

Chapter 12

Student: _____

1. Successful firms are very careful in selecting the work to be outsourced. If expectations and requirements are fuzzy or open to debate, working together can become very difficult. The following are ways to clarify requirements and procedures EXCEPT
 - A. Make sure that different firms' project management systems are integrated.
 - B. Contract only work with clearly defined deliverables with measurable outcomes.
 - C. Establish who has access to certain information through robust safeguards.
 - D. Make sure communication is well structured and interactions are managed to avoid confusion.
 - E. Document your requirements.
2. The transferring of business functions or processes to other companies has traditionally been known as
 - A. Subcontracting.
 - B. Downsizing.
 - C. Partnering.
 - D. Joint venture.
 - E. Outsourcing.
3. When you call your Internet provider to solve a technical problem and you end up talking to a technician in India or Romania, you have just experienced
 - A. Telecommunications.
 - B. Partnering.
 - C. Outsourcing.
 - D. Service shift.
 - E. Bilingual customer service.

4. The following are differences between the partnering approach and the traditional approach to managing contracted relationships EXCEPT
- A. Mutual trust forms in the partnering approach where suspicion and distrust are prominent in the traditional approach.
 - B. Contracts establish long-term commitments in the partnering approach while single project contracting is normal in the traditional approach.
 - C. Access to each other's organization resources is available in the partnering approach but limited in the traditional approach.
 - D. Risk is shared jointly among partners in a partnering approach but is transferred to the other party in the traditional approach.
 - E. The partnering approach entails significant time and energy while a handshake is satisfactory in the traditional approach.
5. Advantages of outsourcing project work may likely include all of the following EXCEPT
- A. Shortened project duration.
 - B. Reduced costs.
 - C. Higher level of expertise.
 - D. Reduced conflict.
 - E. Increased flexibility.
6. Disadvantages of outsourcing project work may likely include all of the following EXCEPT
- A. Increased conflict.
 - B. Coordination breakdowns.
 - C. Increased costs.
 - D. Loss of control.
 - E. More internal morale issues.
7. Why are extensive training and team building activities important when managing contracted relationships?
- A. Extensive training and team building activities are not worth the effort because people issues will usually work themselves out over time
 - B. So team members are provided with a theoretical understanding of the barriers to collaboration as well as the skills and procedures to be successful
 - C. So conflict management processes can be put into place
 - D. So teams can still function together when co-location is not important for project success
 - E. So teams can identify difficult individuals and keep their distance during the project

8. Outsourced projects are susceptible to conflicts since people are unaccustomed to working together. Which of the following is a primary control mechanism for dealing with and resolving problems?
- A. Arbitration
 - B. Escalation
 - C. Collaboration
 - D. Mediation
 - E. Regulation
9. Key practices in the partnering approach to managing contracted relationships include
- A. Single project contracting.
 - B. Risk being transferred to the other party.
 - C. Access to each other's organizational resources.
 - D. Structured communications.
 - E. Independent project teams.
10. Which of the following is the BEST way to ensure that cohesion and cooperation are not undermined and the parties involved will be satisfied when the project is complete?
- A. Long-term outsourcing relationships
 - B. Good negotiation practices
 - C. Well-established conflict management processes in place
 - D. Frequent review and status updates
 - E. Fair and incentive-laden contracts
11. Which of the following is NOT a key to successful partnering relationships?
- A. Mutual trust
 - B. Jointly shared risk
 - C. Total company involvement
 - D. Independent project teams
 - E. Long-term commitment
12. Which of the following is part of the traditional approach to managing contracted relationships?
- A. Structured communications
 - B. Long-term commitment
 - C. Total company involvement
 - D. Shared risk
 - E. Mutual trust

13. Which of the following is NOT an advantage of establishing a long-term partnership?

- A. More efficient utilization of resources
- B. Reduced administration costs
- C. Improved innovation
- D. Risk is eventually transferred to the other party
- E. Improved performance

14. Which of the following is true in regard to negotiation when managing projects?

- A. It is a competitive contest
- B. Each negotiator should win as much as he or she can for his or her side
- C. If project managers are not able to win negotiations, they will not be seen as effective leaders
- D. Success is measured by how much is gained compared to the other party
- E. It cannot be viewed as a contest

15. Best practices in outsourcing project work include all the following EXCEPT

- A. Well-defined requirements and procedures.
- B. Training and team-building activities.
- C. Well-established conflict management processes.
- D. Frequent reviews and status updates.
- E. Short-term, no-pressure outsourcing relationships.

16. When negotiating, the tendency is to want to win! Why is this not a good approach when managing contracted relationships?

- A. This approach inhibits the degree of trust and cooperation needed for the alliance to work
- B. A noncompetitive approach can bring about functional conflict
- C. This approach can cause dysfunctional conflict to rise and negotiations to break down
- D. Because people have to continue to work together after negotiations
- E. All of these are reasons a competitive approach to negotiation should not be used when managing contracted relationships

17. When considering principled negotiation, both buyers and sellers relying on the blue book to establish price parameters of a used car would be an example of

- A. Focusing on interests, not positions.
- B. Inventing options of mutual gain.
- C. Being honest and forthright.
- D. Using objective criteria.
- E. Separating the people from the problem.

18. The result of team building among the project's participants that states their common goals for the project as well as the procedures that will be used to achieve these goals is a
- A. Signed contract.
 - B. Legal partnership agreement.
 - C. Project plan.
 - D. Partnering charter.
 - E. Responsibility matrix.
19. In regard to outsourcing, the MOST effective way to avoid problems with schedules and deadlines is to
- A. Develop detailed schedules.
 - B. Hold frequent status reviews.
 - C. Add a penalty clause to the contract.
 - D. Hold frequent conversations with the outsourcer.
 - E. Build extra time into the schedules that the outsourcer is not aware of.
20. What does the acronym BATNA stand for?
- A. Best alternative to a negotiated agreement
 - B. Be able to negotiate an agreement
 - C. Better ability to negotiate an agreement
 - D. Best ability to have a negotiated agreement
 - E. Better agree than no agreement
21. Long-term partnerships will provide all the following EXCEPT
- A. Improved communication.
 - B. More efficient utilization of resources.
 - C. Reduced communication requirements.
 - D. Lower administrative costs.
 - E. Improved innovation.
22. Which of the following is NOT a reason to have a BATNA?
- A. It increases the chance that you will win the negotiation
 - B. It gives you the power to walk away
 - C. It can reduce how dependent you are on the other party
 - D. It increases the likelihood of coming to a win/win agreement
 - E. It is a good defense against unreasonable win/lose negotiators

23. Ultimate success of the project is determined by

- A. Whether the project was completed on time.
- B. Whether the customer is happy.
- C. Whether the project meets specifications.
- D. Whether the project was under budget.
- E. Whether the project served the purpose it intended.

24. What is the fundamental difference between a fixed-price and a cost-plus contract?

- A. On fixed-price contracts partnering is used while it is not used for cost-plus contracts
- B. On fixed-price contracts macro estimates are used while micro estimates are used for cost-plus contracts
- C. No scope changes are made on fixed-price contracts while scope changes are allowed for cost-plus contracts
- D. On fixed-price contracts the cost is set in advance while for cost-plus contracts it is established after the project is completed
- E. On fixed-price contracts contractors are used while on cost-plus contracts no external contractors are used

25. Principled negotiation emphasizes developing win/win solutions while protecting yourself against those who would take advantage of your forthrightness. Which of the following is NOT one of the key points of principled negotiation?

