Using the PRINCE2® Project Initiation Document for an Agile project

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1 Introduction

Agile Project Management™ continues to increase in popularity, as greater pressure is applied to deliver results earlier in the project lifecycle and reduce the planning overhead often associated with projects run according to PRINCE2®[1].

However, I think it is unlikely that organisations that have invested heavily in developing their own project management methodologies, based on PRINCE2®, are going to abandon them anytime soon. Although Agile Project Management™[2] is popular amongst project team members, the governance framework and detailed documentation provided by PRINCE2® is very popular with those responsible for sponsoring and assuring the progress of projects.

Instead of thinking of the two approaches as competing against each other, I think it is more helpful to identify how they can complement each other. An important starting point for this integration is developing an understanding of how the core project documentation from both PRINCE2® and Agile Project Management™ can be aligned.

In this diagram I have identified how those organisations using PRINCE2® as the basis for their project management approach can continue to create some of their most useful project documents, whilst enabling the project team to work in an agile way.
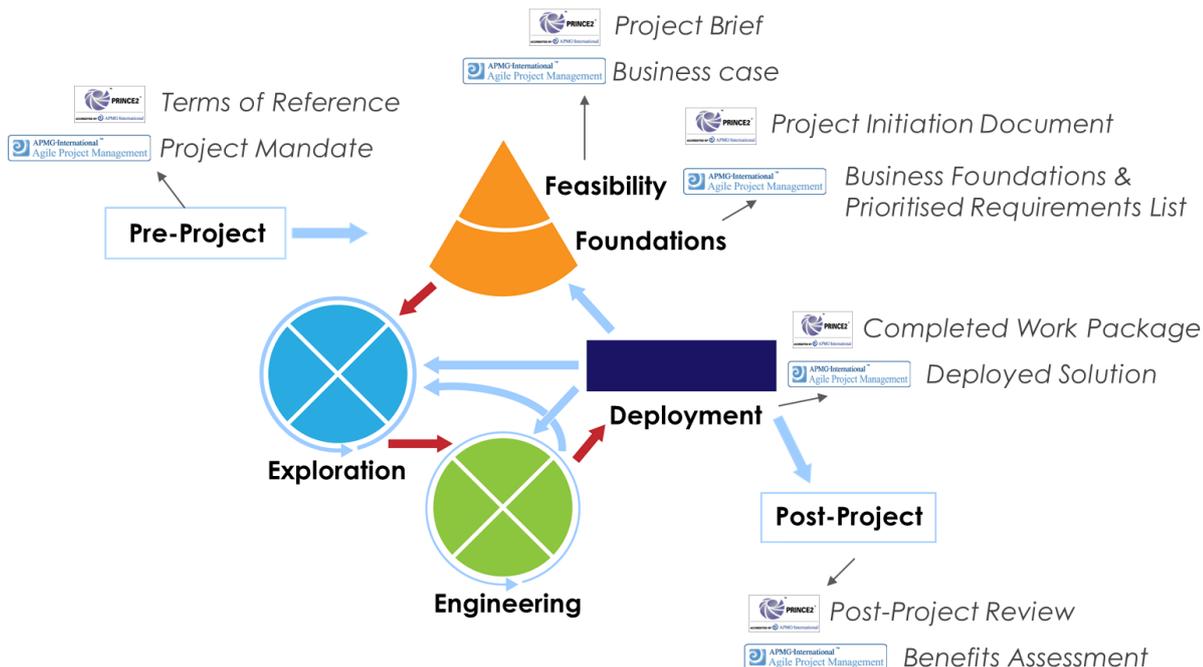

Figure 1: Aligning PRINCE2® and Agile Project Management™ documentation

I have refined a number of project management approaches for clients who are moving to agile working, retaining the best elements of PRINCE2® whilst incorporating the principles of Agile Project Management™. I have learnt that the names and much of the structure of the PRINCE2® documents can be retained as long as there is a

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[1] PRINCE2® is a registered trade mark of the Cabinet Office
[2] Agile Project Management™ is a trade mark of The APM Group Limited.

willingness to change the emphasis on how the project is described. The project must be described in terms of the business value that it is going to deliver and not in terms of specific deliverables, products or outputs that it will create. The emphasis is on what problem the project is going to solve or what opportunity it will enable users to exploit, rather than becoming a shopping list of requirements that will be developed by the project team.

