

David Hinde

PRINCE2[®]

STUDY GUIDE

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PRINCE2[®]

Study Guide



David Hinde



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To Louise,

*Thanks for all your help and support whilst I was writing this book.
I couldn't have done it without you.*

Love, Dave

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About the Author



David Hinde has more than 20 years of experience in directing and managing projects and change programmes in the digital industry. He spent the early years of his career working for Mars Global before switching to the world of software development, broadcast, and IT. He worked in the engineering departments of MFN and RedBox, delivering projects to clients such as Deloitte and Touche, BP, and GroupTrade. He has had many years of experience in implementing best-practice approaches such as PRINCE2, PMI, Scrum, XP, Six Sigma, and MSP.

In 2002, David founded the consultancy practice Orgtopia and has since led many projects working with clients such as Citi, Eli Lilly, and the BBC. His work focuses on pragmatic implementations of best-practice approaches in change, programme, and project management. He believes in a holistic approach that includes improving both processes and people skills. Another part of his work with Orgtopia is training and coaching. He has trained over a thousand people in PRINCE2, coaching skills, project management, and strategic directing and governance. He is a qualified management coach with the Association for Coaching and a PRINCE2 qualified trainer, and was certified as a Project Management Professional with the Project Management Institute in 2001. He also works regularly for Learning Tree International, running their project management courses.

When David isn't working, he likes to spend his time reading, watching films, and searching out good places to eat in London. He is also a keen skier and tries to spend some time each winter in the Alps.

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Introduction

PRINCE2 is a globally recognized approach to successfully managing projects. It is widely adopted across many countries, industries, and sectors. Many projects have found that adopting the approach considerably increases the likelihood of project success.

Becoming PRINCE2 accredited is an important career development objective for anyone connected with project work. Increasingly, job ads for project-related work are asking for people with the PRINCE2 accreditation.

This study guide will help you pass the PRINCE2 accreditation exams. It has been written by someone who has trained hundreds of individuals from many different backgrounds to prepare for the Foundation and Practitioner PRINCE2 exams. It provides explanations of all parts of the PRINCE2 approach, lots of examples that show you how the method is applied in practice, and a whole range of mock examination questions for you to test your knowledge.

Introduction to PRINCE2

PRINCE2 is a best-practice project management approach. It can be used on any type of project in any type of environment. PRINCE2 is used to deliver projects in industries as diverse as IT, banking, pharmaceuticals, telecommunications, and construction. It has been implemented widely both in the private and the public sector. In the private sector, companies such as Deloitte and Touche, Citi, KPMG, and Eli Lilly have used the method. In the public sector, the UK, Canadian, Dutch, Danish, and German governments are using PRINCE2.

Since its creation in 1996, PRINCE2 has become one of the most widely adopted project management methods in the world and is currently used in over 50 countries. More than 250,000 accredited PRINCE2 professionals have passed the PRINCE2 examinations. The exams are available in 16 different languages, among them English, French, Dutch, German, Chinese, Polish, Danish, Italian, and Spanish. More than 120 training organizations provide PRINCE2 training in over 17 different languages.

PRINCE stands for *P*ROjects *I*N a *C*ontrolled *E*nvironment. PRINCE2 was derived from PRINCE, a method created in 1989 as a project management approach for the UK government's Central Computer and Telecommunications Agency (CCTA). PRINCE2 took the commonsense ideas of PRINCE and widened the method so that it could be used across all industries. It has been updated a number of times so as to take account of the latest ideas in project management. The last major revision was in 2009. This new version has vastly improved the method, making it far easier to apply, more concise, and a lot more flexible. This study guide is based on the PRINCE2 2009 edition.

Why Should You Use PRINCE2?

Managing projects is a notoriously difficult thing to do. The news is full of high-profile projects failing to deliver successfully. Why is this?