- A. Use objective criteria when possible
- B. Be honest and forthright
- C. Focus on interests, not positions
- D. Separate the people from the problem
- E. Invent options for mutual gain

26. Customer satisfaction can be quantified by

- A. Perceived performance divided by actual performance.
- B. Actual performance divided by expected performance.
- C. Perceived performance divided by expected performance.
- D. Actual performance divided by perceived performance.
- E. Expected performance divided by actual performance.

27. Mathematically, customer satisfaction is a function of the extent to which perceived performance exceeds expectations. A customer satisfaction ratio of .95 indicates that a customer is
- A. Very satisfied.
 - B. Slightly satisfied.
 - C. Neutral—expectations were met.
 - D. Slightly dissatisfied.
 - E. Very dissatisfied.
28. Which of the following is suggested as the best target for a customer satisfaction ratio?
- A. 1.00
 - B. 1.05
 - C. 1.10
 - D. 1.20
 - E. 1.50
29. The following are ways a project manager can manage a customer's expectations and perceptions EXCEPT
- A. Avoid the temptation to oversell the virtues of the project to win approval.
 - B. Make sure to develop a well-defined scope statement.
 - C. Delay communicating problems that you feel can be resolved without involving the customer.
 - D. Share significant risks that might disrupt project execution.
 - E. Make sure that customer interactions are handled in a competent and professional manner.
30. When interacting with the customer, it is important that the project manager
- A. Show the customer your knowledge on the subject by using technical terms.
 - B. Speak slowly and in precise terms.
 - C. Speak the language of the customer.
 - D. Allow only one person from the project team to communicate with the customer.
 - E. Ask the customer to repeat important details.
31. Which of the following is NOT an element of good negotiation?
- A. Be hard on the problem, soft on the people
 - B. Conflict on a project can be good
 - C. Negotiation is not a contest
 - D. Seek first to understand, then to be understood
 - E. Avoid dealing with unreasonable people

32. When considering principled negotiation, keeping focus on the issues even when people become upset, frustrated, and even angry is an example of
- A. Separating people from the problem.
 - B. Being honest and forthright.
 - C. Focusing on interests, not positions.
 - D. Inventing options for mutual gain.
 - E. Using objective criteria.
33. When considering principled negotiation, revealing why you are trying to achieve something instead of demanding what you want or need is an example of
- A. Separate people from the problem.
 - B. Be honest.
 - C. Focus on interests, not positions.
 - D. Invent options for mutual gain.
 - E. When possible, use objective criteria.
34. When considering principled negotiation, when one person identifies options that are of low cost to them but of high interest to the other party, this is an example of
- A. Separate people from the problem.
 - B. Be honest.
 - C. Focus on interests, not positions.
 - D. Invent options for mutual gain.
 - E. When possible, use objective criteria.
35. Since different participants do not share the same values, priorities, and culture, projects are more prone to interpersonal _____ when outsourcing.
- _____
36. In the traditional approach to managing contracted relationships, _____ project contracting is normal.
- _____
37. When using the partnering approach to manage contracted relationships, _____ is shared jointly among the partners, which encourages innovation and continuous improvement.
- _____
38. When using the partnering approach to manage contracted relationships, mutual _____ forms the basis for strong working relationships.
- _____

39. The team-building sessions often conclude with the creation of a partnering _____ signed by all of the participants.
- _____
40. In the traditional approach to managing contracted relationships, _____ are structured and guarded.
- _____
41. Projects are more prone to conflict when outsourcing project work. The primary control mechanism for dealing with and resolving problems is known as _____.
- _____
42. The term _____ has traditionally been applied to the transferring of business functions or processes to other, often foreign, companies.
- _____
43. Whether a client is dissatisfied or delighted with a project is not based on hard facts and objective data but on perceptions and _____.
- _____
44. Cost _____ is a major advantage of outsourcing project work because companies can secure competitive prices for contracted services, especially if the work can be outsourced offshore.
- _____
45. Not only can contracted project work be cheaper, it can also be done _____.
- _____
46. A company no longer has to keep up with technological advances. High levels of _____ and technology can be brought onto a project by using contracted services.
- _____
47. Contracting project services can increase a firm's _____ by no longer being constrained by their own resources.
- _____
48. When outsourcing project work, coordination _____ are intensified by physical separation with people working in different buildings, different cities, if not different countries.
- _____

49. More and more companies are using online _____ to collect data from all project participants about the quality of working relations.
- _____
50. There is a potential loss of _____ over a project when the core team depends on other organizations that they do not have direct authority over.
- _____
51. Too often project members respond to customer inquiries with technical jargon. Project members should speak the language of the _____.
- _____
52. Many people approach _____ as if it is a competitive process.
- _____
53. Fisher and Ury champion the _____ negotiation approach to negotiation because it emphasizes win/win solutions while protecting yourself against those who would take advantage of your forthrightness.
- _____
54. _____ satisfaction is measured by the ratio of perceived performance to expected performance.
- _____
55. The best defense against unreasonable, win/lose negotiators is having what Fisher and Ury call a strong _____.
- _____
56. One key focus of principled negotiation is to separate people from the _____.
- _____
57. When both buyers and sellers rely on the blue book to establish price parameters for a used car, they are using _____ criteria.
- _____
58. In regard to outsourcing, the MOST effective way to avoid problems with schedules and deadlines is to add a _____ clause to the contract.
- _____
59. _____ is less relevant for independent work that does not require ongoing coordination between professionals for different organizations.
- _____

60. Toyota and DaimlerChrysler collaborating with suppliers to develop new automobile platforms is an example of outsourcing.
- True False
61. Participants from different organizations working close together at the construction site or in shared office space is an example of a virtual team.
- True False
62. Working in outsourcing teams, projects can be completed faster and more cheaply.
- True False
63. Increased conflict and loss of coordination are typical disadvantages of outsourcing project work.
- True False
64. Trust can be difficult to forge when interactions are limited and people come from different organizations.
- True False
65. When using the partnering approach to manage contracted relationships, access to each other's organization resources is available.
- True False
66. In the traditional method of managing projects, total company involvement requires commitment from CEO to team members.
- True False
67. When using the partnering approach to manage contracted relationships, each party's goals and objectives are similar but geared to what is best for them.
- True False
68. Co-location is less relevant for independent work that does not require ongoing coordination between professionals from different organizations.
- True False
69. In some countries, laws are considered to be guidelines that are not necessarily followed.
- True False
70. Project managers have the capability to manage customer expectations and perceptions.
- True False

71. In order to keep the customer happy and to keep perceptions about performance high, it is acceptable to falsely assure customers that everything is on track, especially if you feel that the problem will be resolved soon.

True False

72. It is rare in today's flat world to find important projects that are being completed totally in-house.

True False

73. Experience indicates that co-location of project teams is not worth the extra costs.

True False

74. A partnering charter states the common goals for the project as well as the procedures that will be used to achieve these goals.

True False

75. It is a good idea to add a penalty clause to an outsourcing agreement to ensure that work is completed on time.

True False

76. A prime consideration in choosing outsourcing vendors is to assess the fit with their project management system.

True False

77. Conflict is inevitable on a project; however, if it is handled effectively, it can elevate performance.

True False

78. In project negotiation each negotiator is out to win as much as he or she can for his or her side.

True False

79. Principled negotiation emphasizes developing win/win solutions while protecting yourself against those who would take advantage of your forthrightness.