To illustrate this change in emphasis I have re-written the suggested contents of a PRINCE2® Project Initiation Document to reflect this agile approach, including:

- In an Agile project, requirements gathering is not concentrated only at the start of the project but continues throughout the project lifecycle as more becomes known about the needs of the user. The detailed research and design at the start of the project concentrates on understanding and prioritising the improvements that the project will create in how people work and what they produce.
- In PRINCE2® projects, the activities in the project plan and accompanying stage plans are organised according to a logical flow of inter-dependencies between each of the requirements. In Agile projects, these requirements are not known up front, so this logic is replaced by the need to prioritise each of the improvements, and therefore, the work associated with delivering each of these improvements.

See below for a detailed explanation of PID contents for a project being managed according to Agile Project Management™ principles.

2 Background

In this section set the context for the project. To run the project according to the principles of Agile Project Management™, it is important to establish what business need is going to be met by the project. The deliverables produced by the project will evolve over time, as understanding of what is required by the users to solve their problems or exploit their opportunities becomes clearer. To be able to prioritise these requirements, there needs to be a clear understanding by all stakeholders of the business value expected to be realised by the project.

Provide an overview of the current situation within the team, department or organisation as a whole, depending on how wide the scope of the project is likely to be. Define the strategic objectives that the organisation hopes to achieve, and over what timeframe, and explain how the successful completion of this project will contribute to this.

If the project is aimed at a specific team or department, describe the key performance indicators that are used to measure success and how successful completion of the project will contribute to these.

Provide a description of how the idea for the project arose, perhaps explaining the original problem or opportunity that the project will address, or any incidents that have led to an agreement that 'something must be done' and which produced the idea for the project.

If possible outline where the idea for the project has been discussed, who has been promoting it and who is likely to sponsor it and provide the resources for it.

3 Project Definition

In this section of the PID you are providing an explanation of what the project will deliver, and how the project will be managed.

3.1 Objectives and Deliverables

In an agile project, there needs to be an understanding of the likely outputs from the project, which will be prioritised according to their likely contribution to the business value i.e. their ability to realise benefits.

To understand what these outputs should be, it is important to enter into conversations with users about the problems they are experiencing with their current working environment, the expectations they have for future performance, ideas that they have for increasing productivity, accuracy and service levels etc.

The main difference at this point between the requirements gathering that takes place in a PRINCE2® project and the identification of business need in an agile project is that users are asked how they want their world to be different, but they are not asked for a specification of exactly how these improvements should be achieved.

This changes the relationship between the users and the project team. Instead of passively responding to detailed requirements, the project team have to take an active part in understanding the business pressures that users are under so that they can use their specialist and technical knowledge to create innovative solutions to help the users.

The project team deliver early prototypes of solutions. Further ideas will be triggered by feedback from the users following their experience of these initial deliverables.

The critical difference between an agile project and a project run under PRINCE2® guidelines is that there is no guarantee from the project team to the users that all of the requirements identified by the users will be delivered. The project will finish as soon as the users have enough of a solution to realise the benefits. This solution will be delivered to them incrementally, so there are plenty of opportunities to stop the project early if the users are satisfied with what has been received.

Therefore, the Project Manager does not produce a detailed schedule of activities and their related deliverables. Instead, the emphasis must be on outlining the required business benefits, ranking them in order of importance and using this to drive the priority of the work undertaken by the project team.

3.2 Scope

The scope might define the specific business functions and departments expected to participate in the project, or define the products and services or types or customer or supplier that will be impacted.

3.3 Exclusions

It is as important to state what is not to be addressed by the project as it is to state what is included. By being clear from the beginning about areas that are not involved in the project ensures that only users impacted by the project are included in the discussions of business need and business benefits to be met by the project. It also enables those sponsoring the project to accurately identify what areas of the business may be subject to destabilisation as they adjust to the new ways of working delivered by the project.

3.4 Assumptions

It is vital that all assumptions are explained in as much detail as possible, because they provide the reasons behind the inclusion and exclusion of the scope of the project. In the event that an assumption proves false, the related activities will need to change, but it is not possible to make this link between changing circumstances and the scope of the project if the assumptions were not explained in the first place.

