

# Prince2® Pre-course reading

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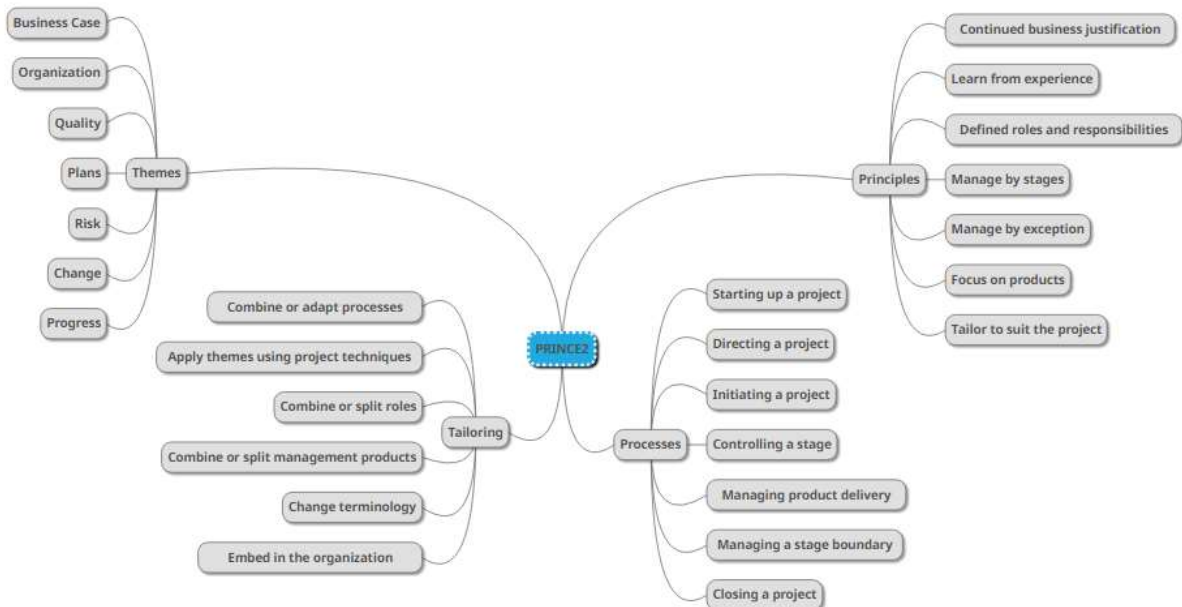
# PRINCE2 2017 Pre-Course Guide

## Introduction to PRINCE2

PRINCE2 (PROjects IN CONTROLLED ENVIRONMENTs) is a project management framework that involves separating the management of project work from the specialist contributions. It therefore focuses on describing what needs to be done, rather than prescribing how everything is done. PRINCE2 defines 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. PRINCE2 is an integrated method of principles, processes and themes that addresses the planning, delegation, monitoring and control of all the six aspects of project performance i.e. scope, timescales, costs, quality, risk and benefits.

### Why use PRINCE2

PRINCE2® is widely considered as the leading project management method globally. PRINCE2 provides a tried and tested method that organizations can benefit from, as it is based on established and proven best practice and governance for project management. By focussing on viability, stakeholder engagement and continual improvement, as well as its applicability to any type of project including waterfall or agile, PRINCE2 method can help any organization substantially improve their organizational capability and maturity across multiple areas of business activity.



## Promoting success

*At the heart of PRINCE2 is a firm, clear structure of seven principles, themes and processes. It encourages productive collaboration by defining roles and responsibilities and creating a universal language for project management. PRINCE2 works across cultures, both organizational and geographical. ②*



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## PRINCE2 Principles

Continued business justification: PRINCE2 requires that for all projects, there is a justifiable reason for starting the project, that justification is recorded and approved and that the justification remains valid, and is re-validated, throughout the life of the project. The business justification drives decision-making to ensure that the project remains aligned to the benefits being sought that contribute to the business objectives.

Learn from experience: Learning from experience takes place throughout PRINCE2 i.e. when starting a project, as the project progresses and as the project closes. The element of uniqueness makes projects challenging as the temporary team may not have experience of a project like the one being undertaken. Hence PRINCE2 advocates that we use previous experience to better manage projects.

Defined roles and responsibilities: A project is typically cross-functional, and must have an explicit project management team structure consisting of defined and agreed roles and responsibilities for the people involved in the project and a means for effective communication between them. Stakeholder interests for the business, the users and the suppliers must be represented in the project management team.

Manage by stages: PRINCE2 breaks the project down into discrete, sequential sections, called management stages. These allow easier planning and management, allowing for interventions to present progress reports and handle risks or issues. In PRINCE2, a project must have at least two management stages: an initiation stage then one or more management stages where work is carried out. This ensures that the project is properly initiated before work starts on delivery of the project's outputs.

Manage by exception: PRINCE2 enables appropriate governance by defining distinct responsibilities for directing, managing and delivering the project and clearly defining accountability at each level. Accountability is established by: Delegating authority through setting of tolerances (thresholds) at each level, setting controls for escalating to higher levels when tolerances are exceeded (exceptions), and putting an assurance mechanism in place. This ensures senior management time is effectively used.

Focus on products: PRINCE2 requires projects to be output-oriented rather than work-oriented. An output-oriented project is one that agrees and defines the project's products (including quality requirements) prior to undertaking the activities required to produce them. Product descriptions provide the means to determine effort estimates, resource requirements, dependencies and activity schedules. This ensures that the project only carries out work that directly contributes to the delivery of a product, and minimizes uncontrolled change.

Tailor to suit the project: Being a universal project management method, PRINCE2 methodology is designed to be tailored to suit each project's specific needs and context. This ensures that the project management method used is appropriate to the project, and that project controls are appropriate to the project's scale, complexity, importance, team capability and risk.

## PRINCE2 Themes

### *Business Case*

This theme addresses how the idea is developed into a viable investment proposition for the organization and how project management maintains the focus on the organization's objectives throughout the project. In PRINCE2, all projects must have a documented business justification i.e. business case. This sets out not only the reason for the project (its objectives), but also confirms whether the project is desirable, viable and achievable. The business case is developed at the beginning of the project and reviewed and updated throughout the life of the project.

The business case theme is central to PRINCE2 projects as it is at the heart of why a project is being done. The business case is at the centre of any impact assessment of risks, issues and changes. An additional document called a benefits management approach defines the management actions that will be put in place to ensure that the project's outcomes are achieved and confirm that the project's benefits are realized.

### *Organization*

This theme describes the roles and responsibilities in the temporary PRINCE2 project management team required to manage the project effectively. Establishing an effective project management team structure and approach for communication at the beginning of a project, and maintaining these throughout the project's life, are essential elements of a project's success. PRINCE2 defines a set of roles (not jobs) that need to be undertaken, together with the responsibilities of each of those roles. This theme also defines the communication management approach which contains a description of the means and frequency of communication to parties both internal and external to the project.

PRINCE2 identifies three principle categories of project stakeholders, each of which has a specific interest in the project i.e. business, user and supplier. These three categories are represented in the project board. The project management structure has four levels, three of which represent the project management team and the fourth (Corporate, programme management or the customer), which sits outside of the project. The three levels in the project management team are Directing (done by the Project Board), Managing (done by the Project Manager) and Delivering (done by the Team Manager).

### *Quality*

This theme explains how the project outline is developed so that all participants understand the quality attributes of the products to be delivered and then how project management will ensure that these requirements are subsequently delivered. Quality is the degree to which a set of inherent characteristics of a product, service, process, person, organization, system or resource fulfils requirements. PRINCE2 requires systematic activities to explicitly agree the customer's quality expectations and acceptance criteria for the project product, define the project's products in product descriptions including quality requirements, and implement and track quality throughout the project.