True False

80. When separating the people from the problem, negotiators don't react to the emotional outburst, but try to find the issues that triggered it.

True False

81. The best defense against unreasonable, win/lose negotiators is having what Fisher and Ury call a strong BATNA.

True False

82. A value of 1.5 is the optimal target for the Met-Expectations model of customer satisfaction.

True False

83. What is partnering and why has it become popular for managing projects?

84. Identify and briefly describe three of the four advantages to outsourcing project work.

85. Discuss how key practices in the partnering approach to managing contracted relationships vary from those in the traditional approach for working relationships, goals, and communications.

86. Discuss how key practices in the partnering approach to managing contracted relationships vary from those in the traditional approach regarding risk, length of commitment, and structure of project teams.

87. When using the traditional approach to managing contracted relationships, risk is transferred to the other party. Give a real life example of this. Discuss why this is not conducive of a partnering relationship and how it can impact project innovation.
88. One simple but useful way of viewing customer satisfaction is in terms of met expectations. Why should one strive for a ratio of 1.05 and not 1.50?
89. "Team-building is nice to have for a project, but we really need to concentrate on the planning and technical challenges—this is the make-or-break point for this project." Agree or disagree? Support your answer.
90. Project managers must be skilled at managing customer expectations and perceptions. Give three examples of how one can do this.

91. Many companies recognize that major benefits can be enjoyed when outsourcing arrangements extend across multiple projects and are long term. Identify and describe three advantages for establishing long-term partnerships.
92. Describe the Met-Expectations Model of customer satisfaction including the formula to calculate it.
93. When negotiating, the tendency is to want to win! Give two reasons why this is not a good approach when managing contracted relationships.
94. What does the acronym BATNA stand for and why is it important to being a successful negotiator?

Chapter 12 Key

1. Successful firms are very careful in selecting the work to be outsourced. If expectations and requirements are fuzzy or open to debate, working together can become very difficult. The following are ways to clarify requirements and procedures EXCEPT
 - A. Make sure that different firms' project management systems are integrated.
 - B. Contract only work with clearly defined deliverables with measurable outcomes.
 - C. Establish who has access to certain information through robust safeguards.
 - D.** Make sure communication is well structured and interactions are managed to avoid confusion.
 - E. Document your requirements.

Structured communication and managed interactions are both functions of a traditional approach to project management and do not help clarify project requirements and procedures. Open communication avoids misdirection.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #1
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 3 Hard*

2. The transferring of business functions or processes to other companies has traditionally been known as
 - A. Subcontracting.
 - B. Downsizing.
 - C. Partnering.
 - D. Joint venture.
 - E.** Outsourcing.

The term outsourcing has traditionally been applied to the transferring of business functions or processes (e.g., customer support, IT, accounting) to other, often foreign companies.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #2
Learning Objective: Outsourcing Project Work
Level of Difficulty: 1 Easy*

3. When you call your Internet provider to solve a technical problem and you end up talking to a technician in India or Romania, you have just experienced

- A. Telecommunications.
- B. Partnering.
- C. Outsourcing.**
- D. Service shift.
- E. Bilingual customer service.

When you call your Internet provider to solve a technical problem and you end up speaking with a technician in Bangalore, India, or Bucharest, Romania, the parent company has outsourced the task.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #3
Learning Objective: Outsourcing Project Work
Level of Difficulty: 1 Easy*

4. The following are differences between the partnering approach and the traditional approach to managing contracted relationships EXCEPT

- A. Mutual trust forms in the partnering approach where suspicion and distrust are prominent in the traditional approach.
- B. Contracts establish long-term commitments in the partnering approach while single project contracting is normal in the traditional approach.**
- C. Access to each other's organization resources is available in the partnering approach but limited in the traditional approach.
- D. Risk is shared jointly among partners in a partnering approach but is transferred to the other party in the traditional approach.
- E. The partnering approach entails significant time and energy while a handshake is satisfactory in the traditional approach.

Although the goal is long-term commitments that will provide the opportunity for continuous improvement, neither party is bound by a contract to ensure that this will happen.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #4
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

5. Advantages of outsourcing project work may likely include all of the following EXCEPT

- A. Shortened project duration.
- B. Reduced costs.
- C. Higher level of expertise.
- D.** Reduced conflict.
- E. Increased flexibility.

Dysfunctional conflict can be a result of outsourcing and is a disadvantage. Projects are more prone to interpersonal conflict since the different participants do not share the same values, priorities, and culture.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #5
Learning Objective: Outsourcing Project Work
Level of Difficulty: 2 Medium*

6. Disadvantages of outsourcing project work may likely include all of the following EXCEPT

- A. Increased conflict.
- B. Coordination breakdowns.
- C.** Increased costs.
- D. Loss of control.
- E. More internal morale issues.

Cost reduction is an advantage when outsourcing. Companies can secure competitive prices for contracted services, especially if the work can be outsourced offshore. Furthermore, overhead costs are dramatically cut since the company no longer has to internally maintain the contracted services.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #6
Learning Objective: Outsourcing Project Work
Level of Difficulty: 2 Medium*

7. Why are extensive training and team building activities important when managing contracted relationships?

- A. Extensive training and team building activities are not worth the effort because people issues will usually work themselves out over time
- B. So team members are provided with a theoretical understanding of the barriers to collaboration as well as the skills and procedures to be successful**
- C. So conflict management processes can be put into place
- D. So teams can still function together when co-location is not important for project success
- E. So teams can identify difficult individuals and keep their distance during the project

Smart firms recognize that people issues are as important if not more important than technical issues. They train their personnel to work effectively with people from other organizations and countries. Team members are provided with a theoretical understanding of the barriers to collaboration as well as skills and procedures to be successful.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand*

*Larson - Chapter 12 #7
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

8. Outsourced projects are susceptible to conflicts since people are unaccustomed to working together. Which of the following is a primary control mechanism for dealing with and resolving problems?

- A. Arbitration
- B. Escalation**
- C. Collaboration
- D. Mediation
- E. Regulation

Escalation is the primary control mechanism for dealing with and resolving problems. The basic principle is that problems should be resolved at the lowest level within a set limit, or they are "escalated" to the next level of management.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Remember*

*Larson - Chapter 12 #8
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 1 Easy*

9. Key practices in the partnering approach to managing contracted relationships include

- A. Single project contracting.
- B. Risk being transferred to the other party.
- C.** Access to each other's organizational resources.
- D. Structured communications.
- E. Independent project teams.

Key practices in partnering relationships include mutual trust, shared goals, a joint project team, open communications, long-term commitment, objective critique, access to each other's organization resources, total company involvement, integration of administrative systems, and shared risk.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation*

Blooms: Understand

Larson - Chapter 12 #9

Learning Objective: Best Practices in Outsourcing Project Work

Level of Difficulty: 2 Medium

10. Which of the following is the BEST way to ensure that cohesion and cooperation are not undermined and the parties involved will be satisfied when the project is complete?

