



PRINCE2 2017 Foundation
Module 01
Key Concepts

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1.1 Definition & characteristics of a project

PRINCE2® Foundation Module 01	Understand key concepts relating to projects and PRINCE2 Definition & characteristics of a project
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What is a Project?



Definition: Project

“A temporary organization that is created for the purpose of delivering one or more business products according to an agreed business case.”

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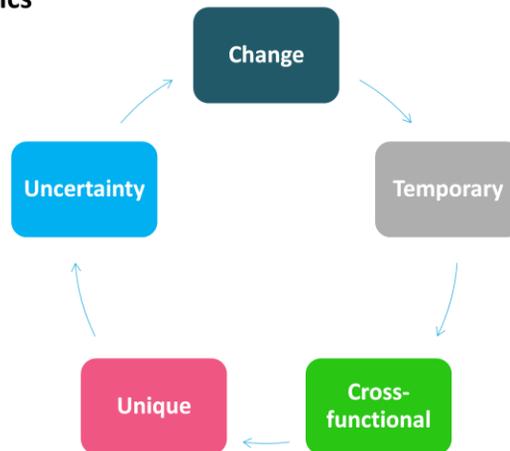
A key challenge for organizations in today's world is to succeed in balancing two parallel, competing imperatives. These are to:

- Maintain current business operations (i.e. maintain profitability, service quality, customer relationships, brand loyalty, productivity, market confidence, etc.). This is what we would term 'business as usual'
- Transform business operations in order to survive and compete in the future (i.e. looking forward and deciding how business change can be introduced to best effect for the organization).

As the pace of change (technology, business, social, regulatory, etc.) accelerates, and the penalties of failing to adapt to change become more evident, the focus of management attention is inevitably moving to achieve a balance between business as usual and business change.

Projects are the means by which we introduce change and, although many of the skills required are the same, there are some crucial differences between managing business as usual and managing project work.

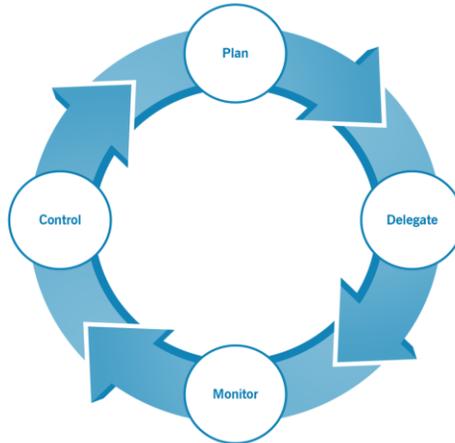
5 Project Characteristics



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- **Change** Projects are the means by which we introduce change.
- **Temporary** As the definition of a project states, projects are temporary in nature. When the desired change has been implemented, business as usual resumes (in its new form) and the need for the project is removed. Projects should have a defined start and a defined end.
- **Cross-functional** A project involves a team of people with different skills working together (on a temporary basis) to introduce a change that will impact others outside the team. Projects often cross the normal functional divisions within an organization and sometimes span entirely different organizations. This frequently causes stresses and strains both within organizations and between them (for example, between customers and suppliers). Each has a different perspective and motivation for getting involved in the change.
- **Unique** Every project is unique. An organization may undertake many similar projects, and establish a familiar, proven pattern of project activity, but each one will be unique in some way: a different team, a different customer, a different location, a different time. All these factors combine to make every project unique.
- **Uncertainty** The characteristics already listed will introduce threats and opportunities over and above those we typically encounter in the course of business as usual. Projects are more risky.

What is project management & what the project manager does:

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- Project management is the planning, delegating, monitoring and control of all aspects of the project, and the motivation of those involved, to achieve the project objectives within the expected performance targets for time, cost, quality, scope, benefits and risk.
- The purpose of project management is to keep control over the specialist work required to create the project's products or, following the house analogy, to make sure the roofing contractor does not arrive before the walls are built.

One aim of PRINCE2 is to make the right information available at the right time for the right people to make the right decisions about the project. Those decisions include whether to take corrective action or implement measures to improve performance.

1.2 The six aspects of project performance

PRINCE2® Foundation Module 01	Understand key concepts relating to projects and PRINCE2 The six aspects of project performance
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What is it we wish to control?

