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1 Introduction

1.1 PURPOSE

The purpose of this guide is to help organisations gain full value from the PRINCE2 method by providing practical advice on using the OGC's PRINCE2 Maturity Model (P2MM)¹. The guide will show how P2MM can be used:

- To help implement PRINCE2 (first-time users)
- To re-invigorate existing PRINCE2 implementations
- To help organisations improve their project performance by going beyond training and templates (i.e. overcoming the issue of PRINCE In Name Only – PINO*)
- As a benchmark to assess organisational capability, plan improvements and to measure the success of such improvement initiatives
- As a means for external recognition of organisational (rather than individual) PRINCE2 capability via the APM Group Ltd's accreditation assessments
- As part of a wider goal to improve Portfolio, Programme and Project Management performance using the OGC's P3M3² (see Chapter 7).

The guide is intended for those people responsible for or involved in the implementation/adoption of PRINCE2:

- Head of Projects (or equivalent)
- Project/Programme Office Manager (or equivalent)
- Project Manager (of a PRINCE2 implementation project)
- Quality Manager
- Internal Auditor
- Consultant (internal and external).

1.2 HOW TO USE THIS GUIDE

This book is a companion to the PRINCE2 manual³, and assumes that readers are already familiar with the PRINCE2 method. No prior knowledge of maturity models is required. However, those people unfamiliar with maturity models should read section 1.4 and Appendix B.

The PRINCE2™ Maturity Model (P2MM) is available from the OGC website. Extracts from the model included in this manual are denoted like this and also appear in tinted boxes. Extracts/quotes from other sources also appear like this.

Chapter 2 provides an overview of how to plan performance improvements using P2MM.

Chapters 3, 4 and 5 provide an explanation of the Key Process Areas (KPAs) within the three levels of the maturity model. Each KPA is organised under the headings: Purpose, Key Practices, What does this KPA mean?, Why is this KPA important?, How can this KPA be implemented? and Examples.

Chapter 6 describes P2MM assessment methods and accreditation.

Chapter 7 introduces the Portfolio, Programme and Project Management Maturity Model (P3M3).

Appendix A contains checklists that can be used to self-assess maturity.

Appendix B provides further information on maturity models and P2MM.

Appendix C provides some background information on the authors of this book.

* It is unclear from where the term PINO originates, but its characteristics and dangers were presented to the Best Practice User Group conference by Andrew Ball from the Audit Commission in 2005.

1.3 PRINCE2 10 YEARS ON

Before looking at the PRINCE2 Maturity Model, let's remind ourselves of what PRINCE2 encompasses.

PRINCE2 was launched by the UK Government in 1996 and has since become the most widely used project management method worldwide. At the end of 2006 there were more than 250,000 certified Project Managers who had sat and passed the PRINCE2 Practitioner exam. PRINCE2 Practitioners can now be found in all seven continents (even in Antarctica where PRINCE2 has been used by the British Antarctic Survey since 2001). The PRINCE2 manual is also available in several languages.

PRINCE2 is now more than a just manual. When people say 'We are using PRINCE2', they don't mean that they are using the manual. They mean that they direct, manage or participate on a project that follows (some of) the processes, components and techniques embodied in the PRINCE2 manual.

PRINCE2 has become a way of delivering projects. It has become the international language for project management. It has become a community, and a global community at that. The community comprises:

- The UK Government (PRINCE2 is owned by the Office of Government Commerce – OGC)
- A documented method (the manual, now in its 4th edition)³
- An accreditation body (the APM Group Ltd)
- The official publisher for the OGC (TSO) with nearly 30 publications relating to PRINCE2
- 120+ accredited training organisations, providing training around the globe in 17 languages
- 15+ Accredited Consulting Organisations
- Software tools (there were 52 tools supporting PRINCE2 listed in *Project Manager Today's* December 2006 PM Software Tool sourcebook)

- An official user group (the Best Practice User Group – BPUG) and numerous other user groups covering more than 10 countries
- Numerous on-line discussion forums dedicated to PRINCE2 (e.g. ecademy, APMG-ICP, Yahoo!)
- More than 250,000 certified practitioners worldwide.

The number of people using PRINCE2 is many times the number of people certified to Practitioner Level and its reach is evident in that a Google™ search will show that there are more than 1.6 million pages on the worldwide web that reference PRINCE2 – much more than any other method.

While the PRINCE2 manual is owned and maintained by the UK Government, several other governments are now recommending its use (for example, the Netherlands, Denmark, Germany) and it has been adopted by the United Nations Development Programme as part of their global framework for managing projects. Its use extends beyond governments and institutions as it has been adopted by the private sector with some vigour. PRINCE2 has also moved beyond its IT origin and is used for R&D projects, construction projects, product development projects, marketing projects, business transformation projects and many more.