- A. Long-term outsourcing relationships
- B. Good negotiation practices
- C. Well-established conflict management processes in place
- D. Frequent review and status updates
- E.** Fair and incentive-laden contracts

When negotiating contracts the goal is to reach a fair deal for all involved. Managers recognize that cohesion and cooperation are undermined if one party feels he or she is being treated unfairly by others.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation*

Blooms: Understand

Larson - Chapter 12 #10

Learning Objective: Best Practices in Outsourcing Project Work

Level of Difficulty: 3 Hard

11. Which of the following is NOT a key to successful partnering relationships?

- A. Mutual trust
- B. Jointly shared risk
- C. Total company involvement
- D. Independent project teams**
- E. Long-term commitment

Key practices in partnering relationships include mutual trust, shared goals, a joint project team, open communications, long-term commitment, objective critique, access to each other's organization resources, total company involvement, integration of administrative systems, and shared risk. Independent project teams is a practice in the traditional approach.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #11
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium

12. Which of the following is part of the traditional approach to managing contracted relationships?

- A. Structured communications**
- B. Long-term commitment
- C. Total company involvement
- D. Shared risk
- E. Mutual trust

Suspicion and distrust, independent project teams, structured communications, single project contracting, limited objectivity, limited access to other organization's resources, involvement is limited to project-level personnel, and risk is transferred to the other party all characterize the traditional approach to managing contracted relationships.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #12
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium

13. Which of the following is NOT an advantage of establishing a long-term partnership?

- A. More efficient utilization of resources
- B. Reduced administration costs
- C. Improved innovation
- D. Risk is eventually transferred to the other party**
- E. Improved performance

Among the many advantages for establishing a long-term partnership are reduced administration costs, more efficient utilization of resources, improved communication, improved innovation, and improved performance.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand*

*Larson - Chapter 12 #13
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

14. Which of the following is true in regard to negotiation when managing projects?

- A. It is a competitive contest
- B. Each negotiator should win as much as he or she can for his or her side
- C. If project managers are not able to win negotiations, they will not be seen as effective leaders
- D. Success is measured by how much is gained compared to the other party
- E. It cannot be viewed as a contest**

Project management is not a contest. Effective negotiating is critical to successful collaboration. All it takes is one key problem to explode to convert a sense of "we" into "us versus them."

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand*

*Larson - Chapter 12 #14
Learning Objective: The Art of Negotiating
Level of Difficulty: 1 Easy*

15. Best practices in outsourcing project work include all the following EXCEPT

- A. Well-defined requirements and procedures.
- B. Training and team-building activities.
- C. Well-established conflict management processes.
- D. Frequent reviews and status updates.
- E. Short-term, no-pressure outsourcing relationships.**

Best practices in outsourcing project work include well-defined requirements and procedures, extensive training and team-building activities, well-established conflict management processes in place, frequent review and status updates, co-location when needed, fair and incentive-laden contracts and long-term outsourcing relationships.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #15
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 1 Easy

16. When negotiating, the tendency is to want to win! Why is this not a good approach when managing contracted relationships?

- A. This approach inhibits the degree of trust and cooperation needed for the alliance to work
- B. A noncompetitive approach can bring about functional conflict
- C. This approach can cause dysfunctional conflict to rise and negotiations to break down
- D. Because people have to continue to work together after negotiations
- E. All of these are reasons a competitive approach to negotiation should not be used when managing contracted relationships**

Project management is not a contest. First, different organizations have formed a temporary alliance to complete a project. For this alliance to work it requires a certain degree of trust, cooperation, and honesty. Second, if conflicts escalate to the point where negotiations break down and the project comes to a halt, then everyone loses. Third, unlike bartering with a street vendor, the people involved in project work have to continue to work together. Finally, conflict on a project can be good. When dealt with effectively, it can lead to innovation, better decisions, and more creative problem solving.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #16
Learning Objective: The Art of Negotiating
Level of Difficulty: 2 Medium

17. When considering principled negotiation, both buyers and sellers relying on the blue book to establish price parameters of a used car would be an example of
- A. Focusing on interests, not positions.
 - B. Inventing options of mutual gain.
 - C. Being honest and forthright.
 - D.** Using objective criteria.
 - E. Separating the people from the problem.

Whenever possible, you should insist on using external, objective criteria to settle disagreements. For example, both buyers and sellers relying on the blue book to establish price parameters of a used car.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #17
Learning Objective: The Art of Negotiating
Level of Difficulty: 2 Medium*

18. The result of team building among the project's participants that states their common goals for the project as well as the procedures that will be used to achieve these goals is a
- A. Signed contract.
 - B. Legal partnership agreement.
 - C. Project plan.
 - D.** Partnering charter.
 - E. Responsibility matrix.

The team-building sessions often culminate with the creation of a partnering charter signed by all of the participants. This charter states their common goals for the project as well as the procedures that will be used to achieve these goals.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Larson - Chapter 12 #18
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

19. In regard to outsourcing, the MOST effective way to avoid problems with schedules and deadlines is to
- A. Develop detailed schedules.
 - B. Hold frequent status reviews.
 - C. Add a penalty clause to the contract.**
 - D. Hold frequent conversations with the outsourcer.
 - E. Build extra time into the schedules that the outsourcer is not aware of.

To ensure that outsourced work is completed on time it is imperative to add a penalty clause to your contract or enforce late fees.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #19
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 3 Hard

20. What does the acronym BATNA stand for?
- A. Best alternative to a negotiated agreement**
 - B. Be able to negotiate an agreement
 - C. Better ability to negotiate an agreement
 - D. Best ability to have a negotiated agreement
 - E. Better agree than no agreement

The acronym BATNA stands for best alternative to a negotiated agreement.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Larson - Chapter 12 #20
Learning Objective: The Art of Negotiating
Level of Difficulty: 2 Medium

21. Long-term partnerships will provide all the following EXCEPT
- A. Improved communication.
 - B. More efficient utilization of resources.
 - C. Reduced communication requirements.**
 - D. Lower administrative costs.
 - E. Improved innovation.

Among the many advantages for establishing a long-term partnership are reduced administration costs, more efficient utilization of resources, improved communication, improved innovation, and improved performance.

AACSB: Reflective Thinking

22. Which of the following is NOT a reason to have a BATNA?

- A. It increases the chance that you will win the negotiation
- B. It gives you the power to walk away
- C. It can reduce how dependent you are on the other party
- D. It increases the likelihood of coming to a win/win agreement
- E. It is a good defense against unreasonable win/lose negotiators

People try to reach an agreement to produce something better than the result of not negotiating with that person. A strong BATNA gives you the power to walk away and say, "No deal unless we work toward a win/win scenario." BATNA doesn't increase the chance that you will win; it increases the chance that there will be a win/win scenario. If not, you will have something to fall back on.

23. Ultimate success of the project is determined by

- A. Whether the project was completed on time.
- B. Whether the customer is happy.
- C. Whether the project meets specifications.
- D. Whether the project was under budget.
- E. Whether the project served the purpose it intended.

Ultimate success is not determined by whether the project was completed on time, within budget, or according to specifications, but whether the customer is satisfied with what has been accomplished.