Typically assumptions that will have the most impact on the scope of the project include:

- The availability and skills of the resources to be assigned to the project

- How resources are to be acquired including outsourcing activities to external suppliers, secondments of internal personnel to the project team, hiring additional temporary resources and adding responsibilities to those outside of the project team whose specialist knowledge is needed for the project

- The timeframe associated for the project and the reasons why certain deadline dates are important to the success of the project, or assumptions about dates when user involvement must be minimised e.g. busy periods in the business as usual environment

- The sources of funding for the project and how this will be accounted for in individual business function or departmental budgets

- The level of involvement of suppliers and partner organisations in the project

3.5 Constraints

Similarly to assumptions it is important to establish any known constraints or limitations that the project must operate within. Consider the following categories as potential constraints for your project:

- Legislative – the laws and social norms of the countries within which your organisation operates may have a limiting factor on the types of changes that can be made to business practices. Restrictions might also be explicitly defined by regulatory bodies, that your organisation relies upon for a license to operate

- Financial – there may be constraints on the level of funding that can be applied to the project, or the sources from which funding can be acquired

- Quality – the organisation, its partners or regulators may have quality standards that the organisation must meet during and after the project. Ensuring that quality continues at an acceptable level during the disruption caused by the project on the 'business as usual' environment is often a severe constraint on how quickly and by how much business as usual can be impacted by the project.

- Resources – the project can be severely impacted by resource availability. Resources of the appropriate quality, in the required volumes will need to be sourced and possible contingencies if these sourcing arrangements fail need to be defined as part of the planning process

3.6 Interfaces

The complex nature of organisations ensures that where a change is made in one area of the organisation, its effects will be felt in many other areas. These inter-dependencies are sometimes obvious but in many cases are only identifiable when those experiencing the consequences of a project speak up and identify the impact on their business environment.

The known interfaces and inter-dependencies between aspects of the project should be identified at the start of the project and should also be reviewed regularly to ensure they are still valid.

4 Project Approach

In this section, explain that you will be using an agile approach to managing the project. Ensure that your users and other stakeholders who may not be familiar with this style of project management understand what this means for them and their involvement in the project.

If this is one of the first projects to use an agile approach, it might be helpful to explain the principles of Agile Project Management™ and what they mean for your project. For example:

- Focus on the business need – every decision about the project will be taken based on the overriding goal of ensuring that the project delivers what the business needs, when it needs it.
- Deliver on time – this is a critical success factor for the project as late delivery can undermine the viability of the project, as commercial opportunities can be lost or legal or regulatory deadlines are breached.
- Collaborate – business representatives will be actively engaged throughout the project to provide up to date explanations of what they need and to test what is being produced to ensure that it addresses these needs.
- Never compromise quality – the solution produced by the project must be 'good enough' to meet business needs, but will not contain every possible feature and function i.e. become 'over-engineered' and risk delivering late.
- Build incrementally from firm foundations – incremental delivery of project products will enable early realisation of business benefits and generate feedback from users to shape future deliveries and ensure that the correct solution is being developed by the project

- Develop iteratively – the project is run pragmatically, recognising that a perfect solution cannot be predicted at the start of the project, and will emerge in response to each of the incremental deliveries. For this reason, the project will not be planned in detail up front, but planning will continue throughout the life of the project.
- Communicate continuously and clearly – the project will seek to engage users rather than simply providing progress updates. Users will be asked to provide their views after experiencing prototypes and models of the expected project deliverables, and will be given the opportunity to collaborate with the project team at all stages of the project.
- Demonstrate control – progress will be measured via the delivery of project products and the realisation of early benefits and not by the levels of activity of the project team or the number of tasks identified in the project plan.

5 Management Summary

In this section, the rationale for the project is created. The information contained in the headings below might be explained in more detail in a separate Business Case.

5.1 Business Reasons for the Project

This is an explanation of the business need that the project will address. Define if the project is fixing a problem e.g. failures in existing systems or processes, customer complaints, issues from audit reports or assessments by regulators.

Alternatively the project may be exploiting an opportunity that has arisen to increase sales or service levels, develop new products or services or operate in new markets.

5.2 Benefits

List each benefit separately, with its expected quantified value which might be expressed as an actual value, a percentage or a proportion.

For non-financial benefits, define how the benefit contributes to the overall strategic direction of the organisation (to give it a greater weight/importance). This helps to overcome the bias that exists in some organisations for supporting projects that improve the working environment or the reputation of the organisation but which are hard to quantify financially, making it hard to understand if the financial cost of the project is justified by the benefits.

These benefits can be any type of improvement to how work is undertaken or what is produced or how it is produced. Benefits can be experienced internally or by those outside of the organisation e.g. customers and suppliers.

