Day 3 Evaluation Exam
(52 Questions, 60 minutes
Identify your weak areas)
### Project Management Framework

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### Project Integration Management

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### Project Scope Management

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## Project Risk Management

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## Project Procurement Management

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## Professional Responsibility

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Ques 1: Earlier you were working at the helpdesk of ABC company managing a team. Your job primarily involved handling customer queries, analyzing customer feedback, and supervising your team. You have recently been re-assigned to a new project involving integration of the helpdesk activities with an ERP (Enterprise Resource Planning) package. This project will improve efficiency in the company and help in integrating all inter-related activities. All the following could be the possible differences between helpdesk and the present project EXCEPT:

1. The objective of the project is to meet strategic objectives of the company. The objective of the helpdesk was to sustain the business.
2. A project has to be planned, executed, and controlled, and it is not so in the case of helpdesk.
3. As part of the project, you are creating a new information system, but nothing unique was being created as part of the helpdesk activities.
4. Unlike a project, helpdesk was an ongoing operational activity.

Ques 2: You have reached the end of the design phase of your project. You decide to call a "phase end review" for obtaining authorization to close the design phase and initiate the next phase (i.e., execution phase) of your project. Your manager disagrees with your suggestion. He wants a "kill point" to formally end the design phase of the project. In this context, you should:

1. Disagree with your manager because you know that phase end reviews should be used at the end of each phase of the project
2. Agree with your manager
3. Escalate this issue to the project sponsor
4. Take advice from a senior project manager about what should actually be done at the end of each phase of the project

Ques 3: When dealing with stakeholders, all the following statements are correct EXCEPT:

1. Project manager must try to satisfy even the implicit requirements of stakeholders.
2. Only those stakeholders who are project team members should be involved in the creation of project plan.
3. Both stated and unstated needs of stakeholders should be properly identified.
4. Some stakeholders may provide conflicting requirements.
Ques 4: The following statements about stakeholders are correct EXCEPT:

1. Stakeholders may exert influence over the project.
2. Stakeholders’ responsibilities remain stable throughout the project life cycle.
3. Some stakeholders benefit from a successful project.
4. Identifying stakeholders can be difficult.

Ques 5: What are the basic types of phase-to-phase relationships?

1. Sequential, concurrent, and overlapping
2. Iterative, sequential, and concurrent
3. Sequential, overlapping, and iterative
4. Overlapping, iterative, and concurrent
Project Integration Management

Ques 1: Your customer wants some change to be effected in the project scope. You determine that the change in scope will not impact the project schedules but will cost the project an additional $50,000. What should you do FIRST?

1. Try crashing or fast tracking the project.
2. Do not allow the customer to change the project scope.
3. Let the customer know about the impact of the change in project scope and ask for additional funding.
4. Discuss with your project sponsor.

Ques 2: The project charter has been developed, and the project has been formally authorized. A full-time project manager is appointed for the project. There is clarity about the business needs, high-level project description, and product requirements that the project is to address. A summary budget has also been approved. Given this information, what activity should the project manager perform FIRST?

1. Perform the work defined in the project management plan to achieve the project’s objectives.
2. Define, prepare, integrate, and coordinate all subsidiary plans into a project management plan.
3. Track, review, and regulate the progress to meet the project objectives defined in the project management plan.
4. Review all change requests, approve changes, and manage changes to the deliverables, organizational process assets, project documents, and the project management plan.

Ques 3: You are the project manager responsible for developing a software application based on customer requirements. Which technique do you use in order to consider the customer’s change request?

1. Additional planning
2. Project selection methods
3. Expert judgment
4. Corrective action
Ques 4: A project management plan should be realistic so that it can be used to manage a project successfully. Which of the following is the BEST method to prepare a realistic project management plan?

1. Project manager creates the project management plan based on inputs from the sponsor and the functional manager.
2. Sponsor creates the project management plan based on inputs from the project manager and the functional manager.
3. Project manager creates the project management plan based on inputs from the team.
4. Sponsor creates the project management plan based on inputs from all the stakeholders.

Ques 5: You are nearing project completion and want to get feedback about the overall project performance. From project management perspective, a project is considered to be successful when:

1. The project manager announces the completion of the project.
2. The project meets the stated project objectives.
3. The sponsor announces the completion of the project.
4. The customer is happy because you provided additional features which she had not expected.
Project Scope Management

Ques 1: In your project, you are now interested in determining the cause of variance relative to the scope baseline and deciding whether corrective action is required. You should use:

1. Configuration management system
2. Variance analysis
3. Re-planning
4. Earned value spreadsheets

Ques 2: You would like to use decomposition for subdivision of project deliverables into smaller, more manageable components until the work and deliverables are defined to the work package level. All of the following statements on decomposition are correct EXCEPT:

1. All deliverables have similar levels of decomposition.
2. The project team needs to seek a balance between too little and too much in the level of WBS planning detail.
3. The decomposition of the upper level WBS components requires subdividing the work for each of the deliverables or subprojects into its fundamental components.
4. Decomposition is done as part of Create WBS process.

