

Chapter 1: The World of Project Management

1. A primary purpose of forming projects is to assign the responsibility for accomplishing some organizational task to a specific person or small group.

Answer: True

2. One of the few similarities between project management and general management is that both exist in the well-defined organizational structure of superior/subordinates in the overall organization.

Answer: False

3. Many recent developments in project management are being driven changes in the nature of the American workforce.

Answer: False

4. Achieving both strategic and routine goals are growing in importance in project management.

Answer: True

5. While general managers have their authority limited to specific areas in the overall organization, project managers have authority over any activity required by the project.

Answer: False

6. Projects are always carried out under conditions of uncertainty.

Answer: True

Response: See pages 5 and 6

Level: easy

7. One can trade-off time and cost when managing a project, but the project's technical specifications must be maintained exactly as the client initially specifies.

Answer: False

8. Nonnumeric project selection methods are only suitable if numeric methods are NOT available.

Answer: False

9. In general, financial methods are inadequate for selecting projects.

Answer: True

10. When using financial methods for selecting projects, the payback period is the simplest and best method to use.

Answer: False

11. A disadvantage of using the discounted cash flow method (or net present value method) for selecting projects is that it cannot be adjusted to account for inflation.

Answer: False

12. A disadvantage of using the payback period method for selecting projects is that it cannot reflect the time-value of money.

Answer: True

13. A disadvantage of using the discounted cash flow method (or net present value) for selecting projects is that it ignores all non-monetary factors associated with the project.
- Answer: True
14. A disadvantage of using scoring models rather than financial models for selecting projects is that they cannot include the project's profitability.
- Answer: False
15. In general, financial methods for selecting projects are preferable to scoring models because the former are objective and the latter are basically subjective.
- Answer: False
16. The main distinction between platform and breakthrough projects is that the former usually depend on existing technology.
- Answer: True
17. The main distinction between platform and derivative projects is that the latter depend on existing technology.
- Answer: False
18. A key deficiency of the aggregate project plan is that it provides little information about the resources committed to the various projects.
- Answer: False
19. One reason for the emphasis on project management is that tasks fit neatly into business-as-usual.
- Answer: False
20. Programs are subdivisions of projects.
- Answer: False
21. Projects are subdivisions of programs.
- Answer: True
22. A similarity between project management and general management is the tendency to "manage by exception."
- Answer: False
23. Project budgets are primarily modifications of budgets for the same activity in the previous period.
- Answer: False
24. In project management, superior-subordinate relationships are known and lines of authority are clear.
- Answer: False
25. Having responsibility for the outcome of a project without the authority of rank or position is common in project management.
- Answer: True
26. Negotiating the purchase of a new car would typically be characterized as win-win negotiation.

Answer: False

27. In project management, it is often necessary to trade-off one objective for another.

Answer: True

28. The construction of a house would likely follow a J-shaped lifecycle.

Answer: False

29. A project that is selected because it is necessary for continued operations exemplifies a sacred cow.

Answer: False

30. The comparative benefits method is considered a nonnumeric project selection method.

Answer: True

31. When using the weighted scoring model, the categories for each scale must be in equal intervals.

Answer: False

32. Scoring methods were developed to overcome some of the disadvantages of simple financial profitability methods.

Answer: True

33. One limitation of scoring methods is that they can only incorporate quantitative data.

Answer: False

34. As a rule of thumb, the number of factors included in a scoring model should be at least 10.

Answer: False

35. In Crystal Ball, a cell that contains a parameter we make assumptions about is called a forecast cell.

Answer: False

36. R&D projects are oriented toward using newly developed technologies or existing technologies in a new manner.

Answer: True

37. Projects with deliverables that are incrementally different from existing offerings are classified as platform projects.

Answer: False

38. Which of the following are projects?

- a) the design and development of a new product
- b) gathering and entering employment data for a Bureau of Labor Statistics quarterly report
- c) producing a car on an automobile assembly line
- d) a and b above.
- e) a, b, and c above.