Six aspects of project performance to be managed



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Six aspects of project performance to be managed

- **Costs** The project has to be affordable and, though we may start out with a particular budget in mind, there will be many factors which can lead to overspending and, perhaps, some opportunities to cut costs.
- **Timescales** Closely linked to costs, and probably one of the questions project managers are most frequently asked, is: When will it be finished?
- **Quality** Finishing on time and within budget is not much consolation if the result of the project does not work. In PRINCE2 terms, the project's products must be fit for purpose.
- **Scope** Exactly what will the project deliver? Without knowing it, the various parties involved in a project can very often be talking at cross-purposes about this. The customer may assume that, for instance, a fitted kitchen and/or bathroom is included in the price of the house, whereas the supplier views these as 'extras'.
On large-scale projects, scope definition is much more subtle and complex. There must be agreement on the project's scope and the project manager needs to have a sufficient understanding of what is and what is not within the scope. The project manager should take care not to deliver beyond the scope as this is a common sour

- **Benefits** Perhaps most often overlooked is the question: Why are we doing this? It is not enough to build the house successfully on time, within budget and to quality specifications if, in the end, we cannot sell or rent it at a profit or live in it happily. The project manager has to have a clear understanding of the purpose of the project as an investment and make sure that what the project delivers is consistent with achieving the desired return.
- **Risk** All projects entail risks but exactly how much risk are we prepared to accept? Should we build the house near the site of a disused mine, which may be prone to subsidence? If we decide to go ahead, is there something we can do about the risk? Maybe insure against it, enhance (underpin) the house foundations or simply monitor with ongoing surveys? ce of delays, overspends and uncontrolled change ('scope creep').



1.3 The integrated elements of PRINCE2

PRINCE2® Foundation Module 01	Understand key concepts relating to projects and PRINCE2
The integrated elements of PRINCE2	

What is PRINCE2 ?

PRojects **IN** Controlled **E**nvironments



Definition: PRINCE2

“It is a structured project management method based on experience drawn from thousands of projects and from the contributions of countless project sponsors, project managers, project teams, academics, trainers and consultants.”

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PRINCE2 has been designed to be generic so that it can be applied to any project regardless of project scale, type, organization, geography or culture. It achieves this by:

- Separating the management of project work from the specialist contributions, such as design or construction. The specialist aspects of any type of project are easily integrated with the PRINCE2 method and, used alongside PRINCE2, provide a secure overall framework for the project work.
- Focusing on describing what needs to be done, rather than prescribing how everything is done.

The Structure of PRINCE2



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The 5 Integrated Elements of PRINCE2

- **PRINCE2 principles** The principles are the guiding obligations and good practices which determine whether the project is genuinely being managed using PRINCE2. There are seven principles and unless all of them are applied, it is not a PRINCE2 project. PRINCE2 is a flexible method and one of the principles is that it should be tailored to suit the type and size of project.
- **PRINCE2 themes** The themes describe aspects of project management that must be addressed continually and in parallel throughout the project. The seven themes explain the specific treatment required by PRINCE2 for various project management disciplines and why they are necessary.
- **PRINCE2 processes** The processes describe a progression from the pre-project activity of getting started, through the stages of the project lifecycle, to the final act of project closure. Each process has checklists of recommended activities, products and related responsibilities.
- **The project environment** Organizations often want a consistent approach to managing projects and tailor PRINCE2 to create their own project management method. This method is then embedded into the organization's way of working.

What makes a project a PRINCE2 project



Definition: PRINCE2

“For a project to be following PRINCE2, as a minimum it must be possible to demonstrate that the project:

- is applying PRINCE2's principles
- is meeting the minimum requirements set out in the PRINCE2 themes
- has project processes that satisfy the purpose and objectives of the PRINCE2 processes
- is either using PRINCE2's recommended techniques or using alternative, equivalent techniques “

- Beyond these requirements, users of PRINCE2 have freedom to tailor PRINCE2 to their needs as described in PRINCE 2 2017 Guidance - Chapter 4 and throughout the rest of this material.