PRINCE2 explicitly addresses the two activities of quality planning and quality control, managed using the quality management approach and the quality register documents. In addition a quality review technique is recommended which involves a wide range of stakeholders meeting together to discuss quality issues regarding the project's products.

### *Plans*

This theme complements the quality theme by describing the steps required to develop plans and the PRINCE2 techniques that should be applied. A PRINCE2 plan must describe not only timescales, but also what will be delivered, how and by whom. PRINCE2 addresses the planning horizon issue by requiring that both high-level project plan and detailed stage plans are created and maintained at the same time, with detailed plans made only when complete information is available just before the management stage begins.

All PRINCE2 plans have the same fundamental structure and contents; it is the purpose, scope and level of detail in the plans that vary. These plans are made for the different levels in the project i.e. project plan, stage plan and team plan. An exception plan is developed to show the actions required to recover from or avoid a forecast deviation from agreed tolerances in the project plan or a stage plan.

### *Risk*

This theme addresses how project management manages uncertainty. Risks can have either a negative (threat) or positive (opportunity) impact on objectives if they occur. Effective risk management provides confidence that the project is able to meet its objectives and that the business justification continues to be valid.

PRINCE2 requires that a risk management approach and a risk register be produced and maintained for managing risks throughout the project. PRINCE2 also recommends a risk management procedure consisting of five steps: identify, assess, plan, implement and communicate, and also recommends having a risk budget within the project budget to fund specific management responses to the project's threats and opportunities.

### *Change*

This theme describes how project management assesses and acts upon issues which have a potential impact on any of the baseline aspects of the project (its plans and completed products). PRINCE2 uses the term 'issue' to cover any relevant event that has happened, was not planned, and requires management action. Issues include problems or concerns, requests for change and off-specifications. Once an issue has been identified, PRINCE2 recommends an issue and change control procedure for assessing the issue and determining what action to take in response. This procedure will also define a way of creating baselines of products and allowing appropriately controlled changes to those baselines.

PRINCE2 requires that a change control approach and an issue register be produced and maintained to support management of issues throughout the project. It also recommends a change budget that the customer and supplier agree will be used to fund the cost of requests for change, and possibly also their analysis costs.

### *Progress*

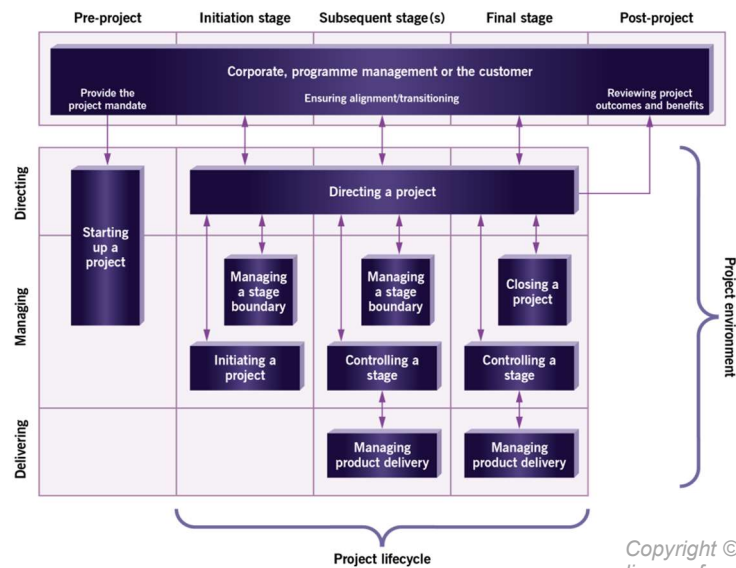
This theme addresses the ongoing viability of the plans and explains the decision making process for approving plans, the monitoring of actual performance and the escalation process if events do not go

according to plan. PRINCE2 provides progress control through delegating authority, management stages, progress reporting, as well as tolerances and exceptions.

PRINCE2 provides two types of progress control throughout the life of a project: event-driven controls for responding to certain triggers and time-driven controls for regular progress reporting. These include registers, plans and reports. Tolerances are set at project, stage and work package level allowing for the appropriate management to step in when it is forecasted that the tolerances will be exceeded i.e. exceptions.



## PRINCE2 Processes



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### Starting up a project

The purpose of the starting up a project process is to ensure that the prerequisites for initiating a project are in place by answering the question: do we have a viable and worthwhile project? This is as much about preventing poorly conceived projects from ever being initiated as it is about approving the initiation of viable projects. This process is triggered by a project mandate, which is provided by the responsible authority that is commissioning the project, typically corporate, programme management or the customer.

During the Starting Up a Project process, the Executive and Project Manager are appointed, previous lessons are captured, and the project team structure is developed and appointments made. The project mandate is expanded to a project brief which includes an outline business case, project product description and the chosen project approach. Finally, a plan for the next stage is developed.

### Directing a project

The purpose of the directing a project process is to enable the Project Board to be accountable for the project's success by making key decisions and exercising overall control while delegating day-to-day management of the project to the Project Manager. This process starts on completion of the starting up a project process and is triggered by the request to initiate a project. The directing a project process covers the activities of the Project Board who manage by exception.

During the Directing a Project process, the Project Board provide unified direction and guidance to the Project Manager by authorizing the project from initiation, from stage to stage until closure. In addition, a two-way flow of information must exist between the Project Board and corporate, programme management or the customer during the project in order to ensure that the project remains aligned to their strategy.

### Initiating a project

The purpose of the initiating a project process is to establish solid foundations for the project, enabling the organization to understand the work that needs to be done to deliver the project's products before committing to a significant spend. Here, the Project Manager will be creating the suite of management products required for the level of control specified by the Project Board. This process enables the Project Board to decide whether or not the project is sufficiently aligned with corporate, programme management or customer objectives to authorize its continuation.

The main input to Initiating a project is the project brief, and the activities in this process are all geared towards assembling the project initiation documentation (PID) that will be forwarded to the Project Board. The PID comprises of agreeing tailoring requirements, defining approaches for risk, communication, quality and change control, setting up project controls and creating the project plan. The outline business case is also refined as part of the PID.

### Controlling a stage

The purpose of the controlling a stage process is to assign work to be done, monitor such work, deal with issues, report progress to the Project Board, and take corrective actions to ensure that the management stage remains within tolerance. This process describes the work of the Project Manager in handling the day-to-day management of the management stage, and is used for each delivery stage of a project.

The controlling a stage process is normally first used after the Project Board authorizes the project, but it may also be used during the initiation stage, especially for large or complex projects. Controlling a stage activities are Project-Manager-oriented and comprise authorizing and receiving work packages, monitoring and reporting, as well as managing issues and risks. The main outputs in this process are Highlight reports to the Project Board, Work Packages to the Team Managers and updates to Risk and Issue registers.

### Managing product delivery

The purpose of the managing product delivery process is to control the link between the Project Manager and the Team Manager(s), by agreeing the requirements for acceptance, execution and delivery. This process views the project from the Team Manager's perspective, and the Team Manager ensures that products are created and delivered by the team to the project.

The activities within the managing product delivery process are accepting, executing and delivery of Work packages. The work package can be part of a contractual agreement especially when dealing with external suppliers. Here, the Team Manager creates the team plan for executing the work and also ensures that the products are developed in accordance with any development method(s) specified in the work package as well as meeting the required quality criteria through the quality method(s) specified in the product description.

### Managing a stage boundary

The purpose of the managing a stage boundary process is to enable the Project Manager to provide the Project Board with sufficient information to be able to review the success of the current management stage, approve the next stage plan, review the updated project plan as well as confirm continued business justification and acceptability of the risks. This process provides a means by which an exception process can be implemented. However, this process is not used towards the end of the final management stage unless there is a need to create an exception plan.