The main reason is that project work is much more difficult than business as usual. Business-as-usual work tends to be repetitive. What happens this month is pretty similar to what happened last month. Projects, however, often involve working with new people, sometimes in other organizations. They often involve working in new ways with new management processes. They involve creating new products and services and maybe new technologies. All this unfamiliarity leads to uncertainty. It is difficult to predict how long things will take, how things will work out, or whether people will accept new ways of doing things.

What PRINCE2 provides is a structured way of working through this uncertainty. It says, OK, your project involves a great deal of unpredictability, but there are many things that are the same as any other project. Whether you are building a hotel, a new IT system, or a nuclear-powered submarine, you will have to go through these similar processes. For example, any team needs to decide what the objectives of their project are at the outset and have management mechanisms to check throughout the project that things are on track, and at the end of the project, to check that the objectives have been met. Many other commonalities exist across projects, such as approaches for managing risk, quality, changes, and so on. PRINCE2 has captured these common steps and set them out in a process model. It also describes a range of management roles with responsibilities to carry out these steps and provides a range of management documents to hold and report on project information.

Following the PRINCE2 framework does not guarantee project success. However, it does substantially increase the likelihood of any project achieving its objectives.

PRINCE2 provides a lot of ideas, some of which might not be practical to follow. However, comparing how your project is being managed against how PRINCE2 says it should be managed provides an excellent diagnostic tool to see what might be missing in your project management approach. Some (not all) of these gaps might be beneficial to fill.

In the uncertain world of managing projects, PRINCE2 provides a solid, tested, structured approach for the project management team to decide on the way forward.

The PRINCE2 Accreditations

There are three PRINCE2 accreditations: the Foundation level, the Practitioner level and the Professional level. Candidates must first pass the Foundation level before attempting the Practitioner level. Similarly candidates need the Practitioner level before trying to pass the Professional level. In order to gain the Foundation and Practitioner level candidates need to pass an exam. The Professional level is different; candidates are observed whilst working through a project case study over a two and a half day period and then, if they met the required level, are awarded the Professional qualification. This Study Guide will focus on the first two levels: the Foundation and the Practitioner. However in order to pass the Professional level a candidate requires a thorough knowledge of PRINCE2 which the reader will gain from working through this book.

I will talk about the Foundation and Practitioner exams later in this Introduction, in the section “The Accreditation Exams”.

Reasons to Become PRINCE2 Certified

These days, most work environments are subject to rapid change. Most of this change will be implemented through project work. As I said at the beginning of this Introduction, PRINCE2 has become a very widely recognized and adopted approach for managing projects. This makes it a very valuable career progression accreditation to hold. The following benefits are associated with PRINCE2 accreditation:

- Demonstrates proof of project management competency
- Increases career marketability
- Raises customer confidence

Demonstrates Proof of Project Management Competency

You must have a thorough understanding of the best-practice approach to managing projects in order to pass the Foundation and Practitioner levels of PRINCE2. Those holding the PRINCE2 accreditations are showing that they are capable of managing a project in a way that substantially increases the likelihood of project success.

Increases Career Marketability

PRINCE2 is globally recognized as a professional best-practice approach for project management. When an organization is recruiting project managers, a PRINCE2 accreditation is often a prerequisite. Even if this is not the case, a PRINCE2-accredited candidate will probably be looked on more favorably.

Many senior managers need to be able to demonstrate that they can successfully implement change programs within their departments and organizations. PRINCE2 is a best-practice way of implementing change, so holding the accreditation also makes senior directing level employees more marketable.

Raises Customer Confidence

Many businesses deliver project work to their clients. The project itself can include anything from building a hotel, to creating new software, to building an aircraft carrier, for example. These businesses need to be able to demonstrate to their clients not just a technical ability in their specialist area, but also an ability to competently deliver projects. Potential clients will often expect to see proof that the business follows best-practice approaches when managing projects. An excellent way of doing this is to train project managers in PRINCE2 and align in-house project delivery approaches to the PRINCE2 model.