While this is all very laudable, the PRINCE2 phenomenon is dampened by the fact that for every well-run project using PRINCE2, there are a number of poorly run projects using PINO (PRINCE In Name Only). Common issues observed with PINO projects are:

- The start-up phase is rushed or missed and the organisation jumps straight to producing a Project Initiation Document (PID). Poor or incomplete planning results in poor projects.
- Project Boards are not effective – escalations may go into a black hole, the Project Board refuses to baseline the scope, etc.

- Gantt charts form the basis of project planning instead of Product Breakdown Structures. Without Product Descriptions, PRINCE2's quality management processes and techniques do not work.
- Tolerances are not set or are limited to time and cost only – it is unclear what delegated authority people have or under what conditions they should escalate to the next level. Project Issues or overruns can come as a surprise.
- Projects are all single stage (or 'phases' are used to avoid doing an End Stage Review). This reduces control, making planning difficult.
- PIDs are simply a 'cut and paste' from the last project – they are not read or followed and only serve as shelf-ware.
- There is a low level of 'business' involvement because it is regarded as a 'technical' method – the project outputs might not deliver the desired outcomes.

The 'hit and miss' nature of how well PRINCE2 is applied is one of the reasons why the OGC produced the PRINCE2 Maturity Model (P2MM). P2MM describes the infrastructure an organisation should have in order to gain full value from adopting and using PRINCE2 as a corporate standard. P2MM also provides a roadmap for implementation, which can help organisations accelerate their path to PRINCE2 maturity.

1.4 WHAT ARE MATURITY MODELS?

A maturity model is a structured collection of elements that describe characteristics of effective processes. A maturity model provides:

- A place to start
- The benefit of a community's prior experiences
- A common language and a shared vision
- A framework for prioritizing actions

- A way to define what improvement means for your organization.

A maturity model can be used as a benchmark for assessing different organizations for equivalent comparison.

Source – Wikipedia, February 2007

Maturity models are management tools designed to help organisations implement effective processes in a given management discipline (e.g. project management). Maturity models are developed on the basis that organisations do not move from zero capability to optimum capability instantaneously. Instead, organisations progress along a journey of maturity.

Maturity models generally describe five levels of maturity:

- 1 Initial (chaotic, ad hoc, heroic) – the starting point for use of a new process
- 2 Repeatable (process discipline) – the process is used repeatedly
- 3 Defined (institutionalised) – the process is defined/confirmed as a standard business process
- 4 Managed (quantified) – process management and measurement take place
- 5 Optimising (process improvement) – deliberate process optimisation/improvement.

Each level contains a number of Key Process Areas (KPA's). A KPA is a cluster of best practices, which when implemented collectively satisfy a set of goals considered important for making significant improvement in that area (for example, risk management is a KPA in P2MM). The lower level KPA's need to be in place for the higher level KPA's to be effective. This hierarchical structure is the essence of the value of maturity models – analysing strengths and weaknesses by KPA enables organisations to break down a broad process improvement goal into manageable and prioritised tasks. In this way they can address the lowest level 'weak' KPA's first.

Maturity models can be used to assess where you are on the maturity journey (therefore what to do next) or can be used as a roadmap to help organisations implement a capability from new.

1.5 THE PRINCE2 MATURITY MODEL

The purpose of P2MM is to enable organisations to gauge, by assessment, their maturity in the use of the PRINCE2™ project management method.

The model can be used:

- To understand the key practices that are part of an effective organisational process to manage projects
- To identify the key practices that need to be embedded within the organisation to achieve the next level of maturity.

Source – P2MM¹

The PRINCE2 Maturity Model describes a set of KPAs required for the effective implementation and use of PRINCE2 within an organisation. This is P2MM's core value: while the PRINCE2 manual describes how to manage a single project, it does not include any processes on how to embed PRINCE2. By contrast, P2MM does.

P2MM describes Key Practices aligned to the PRINCE2 processes and components to enable repeatable application of the method (Level 2 KPAs) and goes further to describe the Key Practices required to institutionalise the method (Level 3 KPAs) as a standard business process for managing projects. These include assigning ownership (KPA 3.1), tailoring the method (KPA 3.2), training (KPA 3.3), integrating with other management systems (KPA 3.4) and quality assurance mechanisms (KPA 3.5) to gain a continuous improvement process.

Figure 1.1 illustrates the KPAs within P2MM. Level 2 KPAs concern the application of PRINCE2 at the project level. Level 3 KPAs concern the processes and infrastructure

required at the organisation level to ensure that application of PRINCE2 is specific to the organisation, consistently applied and continuously improved based on actual feedback.