24. What is the fundamental difference between a fixed-price and a cost-plus contract?

- A. On fixed-price contracts partnering is used while it is not used for cost-plus contracts
- B. On fixed-price contracts macro estimates are used while micro estimates are used for cost-plus contracts
- C. No scope changes are made on fixed-price contracts while scope changes are allowed for cost-plus contracts
- D. On fixed-price contracts the cost is set in advance while for cost-plus contracts it is established after the project is completed**
- E. On fixed-price contracts contractors are used while on cost-plus contracts no external contractors are used

The difference between a fixed-price contract and a cost-plus contract is that for fixed-price contracts the cost is set before the project starts while for cost-plus contracts it is established after the project is completed.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #24
Learning Objective: Contract Management
Level of Difficulty: 2 Medium*

25. Principled negotiation emphasizes developing win/win solutions while protecting yourself against those who would take advantage of your forthrightness. Which of the following is NOT one of the key points of principled negotiation?

- A. Use objective criteria when possible
- B. Be honest and forthright**
- C. Focus on interests, not positions
- D. Separate the people from the problem
- E. Invent options for mutual gain

The key points of principled negotiation are to separate the people from the problem, focus on interests, not positions, invent options for mutual gain, and when possible, use objective criteria.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Larson - Chapter 12 #25
Learning Objective: The Art of Negotiating
Level of Difficulty: 2 Medium*

26. Customer satisfaction can be quantified by

- A. Perceived performance divided by actual performance.
- B. Actual performance divided by expected performance.
- C. Perceived performance divided by expected performance.
- D. Actual performance divided by perceived performance.
- E. Expected performance divided by actual performance.

The Met-Expectations Model of customer satisfaction shows that customer satisfaction can be calculated by dividing perceived performance by expected performance. A number below one indicates the customer was dissatisfied or the way they perceived your performance didn't meet their expectations. A value above one indicates a happy customer or the way they perceived your performance was more than what they expected.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #26
Learning Objective: A Note on Managing Customer Relations
Level of Difficulty: 2 Medium

27. Mathematically, customer satisfaction is a function of the extent to which perceived performance exceeds expectations. A customer satisfaction ratio of .95 indicates that a customer is

- A. Very satisfied.
- B. Slightly satisfied.
- C. Neutral—expectations were met.
- D. Slightly dissatisfied.
- E. Very dissatisfied.

A customer satisfaction ratio of .95 indicates that a customer is slightly dissatisfied. The way they perceived your performance didn't quite meet their expectations.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #27
Learning Objective: A Note on Managing Customer Relations
Level of Difficulty: 2 Medium

28. Which of the following is suggested as the best target for a customer satisfaction ratio?

- A. 1.00
- B.** 1.05
- C. 1.10
- D. 1.20
- E. 1.50

Under most circumstances, the most profitable arrangement occurs when the customer's expectations are only slightly exceeded. Returning to the mathematical model, with all other things being equal, one should strive for a satisfaction ratio of 1.05, not 1.50.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #28
Learning Objective: A Note on Managing Customer Relations
Level of Difficulty: 2 Medium

29. The following are ways a project manager can manage a customer's expectations and perceptions EXCEPT

- A. Avoid the temptation to oversell the virtues of the project to win approval.
- B. Make sure to develop a well-defined scope statement.
- C.** Delay communicating problems that you feel can be resolved without involving the customer.
- D. Share significant risks that might disrupt project execution.
- E. Make sure that customer interactions are handled in a competent and professional manner.

Customers should be kept informed of project developments, even if they are negative. Nothing will impact the trust between the manager and the client more than hiding potential problems.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #29
Learning Objective: A Note on Managing Customer Relations
Level of Difficulty: 2 Medium

30. When interacting with the customer, it is important that the project manager

- A. Show the customer your knowledge on the subject by using technical terms.
- B. Speak slowly and in precise terms.
- C. Speak the language of the customer.**
- D. Allow only one person from the project team to communicate with the customer.
- E. Ask the customer to repeat important details.

Too often project members respond to customer inquiries with technical jargon that exceeds the customer's vocabulary. Project managers and members need to describe problems, trade-offs, and solutions in ways that the customer can understand.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand*

*Larson - Chapter 12 #30
Learning Objective: A Note on Managing Customer Relations
Level of Difficulty: 1 Easy*

31. Which of the following is NOT an element of good negotiation?

- A. Be hard on the problem, soft on the people
- B. Conflict on a project can be good
- C. Negotiation is not a contest
- D. Seek first to understand, then to be understood
- E. Avoid dealing with unreasonable people**

Try to keep the focus on the problem to be resolved. In Fisher and Ury's words: Be hard on the problem, soft on the people. Also when focusing on interests, it is important to practice the communication habit: Seek first to understand, then to be understood. In addition it is beneficial to have a friendly rapport with the other person prior to negotiating. Friendly rapport is consistent with the social network tenet introduced in Chapter 10 of building a relationship before you need it. Lastly avoid personalizing the negotiation and framing the negotiation as a contest.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand*

*Larson - Chapter 12 #31
Learning Objective: The Art of Negotiating
Level of Difficulty: 2 Medium*

32. When considering principled negotiation, keeping focus on the issues even when people become upset, frustrated, and even angry is an example of

- A. Separating people from the problem.
- B. Being honest and forthright.
- C. Focusing on interests, not positions.
- D. Inventing options for mutual gain.
- E. Using objective criteria.

When people become emotional, negotiators should keep a cool head and remember the old German proverb, "Let anger fly out the window." In other words, in the face of an emotional outburst, imagine opening a window and letting the heat of the anger out the window. Avoid taking things personally, and redirect personal attacks back to the question at hand. Don't react to the emotional outburst, but try to find the issues that triggered it.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #32
Learning Objective: The Art of Negotiating
Level of Difficulty: 2 Medium

33. When considering principled negotiation, revealing why you are trying to achieve something instead of demanding what you want or need is an example of

- A. Separate people from the problem.
- B. Be honest.
- C. Focus on interests, not positions.
- D. Invent options for mutual gain.
- E. When possible, use objective criteria.

The key is to focus on the interests behind your positions (what you are trying to achieve) and separate these goals from your ego as best you can. Not only should you be driven by your interests, but you should try to identify the interests of the other party.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #33
Learning Objective: The Art of Negotiating
Level of Difficulty: 2 Medium

34. When considering principled negotiation, when one person identifies options that are of low cost to them but of high interest to the other party, this is an example of
- A. Separate people from the problem.
 - B. Be honest.
 - C. Focus on interests, not positions.
 - D.** Invent options for mutual gain.
 - E. When possible, use objective criteria.

Clarifying interests and exploring mutual options create the opportunity for dovetailing interests. Dovetailing means one person identifies options that are of low cost to them but of high interest to the other party. This is only possible if each party knows what the other's needs are.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #34
Learning Objective: The Art of Negotiating
Level of Difficulty: 2 Medium*

35. Since different participants do not share the same values, priorities, and culture, projects are more prone to interpersonal _____ when outsourcing.

conflict

Projects are more prone to interpersonal conflict since the different participants do not share the same values, priorities, and culture. Trust, which is essential to project success, can be difficult to forge when interactions are limited and people come from different organizations.

*AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #35
Learning Objective: Outsourcing Project Work
Level of Difficulty: 2 Medium*

36. In the traditional approach to managing contracted relationships, _____ project contracting is normal.

single

Single project contracting is normal in the traditional approach to managing contracted relationships. In the partnering approach, long-term commitment provides the opportunity to attain continuous improvement.

*AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #36
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

37. When using the partnering approach to manage contracted relationships, _____ is shared jointly among the partners, which encourages innovation and continuous improvement.

risk

In the partnering approach, risk is shared jointly among the partners, which encourages innovation and continuous improvement. In the traditional approach, risk is transferred to the other party.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #37
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium

38. When using the partnering approach to manage contracted relationships, mutual _____ forms the basis for strong working relationships.

trust

In a partnering relationship, mutual trust forms the basis for strong working relationships. Suspicion and distrust, where each party is wary of the motives for actions by the other, are evident in the traditional approach.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #38
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium

39. The team-building sessions often conclude with the creation of a partnering _____ signed by all of the participants.

charter

The team-building sessions often conclude with the creation of a partnering charter signed by all of the participants. This charter states their common goals for the project as well as the procedures that will be used to achieve these goals.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #39
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium

40. In the traditional approach to managing contracted relationships, _____ are structured and guarded.

communications

Communications are structured and guarded in the traditional approach as opposed to open communication in the partnering approach.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #40
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium

41. Projects are more prone to conflict when outsourcing project work. The primary control mechanism for dealing with and resolving problems is known as _____.

escalation

Escalation is the primary control mechanism for dealing with and resolving problems. The basic principle is that problems should be resolved at the lowest level within a set limit, or they are "escalated" to the next level of management.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #41
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium

42. The term _____ has traditionally been applied to the transferring of business functions or processes to other, often foreign, companies.

outsourcing

The term outsourcing has traditionally been applied to the transferring of business functions or processes (e.g., customer support, IT, accounting) to other, often foreign companies.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #42
Learning Objective: Outsourcing Project Work
Level of Difficulty: 1 Easy

43. Whether a client is dissatisfied or delighted with a project is not based on hard facts and objective data but on perceptions and _____.

expectations

Whether a client is dissatisfied or delighted with a project is not based on hard facts and objective data but on perceptions and expectations. Project managers must be skilled at managing customer expectations and perceptions.

AACSB: Reflective Thinking
Blooms: Understand

44. Cost _____ is a major advantage of outsourcing project work because companies can secure competitive prices for contracted services, especially if the work can be outsourced offshore.

reduction

Cost reduction is where companies can secure competitive prices for contracted services, especially if the work can be outsourced offshore. Furthermore, overhead costs are dramatically cut since the company no longer has to internally maintain the contracted services.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #44
Learning Objective: Outsourcing Project Work
Level of Difficulty: 1 Easy

45. Not only can contracted project work be cheaper, it can also be done _____.

faster

Not only can contracted work be done more cheaply, but it can also be done faster. Competitive pricing means more resources for the dollar.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #45
Learning Objective: Outsourcing Project Work
Level of Difficulty: 2 Medium

46. A company no longer has to keep up with technological advances. High levels of _____ and technology can be brought onto a project by using contracted services.

expertise

A high level of expertise and technology can be brought to bear on the project. A company no longer has to keep up with technological advances. Instead, it can focus on developing its core competencies and hire firms with the know-how to work on relevant segments of the project.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #46
Learning Objective: Outsourcing Project Work
Level of Difficulty: 2 Medium

47. Contracting project services can increase a firm's _____ by no longer being constrained by their own resources.

flexibility

In terms of flexibility, organizations are no longer constrained by their own resources but can pursue a wide range of projects by combining their resources with talents of other companies. Small companies can instantly go global by working with foreign partners.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #47
Learning Objective: Outsourcing Project Work
Level of Difficulty: 2 Medium

48. When outsourcing project work, coordination _____ are intensified by physical separation with people working in different buildings, different cities, if not different countries.

breakdowns

Coordination of professionals from different organizations can be challenging, especially if the project work requires close collaboration and mutual adjustment. Breakdowns are exacerbated by physical separation with people working in different buildings, different cities, if not different countries.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #48
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium

49. More and more companies are using online _____ to collect data from all project participants about the quality of working relations.

surveys

More and more companies are using online surveys to collect data from all project participants about the quality of working relations. With this data one can gauge the "pulse" of the project and identify issues that need to be addressed.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #49
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium

50. There is a potential loss of _____ over a project when the core team depends on other organizations that they do not have direct authority over.

control

There is potential loss of control over the project when outsourcing project work. The core team depends on other organizations that they have no direct authority over. While long-term survival of participating organizations depends on performance, a project may falter when one partner fails to deliver.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #50
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 1 Easy

51. Too often project members respond to customer inquiries with technical jargon. Project members should speak the language of the _____.

customer

Too often project members respond to customer inquiries with technical jargon that exceeds the customer's vocabulary. Project managers and members need to describe problems, trade-offs, and solutions in ways that the customer can understand.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #51
Learning Objective: A Note on Managing Customer Relations
Level of Difficulty: 1 Easy

52. Many people approach _____ as if it is a competitive process.

negotiation

Many people approach negotiation as if it is a competitive process. Project management is not a contest. A firm understanding of the negotiation process, skills, and tactics is essential to project success.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #52
Learning Objective: The Art of Negotiating
Level of Difficulty: 1 Easy

53. Fisher and Ury champion the _____ negotiation approach to negotiation because it emphasizes win/win solutions while protecting yourself against those who would take advantage of your forthrightness.

principled

Fisher and Ury from the Harvard Negotiation Project champion an approach to negotiating that embodies these goals. It emphasizes developing win/win solutions while protecting yourself against those who would take advantage of your forthrightness. Their approach is called principled negotiation.

*AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #53
Learning Objective: The Art of Negotiating
Level of Difficulty: 2 Medium*

54. _____ satisfaction is measured by the ratio of perceived performance to expected performance.

Customer

Customer satisfaction is a function of the extent to which perceived performance (or outcome) exceeds expectations.

*AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #54
Learning Objective: A Note on Managing Customer Relations
Level of Difficulty: 1 Easy*

55. The best defense against unreasonable, win/lose negotiators is having what Fisher and Ury call a strong _____.

BATNA

The best defense against unreasonable, win/lose negotiators is having what Fisher and Ury call a strong BATNA (best alternative to a negotiated agreement). They point out that people try to reach an agreement to produce something better than the result of not negotiating with that person.

*AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #55
Learning Objective: The Art of Negotiating
Level of Difficulty: 2 Medium*

56. One key focus of principled negotiation is to separate people from the _____.

problem

One key focus of principled negotiation is to separate people from the problem. When people become emotional, negotiators should keep a cool head and remember the old German proverb, "Let anger fly out the window." In other words, in the face of an emotional outburst, imagine opening a window and letting the heat of the anger out the window.

*AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #56
Learning Objective: The Art of Negotiating
Level of Difficulty: 1 Easy*

57. When both buyers and sellers rely on the blue book to establish price parameters for a used car, they are using _____ criteria.

objective

Whenever possible, you should insist on using external, objective criteria to settle disagreements. For example, both buyers and sellers rely on the blue book to establish price parameters for a used car.

*AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #57
Learning Objective: The Art of Negotiating
Level of Difficulty: 2 Medium*

58. In regard to outsourcing, the MOST effective way to avoid problems with schedules and deadlines is to add a _____ clause to the contract.

penalty

To ensure that outsourced work is completed on time it is imperative to add a penalty clause to your contract or enforce late fees.

*AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #58
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

59. _____ is less relevant for independent work that does not require ongoing coordination between professionals for different organizations.

Co-location

Co-location is less relevant for independent work that does not require ongoing coordination between professionals for different organizations. Otherwise co-location is critical and well worth the added expense and inconvenience.