How to Become Accredited

The first step is to thoroughly review PRINCE2 by reading this study guide. You then have one of two choices.

- Contact a PRINCE2 Accredited Training Organization (ATO). (For a full list of ATOs, refer to the APMG-International website <http://www.apmg-international.com>.) ATOs have been licensed by APMG-International to deliver PRINCE2 training and to provide PRINCE2 exam testing centers. APMG-International is the group that administers PRINCE2 exams. There are ATOs in most major countries. ATOs may provide any of the following products:
 - A 2- or 3-day training course, providing last-minute revision and an invigilated Foundation exam
 - A 2- or 3-day course, providing last-minute revision and an invigilated Practitioner exam for those already holding the Foundation level
 - A 5-day course that includes an invigilated Foundation and Practitioner exam (usually on different days) and last-minute revision training for both
 - An invigilated Foundation or Practitioner exam without any revision training
- 2. Contact APMG-International and attend an Open Center Exam. (You can get full contact details at <http://www.apmg-international.com>.) These examinations are held in centers across the world.

Who Is APMG-International?

The APMG-International is a global examination institute. They have regional offices in Australia, China, Denmark, Germany, the Netherlands, Malaysia, the United States, and the United Kingdom. They manage a portfolio of best-practice qualifications, including PRINCE2®, ITIL®, MSP®, M_o_R®, and P3O®. In addition, they provide a host of specialist management qualifications such as Change Management, Agile Project Management, and Service Catalogue. They accredit training organizations, trainers, and training materials, and certify examination candidates through a variety of methods. They also set, mark, and certify the relevant examinations.

About this Study Guide

This study guide will help you prepare and (if you work hard enough!) pass the PRINCE2 Foundation and Practitioner accreditation exams. This section tells you about the objectives and content of the book and gives general advice about how best to approach your exam preparation.

Objectives of the Study Guide

The overall objective of this study guide is to provide the resources necessary for an individual to prepare for and successfully pass the PRINCE2 Foundation- and Practitioner-level accreditations.

The Foundation level examines whether a candidate has the necessary knowledge to work within (but not lead) a project team. To demonstrate this level, a candidate must have a firm understanding of the theory of the PRINCE2 model. This study guide explains this theory by setting out the model in an informal, accessible way, explaining the terminology in simple, everyday language.

The Practitioner level examines whether the candidate can not only explain the theory of PRINCE2, but also demonstrate how the model is applied in practice. A PRINCE2 Practitioner candidate should be able to justify his application of the model. This level of understanding is required for someone leading a project team. This study guide sets out many examples of how the theory is used in practice, both throughout the main body of the text using simple examples and by providing case studies from actual projects where PRINCE2 was used.

The final objective of this guide is to give readers plenty of practice with the types of questions they will encounter in the PRINCE2 accreditation exams. There are over 200 mock Foundation questions and over 150 mock Practitioner questions in the book for you to test your knowledge.

Contents of the Study Guide

The study guide covers all the areas of the syllabus for the Foundation- and Practitioner-level accreditations. The information is set out in an accessible style, using plenty of examples to help you understand both the theory of the topic and how it is applied. Each chapter contains the following useful elements:

- Exam Objectives—A description of what you must achieve in order to thoroughly understand that chapter’s topic.
- Case Studies—Real-life applications of that chapter’s topic, to help you understand how PRINCE2 works in practice. This is an essential skill for the Practitioner level.
- Exam Spotlights—Tips and techniques to help you tackle the PRINCE2 exams.
- Summary—An overview of all the relevant PRINCE2 topics covered within that chapter.
- Exam Essentials—All the key revision points relating to that chapter’s topic.
- Review Questions—A set of mock Foundation- and Practitioner-level questions. (The answers and explanations are provided in Appendix A, “Answers to Review Questions.”)

