PRINCE2 Seven Principles

PRINCE2 is a method for managing projects, and its name is short for PRojects IN Controlled Environments. It rests on seven principles, the guiding rules that every PRINCE2 project follows. Karim, a project manager at a retail bank, applies them while launching a mobile app.

1. Ensure Continued Business Justification

Every PRINCE2 project starts with a reason, and that reason must stay valid. It is written in the business case, which sets out the expected benefits, costs, risks and timescale, and it is reviewed at each stage. If the project is no longer worth doing, the right decision is to change it or stop it.

Example: A merger closes two of the three warehouses that a logistics company's new system was built for. The board rereads the business case, sees that the saving no longer covers the cost, and moves the money elsewhere. That is exactly continued business justification: a project must keep earning its place.

At work: Karim's business case says the app will cut the cost of opening an account in a branch. A competitor launches a free app, so he updates the forecast for the board. The board narrows the scope to the identity check and the first deposit. That is how the project stays justified.

2. Learn from Experience

Projects are rarely unique, so someone has probably met our problems before. PRINCE2 asks the team to look for lessons from similar projects at the start, and to record new ones in a lessons log. A lesson is only learned when someone changes what they do because of it.

Example: A construction firm reads the lessons from earlier office fit-outs and learns that electrical inspections always arrived late. The new plan books the inspector early, and the fit-out finishes on time. That is exactly what learning from experience means: a lesson from earlier projects changes what the team does next.

At work: Karim asks the bank's project office for the lessons log of an earlier website redesign. It records that a security review, requested only at the end, cost five weeks. He books the review in the second stage, so the delay cannot repeat. That is a lesson put to work.

3. Define Roles, Responsibilities and Relationships

People from different departments and companies have no natural reporting line, so PRINCE2 gives them clear roles. On the project board, the executive is ultimately accountable for the project, the senior user speaks for the people who will use the result, and the senior supplier speaks for those who provide the resources and skills to build it. Below the board, the project manager plans and manages the work day by day.

Example: A hospital installing a new patient record system names the chief nursing officer as senior user and the IT director as senior supplier. When they disagree about a screen layout, the executive decides, and the work continues. That is exactly why clear roles matter: everyone knows who speaks and who decides.

At work: Karim writes the roles on one page. The head of retail banking is the executive, the head of branches is the senior user, and the managing director of the building agency is the senior supplier. Everyone can now see who decides. That is exactly what defined roles are for.

4. Manage by Stages

PRINCE2 uses a high-level plan for the whole project and a detailed plan for each stage. At each stage boundary, the board reviews the finished stage, the business case and the next plan, and then decides whether to proceed.

Example: A software company builds payroll software in three stages: a prototype, a pilot and a full release. After the prototype, testers learn that customers want weekly pay runs, so the board approves the pilot only once the plan includes them. That is management by stages: the board decides before money is spent.

At work: Karim divides the app project into design, build and launch. At the end of design, the board sees a clickable prototype and a better estimate. It releases the build budget only after Karim shows that the identity check fits the bank's rules, so the next stage starts on firm ground.

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5. Manage by Exception

Senior managers have limited time, so PRINCE2 gives each level of management tolerances, which are the allowed margins around the plan. They cover time, cost, scope and more. While the work stays inside them, the manager continues without asking permission. When a forecast shows that a tolerance will be breached, it becomes an exception and goes up at once.

Example: A pharmaceutical company allows a validation project ten days of delay, but a supplier problem will cost a month. The manager sends an exception report that day, and the steering group chooses between a second supplier and a later date. That is management by exception: only what matters goes to the top.

At work: The board gives Karim a tolerance of two weeks on each stage. During the build stage, testing shows that the account-opening screen will be three weeks late. He sends an exception report at once with three options, and the board removes one secondary feature, so the launch date holds.

6. Focus on Products

A project is judged by what it delivers, so PRINCE2 plans around products, the outputs it must deliver. For each important product, the team writes a product description with its purpose, its composition, its quality criteria and how quality will be checked.

Example: A marketing team preparing a customer event defines products such as the programme, the guest list and the venue booking, each with a clear standard. The missing standard for the guest list shows that nobody had said who must approve it. That is focus on products: clear standards expose gaps early.

At work: Karim lists three products: the app, the user guide and the staff training. The app's product description says a new customer must open an account in under ten minutes and pass the compliance team's identity test. The compliance officer signs off because the standard was written in advance.

7. Tailor to Suit the Project

Projects differ in size, complexity, risk and environment, so PRINCE2 expects tailoring. Tailoring adjusts how the method is applied, while the seven principles stay unchanged. The aim is the right amount of control, because too little invites chaos and too much wastes time.

Example: A university refreshing its website in one month keeps the brief and the plan on one page, while a government agency replacing a system over years keeps full documents and formal reviews. Both are PRINCE2 projects, because both apply the same seven principles. That is tailoring: different amounts of paperwork, same principles.

At work: Karim's project is small, and the bank already has a strict compliance process. He keeps one short page for the plan and a half-hour board meeting at each stage boundary. Only the identity check, the riskiest part, gets full documentation. That is tailoring: the control matches the risk, and nothing more.

Conclusion

PRINCE2 rests on seven principles: ensuring continued business justification, learning from experience, defining roles, responsibilities and relationships, managing by stages, managing by exception, focusing on products and tailoring to suit the project. Karim's launch shows how they work together: the business case guides every decision, and the products define success. This video is a teaching aid, so the official guidance should be checked before anything is applied to a real project.

Sources

- Wikipedia: PRINCE2 (neutral overview: name, the seven principles, business case, stages, tolerances, lessons log) – https://en.wikipedia.org/wiki/PRINCE2
- ProjectManager: Project Board in PRINCE2, Key Roles and Responsibilities (executive, senior user, senior supplier, project manager) – https://www.projectmanager.com/blog/project-board-prince2
- PRINCE2 Wiki: Quality theme, product description (purpose, composition, quality criteria, quality method), independent reference – https://prince2.wiki/theme/quality/
- PRINCE2 Wiki: Manage by stages and Tailor to suit the project (independent reference) – https://prince2.wiki/principles/manage-by-stages/ and https://prince2.wiki/principles/tailor-to-suit-the-project/

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