Answer: a

39. Which of the following is NOT a trend in project management?

- a) achieving strategic goals

- b) improving project effectiveness
- c) quasi projects
- d) reductive projects
- e) achieving routine goals

Answer: d

40. Which of the following can be included in scoring models for selecting projects?
- a) potential profitability of the project
 - b) potential impact on the firm's competitive position
 - c) the organization's ability to market the output of a project
 - d) All of the above can be included
 - e) only a and b above

Answer: d

41. If the initial investment in a project is \$100,000 and the expected annual net profit for the project is \$20,000, the payback period is:
- a) 5 years
 - b) 4 years
 - c) One fifth of a year
 - d) 10 years
 - e) insufficient information to determine the payback period

Answer: a

42. Which of the following is NOT a characteristic of a project?
- a) They are unique.
 - b) They are routine.
 - c) They have specific due date.
 - d) They have a specific deliverable.
 - e) They have a purpose.

Answer: b

43. Which of the following would NOT be considered a project?
- a) placing the weekly replenishment order
 - b) a political campaign
 - c) constructing a new office building
 - d) developing a new cancer treatment.
 - e) writing a new textbook

Answer: a

44. A subdivision of a program is a(n)
- a) task.
 - b) activity.
 - c) project.
 - d) budget.
 - e) action plan.

Answer: c

45. Searching for the third alternative is most closely associated with
- a) win-win negotiation
 - b) project planning
 - c) project budgeting
 - d) the three goals of a project

e) the weighted scoring model

Answer: a

46. Which of the following is NOT related to the three goals of a project?

- a) time
- b) data
- c) schedule
- d) cost
- e) performance

Answer: b

47. Projects that begin with a slow start, have quick momentum in the middle, and have a slow finish are said to follow which type of lifecycle?

- a) J-shaped lifecycle
- b) L-shaped lifecycle
- c) an exponential growth lifecycle
- d) an S-shaped lifecycle
- e) an X-shaped lifecycle

Answer: d

48. Which of the following is a nonnumeric project selection method?

- a) Q-sort method
- b) payback period
- c) discounted cash flow method
- d) real options
- e) scoring methods

Answer: a

49. Which of the following is a numeric project selection method?

- a) comparative benefits
- b) payback period
- c) Q-sort method
- d) operating/competitive necessity
- e) sacred cow

Answer: b

50. In Crystal Ball, cells that contain outcomes we are interested in are called

- a) assumption cells
- b) distribution cells
- c) forecast cells
- d) decision cells
- e) define cells

Answer: c

51. A matrix that illustrates the magnitude of both product and process changes resulting from a project is called

- a) the aggregate project plan
- b) the product-process matrix
- c) the aggregate master production schedule
- d) the balanced scorecard
- e) the R&D project portfolio

Answer: a

52. The _____ attempts to link the organization's projects directly to the goals and strategy of the organization.
- the product-process matrix
 - the balanced scorecard
 - the action plan
 - project portfolio process
 - the work breakdown structure

Answer: d

53. Briefly explain what a project is.
Response: See pages 1-2
54. Contrast the terms project, program, and task.
Response: See pages 1-2
55. What are the major trends in project management?
Response: See pages 2 and 3
56. To what extent can the three goals of a project be traded-off for one another?
Response: See pages 6 and 7
57. Briefly explain the difference between win-win and win-lose negotiation.
Response: See page 5
58. Why is skill in win-win negotiation necessary for the project manager?
Response: See page 5
59. Briefly describe each of the three fundamental goals of a project.
Response: See page 6
60. Briefly describe the two different life cycles of projects.
Response: See pages 8 and 9
61. Briefly describe how a Q-sort is performed.
Response: See page 11
62. Briefly explain the advantages of using scoring models to evaluate and select projects rather than using financial models.
Response: See pages 15 and 16
63. The formula for calculating weighted scores for a set of projects is
- $$S_i = \sum_j s_{ij} w_j$$
- Briefly explain the meaning of each element in the model.
Response: See page 17
64. Briefly differentiate between derivative and breakthrough projects as defined by Wheelwright and Clark.
Response: See pages 28 to 30

Chapter 2: The Manager, the Organization, and the Team

1. It is common practice to select the project manager prior to the project being selected.

Answer: False

2. The functional manager has expertise in the function he or she manages, but the project manager rarely has expertise in many of the project's technical areas.