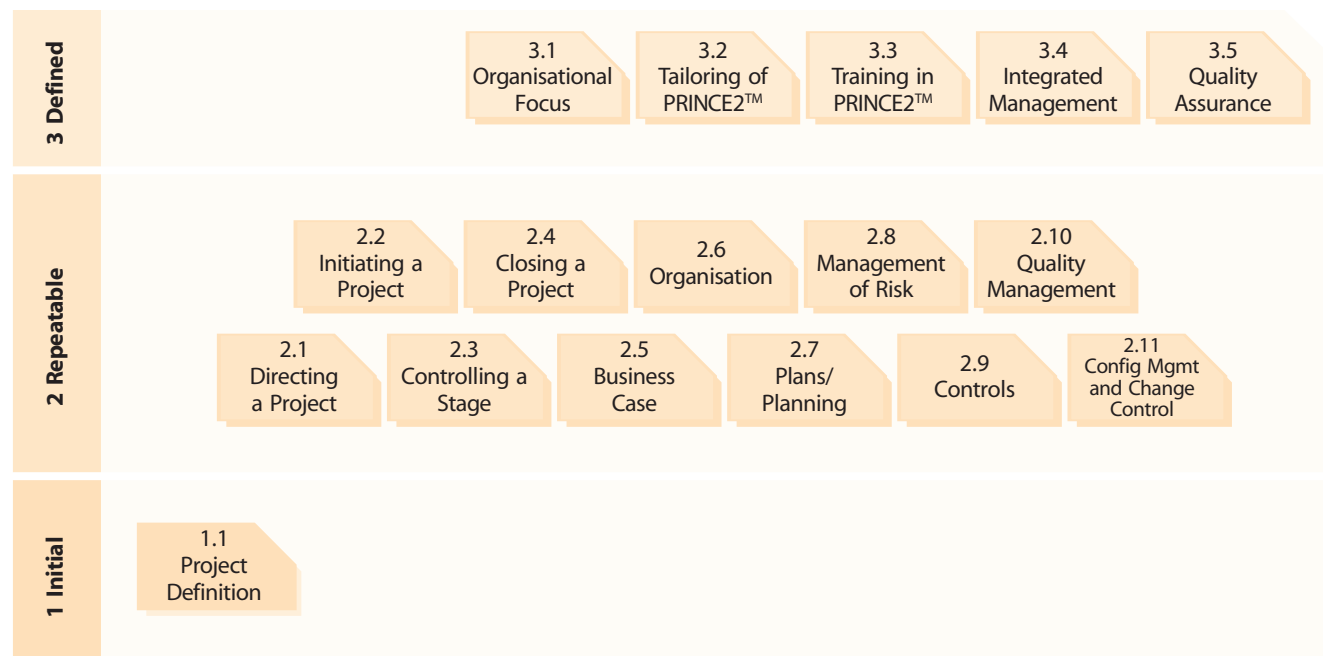
PRINCE2 addresses only a part of the wider project management body of knowledge. In a similar way P2MM provides the 'method' element of the wider Project Management Maturity Model (P1M3) with KPAs at Levels 1, 2 and 3 only.

P2MM can be used as a stand-alone model or it can be used in conjunction with the OGC's Portfolio, Programme and Project Management Maturity Model: P1M3 (projects), P2M3 (+programmes) and P3M3 (+portfolios). See section 6.3.4 and Chapter 7 for details on P1M3, P2M3 and P3M3. This enables organisations to assess their maturity in PRINCE2, in project management generically or in both.

Figure 1.2 illustrates how P2MM is a subset of P1M3, with KPAs at Levels 2 and 3 only. P2MM references P1M3 for the Level 1 KPAs, since the Key Practices described at Level 1 are not addressed by the PRINCE2 method.

Organisations can use the checklists at the end of this book to self-assess their level of maturity or they can choose to undergo an external assessment using Registered Consultants. Registered Consultants are able to conduct an accreditation assessment that can result in a certificate from the OGC's accreditation partner the APM Group Ltd (the APM Group), verifying an organisation's level of maturity (see section 6.3). The benefits of external assessment are:

- A known and independently verified maturity level
- Value-added advice from experienced Registered Consultants
- An ability to compare your organisation with others
- A certificate showing your organisation's competence (for general marketing purposes and for responding to tenders).