There are 15 examinable syllabus areas: the seven PRINCE2 themes, the seven PRINCE2 processes, and an area covering an overview of projects and PRINCE2. These are covered in this study guide in the following way:

- The overview of PRINCE2 is covered in Chapter 1, “Overview of PRINCE2” and Chapter 12, “Tailoring PRINCE2 to the Project Environment.”

- The seven PRINCE2 processes are covered in Chapter 2, “Starting a Project Successfully with PRINCE2”; Chapter 10, “Managing the Middle of a Project Successfully with PRINCE2”; and Chapter 11, “Managing the End of a Project Successfully with PRINCE2.”
- The seven PRINCE2 themes are covered in Chapter 3, “Organization Theme”; Chapter 4, “Business Case Theme”; Chapter 5, “Plans Theme”; Chapter 6, “Quality Theme”; Chapter 7, “Risk Theme”; Chapter 8, “Change Theme”; and Chapter 9, “Progress Theme.”

There are also some useful appendices that will help you prepare for the exams:

- Appendix A, “Answers to Review Questions”—This appendix not only gives you the answers to the mock Foundation and Practitioner questions at the end of each chapter, but also provides you with a useful explanation of each question and answer.
- Appendix B, “Management Products in PRINCE2”—This appendix gives you a useful summary of all of the management products that are used in PRINCE2, such as the records, plans, registers, and logs.
- Appendix C, “Passing the Accreditation Exams”—Of course, you need a good knowledge of PRINCE2 to pass the exams, but good exam technique helps as well. This appendix gives you lots of useful tips and techniques on how to tackle the rather unusual style of questions in a PRINCE2 exam.
- Appendix D, “Sample Foundation Examinations”—You should do plenty of practice questions before doing the exams. This appendix gives you two further Foundation exams on top of all the Foundation questions that you can do at the end of each chapter.



The companion website is home to many tools such as a glossary, practice exams, and flashcards. See Appendix E, “About the Additional Study Tools,” for more details on the contents and how to access them.

How to Use this Study Guide

The good news when it comes to revising PRINCE2 is that none of the material is particularly complex. The bad news is that there is a lot of it! Also, many parts of PRINCE2 are interrelated. So when you’re first reviewing a topic in this study guide, you may run across references to things you haven’t learned about yet.

Therefore, I suggest that you first read Chapter 1, “Overview of PRINCE2,” to understand the whole PRINCE2 model in a high-level way, followed by Chapter 2, “Starting a Project Successfully with PRINCE2,” and Chapter 3, “Organization Theme,” to understand the beginning of a PRINCE2 project. You can then tackle the other chapters and topics in any order you wish.

(Throughout this book, I have predominantly used the male pronoun. This is only to make the text easier to read; not to imply any difference between male and female project management professionals.)

Other Resources You Will Need

This study guide provides a full explanation of PRINCE2 in enough detail for you to pass the accreditation exams. However, you will also need a copy of the official PRINCE2 manual, *Managing Successful Projects with PRINCE2* (Stationery Office, 2009).

The reason for this is that during the Practitioner examination, you are allowed to refer to *Managing Successful Projects with PRINCE2*. You are not allowed to take in any other reference material, including this study guide. This means that part of your exam preparation should include familiarizing yourself with how the topics are set out in the manual. In the Exam Spotlights throughout this book as well as in Appendix C, “Passing the Accreditation Exams,” I explain how to use the manual to help you pass the exams.

The Accreditation Exams

There are two accreditation exams: the Foundation level and the Practitioner level.

Foundation Exam

The Foundation-level exam is the lower-level accreditation. It must be taken and passed in order to take the Practitioner exam. Here are some key facts about the Foundation exam:

- It is a one-hour exam.
- The exam consists of 75 multiple-choice questions. You are given four possible answers to each question, only one of which is correct.
- You need to get 50 percent to pass the exam.
- The exam tests to see if you have the ability to act as a member of a project team running a project with PRINCE2. It requires you to understand the theory of PRINCE2.
- You are not allowed to refer to any material during the exam.