1.4 The features and benefits of PRINCE2

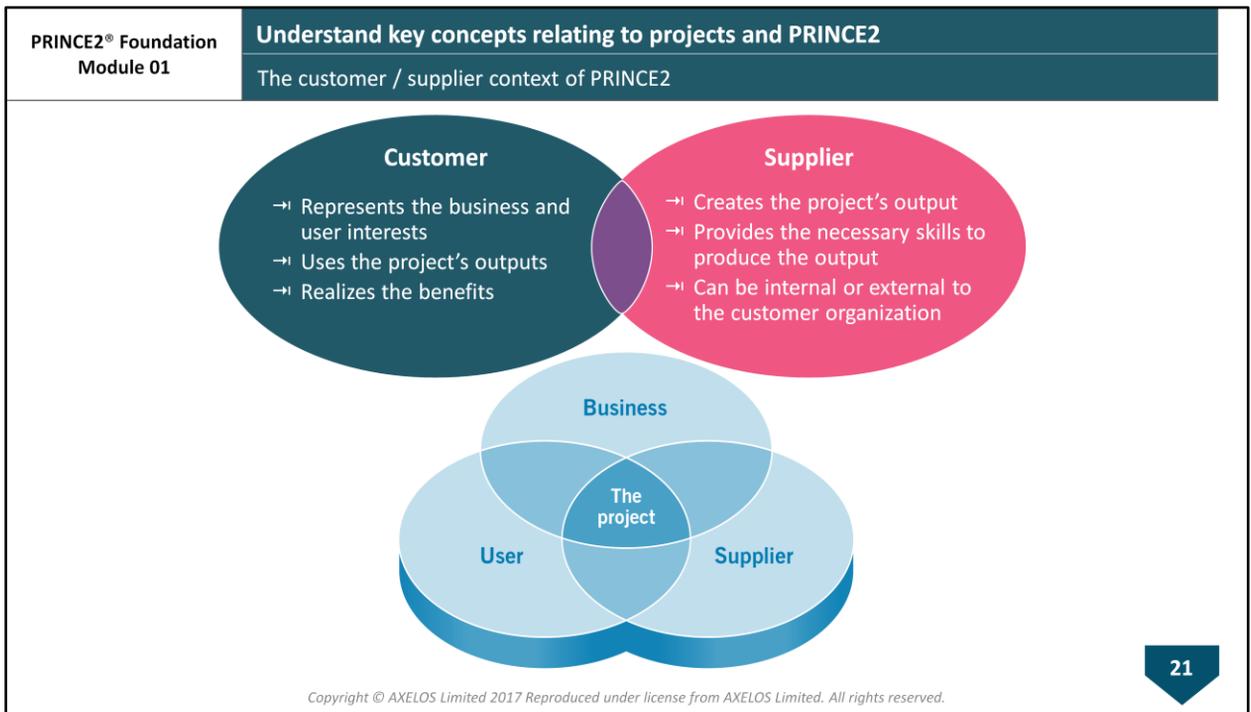
PRINCE2® Foundation Module 01	Understand key concepts relating to projects and PRINCE2 The features and benefits of PRINCE2
	<ul style="list-style-type: none"> <li data-bbox="222 394 1186 453">○ is based on established and proven best practice and governance <li data-bbox="222 474 1186 533">○ can be tailored to meet the specific needs of the organization <li data-bbox="222 554 1186 613">○ can be applied to any type of project <li data-bbox="222 634 1186 693">○ is widely recognized and understood and provides a common vocabulary <li data-bbox="222 714 1186 772">○ ensures that participants focus on the viability of the project in relation to its business case objectives <li data-bbox="222 793 1186 852">○ promotes learning from project experience and continual improvement in organizations <li data-bbox="222 873 1186 932">○ is supported by a worldwide network of examination institutes, accredited training and consultancy organizations, and AXELOS consulting partners

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The Features and Benefits of PRINCE2

- is based on established and proven best practice and governance
- can be tailored to meet the specific needs of the organization
- can be applied to any type of project
- is widely recognized and understood and provides a common vocabulary
- ensures that participants focus on the viability of the project in relation to its business case objectives
- promotes learning from project experience and continual improvement in organizations
- is supported by a worldwide network of examination institutes, accredited training and consultancy organizations, and AXELOS consulting partners