In order to provide a mechanism for deciding the order of the work, it is important to prioritise these benefits so that there is a clear understanding of which of them are 'nice to have' and which are fundamental to the carrying out the project.

Agile Project Management™ uses a technique called MoSCoW where the acronym stands for:

- Must Have – those improvements that must be created by the project, without which there is no need for the project to go ahead.
- Should Have – those improvements that would be particularly useful. They are not Must Have because if there were problems and the project failed to deliver them, other solutions could be applied e.g. manual work-arounds.
- Could Have – these are the improvements that are helpful but not essential, and do not form the basis for the justification of the project.
- Won't have this time – for ideas that whilst interesting are not essential to meet the scope of the project and if included would absorb resources from more important project tasks.

Clarify which area of the business will be the prime recipient of the benefit, or list those areas across which the benefit is likely to be shared.

Use a Benefits Realisation Plan to show what activities are needed to realise the benefit (e.g. training of users, termination of existing supplier contracts, new instructions to customers to behave in a different way) and when the benefit is expected to begin to be realised.

5.3 Costs

It is difficult to be precise about the costs of the project if the solution is going to evolve across the lifecycle of the project. As you do not know what equipment, supplier contracts, resource costs etc. are going to be needed, it is likely that for an agile project you will need to establish a range within which the Sponsor is happy to fund the project.

Estimating this range is closely linked to an understanding of the total business value (business benefits) to be realised by the project, as the total benefits will need to be a multiple of the costs. For example, if the expected financial benefits of improving the current working practices within a department is £200,000 per annum, the Sponsor might want to cap the total costs at £100,000 to ensure that the ratio of benefits to costs is 2:1

Remember to include the on-going costs needed to continue to realise the benefits. For example, include the costs of any maintenance contracts or the depreciation costs of any capital assets that have been purchased in relation to the project.

5.4 Timescales

An important difference between a PRINCE2® project and an Agile project is that in a PRINCE2® project the timescale is flexible. Whilst there is a planned date for

completion, it is understood that this can move if there is still work outstanding towards the end of the project. This is because in a PRINCE2® project there is an underlying assumption that all requirements will be included in the ultimate deliverables from the project.

However, in an Agile project, the timescale is fixed, and the underlying assumption is that at least the work needed to achieve the Must Have improvements will be delivered, but if the project has gone well, it is likely the Should Have and perhaps some of the Could Have items will also be delivered.

In an agile approach, as much work as possible will be delivered by the agreed end date, but the end date will not be extended to prevent additional effort being expended to perfect the project deliverables with additions and amendments that people suddenly decide they cannot live without are added.

Those working in an agile way often explain this through the application of the Pareto theory. 20% of the effort is spent creating 80% of the solution, but a further 80% of the effort can be spent achieving the last 20% of the solution. So it is more efficient to create a workable solution that is 80% complete than wait until the solution is 100% perfect.

I would add that in many cases the last 20% of the solution is not worth waiting for, as a fast paced environment means that many of these ideas will be stale and no longer needed by the time they are delivered.

Similarly to PRINCE2®, an Agile project is divided up into sections called increments (the PRINCE2® equivalent is Stages). Agile projects make their deliverables available to users at the end of each increment, rather than simply gaining the agreement of the Project Board to the achievements of the Stage. Therefore, users know that they will be expected to start using the deliverables from the project at the end of every Increment.

To ensure that there is something to deliver, an Agile project will further sub-divided an increment into Timeboxes, which are very short periods of time, typically only a couple of weeks, during which the project team focus on activities which will deliver one of more of the Must Have improvements.

Once they have delivered all of the initial Must Have improvements then there will be a re-prioritisation of the remaining work so that outstanding items can be reclassified as Must, Should or Could.

5.5 Risks

Give a summary of risks, this should only be about one paragraph. State how many risks have been logged and identify the highest 5 risks. Give a brief explanation of how they will be managed. Provide information on how the Project Risk log can be referenced if the reader wishes to access the complete log. Don't reproduce the risk log in this section.

Any major risks that are known when the project is first created should be listed, and then as the Project Initiation Document is updated further significant risks should be included.

The risks must also be captured in a separate Risk Log or Risk Register, where the detailed information about how they are to be managed is held. The planned response to each risk described in the Risk Register should be reflected in activities that are included in the Project Plan.

The criterion for a major or significant risk includes:

- Does the risk affect more than one aspect of the project?