Ques 3: As a project manager, which tool will you use to bring together prequalified stakeholders and subject matter experts in order to know about their expectations and attitudes about a proposed product?

1. Facilitated workshops
2. Focus Groups
3. Group creativity techniques
4. Group decision making techniques

Ques 4: Which of the following statements related to scope verification and quality control is correct?

1. Quality control deals with acceptance of products
2. Scope verification can be done in parallel with quality control
3. Scope verification should not be done if the project is terminated
4. Scope verification and quality control are very similar processes
Ques 5: Your project is being carried out under a contract. There have been some changes in the project scope and you want to determine the cause of variance with respect to the scope baseline. This will help you decide whether corrective action is required. This should be done as part of:

1. Define Scope
2. Collect Requirements
3. Verify Scope
4. Control Scope
Project Time Management

Ques 1: In the Control Schedule process, changes to project schedule can result in change requests to:

1. Schedule baseline
2. Components of project plan
3. Activity attributes
4. Schedule baseline and/or components of project plan

Ques 2: When you estimate costs for your project, you should also closely coordinate that with:

1. Define Activities
2. Estimate Activity Durations
3. Estimate Activity Resources
4. Sequence Activities
Ques 3: Please refer to the following diagram:

What is the slack of task G?

1. 0 weeks
2. 1 week
3. -1 week
4. Cannot be determined

Ques 4: A project has a critical path of twenty-three weeks. What is the impact on the duration of the critical path if the management wants you to complete the project in twenty weeks?

1. Increases by three weeks.
2. Decreases by three weeks.
3. Remains the same.
4. Cannot be determined.

Ques 5: You are in the process of identifying and documenting the relationships among the project activities. You want to ensure that every activity and milestone except the first and last are connected to at least one predecessor and one successor. Which of the following tools can you use for this purpose?

1. Scheduling tool
2. Decomposition
3. Schedule network templates
4. Schedule compression
Project Cost Management

Ques 1 : A project was expected to cost $ 6 million for three months. At the end of one month, you use earned value technique as a performance management technique and get the following information:

Earned value= $ 1.5 million
Planned value = $ 2.5 million
Actual cost = $ 2.2 million

In this context, what would be the schedule variance?

1. - 0.3 Million
2. - 1 Million
3. 1 Million
4. 0.7 Million

Ques 2 : While performing variance analysis for your project, you refer to your status reports which show the following information:

Planned value = $ 100,000
Actual cost = $ 125,000
Earned value = $ 90,000

In this context, all the following statements are true EXCEPT:

1. Schedule variance is - $ 10,000 and you are behind schedule
2. Cost variance is - $ 35,000 and you are over-budget
3. CPI is 0.5 and you are over-budget
4. SPI is 0.9 and you are behind schedule
Ques 3: You are the project manager for a construction company tasked with constructing an office building. The office building will be 10 stories high and will have 200,000 sq ft of working area. Your company has expertise in constructing similar buildings. You are asked to submit a high level estimate for the building within 4 days. Which of the following is the most appropriate?

1. Parametric estimating: Work with a construction engineer who has expertise in similar buildings, find out the rate per sq ft of construction and multiply with the total sq feet of the building to get an estimate.
2. Bottom up estimating: Ask the individual project team members to create a WBS and determine the costs of activities - use that as a basis for calculating the estimate for the whole building.
3. Vendor bid analysis: Submit a bid to some companies and use their estimates as a basis for getting an estimate for your project.
4. Let your sponsor know that it would not be possible to get any reasonable estimate within such a short time period.

Ques 4: You are working on a 12 month assignment to build a website with 4000 pages for $1,000,000. You are supposed to spend $250,000 every 3 months. After 6 months, you determine that only $400,000 of work is completed and cost incurred is $800,000. What is the ETC?

1. $2,000,000
2. $1,500,000
3. $1,000,000
4. 1,200,000

Ques 5: Please refer to the diagram given below.

At time x, the project is:

1. Behind schedule, over-budget
2. Ahead of schedule, over-budget
3. Behind schedule, under-budget
4. Ahead of schedule, under-budget
Project Quality Management

Ques 1: The project team has added some functionalities to the product that are not required as part of the project. However, the customer is satisfied with the product. From a quality perspective, the action of the team is:

1. Justified because customer expectations are exceeded.
2. Not acceptable, because it constitutes gold plating, which is not a good practice.
3. Desirable as this means repeat business from the customer.
4. Not ethical as the customer indicated project deliverable is not produced.