Answer: True

3. The project manager is supposed to facilitate the work of the project team and must, therefore, stay aloof from the conflicts arising among project team members.

Answer: False

4. The project manager should take a careful, analytic approach to making decisions about projects.

Answer: False

5. If the performance of all subsystems is optimized, it follows that the overall system is optimum.

Answer: False

6. The project manager must maintain a high level of flexibility in dealing with people.

Answer: True

7. It is appropriate for the project manager to play an active role in communications between the client and the senior management of the organization conducting the project.

Answer: True

8. The individual with responsibility for performing a task is more likely to overestimate the time required to complete the task than his/her immediate supervisor.

Answer: True

9. The project manager should NOT allow functional managers to usurp his or her control of the project.

Answer: True

10. When it comes to assigning individuals to work on projects, functional managers and project managers are often in conflict.

Answer: True

11. It is critical to a project's success to have top management support.

Answer: True

12. Conflict occurs mainly at the beginning of the project.

Answer: False

13. A matrix organization is a combination of pure project organization and functional organization.

Answer: True

14. A pure project organization is usually too expensive for the management of small projects.

Answer: True

15. An advantage of pure project organization is its great depth of technical knowledge.

Answer: False

16. Cross divisional project communication is enhanced when a project is organized in a functional project organization.
Answer: False
17. Functional project organizations have higher personnel costs than pure project organizations.
Answer: False
18. Functionally organized projects are NOT seen as a high priority by functional managers.
Answer: True
19. It is common to have more than one boss in a matrix organization.
Answer: True
20. Project team members are often faced with conflicting orders in a matrix organization.
Answer: True
21. Inrateam conflicts are minimal in a matrix organization.
Answer: False
22. High self-esteem is an important characteristic of successful project team members.
Answer: True
23. Political savvy is not only an important characteristic of a project manager but is also important for project team members.
Answer: True
24. It is more important for project team members to focus on their specific project activities than on the project's overall results.
Answer: False
25. Morale of the project team is a key responsibility of the project manager.
Answer: True
26. Project team conflict stifles team creativity.
Answer: False
27. Project "war rooms" discourage team cooperation, morale and communications.
Answer: False
28. In addition to managing the project, the project manager must also select the project's organizational form.
Answer: False
29. Matrix, pure project, and functional project organizations may exist in the same company.
Answer: True

30. When making trade-offs on a project, the project manager needs to be aware that profit for the firm is always the most important of the project's goals.

Answer: False

31. The project manager is responsible to:
a) the parent organization
b) the project team
c) the project's client
d) the project manager's immediate supervisor
e) all of the above

Answer: e

32. Which of the following is NOT true concerning the difference between the project manager (PM) and the functional manager (FM)?
a) the PM is a facilitator the FM is a technical supervisor
b) the PM is a generalist the FM is a specialist
c) the PM must be able to integrate tasks; the FM must be able to analyze tasks
d) the PM uses an analytical approach the FM uses a systems approach
e) all of the above are true

Answer: d

33. The key criterion for selecting a good project manager is:
a) a strong technical background
b) *a good manager of people*
c) a good communicator with top management and clients
d) a closer, gets the job done
e) Pays attention to detail

Answer: d

34. "Projectitis" is most likely to occur in which type of project organizational structure?
a) a pure project organization
b) a matrix organization
c) a functional organization
d) b and c
e) all of the above

Answer: a

35. A functional project structure is NOT characterized by:
a) lower personnel costs
b) improved communications
c) lack of "projectitis"
d) lack of technical knowledge depth
e) all of the above are characteristics of a functional project structure

Answer: b

36. The project team members should be all of the following except:
a) politically sensitive
b) technically competent
c) goal oriented
d) problem oriented
e) focused on activities