- Does the risk affect the delivery of any benefits?

- Will the impact of the risk remove available resources from other projects or business initiatives?

- If the risk occurs, will it require additional project costs to manage this impact?

- Will the risk affect any key stakeholders and their view/support of the project?

5.6 Conclusions

Give a summary of benefits versus costs and risks and how these conflicting aspects will be managed. Keep this section to one paragraph.

6 Project Organisation

In a PRINCE2® project, the key members of the project team include the Project Board, the Project Manager, the Project Support function and the project team members. In Agile Project Management™ there are a number of roles that I think align closely to the PRINCE2® roles.
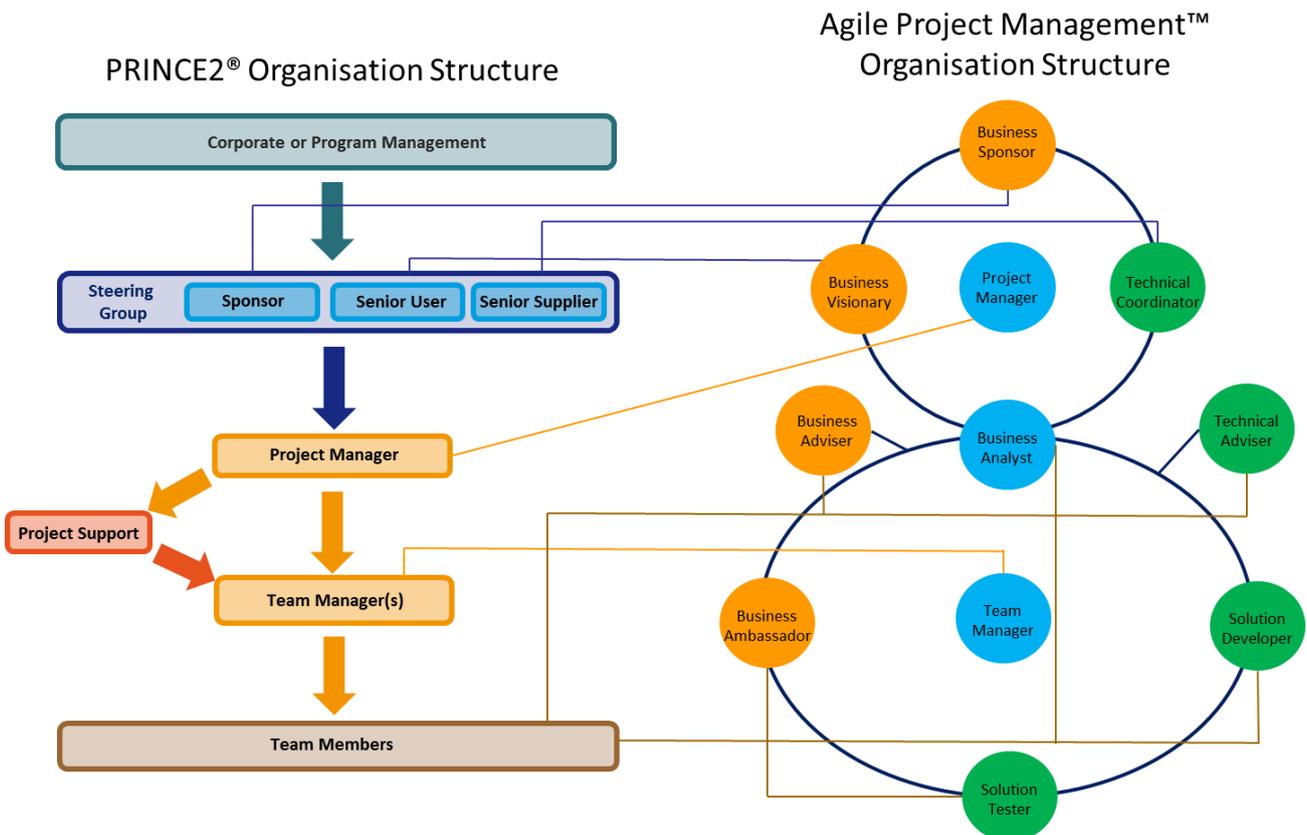

Figure 2: Aligning PRINCE2®® and Agile Project Management™ roles

In this diagram I have drawn links between the organisation structures for PRINCE2® and Agile Project Management™. The Project Board described in PRINCE2® is mirrored in the senior business and technical roles described in Agile Project Management™.