Ques 2: You are the project manager of a car manufacturing company. You understand that there are costs associated with improvement in quality parameters. To justify costs required to improve quality, you find out the incremental increase in benefits for an incremental improvement in quality. This is an example of:

1. Parkinson’s law
2. Learning Curve theory
3. Marginal analysis
4. Maslow’s hierarchy of needs

Ques 3: You are a project manager. During the quality audit, you find out that the team members have committed a number of minor mistakes. To determine whether the process is in control, the most helpful tool you use is:

1. Ishikawa diagram
2. Pareto chart
3. Bar chart
4. Control Chart

Ques 4: The explicit and implicit customer requirements that should be captured as part of your project can be referred to as:

1. Quality
2. Activity
3. Voice of the customer
4. Quality attributes
Ques 5: All the following types of costs are incurred to ensure compliance to requirements EXCEPT:

1. Prevention costs
2. Appraisal costs
3. Quality planning costs
4. Warranty costs
Project Human Resource Management

Ques 1: In the executing phase of your project, you lose some key resources. Some new people have joined, and you (the project manager) set up a meeting to get the team together. What should be the most important agenda item for this meeting?

1. Discussing team building activities
2. Inviting the team members to share their past project experiences
3. Reviewing WBS and responsibilities of all team members
4. Planning risk responses for existing risks

Ques 2: While working on the project, you set realistic (and challenging) targets. This is because you know that if extra time is provided, "Work expands so as to fill the time available for its completion." This is also referred to as:

1. Herzberg’s Motivation Theory
2. Learning Curve Theory
3. Theory Y
4. Parkinson’s law

Ques 3: As individuals and/or organizations get more experienced at a task, they usually become more efficient at it. The more times a task has been performed, the less time will be required for subsequent iterations. This is an example of:

1. Theory X
2. Organizational process assets
3. Learning curve
4. Economics of scale

Ques 4: Frequent heated discussions with your colleague over an issue are creating a hostile environment. To ease this situation, you agree with your colleague’s point of view. The conflict resolution mode that you are using is:

1. Problem solving
2. Withdrawal
3. Forcing
4. Confrontation
Ques 5 : The project manager is trying to manage conflicting stakeholder requirements. The IT manager wants a new management information system. To lower costs, the system architect emphasizes technical excellence, and the programming contractor wants to maximize profits. To balance the needs of several stakeholders and achieve lasting resolution of conflicts, the most desirable conflict resolution technique is:

1. Confrontation
2. Smoothing
3. Withdrawal
4. Forcing
Project Communication Management

Ques 1: You have fifteen members in your project team. You have called for a project status meeting without prior notice. There have been too many sidebar conversations and arguments. As a result, you have achieved nothing substantial from the meeting. To achieve orderliness in the meeting next time, you should:

1. Decrease the number of people in the meeting
2. Publish a meeting agenda
3. Ensure that you control the channels of communication
4. Give incentives to team members for conforming to desired meeting norms

Ques 2: You are managing a critical project with virtual teams located in eight countries. At times, team members find it difficult to understand and interpret what others are communicating via tele-conferencing. From a communication management point of view, this difficulty in transmitting and understanding messages can also be referred to as:

1. Disturbance
2. Noise
3. Interference
4. Breakdown in encode-decode model
Project Risk Management

Ques 1: Being a diligent project manager, you understand the importance of identifying all project risks which can then be prioritized using Perform Qualitative and Quantitative Risk Analysis. In this context, which of the following tools and techniques can be used for Identify Risks process?

1. Documentation reviews, brainstorming, root cause analysis and checklist analysis
2. Assumptions analysis, probability and impact matrix, interviewing and Delphi technique
3. Expected monetary value, root cause analysis, influence diagrams and documentation reviews
4. Risk exploitation, assumptions analysis, influence diagrams and Delphi technique

Ques 2: Careful and explicit risk management planning ensures possibility of success of the other risk management processes. In this context, you use sensitivity analysis to:

1. Determine which risks may affect the project
2. Determine which risks have the most potential impact on the project
3. Define how risk management processes will be performed
4. Define how to conduct risk management activities for a project

Ques 3: As a project manager, you would identify risks in which of the following processes?

1. Identify Risks
2. Plan Risk Management and Identify Risks
3. Identify Risks and Monitor and Control Risks
4. Perform Qualitative Risk Analysis and Monitor and Control Risks

Ques 4: You are the project manager for a new software development project. A previously unidentified risk is discovered when the project is nearing completion. You realize that this risk may adversely impact the project’s overall ability to deliver. As a project manager, what step do you take FIRST?

1. Perform Quantitative Risk Analysis
2. Inform the project sponsor and the stakeholders about the potential impact of the risk on the project
3. Perform Qualitative Risk Analysis
4. Mitigate the risk to reduce its impact
Ques 5: You are the project manager for the construction of a shopping mall. As the location is prone to earthquakes, you plan to construct a building that is resistant to earthquakes. This is an example of:

1. Risk mitigation
2. Risk transfer
3. Risk avoidance
4. Risk acceptance
Project Procurement Management

Ques 1: In your company, you have a practice of preparing your own estimates of the items to be procured or services to be availed. This helps you conduct procurements to select seller. This can also be referred to as:

1. Preferred price
2. Independent Estimate.
3. Fixed price contract
4. Careful cost budgeting

Ques 2: In your company (buyer) has entered into a few contracts recently that have not been successfully implemented. Your sponsor calls for a meeting to determine what should be the overall goal while you negotiate contracts. In this context, what should be the most important objective of a contract?