Practitioner Exam

The Practitioner exam is the higher-level accreditation. Here are some key facts about the Practitioner exam:

- The exam is two and a half hours.
- It has eight main questions. Each of the main questions is subdivided into 10 mini-questions. Each of the eight questions is focused on a particular syllabus topic. Possible examinable syllabus topics are Starting up a Project/Initiating a Project processes, Controlling a Stage/Managing Product Delivery processes, Managing a Stage Boundary/Directing a Project/Closing a Project processes, Business Case theme,

Organization theme, Quality theme, Plans theme, Risk theme, Change theme, or Progress theme. Each syllabus topic will only be asked once in any one exam.

- The exam includes a project scenario that each question will refer to.
- The exam tests to see if you are capable of leading a project according to PRINCE2. To pass the exam, you not only need to understand the theory of PRINCE2 but also you need to know how to apply it and justify its application.
- You need to get 55 percent to pass this exam.
- You are allowed to refer to *Managing Successful Projects with PRINCE2*. You are not allowed to use any other reference material.

Example Practitioner Scenario

This section contains an example Practitioner exam scenario. All the Practitioner questions at the end of each chapter use this scenario, so you will need to refer back to it while doing the review questions in each chapter. Read through it once now. Don't worry if it doesn't make much sense yet. Come back to it again when you do your first set of Practitioner-style mock questions.

Scenario—Website Project



The companies and people described in this scenario are fictional.

Quality Furniture Limited produces handcrafted wooden furniture from locally sourced timber. They sell their products through their four shops and via a mail-order catalog. Their sales figures are good, but the Chief Executive feels that they are missing a major business opportunity by not selling products via the Internet. Their current website has a number of problems, very few people visit the site, and it is difficult to use. There is also no facility to buy products over the Web.

The Chief Executive employed a digital marketing consultancy called FirstTech to review their website and make recommendations. They created a feasibility study that suggested the following:

- Redesign the website system so that customers can easily browse information about furniture and the Quality Furniture marketing team can quickly upload new product information.
- Link the site to the Quality Furniture sales system and add a shopping facility onto the website so that customers can order via the Web.
- Increase the rankings of the website in the major search engines.

They also recommended that the project be managed using PRINCE2 and consist of the following stages:

- Stage 1: Initiation.
- Stage 2: Develop the requirements document for the website. Send out a request for tender document to suitable web design companies for the design and development of the new website. Receive and evaluate proposals. Select a Supplier.
- Stage 3: Design the website, including page designs and informational content.
- Stage 4: Build the website.
- Stage 5: Launch the site onto the Internet and increase the site's ranking in major web search engines.

The project has just finished Starting up a Project and the Chief Executive has recruited a PRINCE2-accredited project manager. Initial estimates are that the project will cost \$150,000 and take 6 months to complete. There is a project cost tolerance of +\$20,000, a time tolerance of +2 weeks/–3 weeks, and a change budget of \$10,000. The project is forecast to increase the sales of furniture by 20 percent over the next three years.

How to Contact the Author

I welcome feedback from you about this book or about books you'd like to see from me in the future. You can reach me by writing to davidhinde@orgtopia.com. For more information about my work, visit my website at www.orgtopia.com.

Sybex strives to keep you supplied with the latest tools and information you need for your work. Please check their website at www.sybex.com/go/prince2studyguide, where we'll post additional content and updates that supplement this book should the need arise.

PRINCE2 Syllabus Areas Covered in this Study Guide

The following tables list the Syllabus Areas and Learning Outcomes defined in The APM Group (APMG)'s 2011 PRINCE2 Syllabus. The Learning Outcomes are shown in bold and describe what a Foundation-level or Practitioner-level candidate will be expected to know, understand, or do. Under each Learning Outcome is a more specific list of what is required of the candidate in order to demonstrate that the Learning Outcome has been achieved.