Agile Project Management™ specifies a number of team roles, involving technical specialists and members of the business community who are impacted by the project and who are expected to work alongside the technical specialists. The need for this collaboration must be clearly specified in the job descriptions for each of the team members.

In an Agile project there is greater emphasis on self-direction of the project team, and their empowerment so that they are able to decide how to work and what to work on (using the MoSCoW prioritisation) rather than waiting for tasks to be delegated by the Project Manager.

This means that the job description for the Project Manager will need to emphasise the responsibility for empowering the project team to direct their own work, and to

minimise any references to detailed planning of the work, delegation of work via Work Packages or the receipt of Checkpoint Reports.

7 Communication Plan

Agile Project Management™ and PRINCE2® both emphasise the importance of engaging with stakeholders. Therefore, the communication activities will be similar whatever project management approach is applied.

In this section identify who the stakeholders are, analyse them by defining their influence over the project, the amount that by which they are impacted by it, their agreement to the business needs that it is addressing and their likely level of commitment to becoming involved.

Create communication activities that allow stakeholders to give their feedback so that there is real engagement between the project team and those that are affected by the project. Whilst there will still be the need for communications that simply state the progress of the project to date, and 'push' information out to stakeholders, these should not dominate the communications plan.

8 Project Quality Plan

Quality management activities are important on an Agile project and a PRINCE2® project. In this section of the PID define any external quality standards that must be met, and explain how the outputs from the project are going to be evaluated or tested to see if they meet the required standards.

Engage those impacted by the project by asking them to define their success criteria against which project outputs can be assessed.

The iterative nature of project delivery throughout the project lifecycle must be matched by the frequency of reviews and tests of the project deliverables. To reflect the agile nature of your project, ensure that there is early and continuous testing of ideas. If possible, adopt agile techniques including prototypes, pilots and models of proposed project deliverables before they are developed into full-scale products.

9 Project Controls

Agile projects are run on the basis that users and project team members will work closely together throughout the project, so much of the information about the project is communicated via face to face meetings. Therefore, there is limited reporting generated by the project team.
However, it is naïve to think that these conversations will meet all stakeholder needs. In any project there are a number of stakeholders in decision making roles who are on the periphery of the project.

The Project Manager will have to devise a mechanism for sourcing information from the project team that does not hamper productivity but does provide re-assurance to those governing the project, and gives them sufficient detail to take decisions as needed throughout the project lifecycle.

A major contributor to the control of an agile project is the structure of increments and timeboxes explained in the next section of this PID. This structure should be supplemented by clear levels of decision making authority in the job descriptions for each project role.

10 High Level Project Plan

When this PID is first created, the plan is likely to show how the timescale for the project is divided into Increments, and may also show the number and expected duration of timeboxes within each increment. As the project progresses, the PID should be updated to show a similar level of detail for later increments.

The diagram shows how an agile project can be structured to create early and frequent deployments of project outputs or products. This agile approach to managing the project aligns well to the early authorisations in PRINCE2® of the initial idea and initial viability of the project, shown here as the Pre-Project activities (aligns to the PRINCE2® concept of the Project Mandate), followed by the activities to establish the Feasibility and Foundations of the project (aligns to the PRINCE2® processes of 'Starting Up A Project' and 'Initiating A Project').

Similarly, Agile Project Management™™ includes a Post Project activity which aligns to the PRINCE2®® process of Closing a Project.
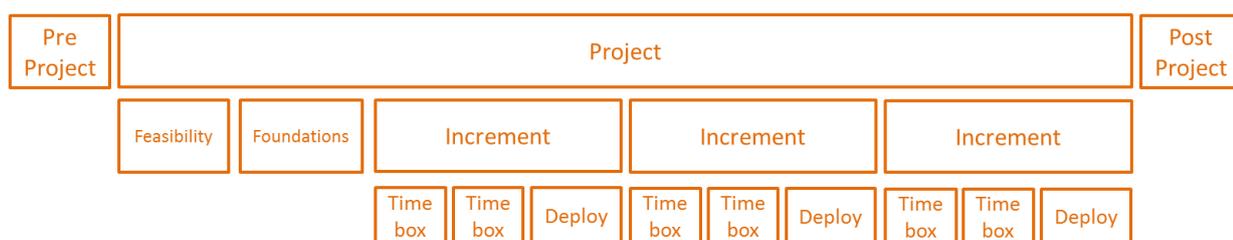

Figure 3: Level of detail in the initial high level project plan

Once the number of increments has been decided, and the number of timeboxes required for each increment, the plan can be further developed by identifying how this work will be structured so that there is continual focus on delivering to the agreed timescale of the project.