1. Protect the interests of the project
2. Ensure that negotiation is conducted as per legal statutes
3. Negotiate for the best price and protect interests of the buyer
4. Objective could vary depending on the type of contract

Ques 3: During Close Procurements process, you should attend to all the following EXCEPT:

1. Perform a structured review of processes from plan purchases and acquisitions through contract closure.
2. Perform procurement performance reviews to determine seller’s progress to deliver project scope and quality, within cost and on schedule, as compared to the contract.
3. Identify successes and failures that warrant recognition to prepare or administer procurement contracts in the future.
4. Use procurement audits as a technique.

Ques 4: In Close Procurements process, you are responsible to complete each project procurement to support the Close Project or Phase process. In this context, the final equitable settlement of all outstanding issues, claims, and disputes by negotiation is done through:

1. Contract closure
2. Procurement audits
3. Claims documentations
4. Negotiated settlements
Ques 5: Your contract is nearing completion when the buyer mentions that there are some outstanding issues - this can be a potential dispute or conflict situation. In this context, what is the best way to deal with a dispute in a contract?

1. Negotiation
2. Change request
3. Arbitration including mediation or alternative dispute resolution methods
4. Litigation in courts
Professional Responsibility

Ques 1: You are working as a project manager in a company; you get to know that a person managing another project of your company has furnished false reports about his PMP experience and credentials. What should you do in this context?

1. Report violation of the PMP code of conduct to PMI.
2. Report violation of the PMP code of conduct to PMI only if found true after verifying the facts.
3. Report violation of the PMP code of conduct to PMI and then verify the facts.
4. Report the violation to your manager.

Ques 2: You are managing a team consisting of members from four different countries; you realize that some cultural differences among your team members are hampering the progress of your project. In this context, what should you do?

1. Conduct team building activities in which most of the team members can participate actively.
2. Train your team members on project objectives.
3. Train your team members on the broad objectives of your organization.
4. Provide training to your team members regarding cultural diversities among different countries along with training on project objectives and the company culture.

Ques 3: Your company has been awarded an engineering, procurement and construction (EPC) contract to build a combined-cycle gas turbine (CCGT) plant. You have been assigned to manage this project, but your expertise as a project manager is in the field of information technology. In this context, what should you do?

1. Explain to your senior management about your knowledge and experience.
2. Ask for adequate training in your new area of operation.
3. Accept the responsibility and put in your best efforts.
4. Reject the assignment stating that it is beyond your capabilities and experience.
Ques 4: When your project is nearing completion, the customer requests you to include an additional feature in the final product. You realize that this feature was discussed with the project sponsor in an earlier meeting and he was against having this feature. What will be the BEST course of action?

1. Include the feature, as it will improve customer satisfaction
2. Include the feature --otherwise, the project will not be accepted by the customer
3. Talk with the sponsor on the benefits of having this feature
4. Decline the customer request and advise her to create a change request

Ques 5: You and your sponsor are discussing the financial benefits of selecting between two similar projects - project A and project B. When evaluating the projects, you realize that project A will cause some amount of short-term environmental damage but minimal long-term environmental problems. In this context, what will be the best course of action?

1. Explain to your senior management about the potential environmental damage caused by project A and persuade them to discard the project.
2. Select the project A as there is only low probability of causing long-term environmental damage.
3. Try to find solutions to the environmental damage that may occur in the future because of project A.
4. Undertake the project A but try to minimize the environmental damage, if any.
Day 3 Evaluation Exam - Answers

Project Management Framework

Ans 1 : Correct Choice - 2
Justification: Helpdesk work is an operational activity.

Organizations perform work to achieve a set of objectives. In many organizations, the work performed can be categorized as either project or operations work. These two types of work share a number of characteristics as follows:

- a. Performed by individuals
- b. Limited by constraints including resource constraints
- c. Planned, executed, monitored and controlled

Projects and operations differ primarily in that operations are ongoing and produce repetitive products, services, or results. Projects are temporary, and end.


PMstudy.com comments: Both projects and operations need to be planned, executed, and controlled.

Ans 2 : Correct Choice - 2
Justification: A phase-end represents a natural point to reassess the effort underway and to change or terminate the project if necessary. These points are referred to as phase exits, milestones, phase gates, decision gates, stage gates, decision gates, stage gates or kill points.


PMstudy.com comments: The answer is option 2, as the manager is justified in asking for a kill point, which is same term used for phase-end review

Ans 3 : Correct Choice - 2
Justification: The project team should encourage involvement from all appropriate stakeholders when planning the project and developing the project management plan and project documents.


PMstudy.com comments:

Please note:

--> Option 1: The project manager must try to satisfy both the explicit and the implicit needs of the stakeholders.

--> Option 3: Stakeholders may have unstated needs, which should also be properly identified by
the project manager.

-- Option 4: Stakeholders may have conflicting needs and hence provide conflicting requirements.