The managing a stage boundary process also allows for reviewing of the project initiation documentation particularly the business case, project plan, project approaches, project management team structure and role descriptions as well as planning the next stage. The activities within this process are Project-Manager-oriented and are to plan the next management stage, update the project plan, update the business case, report management stage end and if necessary produce an exception plan.

### Closing a project

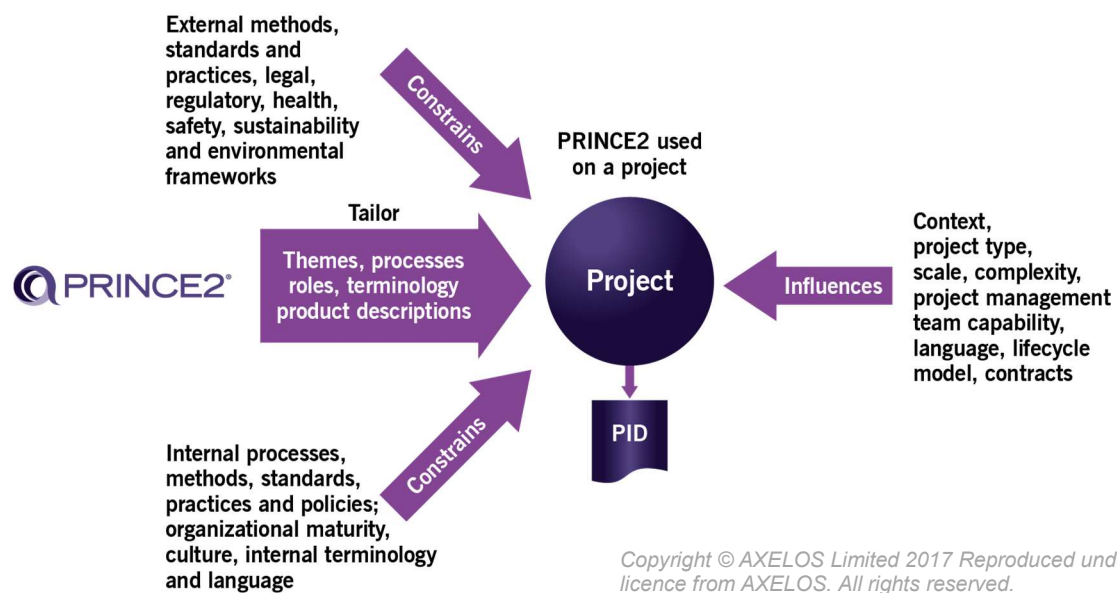
The purpose of the closing a project process is to provide a fixed point at which acceptance for the project product is confirmed, and to recognize that objectives set out in the original project initiation documentation (PID) have been achieved (or approved changes to the objectives have been achieved), or that the project has nothing more to contribute. Closure activities should be planned as part of the stage plan for the final management stage.

When closing a project, work is required to prepare input to the Project Board in order to obtain its authorization to close the project. Subsequently, the Executive should also notify corporate, programme management or the customer that the project has closed. It is also possible that the Project Board may wish to trigger a premature closure of the project under some circumstances. The activities within the closing a project process are Project-Manager-oriented and are to prepare planned closure, prepare premature closure, hand over products, evaluate the project and recommend project closure.

## PRINCE2 Tailoring

Tailoring is concerned with the appropriate use of PRINCE2 on any given project, ensuring that there is the right amount of governance, planning and control, in accordance with PRINCE2's principles. There is no single "right" tailoring solution for a project, but is constrained and influenced by the project's context. Tailoring is not about leaving out any of PRINCE2's processes or themes. If an organization does not have its own project management method, tailoring will be done directly from the PRINCE2 manual. If an organization has its own PRINCE2-based project management method, this is tailored to suit the project.

The Project Manager is responsible for identifying and documenting the level of tailoring for the project. Tailoring affects how a project is managed and so it is documented as part of the Project Initiation Documentation (PID), which is reviewed by the appropriate stakeholders and approved by the Project Board. Tailoring may need to take into account standards, policies, laws or regulations from outside the organization, including those relating to health, safety, sustainability and environment.



Tailoring involves the following:

- *Processes may be combined or adapted (for example by adding or combining activities)*
- *Themes can be applied using techniques that are appropriate to the project*
- *Roles may be combined or split, provided that accountability is maintained and there are no conflicts of interest*
- *Management products may be combined or split into any number of documents or data sources*
- *Terminology may be changed to suit other standards or policies, provided it is applied consistently* ①

Adopting PRINCE2 in an organization involves two key activities:

- Tailoring PRINCE2 to create the organization's own project management method
- Embedding the tailored method by ensuring that people in the organization understand and use it appropriately

Embedding PRINCE2 in an organization involves more than publishing a project management method. The method has to be consistently deployed, effectively introduced and used in practice. This requires changing the way the people in an organization work so that the outcome can be realized. Managing the development and introduction of a project management method is often better undertaken as a programme.

## PRINCE2 Management Products

There are three types of management product: baselines, records and reports.

**Baseline** management products are those that define aspects of the project and, once approved, are subject to change control. These are:

Benefits management approach	It defines the benefits management actions and benefits reviews that will be put in place to ensure that the project's outcomes are achieved and confirm that project's benefits are realized
Business case	It documents the business justification for undertaking a project, based on the estimated costs against the anticipated benefits to be gained and offset by any associated risks
Change control approach	It is used to identify how, and by whom, the project's products will be controlled and protected
Communication management approach	It contains a description of the means and frequency of communication to parties both internal and external to the project
Plan	It provides a statement of how and when objectives are to be achieved, by showing the major products, activities and resources required for the particular scope (project, stage or team level)
Product description	It used to understand the detailed nature, purpose, function and appearance of the product, the level of quality required as well as activities and skills required to produce, review and approve the product
Project brief	It is used to provide a full and firm foundation for the initiation of the project and is created in the starting up a project process
Project initiation documentation (PID)	It is used to define the project, in order to form the basis for its management and an assessment of its overall success
Project product description	It is a special form of product description that defines what the project must deliver in order to gain acceptance
Quality management approach	It describes how quality will be managed on the project, including the specific processes, procedures, techniques, standards and responsibilities to be applied
Risk management approach	It describes how risk will be managed on the project, including the specific processes, procedures, techniques, standards and responsibilities to be applied
Work package	It is a set of information about one or more required products collated by the Project Manager to pass responsibility for work or delivery formally to a Team Manager or team member

**Records** are dynamic management products that maintain information regarding project progress. These are:

Configuration item records	It provide a record of such information as the history, status, version and variant of each configuration item, and any details of important relationships between them, if required by the change control approach
Daily log	It records informal issues, required actions or significant events, as the Project Manager's diary

Issue register	It captures and maintains information on all the issues that are being formally managed
Lessons log	It is a project repository for lessons that apply to this project or future projects
Quality register	It is used to summarize all the quality management activities that are planned or have taken place
Risk register	It provides a record of identified risks relating to the project, including their status and history

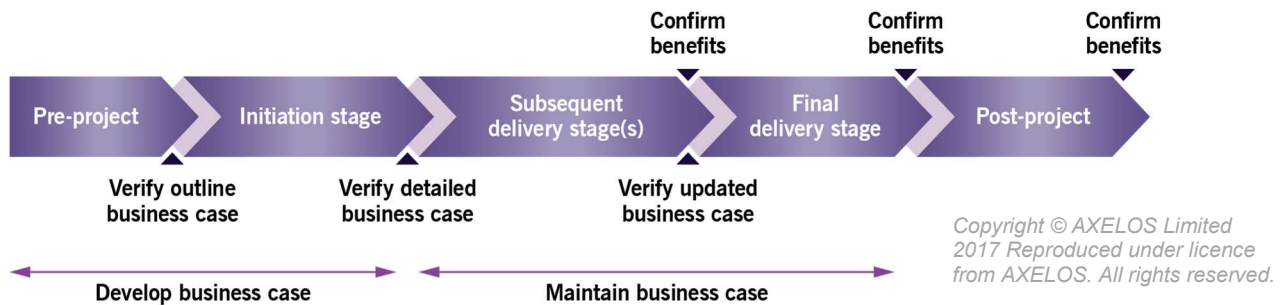
**Reports** are management products providing a snapshot of the status of certain aspects of the project. These are:

