery (MP)** – This process has largely stayed the same. Only the responsibility for recording the risks and the results of the quality reviews has now been returned to the Project Manager or (as the case may be) Project Support.
- **Managing a Stage Boundary (SB)** – The name of this process is now in the singular. The action 'update the Risk Register' is now part of the 'update Business Case' activity. The PID and the Benefits Review Plan are now being updated. The products completed in the project up until that point can already be delivered in stages and transferred to the customer. The formulation of a Lessons Report and recommendations for follow-on actions can now be part of this process.

- **Closing a Project (CP)** – New here are the activities prepare planned closure and prepare premature closure. Separate activities for handing over projects and recommending project closure have now also been defined. In principle, the Lessons Report and the recommendations for follow-on actions are now part of the End Project Report.

Tailoring PRINCE2

This is a new chapter. Whereas previously this aspect was addressed separately in the various processes, it has now been merged into one chapter. This subject has also been expanded considerably with regard to what had been set down in the 2005 version of the PRINCE2 manual. A distinction is made between implementing the method in an organization and tailoring the method to a specific project in a given context. The various aspects of the project and the environment that merit adaptation of the method to the project are examined. In addition to this, the differences between project and programme management are explained and the possible connections between the project and programme organization are examined. Finally it is explained how the method can be tailored to projects of different size and complexity.

Appendices

- **A. Arrangement of management products** – The number of products has been reduced from 36 to 26. Further explanation is now given for each product. How the different management products can best be presented has been added.
- **Governance** – This is an entirely new appendix in which it is shown how and to what extent the PRINCE2 method covers governance of the principles of project management as published by the British Association for Project Management (not included in this book).
- **B. Roles and responsibilities** – The role Change Authority has been added. The role project office has become defunct. The requisite competencies for the various roles have been added.
- **C. Example of product-based planning** – This example has moved from the previous technique focus on products to the appendix. A Project Product Description and an example of a product breakdown structure in the form of a mind map have been added.
- **E. List of terminology** – This has been expanded in relation to the previous version.
- **F. Other information** – This contains a brief explanation of the various methodologies supported by the OGC.

2.7   Spelling of PRINCE2 words

PRINCE2 recognizes specific management products and roles. These are the products and roles described in Appendix A and B. For the purposes of identification, these words are always written with a capital letter. All other management products and roles are not recognized as specific PRINCE2 words and are not written using capitals:

- With capital letter: Executive and Business Case (for example).
- Without capital letter: product breakdown structure (for example).

The verbs and nouns pertaining to the PRINCE2 processes are also written with a capital letter. Activities within a process, however, are not characterized by capitals:

- Process: Starting up a Project.
- Activity: plan the initiation stage.