**Ans 4 : Correct Choice - 2**

**Justification:** Stakeholders have varying levels of responsibility and authority when participating in a project and these can change over the course of the project life cycle.


**Ans 5 : Correct Choice - 3**

**Justification:** There are three basic types of phase to phase relationships. They are sequential relationships, overlapping relationships, and iterative relationships.


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**Project Integration Management**

**Ans 1 : Correct Choice - 4**

**Justification:** The different steps that should be followed when a change is requested are as follows:

a) Evaluate the impact of the change within the team.

b) Be proactive. If the change can have negative impact on the project, try to influence the factors that cause change, so that only approved changes are implemented.

c) Communicate the impact of the change to the project sponsor and the customer.

d) Take the project through the change control process by getting approval from the project customer, project sponsor, and other stakeholders. Also, please note that additional funding is always provided by the project sponsor (not the project customer), and that changes are usually approved or rejected by the change control board.

e) Get adequate resources required to implement the change.

f) Implement the changes.

**Reference:** PMstudy.com comments

PMstudy.com comments:

Please note that you have completed the first step, i.e. you have evaluated the impact of the change.

Option 1: Crashing or fast tracking is not recommended, because the project schedule is not impacted by the change. Crashing or fast tracking may decrease the project schedule but increase
costs, which is not desirable.
Option 2: The project manager cannot stop the customer from requesting changes.
Option 3: You should inform the customer about the changes but cannot ask for additional funding, because funding is always provided by the sponsor.
Option 4 is the best choice in the given situation.

**Ans 2 : Correct Choice - 2**
**Justification:** The question states that the project charter has been created.

This should be followed by Develop Project Management Plan process as defined in Option 2 (Refer PMBOK® Guide Fourth Edition, pages 73, Figure 4-1 and 78).

PMstudy.com comments: Option 1, Option 3, and Option 4 refer to the Direct and Manage Project Execution, Monitor and Control Project Work, and Perform Integrated Change Control processes, respectively. These are taken up after Develop Project Management Plan process is completed. (Refer PMBOK® Guide Fourth Edition, page 73, Figure 4-1).

**Ans 3 : Correct Choice - 3**
**Justification:** Expert judgment is one of the tools and techniques used in the Perform Integrated Change Control process. The other tool and technique used in the Perform Integrated Change Control process is change control meetings.


**Ans 4 : Correct Choice - 3**
**Justification:** Project management plan: A formal, approved document that defines how the project is executed, monitored, and controlled. It may be a summary or detailed and may be composed of one or more subsidiary management plans and other planning documents.


PMstudy.com comments: The project management plan is prepared by the project manager based on the inputs from the team and all the appropriate stakeholders.

**Ans 5 : Correct Choice - 2**
**Justification:** Project is performed in order to meet a set of objectives. A project is said to be successful when it meets those objectives. The project manager is responsible for the success of the project.

Please note that Option 4(providing additional features) is called "gold plating" and is not recommended by PMI
Ans 1 : Correct Choice - 2  
**Justification:** Variance Analysis: A method for resolving the total variance in the set of scope, cost, and schedule variables into specific component variances that are associated with defined factors affecting the scope, cost, and schedule variables.  

Ans 2 : Correct Choice - 1  
**Justification:** Different deliverables can have different levels of decomposition.  

PMstudy.com comments: Options 2 and 3 are details that explain the decomposition technique used in the Create WBS process. Option 4 is correct i.e. Decomposition is a tool for Create WBS process  

Ans 3 : Correct Choice - 2  
**Justification:** Focus groups bring together prequalified stakeholders and subject matter experts to learn about their expectations and attitudes about a proposed product, service, or result.  

Ans 4 : Correct Choice - 2  
**Justification:** Scope verification differs from quality control in that scope verification is primarily concerned with acceptance of the deliverables, while quality control is primarily concerned with correctness of the deliverables and meeting the quality requirements specified for the deliverables. Quality control is generally performed before scope verification, but these two processes can be performed in parallel.  

Ans 5 : Correct Choice - 4  
**Justification:** During Control Scope process, we use the technique called variance analysis. In
variance analysis, project performance measurements are used to assess the magnitude of variation from the original scope baseline. Important aspects of project scope control include determining the cause and degree of variance relative to the scope baseline and deciding whether corrective or preventive action is required.


**Project Time Management**

**Ans 1 : Correct Choice - 4**
**Justification:** Schedule variance analysis along with review of progress reports, results of performance measures and modifications to the project schedule can result in change requests to the schedule baseline and/or to other components of project plan.


**Ans 2 : Correct Choice - 3**
**Justification:** The Estimate Activity Resource process is closely coordinated with the Estimate Costs process.


**Ans 3 : Correct Choice - 1**
**Justification:** Please refer to the following diagram:
START -> G -> I -> C -> D -> END: 23 lies on the critical path.
So, slack of task G = 0

Reference: PMstudy.com comments

**Ans 4 : Correct Choice - 3**
**Justification:** Duration of critical path = 23 weeks

If the management wants to complete the project in twenty weeks, then the project float will be: 20 - 23 = -3 weeks The project float compares the critical path with an externally imposed date and may be negative. You may be forced to fast track or perform crashing to ensure that the project is completed on time as required by the management.