Checkpoint report	It is used to report, at a frequency defined in the work package, the status of the work package
End project report	It is used during project closure to review how the project performed against the version of the project initiation documentation (PID) used to authorize it
End stage report	It is used to give a summary of progress to date, the overall project situation, and sufficient information to ask for a Project Board decision on what to do next with the project
Exception report	It is produced when a stage plan or project plan is forecast to exceed tolerance levels set, informing the Project Board on available options.
Highlight report	It provides the Project Board (and possibly other stakeholders) with a summary of the management stage status at intervals defined by them
Issue report	It contains the description, impact assessment and recommendations for a request for change, off-specification or a problem/concern that is handled formally.
Lessons report	It is used to provoke action so that the positive lessons become embedded in the organization's way of working, and that the organization is able to avoid any negative lessons on future projects
Product status account	It provides information about the state of products within defined limits

## Section 2

### Business Case Theme

The purpose of the business case theme is to establish mechanisms to judge whether the project is (and remains) desirable, viable and achievable as a means to support decision making in its (continued) investment. ①



The objectives of the business case theme include:

- Create and maintain a business justification for the project
- Review and update the business justification in response to decisions and events that might impact desirability, viability or achievability of the project
- Define the management actions that will be put in place to ensure that the project's outcomes are achieved and confirm that the project's benefits are realized
- Define and document the roles and responsibilities for the business case and benefits management ①

Key concepts of the business case theme:

In PRINCE2, all projects must have a documented business justification. This sets out not only the reason for the project (its objectives), but also confirms whether the project is:

- Desirable – the balance of costs, benefits and risks
- Viable – able to deliver the products
- Achievable – whether use of the products are likely to result in envisaged outcomes and resulting benefits

Key Management Products:

- Business case: provides the costs, benefits, expected dis-benefits, risks and timescales against which viability is justified and continuing viability is tested – created by Executive, detailed by Project Manager, reviewed by the Project Board
- Benefits management approach: defines the management actions that will be put in place to ensure that the project's outcomes are achieved and confirm that the project's benefits are realized – created by Project Manager, reviewed by the Project Board and Corporate, programme management or customer



PRINCE2 Foundation Question

Which product is not created during the initiating a project process?

- A. Benefits management approach
- B. Quality register
- C. Outline business case
- D. Project product description

PRINCE2 Practitioner Question

While writing the business case for the MadisonBridge move project, you indicate that apart from moving to the new offices, the company can consider renting additional floors in its current building. Is this an appropriate action, and why?

- A. No, because the business justification should only focus on the chosen project implementation
- B. Yes, because the business case provides a view of how the company can save money by not going through the full project
- C. No, because the Senior User should be the one responsible for specifying the benefits from the project
- D. Yes, because different options should be provided to the project stakeholders to make the right decision on the project

## Organization Theme

The purpose of the organization theme is to define and establish the project's structure of accountability and responsibilities.

Objectives of the organization theme:

*A successful project management team should:*

- *have business, user and supplier stakeholder representation*
- *ensure appropriate governance by defining responsibilities for directing, managing and delivering the project and clearly defining accountability at each level*
- *review the project roles throughout the project to ensure that they continue to be effective*
- *have an effective approach to manage communication flows to and from stakeholders ①*

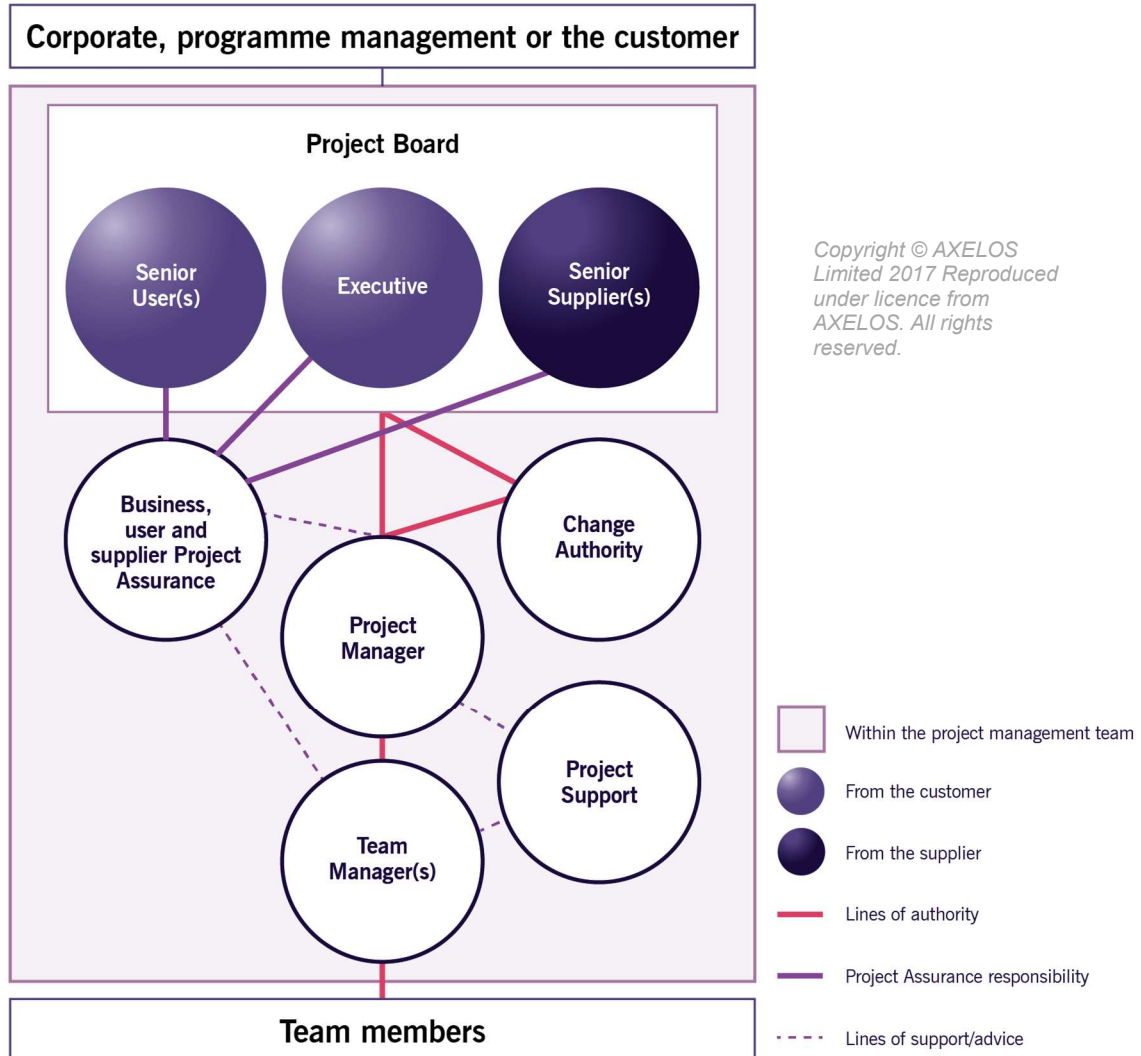
Key concepts of the business case theme:

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

- *define its organization structure and roles. 4 levels of management are defined i.e.*
  - *Corporate, programme management or the customer*
  - *Project Board – Directing*
  - *Project Manager – Managing*
  - *Team Manager - Delivering*
- *document the rules for delegating Change Authority responsibilities, if required*

- define its approach to communicating and engaging with stakeholders ①

The Project Board is comprised of the Executive, Senior User and Senior Supplier. The Project Board can appoint project assurance and change authority, thereby delegating some of its functions. The Project Manager can be supported by a Project Support team.