The tables also specify whether a requirement is applicable to the Foundation or Practitioner exam, as well as which chapter in this Study Guide covers that topic.

Syllabus area: overview, principles, and tailoring PRINCE2 to the project environment

Learning Outcome	Foundation	Practitioner	Chapter
Know facts, terms, and concepts relating to the overview, principles, and tailoring PRINCE2 to the project environment.			
Specifically to recall the:			
Six aspects of project performance to be managed	X		1
Definition of a project	X		1
Four integrated elements of principles, themes, processes, and the project environment upon which PRINCE2 is based	X		1
Customer/supplier context of a PRINCE2 project	X		3
Understand terms and concepts relating to the overview, principles, and tailoring PRINCE2 to the project environment, and explain how these are applied on/are involved with a project.			
Specifically to identify the:			
Benefits of using PRINCE2	X		1
Seven principles	X		1
Characteristics of a project	X		1
Difference between embedding and tailoring PRINCE2		X	12
Context of a customer/supplier environment and how it affects the application of the themes, processes, and management products within a project		X	3, 12

Syllabus area: Business Case (BC) theme

Learning Outcome	Foundation	Practitioner	Chapter
Know facts, terms, and concepts relating to the Business Case theme.			
Specifically to recall the:			
Definition of a project output, an outcome, a benefit, and a dis-benefit	X		4

Learning Outcome	Foundation	Practitioner	Chapter
Understand how the Business Case theme relates to the principles; the approach to the treatment of this theme; how it is applied throughout the project life cycle and the responsibilities involved.			
Specifically to identify:			
The purpose of the Business Case theme	X		4
The purpose of a:			
1. Business Case	X		4
2. Benefits Review Plan			
The recommended composition of a:		X	4
1. Business Case, and in which process(es) it is developed, verified, maintained, and confirmed, and which roles are responsible for this			
2. Benefits Review Plan, and in which process(es) it is developed, used, and reviewed, and which roles are responsible for this			
The relationship between a programme's business case and a project's Business Case		X	4
Be able to apply and tailor the relevant aspects of the Business Case theme to a project scenario, when creating products or making decisions related to this theme, in any or all of the processes.			
Specifically to:			
Identify appropriate information, using the recommended composition, for inclusion in the Business Case and Benefits Review Plan		X	4
Identify outputs, outcomes, benefits, and dis-benefits		X	4
Be able to identify, analyze, and distinguish between appropriate and inappropriate application of the Business Case theme throughout the life cycle of a project scenario.			
Specifically to analyze:			
Whether the Business Case and Benefits Review Plan, using the recommended composition, are fit for purpose, with reasons, and whether the appropriate roles have been involved in their development and maintenance throughout the life of a project		X	4

Syllabus area: Organization (OR) theme

Learning Outcome	Foundation	Practitioner	Chapter
Know facts, terms, and concepts relating to the Organization theme.			
Specifically to recall the:			
Roles within the Organization theme	X		3
Understand how the Organization theme relates to the principles; the approach to the treatment of this theme; how it is applied throughout the project life cycle and the responsibilities involved.			
Specifically to identify:			
The purpose of the Organization theme	X		3
The three project interests and how these are represented within the three levels of the project management team structure	X		3
The responsibilities and characteristics of the role of the:			
1. Project Board			
2. Project Manager	X		3
3. Project Assurance			
4. Change Authority			
5. Team Manager			
6. Project Support			
What a stakeholder is	X		3
The purpose of the Communication Management Strategy	X		3
How the four levels of the project management structure apply to the process model		X	3
The relationship between the Communication Management Strategy and other products and themes		X	3
The recommended composition of a Communication Management Strategy, in which process(es) it is developed, used, and reviewed, and which roles are responsible for this		X	3
Be able to apply and tailor the relevant aspects of the Organization theme to a project scenario, when creating products or making decisions related to this theme, in any or all of the processes.			