There will be no change to the critical path.

Reference: PMstudy.com comments

**Ans 5 : Correct Choice - 3**
**Justification:** Sequence Activities is the process of identifying and documenting the relationships among the project activities. Schedule network templates are the tools used in this
process.


PMstudy.com comments:

Option 1 (Scheduling tool) is used for Develop Schedule  
Option 2 (Decomposition) is used for Define Activities  
Option 4 (Schedule compression) is used for Develop Schedule

**Project Cost Management**

**Ans 1 : Correct Choice - 2**  
**Justification:** Schedule variance

\[
= \text{Earned value (EV)} - \text{Present value (PV)}  
= \$1.5 \text{ Million} - \$2.5 \text{ Million}  
= -\$1 \text{ Million}
\]

Negative schedule variance means that the project is behind schedule

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Term</th>
<th>Description</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>PV (BCWS)</td>
<td>Present Value (Budgeted Costs for Work Scheduled)</td>
<td>Physical work to be scheduled, including the estimated value of the work</td>
<td></td>
</tr>
<tr>
<td>EV (BCWP)</td>
<td>Earned Value (Budgeted Costs for Work Performed)</td>
<td>Physical work actually accomplished, including estimated value of this work</td>
<td></td>
</tr>
<tr>
<td>AC</td>
<td>Actual cost</td>
<td>Actual Cost of the work completed</td>
<td></td>
</tr>
</tbody>
</table>
| SV            | Schedule Variance | Negative SV: Behind Schedule  
Positive SV: Ahead of Schedule | EV - PV |
| CV            | Cost Variance | Negative CV: Over Budget  
Positive CV: Under Budget | EV - AC |
| CPI           | Cost Performance Index | Value got for 1 \$ of Actual Cost | $\frac{EV}{AC}$  
$\frac{EV}{EAC}$ |
| SPI           | Schedule Performance Index | Progress as a \% of Planned Progress | $\frac{EV}{PV}$ |
Ans 2 : Correct Choice - 3
Justification: CV (Cost Variance) = EV - AC = $ 90,000 - $ 125,000 = - $ 35,000 (since this is negative, you are over-budget)
CPI (Cost Performance Index) = EV/AC = $ 90,000 / $ 125,000 = 0.72 (since this is <1, you are over-budget)
SV (Schedule Variance) = EV - PV = $ 90,000 - $ 100,000 = - $ 10,000 (since this is negative, you are behind schedule)
SPI (Schedule Performance Index) = EV/ PV = $ 90,000 / $ 100,000 = 0.9 (since this is <1, you are behind schedule)
The above calculations show that all options except option 3 are correct. Hence, option 3 is the right answer.

Reference: PMstudy.com comments

Also, please refer to PMBOK® Guide Fourth Edition, Page Number:182 and 183

Ans 3 : Correct Choice - 1
Justification: Parametric estimating uses a statistical relationship between historical data and other variables (e.g., square footage in construction) to calculate an estimate for activity
parameters, such as cost, budget, and duration. This technique can produce higher levels of accuracy depending upon the sophistication and underlying data built into the model.


PMstudy.com comments: Option 2 (Bottom-up estimating) is very accurate but will take much longer. Option 3 (Vendor bid analysis) will take long and procurement details are not stated in the question, so this is not a valid option. Option 4 is also not correct, because we can get a high level estimate using parametric estimating technique.

Ans 4 : Correct Choice - 4
Justification: The default value of EAC (assuming current variances are typical) is calculated as below: 
EAC = AC + (BAC-EV)/CPI = $800,000 + ($ 1,000,000 - $ 400,000)/($ 400,000 / $ 800,000) = $ 800,000 + ($ 600,000/0.5) = $ 2,000,000
So, ETC = EAC – AC = $ 2,000,000 - $ 800,000 = $ 1,200,000

Reference: PMstudy.com comments

Ans 5 : Correct Choice - 3
Justification: The diagram shows that at time x, SPI < 1 (i.e., behind schedule) and CPI>1 (i.e., under-budget). Please note that in earned value management calculations, ratios >1 is desirable.

Reference: PMstudy.com comments

Project Quality Management

Ans 1 : Correct Choice - 2
Justification: Customer satisfaction requires a combination of conformance to requirements (to ensure the project produces what it was created to produce) and fitness for use (the product or service must satisfy real needs).


PMstudy.com comments: PMI believes that gold plating (providing additional functionalities) is not a good practice, even if it satisfies the customer.

Ans 2 : Correct Choice - 3
Justification: Marginal analysis balances the additional benefits from an action against the additional cost. It is an acknowledgement that decisions should be made based on the incremental gains and losses that result from a decision.
Ans 3 : Correct Choice - 4  
**Justification:** Control Chart is the BEST tool here as, in this process, the appropriate data is collected and analyzed to indicate the quality status of project processes and products. Control charts illustrate how a process behaves overtime and when a process is subject to special cause variation, resulting in an out-of-control condition.