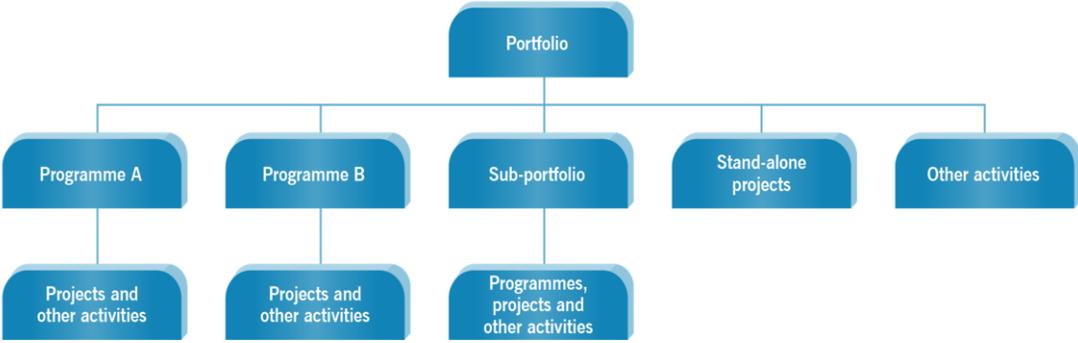
1.5 The customer / supplier context of PRINCE2



- PRINCE2 assumes that there will be a customer who will specify the desired result and a supplier who will provide the resources and skills to deliver that result.
- PRINCE2 refers to the organization that commissions a project as 'corporate, programme management or the customer' (by 'corporate, programme management' we mean corporate or programme management).
- This organization is responsible for providing the project's mandate, governing the project, and for realizing any benefits that the project might deliver or enable.

PRINCE2® Foundation Module 01	Understand key concepts relating to projects and PRINCE2 The customer / supplier context of PRINCE2
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Projects can exist within many contexts; they may be stand alone (with their own business case and justification) or they may be part of a programme or wider portfolio.



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graph TD
    Portfolio[Portfolio] --> ProgrammeA[Programme A]
    Portfolio --> ProgrammeB[Programme B]
    Portfolio --> Subportfolio[Sub-portfolio]
    Portfolio --> Standalone[Stand-alone projects]
    Portfolio --> Other[Other activities]
    ProgrammeA --> ProjActA[Projects and other activities]
    ProgrammeB --> ProjActB[Projects and other activities]
    Subportfolio --> ProjActC[Programmes, projects and other activities]
  
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In addition, projects may be wholly managed within the commissioning organization or be part of a commercial relationship.

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In a commercial environment, sometimes there may be hierarchies of commercial relationships between suppliers. Rather than a simple customer/supplier relationship involving two organizations, projects often involve multiple organizations constrained by multiple contracts. There may be a primary commissioning organization (or one prime contractor), but there may be several customers and/or several supplier organizations, each of which may have its own business case for undertaking the project. Examples include:

- joint ventures
- collaborative research
- intergovernmental projects
- interagency projects (e.g. for the United Nations Development Programme)
- bidding consortium and alliance contracting
- partnerships

When managing projects in a commercial environment, consider that there may be multiple sets of:

- reasons for undertaking the project (business case)
- management systems (including project management methods)
- governance (possibly requiring disclosure of different sorts of project data at different points in the project's life)
- organization structures
- delivery approaches
- corporate cultures (e.g. behaviors, cultures, risk appetite)

Further advice and guidance related to tailoring PRINCE2 in a commercial environment can be found in PRINCE2 2017 guidance and in this material.

1.6 Module Summary

PRINCE2® Foundation Module 01	Understand key concepts relating to projects and PRINCE2 Module Summary
<p>In this module we learned:</p> <ul style="list-style-type: none">✓ the definition and characteristics of a project✓ the six aspects of project performance to be managed✓ the integrated elements of PRINCE2: principles, themes, processes and the project environment✓ what makes a project a PRINCE2 project <p>And Described:</p> <ul style="list-style-type: none">✓ the features and benefits of PRINCE2✓ the customer/ supplier context on which PRINCE2 is based  <p style="text-align: right;">23</p>	