Answer: e

37. How many different types of project organizations are there?
- a) 3
 - b) 6
 - c) 4
 - d) 5
 - e) Unlimited number

Answer: e

38. The three primary goals of any project are:
- a) profit, schedule, quality
 - b) schedule, budget, quality
 - c) performance, budget, schedule
 - d) performance, quality, schedule
 - e) budget, quality, profit

Answer: c

39. The _____ approach centers on understanding the bits and pieces in a system.
- a) facilitating
 - b) analytical
 - c) systems
 - d) sensitivity
 - e) matrix

Answer: b

40. "The operation was a success but the patent died" best exemplifies
- a) micromanagement
 - b) the systems approach
 - c) the need to fight fires
 - d) suboptimization
 - e) lack of leadership

Answer: d

41. Which of the following is an important project manager role?
- a) technical expert
 - b) supervisor
 - c) project champion
 - d) micromanager
 - e) communicator

Answer: e

42. Which of the following types of organizations would likely NOT have a program manager?
- a) functional project organization
 - b) pure project organization
 - c) strong matrix project organization
 - d) weak matrix organization
 - e) All of the above would likely have program managers.

Answer: a

43. A matrix project that closely resembles the pure project is referred to as
- a) a weak matrix
 - b) a strong matrix

- c) a functional matrix
- d) a balanced matrix
- e) an unbalanced matrix

Answer: b

44. Which of the following is NOT a characteristic of effective project team members?
- a) They are technically competent.
 - b) They are politically sensitive.
 - c) They have a strong orientation to their discipline.
 - d) They have a strong goal orientation.
 - e) They have high self-esteem.

Answer: c

45. Altering the specifications of an ongoing project is referred to as
- a) suboptimization
 - b) scope creep
 - c) a virtual project
 - d) projectitis
 - e) PMI

Answer: b

46. Describe the difference between the analytic approach and the systems approach to solving problems on a project.
Response: See pages 41 and 42

47. Why are negotiation skills an important criterion of a successful project manager?
Response: See page 48

48. Define "projectitis".
Response: See page 54

49. Dealing with conflict is an inherent part of the process of managing projects. Explain how the project manager is supposed to deal with conflict with the functional managers whose cooperation is required to get the human resources needed to do the work of the project.
Response: See pages 46 and 48

50. It is said that the distinction between the traditional manager-as-supervisor and the modern manager-as-facilitator is diminishing in recent years. Why?
Response: See page 41

51. What is meant by the phrase "scope creep?"
Response: See page 44

52. What is a "virtual project?"
Response: See page 44

53. Briefly describe what is meant by the phrase "project champion?"
Response: See page 44

54. Briefly describe the project manager's role as a firefighter. What sorts of obstacles do project managers have to overcome?
Response: See pages 46 and 47

55. Briefly describe and contrast pure project organization, functional project organization, and the matrix project organization.
Response: See pages 53 to 58

56. Briefly list the primary advantages and disadvantages of the matrix project organization.

Response: See pages 56 to 58

57. List the key characteristics of effective project team members.
Response: See page 60

Chapter 3: Planning the Project

1. Defining resource needs is NOT necessary on small projects.

Answer: False

2. A representative of senior management should be invited to the project launch meeting.

Answer: True

3. The primary purpose of the launch meeting is to develop the project plan and budget.

Answer: False

4. When planning, it is best for the project manager to breakdown and define the different levels of the project plan.

Answer: False

5. The initial project meeting is just to coordinate the project, so areas of responsibility do NOT need to be discussed.

Answer: False

6. The project plan should begin with a complete description of all agreements made with the client or any third party.

Answer: False

7. As a rule of thumb, the lowest level tasks in a typical project should NOT take longer than two days to complete.

Answer: False

8. The start and finish date of a project must be specified before the action plan can be completed.

Answer: False

9. Procedures for monitoring, collecting, and storing data on project performance should be discussed in the Schedules section of the project master plan.