Ans 4 : Correct Choice - 3  
**Justification:** Voice of the Customer. A planning technique used to provide products, services, and results that truly reflect customer requirements by translating those customer requirements into the appropriate technical requirements for each phase of project product development.


PMstudy.com comments: Voice of the customer refers to explicit and implicit customer requirements that should be captured as part of the project.

Ans 5 : Correct Choice - 4  
**Justification:** Prevention and appraisal costs (cost of conformance) include costs for quality planning, quality control (QC), and quality assurance to ensure compliance to requirements (i.e., training, QC systems, etc.)


**Project Human Resource Management**

Ans 1 : Correct Choice - 3  
**Justification:**

The most important agenda item for the meeting should be reviewing of WBS to ensure that responsibilities are assigned. Reviewing WBS and responsibilities of all team members helps in establishing clear expectations on acceptable behavior and roles of all team members.

Early commitment to clear guidelines decreases misunderstandings and increases productivity.

Reference: PMstudy.com comments
Ans 2 : Correct Choice - 4  
**Justification:** Parkinson’s law states that work expands so as to fill the time available for its completion or in brief, "work expands to fill the time available."

**Reference:** PMstudy.com comments

Ans 3 : Correct Choice - 3  
**Justification:** Learning curve theory states that as individuals and/or organizations get more experienced at a task, they usually become more efficient at it. The more times a task is performed, the less time will be required for subsequent iterations.

**Reference:** PMstudy.com comments

Ans 4 : Correct Choice - 2  
**Justification:**

<table>
<thead>
<tr>
<th>Conflict Mode</th>
<th>Description</th>
</tr>
</thead>
</table>
| Confronting (or Collaborating)|  1. Conflicting parties meet face to face and try to work out their disagreements.  
|                               |  2. Should focus on solving the problem and not being combative (both parties win).  
| Compromising                  |  1. Bargain or search for solutions so that both parties leave with some satisfaction.  
|                               |  2. Give and take approach.                   |
| Smoothing (or Accommodating)  |  1. Reduce emotions that exist in a conflict.  
|                               |  2. Emphasis agreement, de-emphasize disagreement.  
|                               |  3. Goal of one party may be compromised for needs of the other party.  |
| Forcing (Confronting, Authoritative) |  1. One party tries to impose a solution on another party.  
|                               |  2. Usually done if conflict is escalated.  
|                               |  3. Win-lose situation, one party wins at expense of another.  |
| Avoiding (or Withdrawing)      |  1. Temporary solution – problem not solved but avoided.  
|                               |  2. Problem and resulting conflict can come up again and again.  |

**Reference:** Project Management - A Systems Approach to Planning, Scheduling and Controlling, Page Number: 304, 305, and 306
Conflict resolution modes

<table>
<thead>
<tr>
<th>Conflict Mode</th>
<th>Description</th>
</tr>
</thead>
</table>
| Confronting (or Collaborating) | - Conflicting parties meet face to face and try to work out their disagreements.  
  - Should focus on solving the problem and not being combative (both parties win).  
  - Both parties win – lasting solution to a problem. |
| Compromising             | - Bargain or search for solutions so that both parties leave with some satisfaction.  
  - Give and take approach. |
| Smoothing (or Accommodating) | - Reduce emotions that exist in a conflict.  
  - Emphasis agreement, de-emphasize disagreement.  
  - Goal of one party may be compromised for needs of the other party. |
| Forcing (Competitive, Assertive) | - One party tries to impose a solution on another party.  
  - Usually done if conflict is escalated.  
  - Win-lose situation, one party wins at expense of another. |
| Avoiding (or Withdrawing) | - Temporary solution – problem not solved but avoided.  
  - Problem and resulting conflict can come up again and again. |

Justification:


Project Communication Management

Ans 1 : Correct Choice - 2
Justification: Effective Information Distribution includes... meeting management techniques, preparing an agenda and dealing with conflicts.


PMstudy.com comments: In order to conduct the meeting in an organized way, you will have to follow the meeting management techniques of preparing and publishing an agenda and to deal with conflicts.

Option 2: Preparing and publishing a meeting agenda is the best way to ensure that meetings are conducted in an orderly fashion.
Option 1: Decreasing the number of people may mean that we will not have the required stakeholders.
Option 3: Controlling the channels of communication is not possible as the number of channels is not fixed and can be determined by the formula N * (N-1) / 2.
Option 4: Giving incentives is not recommended.

Ans 2 : Correct Choice - 2
**Justification:** Noise is anything that interferes with the transmission and understanding of the message (e.g., distance).


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**Project Risk Management**

**Ans 1 : Correct Choice - 1**

**Justification:** Option 1: This is the correct answer as it has all the tools and techniques which are used for Identify Risks process.

Option 2: Probability and impact matrix – this is used for Perform Qualitative Risk Analysis process.