Key Management Products:

- Project initiation documentation (PID): in the context of the organization theme, provides the single source of reference for how the project is to be managed. The PID sets out the project management team structure and roles.
- Communication management approach: Describes the means and frequency of communication to stakeholders both internal and external to the project

PRINCE2 Foundation Question

Which role cannot be delegated that is accountable for project success?

- A. Project Support
- B. Executive
- C. Project Assurance
- D. Senior User

PRINCE2 Practitioner Question

During the project board meeting, it is identified in the end stage report that the maintenance company for the pantry equipment was not informed about the move. Which is the appropriate step to take by the project manager?

- A. Update the communication management approach sections of stakeholder analysis and information needs
- B. Update the risk management approach sections of early warning indicators
- C. Update the change control approach section of timing of issue management and change control and issue activities
- D. Update the quality management approach section of roles and responsibilities as well as reporting

## Quality Theme

*The purpose of the quality theme is to define and implement the means by which the project will verify products that are fit for purpose. ①*

Quality Theme objectives:

- *Explicitly agree the customer's quality expectations and acceptance criteria for the project product*
- *Identify the project's products (i.e. To the level at which the project intends to exert control)*
- *Define the project's products in product descriptions including the quality criteria by which they will be assessed, the quality methods to be used in designing, developing and approving them, and the quality responsibilities of those involved*
- *Implement and track the quality methods employed throughout the project ①*

Key Concepts:

*Quality planning is about defining the project's products, with their respective quality criteria, quality methods (including effort required for quality control and product approval) and the quality responsibilities of those involved. ①*

Quality control focuses on the operational techniques and activities used by those involved in the project to check that the products meet their quality criteria (for example, by quality inspections,

testing or review) as well as identify ways of eliminating causes of unsatisfactory performance (for example, by introducing process improvements as a result of previous lessons).

The quality review technique assess the conformity of a product against the quality criteria documented in the product description, by involving key interested parties in checking the product's quality and in promoting wider acceptance of the product. The review team roles include the chair, presenter, reviewer and administrator.

*Key Management Products:*

- Quality management approach: It describes how quality will be managed on the project. This includes the specific processes, procedures, techniques, standards and responsibilities to be applied.
- Quality register: It is used to summarize all the quality management activities that are planned or have taken place, and provides information for the end stage reports and end project report.

*PRINCE2 Foundation Question*

Which roles can be combined in a quality review team?

- A. Chair and presenter
- B. Chair and reviewer
- C. Chair and administrator
- D. Presenter and reviewer

*PRINCE2 Practitioner Question*

An entry in the quality register shows that the letterheads failed the quality inspection test. However, the product status account shows that the letterheads were accepted by the operations head. What could have gone wrong?

- A. The communication procedure in the communication management approach was not followed.
- B. The risk management procedure in the risk management approach was not followed
- C. The issue and change control procedure in the change control approach was not followed
- D. The quality management procedure in the quality management approach was not followed

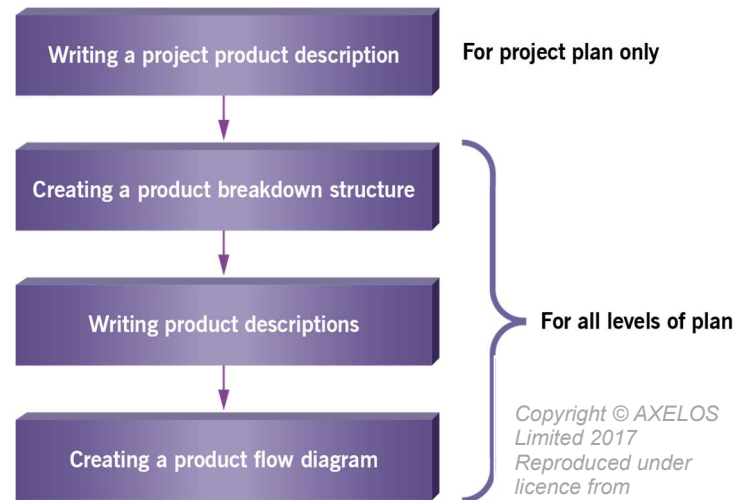
## Plans Theme

The purpose of the plans theme is to facilitate communication and control by defining the means of delivering the products. ①

### Objectives

A plan enables the project team to understand:

- what products need to be delivered
- the risks; both opportunities and threats
- any issues with the definition of scope
- which people, specialist equipment and resources are needed
- when activities and events should happen
- whether targets (for time, cost, quality, scope, risk and benefits) are achievable ①



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### Key Concepts

PRINCE2 use a product-based planning approach i.e. what needs to be delivered (the products) must be identified before deciding what activities, dependencies and resources are required to deliver those products. Plans are mainly classified as follows: ②

- Project plan for the project as a whole, which will usually be a high-level plan, providing indicative timescales, milestones, cost and resource requirements based on estimates
- Detailed stage plan for each management stage, aligned with the overall project plan timescales. This plan must not extend past the planning horizon

An exception plan can replace either a project plan or a stage plan as directed by management. An optional team plan can be created by a Team Manager to coordinate Work Package delivery.

### Key Management Products:

- Project product description: a description of the overall project's output, including the customer's quality expectations, together with the acceptance criteria and acceptance methods for the project (applies to a project plan only)
- Product description: a description of each product's purpose, composition, derivation and quality criteria
- Product Breakdown Structure (PBS): hierarchy of all the products to be produced during a plan
- Plan: provides a statement of how and when objectives are to be achieved, by showing the major products, activities and resources required for the scope of the plan

PRINCE2 Foundation Question

If a project is more risky and complex, what is required?

- A. More team plans
- B. Less management stages
- C. Less team plans
- D. More management stages

PRINCE2 Practitioner Question

Peter and the rest of the partners have asked you to prepare a detailed project plan at the start of the MadisonBridge move project. Is this appropriate for a PRINCE2 project, and why?

- A. No, because the detailed project plan is provided at the middle to the project
- B. Yes, because the project plan should be detailed with the stage plans high level
- C. No, because the project plan should be high level with the stage plans detailed
- D. Yes, because the detailed project plan is required to approve the project

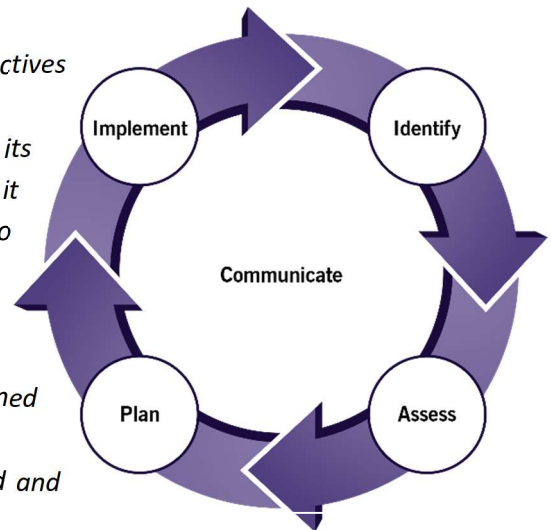
## Risk Theme

*The purpose of the risk theme is to identify, assess and control uncertainty and, as a result, improve the ability of the project to succeed. ①*

Objectives

For risk management to be effective:

- *Risks that might affect the project achieving its objectives need to be identified, captured and described*
- *Each risk needs to be assessed to understand its probability, impact and timing (proximity) so that it can be prioritized. The overall risk exposure needs to be kept under review, together with the impact of risk on the overall business justification for the project*
- *Responses to each risk need to be planned, and assigned to people to action and to own*
- *Risk responses need to be implemented, monitored and controlled ①*



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### Key Concepts

PRINCE2 recommends a risk management procedure as follows:

1. Identify: context and risks
2. Assess: estimate and evaluate
3. Plan
4. Implement
5. Communicate ( operates in parallel with the first four)

### Key Management Products:

- Risk management approach: Describes how risk will be managed on the project. This includes the specific processes, procedures, techniques, standards and responsibilities to be applied. This includes the specific processes, procedures, techniques, standards and responsibilities to be applied.
- Risk register: Provides a record of identified risks relating to the project, including their status and history. It is used to capture and maintain information on all the identified threats and opportunities relating to the project.