This is a change in emphasis from PRINCE2® based project plans which will include more specific project team activities needed to deliver each of the project

requirements. As the project requirements in an agile project evolve over time, it is not possible to identify the specific tasks that each project team member will need to undertake. Therefore, the agile approach gives shape and content to the project plan, which reassures the stakeholders, without committing to detailed activities.

Agile Project Management™ provides an excellent structure as shown in Figure 4.
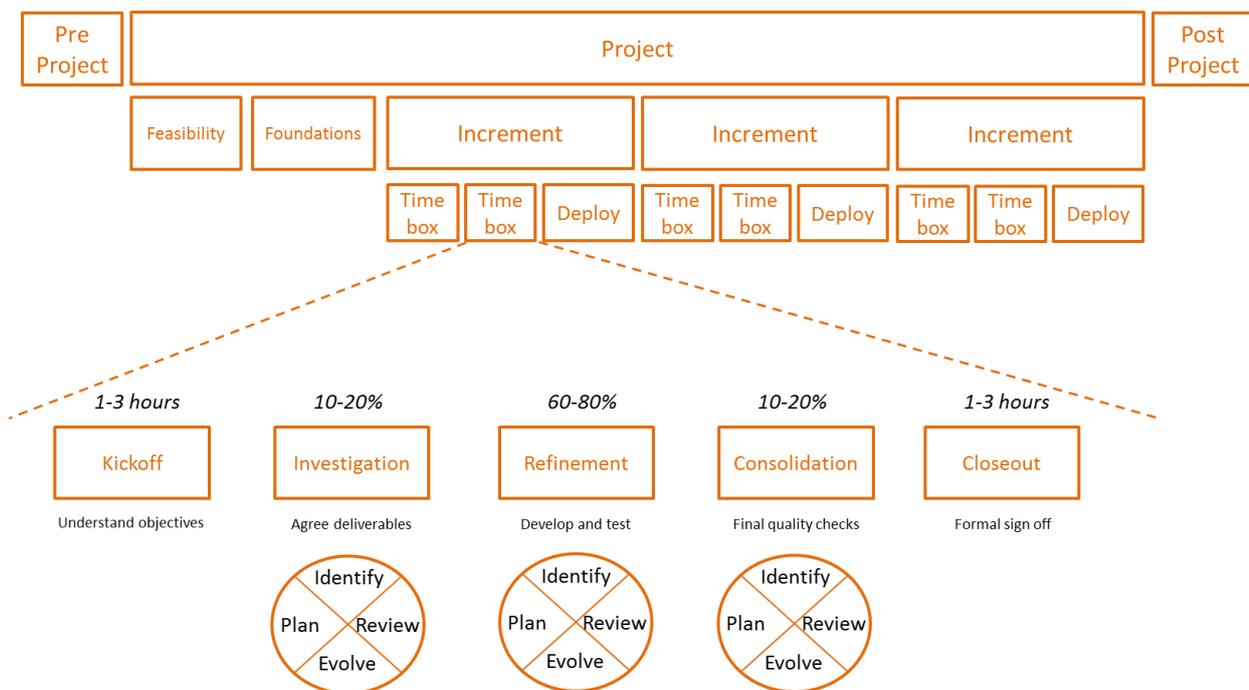

Figure 4: Project team activities for each increment and timebox

11 Risk Log Summary

To demonstrate that you have considered the challenges that you face in successfully delivering this project, summarise the risks that you have identified and your anticipated responses to these risks.

If you are running an agile project for the first time, it will be helpful to include risks resulting from failure to follow the Agile Project Management™ principles described in the Project Approach section of this Project Initiation Document.

12 Additional Information

To reassure your stakeholders that your project is well organised, provide links to additional project documentation and explain how they can comment on this information and contribute additional content.

13 Further Resources

If you are considering running a project using an agile approach I recommend that you become a qualified Agile Project Manager - http://www.agilechangemanagement.co.uk/agile-project-management-qualification/

To generate sufficient involvement from all those needed to participate in the project, run workshops that help stakeholders understand what an agile approach involves and how it offers them opportunity to shape the project deliverables by working in collaboration with the project team - http://www.agilechangemanagement.co.uk/agile-project-management-master-class/