PRINCE2® processes

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Table of Contents

Introduction

The seven processes of PRINCE2 form a central part of the PRINCE2 guidance. This article explores each of the seven processes of PRINCE2.

What are the 7 processes of PRINCE2?

In PRINCE2 there are 7 processes which describe who is responsible for taking decisions during a project and when [1]. The processes describe who is responsible for the activities required to meet the 7 PRINCE2 principles on a project.

These are:

1. Starting up a project
2. Directing a project
3. Initiating a project
4. Controlling a stage
5. Managing product delivery
6. Managing a stage boundary
7. Closing a project

The 7 processes are covered in detail in PRINCE2 training courses. For the exam, PRINCE2 Foundation students are required to learn the purpose of the 7 processes and the purpose of the management products created within them. PRINCE2 Practitioner students are required to display a level of understanding of the processes that they can apply them on a simple project scenario.

1. Starting up a project

This pre-project process aims to address the question: "Is the project a worthwhile investment, and is it viable?" It's 3 principal goals are to:

1. Appoint individuals who will take part in the initiation stage and those who will fill crucial project management roles.
2. Formulate a plan of work including all tasks to be accomplished during the initiation stage.
3. Ensure that the project initiation is underpinned by valid assumptions concerning the project's scope, timelines, acceptance criteria, and limitations.

4. This process acts to filter out the well-conceived projects and those that are poorly conceived. The rationale is to proceed with sound project ideas and dismiss flawed ones before they consume valuable time and resources.

A project mandate, originating from the upper echelons of the client's organization (hereafter referred to as 'corporate management'), sets this process in motion. Corporate management also appoints the executive.

At a bare minimum, the project mandate should explain the rationale behind the project and identify the potential executive for the project board. Prior to the project's commissioning by corporate management, it's imperative to allocate and resource key roles and responsibilities for the initiation stage's workload.

The executive holds the responsibility for drafting the preliminary business case that illustrates the alignment of the project with the corporate management's objectives and how it will be funded. Additionally, the executive must secure the necessary funding.

The two primary outcomes of this process include:

1. A project brief – which assures a consensus on a well-delineated starting point for the project.
2. An initiation stage plan – which encompasses all work to be done in the initiation stage. The project manager reviews the lessons log for relevant information to help them identify appropriate controls for the initiation stage.

Both these management products are drafted by the project manager.

2. Directing a project

The project board performs this process, designed to ensure key decisions and overall project control rest with them, while everyday project management is delegated to the project manager. This distinct structure allows for accountability for project success to be borne by the project board, and in particular the executive role.

The process ensures that 5 main things exist on the project, including:

1. Authority to initiate, execute, and close the project.
2. Continuous management direction and control within the project.
3. Ongoing project viability.
4. A bridge between corporate management and the project.
5. Plans for capturing post-project benefits which are managed and reviewed.

The project board's role involves maintaining continuous business justification. Regular progress meetings with the project manager are not necessary as the board operates under a 'management by exception' approach. The board stays updated on progress through frequent highlight reports from the project manager and acts as a conduit to corporate management.

The project board undertakes the following 5 activities:

1. Authorize initiation - this confirms that the project's investment is worthwhile.
2. Authorize the project - it endorses the project initiation documentation, provided it is satisfied that the project has firm foundations.
3. Authorize a stage or exception plan - it reviews the current stage's performance, approving the next stage plan (or exception plan) if business justification still exists, and allocates the resources necessary to implement the plans.
4. Provide ad-hoc direction - it reviews reports from the project manager and makes decisions concerning project issues, risks, and changes.
5. Authorize project closure - it assesses and approves the end project report, assuming all project tasks have been completed.

3. Initiating a project

This process is performed by the project manager. Its primary objective is to lay the groundwork for the project's management and control, allowing the customer to grasp the effort, duration, and expenditure necessary to accomplish the project's objectives prior to committing substantial investment.