### PRINCE2 Foundation Question

A sum of money to fund specific management responses to the project's threats and opportunities is termed a:

- A. Risk budget
- B. Change budget
- C. Project budget
- D. Contingency budget

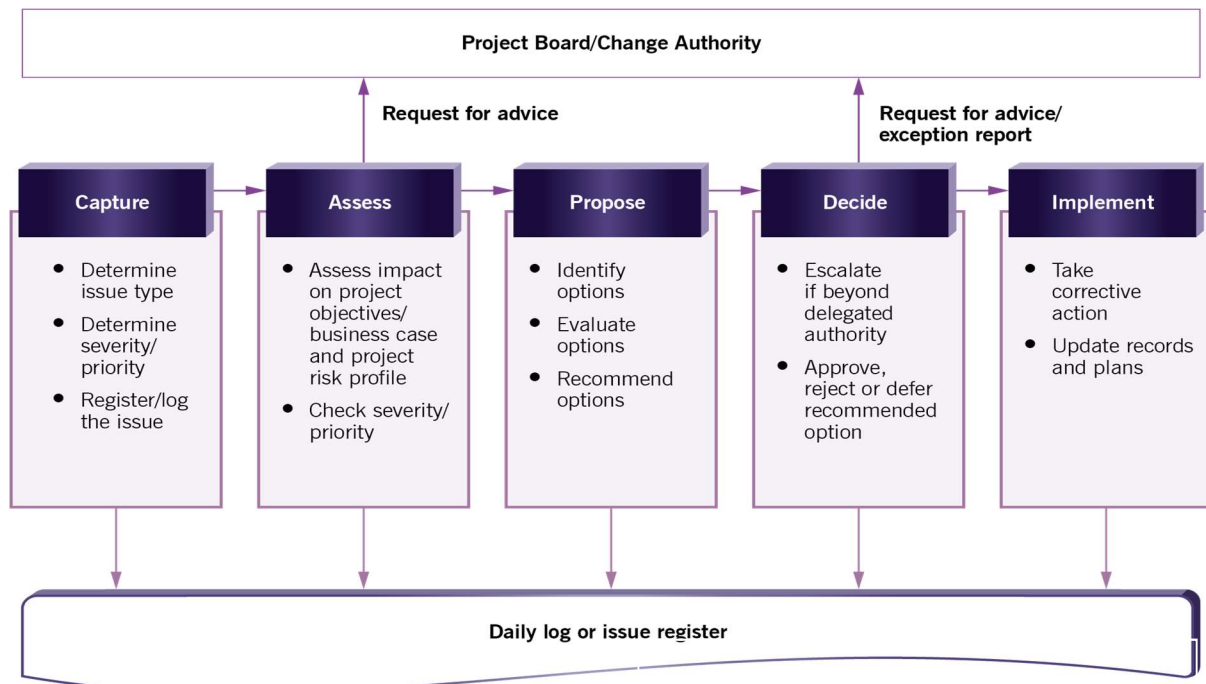
### PRINCE2 Practitioner Question

In the MadisonBridge move project, a risk that the new building may not be available within 6 months has been identified. Peter and the project board believe that they should transfer the risk to the new building management company. Is this appropriate and why?

- A. Yes, because the building management company is responsible for ensuring that the building is available within 6 months
- B. No, because the risks not should be transferred to a third party not involved in the project
- C. Yes, because no other risk response options exist for MadisonBridge
- D. No, because MadisonBridge can only enhance the risk with the new building management company

## Change Theme

The purpose of the change theme is to identify, assess and control any potential and approved changes to the project baselines.



### Objectives

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

- define its change control approach
- define how product baselines are created, maintained and controlled
- maintain some form of issue register to record identified issues and decisions relating to their analysis, management and review
- ensure that project issues are captured, examined, managed and reviewed throughout the project lifecycle
- use lessons to inform issue identification and management ②

### Key Concepts

PRINCE2 uses the term 'issue' to cover any relevant event that has happened, was not planned and requires management action. The three types of issues are: request for change, off-specification and problem/concern. The issue and change control procedure is comprised of the following steps:

1. Capture
2. Assess
3. Propose
4. Decide
5. Implement

### Key Management Products:



- *Issue register: Captures and maintains information on all the issues that are being formally managed.*
- *Change control approach: Identifies how, and by whom, the project's products will be controlled and protected. ①*

PRINCE2 Foundation Question

If a baselined product requires modification, the \_\_\_\_\_ procedure should be applied in order to manage the modification.

- A. quality review
- B. risk response
- C. quality control
- D. issue and change control

PRINCE2 Practitioner Question

The contractor working on the IT server room in the new building has informed you that the work to provide cabling for the equipment will take an additional 2 weeks. The stage tolerance was set for 10 days while the overall project tolerance is 3 months. You decide to raise the issue on the issue register and report on the highlight report to the project board. What would be the best option for the board to take?

- A. Review the stage tolerances
- B. Raise a request for change
- C. Ask for an exception plan
- D. Grant an concession to the contractor

## Progress Theme

*The purpose of the progress theme is to establish mechanisms to monitor and compare actual achievements against those planned; provide a forecast for the project objectives and the project's continued viability; and control any unacceptable deviations.*

### Objectives

PRINCE2 provides progress control through:

- *delegating authority from one level of management to the level below it*
- *dividing the project into management stages and authorizing the project one management stage at a time (PRINCE2's manage by stages principle)*
- *time-driven and event-driven progress reporting and reviews*
- *raising exceptions (PRINCE2's manage by exception principle)*

### Key Concepts

In PRINCE2, the project is managed by exception against six types of tolerance i.e. time, cost, scope, quality, risk and benefits. Progress can be monitored at work package, management stage and project level. Any exception to tolerances at these levels should be escalated to the higher management level for direction. PRINCE2 provides two types of progress control throughout the life of a project i.e. event-driven controls and time-driven controls, which are documented in the PID.

### Key Management Products:

- *Products used for progress reporting include: Checkpoint Report, Highlight Report, End Stage Report and End Project Report.*
- *Products that assist the project manager in establishing baselines for progress control include: Project plan, Stage plan, Exception plan and Work package.*
- *Products that assist in reviewing progress include: Issue register, Product status account, Quality register, Risk register and Daily Log.*
- *Products that assist in capturing lessons learnt include the Lessons Log and for larger projects, the Lessons Report. ①*

### PRINCE2 Foundation Question

Who sets the management stage tolerances?

- A. Corporate/programme management or customer
- B. Project Board
- C. Project Manager
- D. Project Assurance

### PRINCE2 Practitioner Question

At the end of stage 4, you notice in the quality register that there are a high number of outstanding items against the IT server room in the new building. Since stage 5 is the last management stage, you want to be sure that these items are addressed before the time arrives for closing the project. What is the best approach to take to follow this up?