Figure 1.1 P2MM Key Process Areas

1.6 BENEFITS OF USING P2MM

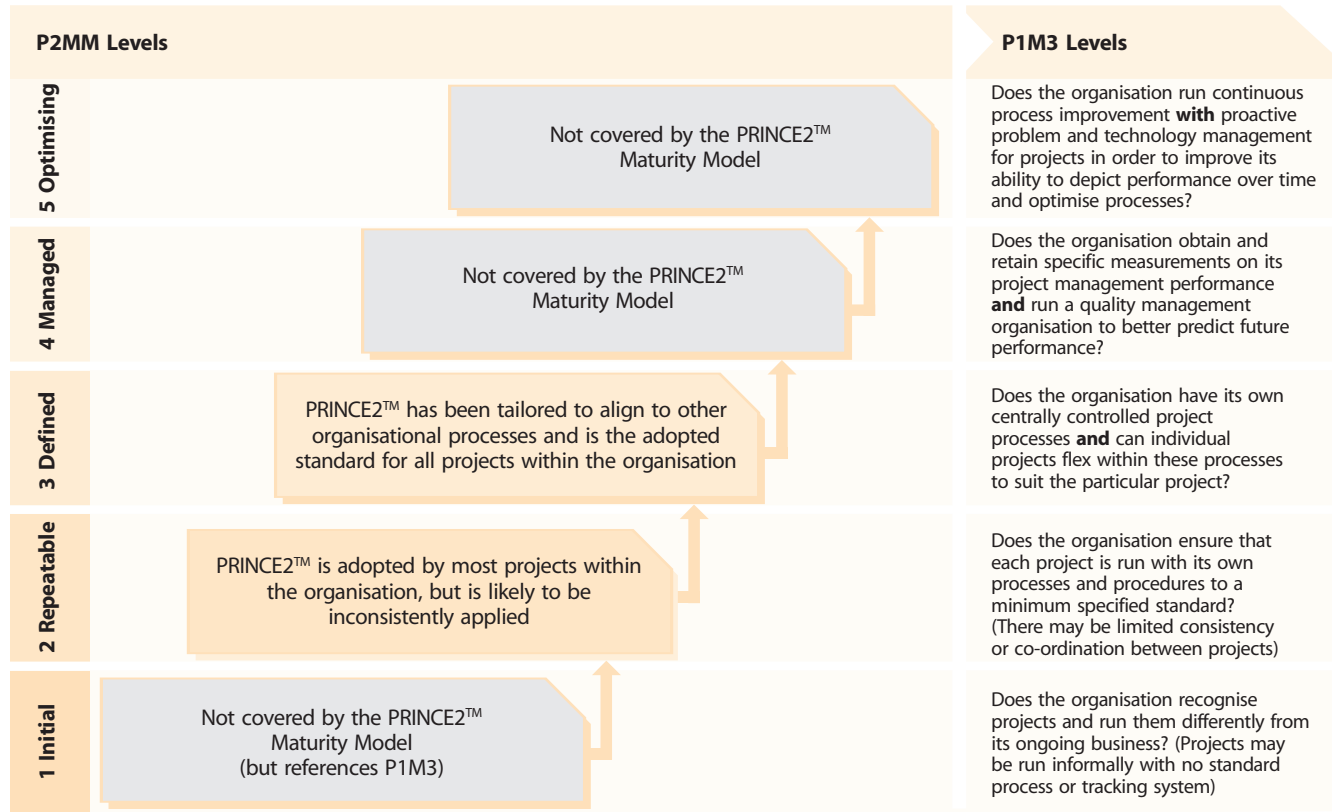
An assessment [against P2MM] can be undertaken for organisations that deliver projects internally or those that provide a project management service.

The main benefit for organisations that deliver internal projects is that they will be able to identify their strengths and areas for improvement and build an action plan to improve their effectiveness in the use of PRINCE2™. This will lead to PRINCE2™ being embedded within the organisation and delivery of the full benefits of using a structured project management method.

For those organisations that provide a project management service, in addition to the above benefits they will also be able to provide evidence to their clients and prospective clients of their level of maturity in the use of PRINCE2™. This could provide a marketing advantage.

Source – P2MM¹

Figure 1.2 P2MM maturity levels compared with P1M3 levels



P2MM has the following uses:

- Provides a benchmark of current capability
 - Enables complex 'change' to be broken down into more manageable and achievable tasks
 - Optimises investment in capability by identifying those KPAs that, if improved, will yield greatest improvement in performance through:
 - An understanding of your strengths and weaknesses in project management
 - A prioritised roadmap of what's needed in order to improve
 - Provides a method for continuous improvement
- Assists benefits realisation for investment in project management capability (e.g. before and after measures)
 - Can be used as a readiness assessment before implementing tools (i.e. the tools should support your target KPAs only)
 - Can be used to compare autonomous business units or departments within your organisation and to share best practices from each
 - Can help with re-organisations (e.g. after a merger or acquisition) to decide which set of handbooks/processes to adopt as the corporate method

- Can be used by buyers to evaluate and compare suppliers' capability
- Can be used by suppliers to demonstrate organisational capability (rather than individual capability) as a differentiator
- Enables your organisation to meet four out of 11 principles of project governance as recommended by the Association for Project Management (APM)⁴. A further six principles can be met with additions. See section 2.2.3 for more details.

P2MM can be used to assess existing implementations of PRINCE2 in order to determine what else can be done to gain more value from it, or it can be used to help organisations implementing PRINCE2 formally for the first time. In both cases, the principal benefit is that it will maximise the impact of any investment you make in improving capability.