The 5 main aims of this process are to foster a common understanding of:

1. The objectives, timeline, financial implications, scope, key deliverables, anticipated benefits, and potential risks.
2. How risks, issues, changes, communication, quality, and benefits will be managed.
3. The quality requirements and standards.
4. The control mechanisms for baseline deliverables.
5. The communication requirements of stakeholders.

The main deliverable of this process is the project initiation documentation, encompassing:

1. Project plan - outlining the project's deliverables, including cost, resource allocation, and timeline.
2. Detailed business case - providing the business justification, benefits, and cost benefit analysis.
3. Management approaches for communication, risk, quality, benefits, and change control.
4. Project controls - outlining the mechanisms for project control, reporting and escalation procedures.
5. Tailoring - detailing how PRINCE2 and any organisational or program processes will be customised to the project.

4. Controlling a stage

This process, performed by the project manager, is designed to allocate work to teams, monitor performance, manage issues and risks, report progress to the project board, and take necessary actions to keep the stage within its agreed tolerances.

There are six primary objectives to ensure that:

1. The project management team is committed to delivering within the agreed upon tolerances.
2. Risks and issues are properly managed.
3. The business case is consistently reviewed.
4. The agreed-upon products meet the defined quality standards and are delivered within the set cost, effort, and time constraints.
5. Progress is reported to the project board via highlight reports.
6. Threats to tolerance levels are escalated through exception reports.

This process is triggered when the project board approves either a stage or exception plan. The process encompasses the daily management of a stage by the project manager while the project board 'manages by exception'. Once a stage or exception plan has been approved by the project board, the project manager is free to start managing the stage.

The process is primarily concerned with delivering the products of the stage. Any variance from the approved stage plan is closely monitored, and corrective measures are undertaken. The commencement of work is contingent upon authorization from the project manager, who delegates tasks to teams using work packages.

Work package authorization necessitates an agreement on reporting and problem-handling arrangements, and the risk register must be updated to include any newly identified risks.

After the work begins, the team manager provides regular checkpoint reports to the project manager. The project manager collects and reviews progress data from these reports, estimating the time and effort required to complete any remaining tasks.

If any delays occur, the project manager implements corrective measures for issues within stage tolerances. For delays that will lead to an exception, an exception report is prepared by the project manager and presented to the project board.

Throughout the stage, the project manager sends periodic highlight reports to the project board. The stage plan (or exception plan) is updated as the process progresses, reflecting the actuals from the current stage and forecasts for the remaining part of the stage.

A fundamental aspect of this process involves the project manager regularly reviewing progress. For any proposed changes, the project manager evaluates the impact of the change on the plans and the business case. If a change is approved and implemented, the project manager ensures that all relevant stakeholders are informed.

5. Managing product delivery

The team manager performs this process, the objective of which is to manage the interface between the customer and supplier, imposing formal requirements on the team manager regarding the execution of the work. The team manager is entrusted with delivering an area of work to deliver one or more of the project's products.

There are four primary objectives which seek to ensure that:

1. The work on products delegated to the team is approved and agreed upon.
2. team managers and suppliers have a clear understanding of the expected outputs and the anticipated effort, cost, and timelines.
3. The intended products are delivered to meet expectations and within the set tolerance levels.
4. Accurate progress updates are regularly relayed to the project manager to manage expectations effectively.

It's not unusual for the supplier, for whom the team manager works, to not follow PRINCE2 or to have limited knowledge of it. This is not a problem however, as PRINCE2 delineates the required interaction between the team manager and project manager.

In the context of PRINCE2, the commencement of work should occur only after the project manager has approved a work package. Upon accepting a work package, the team manager implicitly agrees to the tolerances set by the project manager. The team manager may create an (optional) team plan, which must be authorized by the project manager and/or senior supplier. There may be instances where the project manager is unable to authorize a team plan due to commercial considerations. In such scenarios, an agreement on delivery dates and costs would suffice.

team managers must provide the project manager with progress updates through regular checkpoint reports. Upon completion of the products, the team secures the necessary approvals from the authorities mentioned in the product description. If a team manager forecasts a deviation beyond the tolerances of the work package, they raise a project issue with the project manager.