- A. Review the communication management approach to ensure that all quality reviewers increase their productivity in stage 5
- B. Raise an issue and escalate to the project board so that the Senior Supplier takes it up with the IT contractor
- C. Create the stage 5 plan with a key focus on activities to clear the outstanding items in the quality register
- D. Review the quality management approach to increase the number of quality inspections taking place in stage 5

## Starting Up a Project Process

*The purpose of the starting up a project process is to ensure that the prerequisites for initiating a project are in place by answering the question: Do we have a viable and worthwhile project? ①*

### Objectives

*The objective of the starting up a project process is to ensure that:*

- *there is a business justification for initiating the project (documented in an outline business case)*
- *all the necessary authorities exist for initiating the project*
- *sufficient information is available to define and confirm the scope of the project (in the form of a project brief)*
- *the various ways the project can be delivered are evaluated and a project approach selected*
- *individuals are appointed who will undertake the work required in project initiation and/or will take significant project management roles in the project*
- *the work required for project initiation is planned (documented in a stage plan)*
- *time is not wasted initiating a project based on unsound assumptions regarding the project's scope, timescales, acceptance criteria and constraints ①*

### Key Concepts

The activities within the starting up a project process include:

- Appoint the executive and the project manager
- Capture previous lessons
- Design and appoint the project management team

- Prepare the outline business case
- Select the project approach and assemble the project brief
- Plan the initiation stage

Key Management Products:

- Project Mandate
- Project Brief (includes outline business case and project product description)
- Initiation stage plan

PRINCE2 Foundation Question

Which is an objective of the Starting up a Project process?

- A. Ensure all stakeholders understand their responsibilities
- B. Get approval for the Project Plan
- C. Confirm all the necessary authorities exist for initiating the project
- D. Prepare the PID for authority to initiate the project

PRINCE2 Practitioner Question

After being appointed as the project manager, you have your first meeting with the MadisonBridge move project Executive who asks you to review the project mandate and prepare the outline business case so that he can ask the project board to approve initiation.

Is this appropriate, and why?

- A. Yes, because the project manager is responsible for carrying out the directives of the Executive
- B. No, because the Executive is responsible for producing the outline business case
- C. Yes, because the outline business case is part of the project brief required for initiation to be approved
- D. No, because the project manager not the executive asks the board for any approval

## Directing a Project Process

*The purpose of the directing a project process is to enable the project board to be accountable for the project's success by making key decisions and exercising overall control while delegating day-to-day management of the project to the project manager. ①*

### Objectives

*The objective of the directing a project process is to ensure that:*

- *there is authority to initiate the project*
- *there is authority to deliver the project's products*
- *management direction and control are provided throughout the project's life*
- *the project remains viable*
- *corporate, programme management or the customer has an interface to the project*
- *there is authority to close the project*
- *plans for realizing the post-project benefits are managed and reviewed ①*

### Key Concepts

The activities within the directing a project process are project board oriented and are to:

- authorize initiation
- authorize the project
- authorize a stage or exception plan
- give ad hoc direction
- authorize project closure

### Key Management Products:

- Project Brief
- Benefits Management Approach
- Project Initiation Documentation
- Highlight Reports
- Stage Plans
- End Stage Reports
- End of Project Reports

### PRINCE2 Foundation Question

Because the Project Board receives regular \_\_\_\_\_, there is no need for regular progress meetings.

- A. End Stage Reports
- B. Checkpoint Reports
- C. Exception Reports
- D. Highlight Reports

### PRINCE2 Practitioner Question

The MadisonBridge project board has received a request from the company's partners to include an additional wing in the new offices which will be occupied by the board of directors. They inform you to treat it as a request for change, and have asked you to replace the current stage 4 plan with an exception plan for this purpose.

Is this an appropriate application of PRINCE2 and why?

- A. No, because requests for change should come from the projects suppliers who are working on the new offices
- B. Yes, because the project board can respond to any request from programme or corporate management, or the customer
- C. No, because the additional wing should be treated as an off specification and be documented in the issue register
- D. Yes, because an exception plan should be issued any time a request for change from programme or corporate management, or the customer arises

## Initiating a Project Process

*The purpose of the initiating a project process is to establish solid foundations for the project, enabling the organization to understand the work that needs to be done to deliver the project's products before committing to a significant spend. ①*

### Objectives

*The objective of the initiating a project process is to ensure that there is a common understanding of:*

- *the reasons for doing the project, the benefits expected and the associated risks*
- *the scope of what is to be done and the products to be delivered*
- *how and when the project's products will be delivered and at what cost*
- *who is to be involved in the project decision-making*
- *how the quality required will be achieved*
- *how baselines will be established and controlled*
- *how risks, issues and changes will be identified, assessed and controlled*
- *how progress will be monitored and controlled*
- *who needs information, in what format and at what time*
- *how the corporate, programme management or customer method will be tailored to suit the project ①*

### Key Concepts

The activities within the initiating a project process are project manager oriented and are to:

- agree the tailoring requirements
- prepare the risk management approach

- prepare the change control approach
- prepare the quality management approach
- prepare the communication management approach
- set up the project controls
- create the project plan
- refine the business case
- assemble the project initiation documentation

Key Management Products:

- Project Brief
- Benefits Management Approach
- Project Initiation Documentation
- Next Stage Plan

PRINCE2 Foundation Question

The purpose of the \_\_\_\_\_ process is to establish solid foundations for the project, enabling the organization to understand the work that needs to be done to deliver the project's products.

- A. Starting up a Project
- B. Directing a Project
- C. Initiating a Project
- D. Closing a Project

PRINCE2 Practitioner Question

The project board has asked you to consult both the two heads of the building management companies to get their views on how the MadisonBridge move should be carried out. This is based on their vast experience with different clients over the years moving into and out of the buildings under their management.

Where should be this information be recorded, and why?

- A. In the daily log, because this is the project management's diary for recording conversations with other project stakeholders
- B. In the project brief, because it defines the choice of solution that will be used within the project to deliver the chosen move option
- C. In the business case, because the chosen move option will be outlined by the project manager
- D. In the lessons log, because it is the project repository for lessons that apply to this project or future projects

## Controlling a Project Process

*The purpose of the controlling a stage process is to assign work to be done, monitor such work, deal with issues, report progress to the project board, and take corrective actions to ensure that the management stage remains within tolerance. ①*

### Objectives

The objective of the controlling a stage process is to ensure that:

- *Attention is focused on delivery of the management stage's products. Any movement away from the direction and products agreed at the start of the management stage is monitored to avoid uncontrolled change and loss of focus*
- *Risks and issues are kept under control*
- *The business case is kept under review*
- *The agreed products for the management stage are delivered to stated quality standards, within cost, effort and time agreed, and ultimately in support of the achievement of the defined benefits*
- *The project management team is focused on delivery within the tolerances laid down ①*

### Key Concepts

Controlling a stage activities are project manager oriented and comprise:

- Authorizing, reviewing and receiving completed Work packages
- Monitoring the management stage status and reporting highlights
- Capturing and examining issues and risks, and taking corrective action

### Key Management Products:

- Work package
- End Stage Report
- Highlight Reports
- Stage Plan
- Issue Register
- Risk Register
- Lessons Log
- Daily Log

### PRINCE2 Foundation Question

Which is NOT a purpose of the Controlling a Stage process?

- A. Report progress to the Project Board
- B. Assign work to be done
- C. Take corrective actions to control deviations from the Stage Plan
- D. Recommend the tolerances for the next stage



### PRINCE2 Practitioner Question

In the middle of stage 4, you realize that the work of furnishing the lawyers' offices is lagging behind schedule. However, the checkpoint from the team manager handling the furnishings indicates that the contractors will complete the work on time at the end of the stage. What is the appropriate action to take and why?

