**Chapter 2 - Project Selection and Prioritization**

**MULTIPLE CHOICE**

1. Which of the following statements concerning strategic analysis is true?

|  |  |
| --- | --- |
| a. | Strategic analysis focuses exclusively upon external analysis. |
| b. | External analysis focuses on the strengths and weaknesses of the organization. |
| c. | Internal analysis focuses on the threats and opportunities facing the organization. |
| d. | External analysis focuses on the threats and opportunities facing the organization. |

ANS: D DIF: Moderate REF: P. 28 OBJ: CPMT.KLOP.15.02.01

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Comprehension

2. All of the following factors influence the opportunities and threats an organization must consider when performing a strategic analysis EXCEPT:

|  |  |
| --- | --- |
| a. | competitors |
| b. | suppliers |
| c. | regulatory agencies |
| d. | employees |

ANS: D DIF: Easy REF: P. 28 OBJ: CPMT.KLOP.15.02.01

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Knowledge

3. A clear and compelling vision will have all the following characteristics EXCEPT:

|  |  |
| --- | --- |
| a. | often requires extra effort to achieve. |
| b. | often requires several years to achieve. |
| c. | provides detailed roadmap for managing a project |
| d. | helps stakeholders to understand the direction of the firm. |

ANS: C DIF: Moderate REF: P. 29 OBJ: CPMT.KLOP.15.02.01

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Comprehension

4. Which of the following responses most accurately depicts the correct sequence of activities in the strategic planning process?

|  |  |
| --- | --- |
| a. | strategic objectives - strategic analysis - guiding principles - flow-down objectives |
| b. | guiding principles - strategic analysis - strategic objectives - flow-down objectives |
| c. | strategic analysis - guiding principles - strategic objectives - flow-down objectives |
| d. | guiding principles - strategic objectives - flow-down objectives - strategic analysis |

ANS: C DIF: Challenging REF: P. 28 - 31 OBJ: CPMT.KLOP.15.02.01

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Application

5. Many writers have stated that effective objectives should be:

|  |  |
| --- | --- |
| a. | broad - to cover many dimensions of the business |
| b. | measurable - to track progress |
| c. | unachievable - to inspire maximum performance |
| d. | resource based - to focus on the inputs |

ANS: B DIF: Moderate REF: P. 31 OBJ: CPMT.KLOP.15.02.01

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Comprehension

6. All of the following statements concerning project portfolios are true EXCEPT:

|  |  |
| --- | --- |
| a. | The projects in a portfolio are grouped to be managed collectively. |
| b. | Portfolios cannot include operations and programs. |
| c. | Portfolios usually include a mix of high-risk and low-risk projects. |
| d. | All projects in a portfolio contribute to the organization’s goals. |

ANS: B DIF: Moderate REF: P. 32 OBJ: CPMT.KLOP.15.02.01

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Comprehension

7. Portfolios deal with all of an organization’s projects, while programs deal with:

|  |  |
| --- | --- |
| a. | ongoing operations |
| b. | a specific group of related projects |
| c. | resource availability |
| d. | tradeoffs between schedule, scope and quality |

ANS: B DIF: Moderate REF: P. 32 OBJ: CPMT.KLOP.15.02.01

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Comprehension

8. Portfolio management helps an organization achieve its strategic goals in all of the following ways EXCEPT:

|  |  |
| --- | --- |
| a. | managing ongoing projects |
| b. | providing needed resources |
| c. | selecting the right projects |
| d. | prioritizing work to be done |

ANS: A DIF: Moderate REF: P.31 OBJ: CPMT.KLOP.15.02.01

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Comprehension

9. The document that describes why the project is needed, and may include estimated costs and benefits, is called a:

|  |  |
| --- | --- |
| a. | program management plan |
| b. | business case |
| c. | SWOT analysis |
| d. | guiding principle |

ANS: B DIF: Moderate REF: P. 35 OBJ: CPMT.KLOP.15.02.03

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Comprehension

10. All of the following factors should be assessed to determine an organization’s ability to perform projects EXCEPT:

|  |  |
| --- | --- |
| a. | Does the organization have free and open communication, creativity, and empowered decision making? |
| b. | Does the organization have a clearly defined project management process? |
| c. | Do teams and individuals follow instructions well? |
| d. | Does the organization monitor and understand it’s external environment? |

ANS: C DIF: Moderate REF: P. 34 OBJ: CPMT.KLOP.15.02.03

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Comprehension

11. All of the following represent appropriate sources to identify new potential projects EXCEPT:

|  |  |
| --- | --- |
| a. | existing and potential customers |
| b. | the operations staff within the organization |
| c. | industry and trade journals |
| d. | lessons learned from previous projects |