6. Managing a stage boundary

As each stage nears completion (excluding the final stage), this process is carried out by the project manager to begin planning for the subsequent stage. Its primary aim is to present an updated outlook of the project to the project board, enabling the board to evaluate the current stage's accomplishments, approve the next stage plan, revisit the refreshed project plan, and reaffirm the project's continued justification and acceptable risk levels.

The 7 objectives of this process include:

1. Assuring the project board of the completion and approval of all products outlined in the current stage plan.
2. Formulating the plan for the succeeding stage.
3. Evaluating and updating the project initiation documentation, if required.
4. Supplying necessary information for the project board to gauge the project's ongoing feasibility.
5. Documenting any lessons or information that may benefit future stages of this project and/or other projects.
6. Seeking authorization to commence the next stage.
7. In case of an exception, creating an exception plan and obtaining approval to substitute the current stage's project plan or stage plan with the exception plan.

Adhering to the 'manage by exception' principle, the project board convenes with the project manager only at the stage's conclusion, known as an end stage assessment. The project manager is expected to furnish the project board with all requisite details to make an informed decision about the project's continuity.

The project manager revises the project plan by factoring in the actual progress from the concluding stage, along with updated time and cost estimates for the remaining project. In preparation for the project board's approval, the business case is reviewed and updated in consultation with the executive. The risk register is reviewed to understand the project's current risk exposure and identify key risks impacting the business case. The benefits management approach is also revisited to assess the outcome of any benefits reviews conducted during the stage.

In the event of an exception, an exception plan is devised upon request by the project board, based on recommendations made in a preceding exception report. In this scenario, the project manager prepares an exception plan instead of the next stage plan. Similar to the end of a stage, the project plan and business case are updated, and an end stage report is drafted.

7. Closing a project

This process is performed by the project manager and its primary function is to establish a decisive point at which it is confirmed that acceptance for the project's deliverables have been achieved. It also evaluates whether the goals defined in the original project initiation documentation have been fulfilled and ensures that all project-related tasks have been completed.

The 5 main objectives of this process are:

1. To determine that user acceptance for the project's products has been obtained, ensuring that the project's acceptance criteria have been satisfied.
2. To confirm that the host site(s) is capable of supporting the products when they become operational.
3. To evaluate the project's performance against its initial baselines.
4. To analyze any benefits that have been realized already, update the forecast for the remaining benefits, and formulate a review for all unrealized benefits.
5. To verify that arrangements have been made to manage all unresolved issues and risks with subsequent action recommendations.

The process of closing a project is NOT an independent stage conducted at the project's end but rather a process executed during the final delivery stage (the controlling a stage and managing product delivery processes are still in operation at this point). Closure activities ought to be planned and resourced during the creation of the stage plan for the final stage.

The process includes the physical handover of products to the customer (if it hasn't taken place already), which can only proceed once acceptance has been confirmed.

This process ensures a clear end to a project and offers three key advantages for the customer:

1. The operational regime is now capable of assuming control of the products from the project.
2. The project management team can be disbanded.
3. No further project-related costs are expected to be incurred.

At the end of a project, it is typical to find several unresolved matters, such as unimplemented change requests or operational risks. These must be documented in the form of follow-on action recommendations as part of the end project report.

A lessons report is drafted, documenting both successful and unsuccessful aspects of the project along with any corresponding recommendations for corporate management to apply to future projects or during regular operations. The project manager then prepares a project closure notification and sends it to the project board for approval.

Once the project closure is sanctioned by the project board, all management products used during the project must be securely archived. The project's products are then transitioned into operational use so they can start to realize the benefits outlined in the business case.

Once anticipated benefits are achieved, they are recorded in the benefits management approach. This approach, along with lessons reports, are the only management products actively used after the project's closure. It falls to corporate management to ensure the execution and active management of the benefits management approach after the project concludes.

PRINCE2 process model

Download the PRINCE2 process model showing management stages forming part of the PRINCE2 project life cycle.

Download the PRINCE2 process model showing activities.

Reference

[1] Stationery Office (2017) Managing Successful Projects with PRINCE2. 6th edn. Stationery Office.