- A. Request a project status account from project support to identify any variation between planned progress, reported progress and actual progress
- B. Hold a meeting with the quality review team to discuss the minutes from the last review meeting for the lawyers' offices
- C. Raise a request for change asking the project board to change the contractor handling the furnishings
- D. Update the issue register to record the project board's request for an exception plan to accommodate the delays

## Managing Project Delivery Process

*The purpose of the managing product delivery process is to control the link between the project manager and the team manager(s), by agreeing the requirements for acceptance, execution and delivery. ①*

### Objectives

The objective of the managing product delivery process is to ensure that:

- *work on products allocated to the team is authorized and agreed*
- *team managers, team members and suppliers are clear as to what is to be produced and what is the expected effort, cost or timescales*
- *the planned products are delivered to expectations and within tolerance*
- *accurate progress information is provided to the project manager at an agreed frequency to ensure that expectations are managed. ①*

### Key Concepts

The activities within the managing product delivery process are team manager oriented and are to:

- accept a work package
- execute a work package
- deliver a work package

### Key Management Products:

- Work package
- Team plan
- Quality Register
- Issue Register
- Checkpoint Report

- Configuration Item Record

### PRINCE2 Foundation Question

What role is responsible for creating a Team Plan in the Managing Product Delivery process?

- A. Senior User
- B. Project Manager
- C. Team Manager
- D. Project Support

### PRINCE2 Practitioner Question

The team manager responsible for the work on the IT Server room in the new MadisonBridge building has realized that the contractor working on the cabling will not be able to meet the work package cost tolerance as their projected costing might surpass the tolerance by €5,000 which is above the work package tolerance of €3,000. What is the right approach for the team manager to take regarding this matter?

- A. Review the work package tolerance upwards to €5,000 since the team manager is responsible for authorizing the work package
- B. Consult with project assurance (supplier) to check if the work package was correctly planned in line with the cabling contractor's contract
- C. Raise an issue with the project manager and report the details of the possible cost exception in the next checkpoint report
- D. Escalate to the project board who are responsible for all cost tolerances in the Madison Bridge move project

## Managing a Stage Boundary Process

*The purpose of the managing a stage boundary process is to enable the project manager to provide the project board with sufficient information to be able to review the success of the current management stage, approve the next stage plan, review the updated project plan, as well as confirm continued business justification and acceptability of the risks ①*

### Objectives

*The objective of the managing a stage boundary process is to:*

- *assure the project board that all products in the stage plan for the current management stage have been completed and approved*
- *prepare the stage plan for the next management stage*
- *review and, if necessary, update the PID; in particular the business case, project plan, project approaches, project management team structure and role descriptions*
- *provide the information needed for the project board to assess the continuing viability of the project*
- *record any information or lessons that can help later management stages of this project and/or other projects*

- request authorization to start the next management stage ①

### Key Concepts

The activities within the managing a stage boundary process are project manager oriented and are to:

- plan the next management stage
- update the project plan
- update the business case
- report management stage end
- produce an exception plan

### Key Management Products:

- Project Initiation Documentation
- Next Stage Plan
- End Stage Report

### PRINCE2 Foundation Question

Which of the following takes place in the Managing a Stage Boundary process?

- A. Review of the business justification for the project
- B. Periodic review of progress against the Stage Plan
- C. Escalation of Risk Reports created during the current stage
- D. Obtain approvals for all completed products

### PRINCE2 Practitioner Question

At the end of stage 3 of the MadisonBridge move project, it comes to your attention that due to financial constraints on the part of the main contractor handling the furnishings, the expected move to the new building might be delayed for 2 months. As the project manager, which management products should this information be recorded?

- A. The benefits management approach, the quality register and the project plan
- B. The stage 4 plan, the issue register and the configuration items record
- C. The project plan, the configuration item records and the lessons log
- D. The business case, the end stage report and the risk register

## Closing a Project Process

*The purpose of the closing a project process is to provide a fixed point at which acceptance for the project product is confirmed, and to recognize that objectives set out in the original PID have been achieved (or approved changes to the objectives have been achieved), or that the project has nothing more to contribute. ①*

### Objectives

The objective of the closing a project process is to:

- *Verify user acceptance of the project's products*
- *Ensure that the host site is able to support the products when the project is disbanded*
- *Review the performance of the project against its baselines*
- *Assess any benefits that have already been realized and update the benefits management approach to include any post-project benefit reviews*
- *Ensure that provision has been made to address all open issues and risks, with follow-on action recommendations* ①

### Key Concepts

The activities within the closing a project process are project-manager-oriented and are to:

- prepare planned closure
- prepare premature closure
- hand over products
- evaluate the project
- recommend project closure

### Key Management Products:

- Product status account
- Configuration item records
- Issue Register
- Risk Register
- Product Initiation Documentation
- Benefits management approach
- End project report
- Lessons report

### PRINCE2 Foundation Question

When is it confirmed if a project's objectives have been achieved?

- A. During the Starting a Project process
- B. During the Closing a Project process
- C. During the Managing a Stage Boundary process
- D. During the Managing Product Delivery process

### PRINCE2 Practitioner Question

At the end of the MadisonBridge move project, the project board wants to know whether the administration/operations and IT support teams as well as the new building management company

are prepared to take over the running and maintenance of MadisonBridge equipment. As the project manager, what actions should you have undertaken as you handover the project products?

- A. Review the benefits management approach to verify who is accountable for the expected benefits of the MadisonBridge move project
- B. Examine the change control approach to confirm how the MadisonBridge project products are to be handed over to those who will maintain them in their operational life
- C. Check the communication management approach to identify who is responsible for communicating to the support teams of their role in maintaining the project products
- D. Update the product descriptions with information on who in the project is responsible for maintaining the project products

## Answer Guide

- Business Case Foundation Question: C (Section 14.4.4)
- Business Case Practitioner Question: D (Appendix A2.2)
- Organization Foundation Question: B (Section 7.2.1.2)
- Organization Practitioner Question: A (Section 19.4.1)
- Quality Foundation Question: B (Section 8.4.3)
- Quality Practitioner Question: D (Section A.22.2)
- Plans Foundation Question: D (Section 9.3.1.1)
- Plans Practitioner Question: C (Section 9.1.2)
- Risk Foundation Question: A (Section 10.3.7)
- Risk Practitioner Question: B (Section 10 .4.3 - Table 10.3)
- Change Foundation Question: D (Section 11.1)
- Change Practitioner Question: A (Section 15.4.4)
- Progress Foundation Question: B (Section 12.2.1)
- Progress Practitioner Question: B (Section 12.2.2.2)
  
- Starting Up a Project Foundation Question: C (Section 14.2)
- Starting Up a Project Practitioner Question: B (Section 14.4.4)
- Directing a Project Foundation Question: D (Section 15.3)
- Directing a Project Practitioner Question: B (Section 15.4.4)
- Initiating a Project Foundation Question: C (Section 16.3)
- Initiating a Project Practitioner Question: D (Section 16.4.1)
- Controlling a Stage Foundation Question: D (Section 17.1)
- Controlling a Stage Practitioner Question: A (Section 17.4.4)
- Managing Product Delivery Foundation Question: C (Section 18.4.1 - Table 18.1)
- Managing Product Delivery Practitioner Question: C (Section 18.4.2)
- Managing a Stage Boundary Foundation Question: A (Section 19.4.3)
- Managing a Stage Boundary Practitioner Question: D (Section 19.4.3 and 19.4.4)
- Closing a Project Foundation Question: B (Section 20.1)
- Closing a Project Practitioner Question: B (Section 20.4.3)