AACSB: Reflective Thinking
Blooms: Understand
Larson - Chapter 12 #59
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium

60. Toyota and DaimlerChrysler collaborating with suppliers to develop new automobile platforms is an example of outsourcing.

TRUE

Outsourcing is now being applied to contracting significant chunks of project work. For example, HP and Dell work closely with hard drive manufacturers to develop next-generation laptops. Toyota and DaimlerChrysler collaborate with suppliers to develop new automobile platforms.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #60
Learning Objective: Outsourcing Project Work
Level of Difficulty: 1 Easy

61. Participants from different organizations working close together at the construction site or in shared office space is an example of a virtual team.

FALSE

Many outsourced projects operate in a virtual environment in which people are linked by computers, faxes, computer-aided design systems, and video conferencing. They rarely, if ever, see one another face-to-face.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #61
Learning Objective: Outsourcing Project Work
Level of Difficulty: 1 Easy

62. Working in outsourcing teams, projects can be completed faster and more cheaply.

TRUE

Working in outsourcing teams, not only can work be done more cheaply, but it can also be done faster. Competitive pricing means more resources for the dollar.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #62
Learning Objective: Outsourcing Project Work
Level of Difficulty: 1 Easy*

63. Increased conflict and loss of coordination are typical disadvantages of outsourcing project work.

TRUE

Advantages of outsourcing project work include cost reduction, faster project completion, high level of expertise, and flexibility. Disadvantages of outsourcing project work include coordination breakdowns, loss of control, increased conflict, and security issues.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #63
Learning Objective: Outsourcing Project Work
Level of Difficulty: 2 Medium*

64. Trust can be difficult to forge when interactions are limited and people come from different organizations.

TRUE

Trust, which is essential to project success, can be difficult to forge when interactions are limited and people come from different organizations.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #64
Learning Objective: Outsourcing Project Work
Level of Difficulty: 1 Easy*

65. When using the partnering approach to manage contracted relationships, access to each other's organization resources is available.

TRUE

Key practices in partnering relationships include mutual trust, shared goals, a joint project team, open communications, long-term commitment, objective critique, access to each other's organization resources, total company involvement, integration of administrative systems, and shared risk.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #65
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 1 Easy*

66. In the traditional method of managing projects, total company involvement requires commitment from CEO to team members.

FALSE

In the traditional method of managing projects, involvement is normally limited to project level personnel.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #66
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 1 Easy*

67. When using the partnering approach to manage contracted relationships, each party's goals and objectives are similar but geared to what is best for them.

FALSE

When using the partnering approach to manage contracted relationships, shared goals and objectives ensure common direction.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #67
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 1 Easy*

68. Co-location is less relevant for independent work that does not require ongoing coordination between professionals from different organizations.

TRUE

This would be the case if you are outsourcing discrete, independent deliverables like beta testing or a marketing campaign. Here normal channels of communication can handle the coordination issues.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand*

*Larson - Chapter 12 #68
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

69. In some countries, laws are considered to be guidelines that are not necessarily followed.

TRUE

As an American, you likely assume that laws are generally obeyed. Believe it or not, that's generally not true in most of the world, where laws are guidelines that are not necessarily followed. This can lead to major communication problems! You think if you write a contract, everybody is going to adhere to it. For many people, a contract is merely a suggestion.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand*

*Larson - Chapter 12 #69
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

70. Project managers have the capability to manage customer expectations and perceptions.

TRUE

Project managers must be skilled at managing customer expectations and perceptions. Too often they deal with these expectations after the fact when they try to alleviate a client's dissatisfaction by carefully explaining why the project cost more or took longer than planned. A more proactive approach is to begin to shape the proper expectations up front and accept that this is an ongoing process throughout the life of a project.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand*

*Larson - Chapter 12 #70
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

71. In order to keep the customer happy and to keep perceptions about performance high, it is acceptable to falsely assure customers that everything is on track, especially if you feel that the problem will be resolved soon.

FALSE

Trust is dissolved when managers neglect to keep their clients informed or neglect to tell them the truth. Active customer involvement allows customers to naturally adjust their expectations in accordance with the decisions and events that transpire on a project, while at the same time, the customer's presence keeps the project team focused on the customer's objectives for the project.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #71
Learning Objective: A Note on Managing Customer Relations
Level of Difficulty: 2 Medium*

72. It is rare in today's flat world to find important projects that are being completed totally in-house.

TRUE

It is rare in today's flat world to find important projects that are being completed totally in-house. Outsourcing or contracting significant segments of project work to other companies is commonplace.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #72
Learning Objective: Outsourcing Project Work
Level of Difficulty: 1 Easy*

73. Experience indicates that co-location of project teams is not worth the extra costs.

FALSE

One of the best ways to overcome interorganizational friction is to have people from each organization working side by side on the project. Smart companies rent or make available the necessary accommodations so that all key project personnel can work collectively together.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #73
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

74. A partnering charter states the common goals for the project as well as the procedures that will be used to achieve these goals.

TRUE

The team-building sessions often culminate with the creation of a partnering charter signed by all of the participants. This charter states their common goals for the project as well as the procedures that will be used to achieve these goals.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #74
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

75. It is a good idea to add a penalty clause to an outsourcing agreement to ensure that work is completed on time.

TRUE

Another important cultural difference relates to schedules and deadlines. To most Americans, a deadline is a set completion date. In many other cultures, a deadline is a suggestion that maybe something will be finished by that indicated date. To ensure that outsourced work is completed on time it is imperative to add a penalty clause to your contract or enforce late fees.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #75
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

76. A prime consideration in choosing outsourcing vendors is to assess the fit with their project management system.

TRUE

The best companies address this issue up front instead of waiting for problems to emerge. First they assess "fit" between providers' project management methods and their own project management system. This is a prime consideration in choosing vendors.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #76
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

77. Conflict is inevitable on a project; however, if it is handled effectively, it can elevate performance.

TRUE

Conflict is inevitable on a project; however, if it is handled effectively, it can elevate performance. On the other hand, dysfunctional conflict can catch fire and severely undermine project success.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand*

*Larson - Chapter 12 #77
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

78. In project negotiation each negotiator is out to win as much as he or she can for his or her side.

FALSE

Many people approach negotiating as if it is a competitive contest. Each negotiator is out to win as much as he or she can for his or her side. Success is measured by how much is gained compared with the other party. While this may be applicable when negotiating the sale of a house, it is not true for project management. Project management is not a contest.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand*

*Larson - Chapter 12 #78
Learning Objective: The Art of Negotiating
Level of Difficulty: 1 Easy*

79. Principled negotiation emphasizes developing win/win solutions while protecting yourself against those who would take advantage of your forthrightness.

TRUE

Fisher and Ury from the Harvard Negotiation Project champion an approach to negotiating that embodies these goals. It emphasizes developing win/win solutions while protecting yourself against those who would take advantage of your forthrightness. Their approach is called principled negotiation.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand*

*Larson - Chapter 12 #79
Learning Objective: The Art of Negotiating
Level of Difficulty: 1 Easy*

80. When separating the people from the problem, negotiators don't react to the emotional outburst, but try to find the issues that triggered it.

