**Chapter 3 – Review**

1. A project that enhances business process effectiveness would impact the \_\_\_\_\_area of an organization.
2. strategic
3. customer
4. financial
5. operational
6. social
7. A project that increases growth of our smartphone app from 3 percent to 6 percent by the end of next quarter.
8. strategic
9. customer
10. financial
11. operational
12. social
13. All of the following are steps in developing the project MOV except:

Identify the desired organizational value.

Identify the desired impact area.

Develop an appropriate metric.

Set a cost frame for achieving MOV.

Verify and get agreement from project stakeholders.

1. The first step in developing the project MOV is
2. Define the project goals
3. Identify the desired value
4. Develop an appropriate metrics
5. Set time frame
6. None of the above
7. The statement “ *Our project will be successful if we install a database management system to improve our customer service to world-class levels”*  is
   1. Measureable
   2. provides value
   3. Not measurable
   4. Verifiable
8. A significant deficiency of the payback method of analyzing alternatives is the failure to account for the time value of money.
9. True
10. False
11. An organization should consider only projects with a negative NPV if financial value is a key criterion for project selection.
12. True
13. False
14. Payback period is the amount of time it will take to recoup, in the form of net cash inflows, the total dollars invested in a project.
15. True
16. False
17. \_\_\_\_\_ analysis is a method of calculating the expected net monetary gain or loss from a project by discounting all expected future cash inflows and outflows to the present point in time.
18. Cost of capital
19. Cash flow
20. Net present value
21. Payback
22. Benefits minus costs is known as the \_\_\_\_\_.
    1. cost of capital
    2. discount factor
    3. cash flow
    4. opportunity cost of capital
23. Which of the following is true of return on investment or ROI?
24. It is always a percentage.
25. It is the result of adding the project costs to the profits.
26. It is always a positive number.
27. The lower it is, the better.
28. Payback occurs when:
29. the net cumulative benefits minus costs equal one.
30. the net costs are lower than the cumulative benefits.
31. the net cumulative benefits equal the net cumulative costs.
32. the cumulative benefits are double the cumulative costs.
33. The first step in determining the NPV is to \_\_\_\_\_.
34. determine the estimated costs and benefits for the life of the project and the products it produces
35. determine the discount rate
36. calculate the net present value
37. determine the cash flow
38. The business case includes information on \_\_\_\_\_.
39. the business need for the project
40. the project objective, high-level requirements, and time and cost goals
41. relevant government or industry standards
42. policies, procedures, guidelines, and systems that influence a project’s success