Answer: False

10. The details of the project work force are discussed in the Resource Requirements section of the project master plan.

Answer: False

11. It is acceptable to restrict the launch meeting to brainstorming a problem.

Answer: True

12. The action plan should identify the project's deliverable.

Answer: True

13. It is NOT possible to overdo it when it comes to project planning.

Answer: False

14. A work breakdown structure is similar to an organizational chart of a project.

Answer: True

15. Lack of planning is a major contributor to project's failure.

Answer: True

16. You can depict who is responsible for a task on a Linear Responsibility Chart.

Answer: True

17. The "responsible" designation in the linear responsibility chart highlights individuals that should get progress reports.

Answer: False

18. Taken together, the Linear Responsibility Chart and the Work Breakdown Structure may be used to determine the importance of each task listed.

Answer: False

19. The salary requirements of human resources are a required element in the project plan.

Answer: False

20. The Work Breakdown Structure is one way to separate project activities by their level of importance.

Answer: False

21. Multidisciplinary teams are almost certain to operate in an environment of conflict.

Answer: True

22. Concurrent engineering is typically only applicable to new product development projects.

Answer: False

23. For a self-directed team to be successful, team members must be given their authority and mission by senior management.

Answer: True

24. A limitation of traditional project management planning tools is that they do NOT address the flow of information.

Answer: True

25. The process of managing the way different departments or groups work together is called integration management.

Answer: True

26. Another name for concurrent engineering is simultaneous engineering.

Answer: True

27. Precedence diagrams are useful in helping understand what information is needed from one task to complete other tasks.

Answer: False

28. Mind mapping is a whole-brain approach that is particularly applicable to project management.

Answer: True

29. One of the problems with mind mapping is that it is relatively difficult to convert into work breakdown structure (WBS).

Answer: False

30. The Design Structure Matrix can be used to identify potential rework situations due to the flow of information in a project.

Answer: True

31. While the Design Structure Matrix can help identify potential rework situations, typically nothing can be done to avoid them.

Answer: False

32. A disadvantage of empowerment is the lack of timely feedback.

Answer: False

33. The results of the launch meeting include:

- a) finalizing the project team
- b) finalizing the project's schedule
- c) finalizing the project's budget
- d) the project's scope is understood
- e) selecting the project champion

Answer: d

34. Which of the following is NOT an element of the project master plan?

- a) schedules
- b) project charter
- c) resource requirements
- d) personnel
- e) potential problems

Answer: b

35. What is the primary purpose of creating a work breakdown structure?

- a) to draw the project plan as a chart or tree
- b) to make sure important tasks aren't overlooked
- c) so that all team members can see what others are working on
- d) to assign budget numbers to tasks
- e) to identify important precedence relationships

Answer: b

36. Which of the following is used to show linkages between people and tasks?

- a) the Work Breakdown Structure
- b) the Linear Responsibility Chart
- c) the Project Action Plan
- d) the Project Resource Diagram
- e) the Concurrent Engineering Chart

Answer: b

37. The process of managing the way different groups work together on a project is called:
- a) concurrent engineering
 - b) integration management
 - c) interface coordination
 - d) transdisciplinary engineering
 - e) simultaneous engineering

Answer: c

38. Which of the following is NOT a category in the linear responsibility chart?
- a) Responsible
 - b) Support
 - c) Validate
 - d) Notification
 - e) Approval

Answer: c

39. The first task of a newly appointed project manager is
- a) to negotiate the project's budget
 - b) to negotiate with functional managers for key resources
 - c) to develop a work breakdown structure for the project
 - d) to review the project objectives with senior management
 - e) to develop a linear responsibility chart for the project

Answer: d

40. Which of the following is NOT typically included in the project action plan?
- a) potential barriers
 - b) immediate predecessor tasks
 - c) estimated resources
 - d) individuals tasks are assigned to
 - e) estimated task duration

Answer: a

41. A(n) _____ shows the set of all tasks in a project arranged by task level?
- a) Linear Responsibility Chart
 - b) Work Breakdown Structure
 - c) Gantt chart
 - d) Design Structure Matrix
 - e) Aggregate Project Portfolio

Answer: b

42. According to the text, the use of sticky-notes can be particularly useful for constructing a(n)
- a) Linear Responsibility Chart
 - b) Work Breakdown Structure
 - c) Gantt chart
 - d) Design Structure Matrix
 - e) Aggregate Project Portfolio