ANS: D DIF: Moderate REF: P. 35 OBJ: CPMT.KLOP.15.02.03

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Comprehension

12. Which of the following statements best describes the contemporary use of financial models and scoring models for project selection?

|  |  |
| --- | --- |
| a. | These methods are often used together to ensure financial and non-financial factors are both considered. |
| b. | Financial methods are preferred because they ensure alignment with the organization’s strategic goals. |
| c. | Scoring models are unreliable because they fail to consider financial factors. |
| d. | One of these techniques is typically used to the exclusion of the other, due to time demands. |

ANS: A DIF: Moderate REF: P. 36 OBJ: CPMT.KLOP.15.02.03

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Application

13. Which of the following statements correctly describes a weakness associated with the financial project selection model?

|  |  |
| --- | --- |
| a. | The benefit-to-cost models favor projects which generate the smallest absolute return over a specified period. |
| b. | Payback period models do not consider the profit to be realized after the costs are paid. |
| c. | The Net Present Value (NPV) method does not consider the time value of money. |
| d. | The Internal Rate of Return (IRR) method is difficult to use when a project has conventional cash flows. |

ANS: B DIF: Challenging REF: P. 37 OBJ: CPMT.KLOP.15.02.02

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Application

14. All of the following criteria serve as a valid basis for identifying potential projects in most organizations EXCEPT:

|  |  |
| --- | --- |
| a. | social need |
| b. | environmental considerations |
| c. | technological advances |
| d. | internal politics |

ANS: D DIF: Easy REF: P. 35 OBJ: CPMT.KLOP.15.02.03

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Knowledge

Figure 2-1 Project Selection and Prioritization Matrix

15. Based on the information provided in Figure 2-1, which criterion is most important to the leadership team?

|  |  |
| --- | --- |
| a. | strategic fit |
| b. | risk |
| c. | market potential |
| d. | probability of success |

ANS: A DIF: Moderate REF: P. 40 OBJ: CPMT.KLOP.15.02.04

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Application

16. Based on the information provided in Figure 2-1, which project has the highest probability of success?

|  |  |
| --- | --- |
| a. | Project A |
| b. | Project B |
| c. | Project C |
| d. | Project D |

ANS: B DIF: Moderate REF: P. 40 OBJ: CPMT.KLOP.15.02.04

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Application

17. Consider the information provided in Figure 2-1. Based on the results in the project selection and prioritization matrix, which project would you select if you were limited to selecting only one project?

|  |  |
| --- | --- |
| a. | Project A |
| b. | Project B |
| c. | Project C |
| d. | Project D |

ANS: B DIF: Easy REF: P. 40 OBJ: CPMT.KLOP.15.02.04

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's:Application

18. Based on the information provided in Figure 2-1, which project is least attractive based on the strategic fit?

|  |  |
| --- | --- |
| a. | Project A |
| b. | Project B |
| c. | Project C |
| d. | Project D |

ANS: D DIF: Moderate REF: P. 40 OBJ: CPMT.KLOP.15.02.04

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Application

19. Once selected projects have been prioritized, it is time to assign resources to projects based on their order of priority. Resources could include all of the following EXCEPT:

|  |  |  |  |
| --- | --- | --- | --- |
| a. | subject matter experts | c. | quality metrics |
| b. | equipment | d. | money |

ANS: C DIF: Easy REF: P. 41 OBJ: CPMT.KLOP.15.02.03

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Knowledge

20. Which of the following is NOT a typical source selection criterion that an organization would use to evaluate potential contractors?

|  |  |
| --- | --- |
| a. | life cycle cost |
| b. | references |
| c. | personalities |
| d. | technical approach |

ANS: C DIF: Easy REF: P. 43 OBJ: CPMT.KLOP.15.02.05

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Knowledge

21. All of the following organizations can effectively use a scoring model to select and prioritize competing projects EXCEPT:

|  |  |
| --- | --- |
| a. | the leadership team |
| b. | client companies |
| c. | contractor companies |
| d. | program management office |

ANS: D DIF: Challenging REF: P. 43 OBJ: CPMT.KLOP.15.02.04

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Application

22. All of the following may be negotiated between a client company and a contractor EXCEPT:

|  |  |
| --- | --- |
| a. | the amount of money to be paid. |
| b. | quality standards |
| c. | selection criteria for scoring models |
| d. | personnel assignments |

ANS: C DIF: Moderate REF: P. 44 OBJ: CPMT.KLOP.15.02.05

NAT: BUSPROG.CPMT.KLOP.15.03 KEY: Bloom's: Comprehension