Option 3: Expected monetary value – this is used for Perform Quantitative Risk Analysis process.

Option 4: Risk exploitation – this is used in Plan Risk Responses process.


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**Ans 2 : Correct Choice - 2**

**Justification:** Sensitivity analysis helps to determine which risks have the most potential impact on the project.


**PMstudy.com comments:** Sensitivity analysis is a tool and technique for Perform Quantitative Risk Analysis

**Ans 3 : Correct Choice - 3**

**Justification:** Identify Risks is the process of determining which risks may affect the project and documenting their characteristics. Monitor and Control Risks is the process of implementing risk response plans, tracking identified risks, monitoring residual risks, identifying new risks, and evaluating risk process effectiveness throughout the project.


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**Ans 4 : Correct Choice - 3**
**Justification:** Perform Qualitative Risk Analysis is the process of prioritizing risks for further analysis or action by assessing and combining their probability of occurrence and impact. Organizations can improve the project’s performance by focusing on high-priority risks.


PMstudy.com comments: Since this risk "may" adversely impact the project’s overall ability to deliver, you should do Qualitative Risk Analysis to determine the probability and impact of the risk.

**Ans 5 : Correct Choice - 1**

**Justification:** Risk mitigation implies a reduction in the probability and/or impact of an adverse risk event to be within acceptable threshold limits.


PMstudy.com comments: Just as prevention is better than cure, early action is more effective than trying to repair the damage after the risk has occurred.

**Project Procurement Management**

**Ans 1 : Correct Choice - 2**

**Justification:**

Option 2: For many procurement items, the procuring organization may elect to either prepare its own independent estimate, or have an estimate of costs prepared by an outside professional estimator, to serve as a benchmark on proposed responses. Significant differences in cost estimates can be an indication that the procurement statement of work was deficient, ambiguous, and/or that the prospective sellers either misunderstood or failed to respond fully to the procurement statement of work.

Options 1 and 4: The answers provided in these options do not refer to the practice of preparing independent estimates of the items to be procured or services to be availed.

Option 3: Fixed-price contracts involve setting a fixed price for defined product or service to be provided.


**Ans 2 : Correct Choice - 1**

**Justification:** It is the project management team’s responsibility to make certain that all procurements meet the specific needs of the project while adhering to organizational
procurement policies.


Ans 3 : Correct Choice - 2
Justification:
Option 2: This is the correct answer. This is performed in Administer Procurements process.

Options 1, 3, and 4: These are performed as part of Close Procurements process.


Ans 4 : Correct Choice - 4
Justification:

Option 4: `Negotiated settlements` is a technique used to negotiate the final equitable settlement of all outstanding issues, claims, and disputes in all the procurement relationships.

Option 1: Contract closure refers to the closure of a contract applicable to the project or project phase.

Option 2: Procurements audit is a structured review of the procurement process originating from the Plan Procurements process through Administer Procurements process.

Option 3: Claims documentation refers to documentation of request or demand by the seller against the buyer, or vice versa, for compensation under the terms of a legally binding contract, such as a disputed change.


Ans 5 : Correct Choice - 1
Justification:

In all procurement relationships, the final equitable settlement of all outstanding issues, claims, and disputes by negotiation is the primary goal. Whenever settlement cannot be achieved through direct negotiation, some form of alternative dispute resolution (ADR) including mediation or arbitration may be explored. When all else fails, litigation in the courts is the least desirable option.


**Professional Responsibility**

**Ans 1 : Correct Choice - 2**

**Justification:** Reporting violations of the PMP code of conduct is one of the primary responsibilities of a project management professional. If and when one gets to know that a violation of the PMP code of conduct has occurred, she should verify the facts, if found true, must notify the PMI.

Reference: PMstudy.com comments

**Ans 2 : Correct Choice - 4**

**Justification:** When working with team members of different countries, to ensure that cultural diversities do not hamper the progress of the project, the project manager must provide training to her team members regarding cultural diversities among various countries, project goals, and the ethics and culture of the company.

Reference: PMstudy.com comments

**Ans 3 : Correct Choice - 3**

**Justification:** A project manager must always be truthful while reporting about her qualification, experience, background, and past performances to one’s prospective employers, customers, etc.

PMI believes that project manager need not be a subject matter expert and similar project management skills can be used across different industries.

Reference: PMstudy.com comments

**Ans 4 : Correct Choice - 4**

**Justification:** Option 4 is the best available choice. Neither option 1 nor option 2 is the best answer, because this requirement was absent in the scope of work, and inclusion of the same now will impact project deliverables.

The issue was already discussed with the sponsor, and he was against having this feature. So, no
purpose is served in referring the matter once again to the sponsor. Hence, option 3 is not the correct choice.

Reference: PMstudy.com comments

**Ans 5 : Correct Choice - 1**

**Justification:** Project managers, while making decisions regarding a project, should preferably select a project with no(or minimal) negative impact on the environment, community and society.

Reference: PMstudy.com comments