TRUE

By keeping the focus on the issues and not the personalities, negotiators are better able to let the other person blow off steam.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #80
Learning Objective: The Art of Negotiating
Level of Difficulty: 2 Medium*

81. The best defense against unreasonable, win/lose negotiators is having what Fisher and Ury call a strong BATNA.

TRUE

The best defense against unreasonable, win/lose negotiators is having what Fisher and Ury call a strong BATNA (best alternative to a negotiated agreement). They point out that people try to reach an agreement to produce something better than the result of not negotiating with that person.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #81
Learning Objective: The Art of Negotiating
Level of Difficulty: 1 Easy*

82. A value of 1.5 is the optimal target for the Met-Expectations model of customer satisfaction.

FALSE

Under most circumstances, the most profitable arrangement occurs when the customer's expectations are only slightly exceeded. Returning to the mathematical model, with all other things being equal, one should strive for a satisfaction ratio of 1.05, not 1.50.

*AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Larson - Chapter 12 #82
Learning Objective: A Note on Managing Customer Relations
Level of Difficulty: 1 Easy*

83. What is partnering and why has it become popular for managing projects?

Answer will vary

Feedback: Partnering is a method of transforming contractual relationships into a cohesive, cooperative project team with a single set of goals and established procedures for resolving disputes in a timely manner. It is popular because the old way, built on an adversarial premise, was not working.

AACSB: Analytic
Blooms: Analyze
Larson - Chapter 12 #83
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium

84. Identify and briefly describe three of the four advantages to outsourcing project work.

Answer will vary

Feedback: (1) Cost reduction: Companies can secure competitive prices for contracted services, especially if the work is outsourced overseas. (2) Faster project completion: Outsourcing can provide access to equipment that can accelerate completion. (3) Increased flexibility: Organizations are no longer constrained by their own resources. (4) Higher level of expertise: A high level of expertise and technology can be brought to bear on projects.

AACSB: Reflective Thinking
Blooms: Remember
Larson - Chapter 12 #84
Learning Objective: Outsourcing Project Work
Level of Difficulty: 2 Medium

85. Discuss how key practices in the partnering approach to managing contracted relationships vary from those in the traditional approach for working relationships, goals, and communications.

Answer will vary

Feedback: With partnering, mutual trust forms the basis for strong working relationships while in traditional approaches there is suspicion and distrust with each party wary of the motives for actions by the other. With partnering, goals and objectives are shared and ensure common direction while traditionally each party's goals and objectives are similar but geared to what is best for them. With partnering, communications are open to avoid misdirection and thus bolster effective working relationships while in traditional approaches communications are structured and guarded.

AACSB: Analytic
Blooms: Analyze

86. Discuss how key practices in the partnering approach to managing contracted relationships vary from those in the traditional approach regarding risk, length of commitment, and structure of project teams.

Answer will vary

Feedback: In partnering, risk is shared jointly among the partners, which encourages innovation and continuous improvement while traditionally risk is to be avoided and transferred to the other party. In partnering, long-term commitments are made while traditionally single project contracting is the norm. In partnering, project teams are composed of all participating organizations and result in a high level of interaction while traditionally each organization has its own spatially separated teams.

87. When using the traditional approach to managing contracted relationships, risk is transferred to the other party. Give a real life example of this. Discuss why this is not conducive of a partnering relationship and how it can impact project innovation.

Answer will vary

Feedback: When risk is contracted out or transferred to another party, there is no motivation for the organizations involved to work together (pool resources) to mitigate or manage the risk. If risk isn't shared, project innovation will decrease in an effort to decrease the risk.

88. One simple but useful way of viewing customer satisfaction is in terms of met expectations. Why should one strive for a ratio of 1.05 and not 1.50?

Answer will vary

Feedback: High customer satisfaction is the goal of most projects. However, profitability is another concern. Exceeding expectations typically entails additional costs. Under most circumstances, the most profitable arrangement occurs when the customer's expectations are only slightly exceeded.

AACSB: Analytic
Blooms: Analyze
Larson - Chapter 12 #88
Learning Objective: A Note on Managing Customer Relations
Level of Difficulty: 2 Medium

89. "Team-building is nice to have for a project, but we really need to concentrate on the planning and technical challenges—this is the make-or-break point for this project." Agree or disagree? Support your answer.

Answer will vary

Feedback: Smart firms recognize that people issues are as important, if not more important, than technical issues. They train their personnel to work effectively with people from other organizations and countries.

AACSB: Analytic
Blooms: Analyze
Larson - Chapter 12 #89
Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium

90. Project managers must be skilled at managing customer expectations and perceptions. Give three examples of how one can do this.

Answer will vary

Feedback: Project managers can manage customer expectations and perceptions by not overselling the project to win approval, developing a well-defined scope, sharing significant risks with the customer, keeping the customer abreast of project progress and making sure that customer interactions are handled in a competent and professional manner.

AACSB: Analytic
Blooms: Analyze
Larson - Chapter 12 #90
Learning Objective: A Note on Managing Customer Relations
Level of Difficulty: 2 Medium

91. Many companies recognize that major benefits can be enjoyed when outsourcing arrangements extend across multiple projects and are long term. Identify and describe three advantages for establishing long-term partnerships.

Answer will vary

Feedback: (1) Reduced administration cost: Costs associated with bidding and selecting a contractor are eliminated. (2) More efficient utilization of resources: Owners are able to concentrate their workforce on core business. (3) Improved communication: As partners gain experience with each other, they develop a common language and perspective. (4) Improved innovation: The partners are able to discuss innovation and associated risks in a more open manner and share risks and rewards fairly. (5) Improved performance: Over time partners are able to apply lessons learned from previous projects to current projects.

*AACSB: Reflective Thinking
Blooms: Understand*

Larson - Chapter 12 #91

*Learning Objective: Best Practices in Outsourcing Project Work
Level of Difficulty: 2 Medium*

92. Describe the Met-Expectations Model of customer satisfaction including the formula to calculate it.

Answer will vary

Feedback: Customer satisfaction is a function of the extent to which perceived performance exceeds expected performance and can be represented by dividing the perceived performance by the expected performance. A result less than one indicates dissatisfaction where a result over one indicates satisfaction.

*AACSB: Reflective Thinking
Blooms: Understand*

Larson - Chapter 12 #92

*Learning Objective: A Note on Managing Customer Relations
Level of Difficulty: 2 Medium*

93. When negotiating, the tendency is to want to win! Give two reasons why this is not a good approach when managing contracted relationships.

Answer will vary

Feedback: Project management is not a contest. First, different organizations have formed a temporary alliance to complete a project. For this alliance to work it requires a certain degree of trust, cooperation, and honesty. Second, if conflicts escalate to the point where negotiations break down and the project comes to a halt, then everyone loses. Third, unlike bartering with a street vendor, the people involved in project work have to continue to work together. Finally, conflict on a project can be good. When dealt with effectively it can lead to innovation, better decisions, and more creative problem solving.

AACSB: Analytic
Blooms: Analyze
Larson - Chapter 12 #93
Learning Objective: The Art of Negotiating
Level of Difficulty: 2 Medium

94. What does the acronym BATNA stand for and why is it important to being a successful negotiator?

Answer will vary

Feedback: BATNA is a best alternative to a negotiated agreement and it is the true benchmark for determining whether you should accept an agreement. It is the best tool to deal with unreasonable people.

AACSB: Analytic
Blooms: Analyze
Larson - Chapter 12 #94
Learning Objective: The Art of Negotiating
Level of Difficulty: 2 Medium

Chapter 12 Summary

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