Answer: b

43. In order to prepare a mind map, you need to start with:
- a) the maximum allowable cost of the project
 - b) a definition of role of the working professional programs (WPPs)
 - c) a means of evaluating the results

- d) the most detailed tasks
- e) a statement of the project's objectives

Answer: e

44. SMT standards for
- a) staff, management, and technicians
 - b) strategic management of technology
 - c) significant management task
 - d) structured matrix template
 - e) self-managed teams

Answer: e

45. SDT stands for
- a) study, design, test
 - b) self-directed team
 - c) significantly delayed task
 - d) standard design task
 - e) standard development tool

Answer: b

46. Which of the following is NOT an important advantage of empowerment?
- a) high quality solutions
 - b) micromanagement avoided
 - c) high degree of worker specialization
 - d) synergistic solutions
 - e) timely feedback

Answer: c

47. Entries above the diagonal in the Design Structure Matrix indicate
- a) tasks that need to be shortened
 - b) tasks that have no resources assigned to them
 - c) tasks that are on the critical path
 - d) potential rework situations
 - e) tasks with no predecessors

Answer: d

48. In the Design Structure Matrix
- a) the rows correspond to tasks and the columns correspond to resources
 - b) both the rows and columns correspond to tasks
 - c) the rows correspond to tasks and the columns correspond to functional departments
 - d) the rows correspond to resources and the columns correspond to tasks
 - e) the rows correspond to resources and the columns correspond to functional departments

Answer: b

49. What is the primary function of a project plan?
Response: See pages 72 and 73

50. List 9 categories of information needed in a project master plan.
Response: See pages 73 and 74

51. List some of the results of the project launch meeting.
Response: See pages 77 and 78

52. Define Hierarchical Planning.
Response: See pages 79 and 80
53. What is included in the project action plan?
Response: See pages 80 to 85
54. What are the key concepts behind mind mapping?
Response: See pages 91
55. Why is it important to use participative management and empowered teams on a project?
Response: See pages 99 and 100
56. Explain how to construct the Design Structure Matrix.
Response: See pages 97 to 99
57. What are some options for eliminating potential rework situations when they are discovered with the Design Structure Matrix?
Response: See page 99
58. What is concurrent engineering?
Response: See page 95
59. What is integration management? Why is it important?
Response: See page 95

Chapter 4: Budgeting the Project

1. The project's budget is merely the sum of its resource costs.
Answer: False
2. A budget is a plan for allocating resources to project activities.
Answer: True
3. Overhead and indirect charges should NOT be assigned to a project.
Answer: False
4. Most organizations use top-down budgeting.
Answer: True
5. Because project budgeting is for a special case and the organization's budgeting process is for routine work, the project manager need NOT be familiar with the organization's accounting system.
Answer: False
6. Budget cuts are usually disastrous to an exponential life-cycle project.
Answer: True
7. Activity budgets show expenses by task and expected time period of the expenditure.
Answer: False

8. There is no way other than guessing to estimate the impact of learning on a project's task.
Answer: False
9. Calculating the Tracking Signal can not only reveal if estimates are biased, it can also tell how severe the bias is.
Answer: True
10. By very careful planning, a project manager can do away with cost uncertainty.
Answer: False
11. Expected value is a tool for risk analysis.
Answer: True
12. Traditional organizational budgets are task-oriented, rather than activity-oriented.
Answer: False
13. Learning curve theory states that performance of labor per unit will improve by a percentage each time production increases by the same percentage.
Answer: False
14. Learning curve theory states that performance of labor per unit will improve by a fixed percentage each time production doubles.
Answer: True
15. Individual elements of project budgets are generally more accurate in bottom-up budgeting.
Answer: True
16. The project budget acts as a project control.
Answer: True
17. A budget is a plan for allocating resources.
Answer: True
18. Budgeting a project is often more difficult than budgeting routine activities.
Answer: True
19. The project manager recognizes an expense when an invoice is actually paid.
Answer: False
20. A key advantage of top-down budgeting is that the overall budget costs can be estimated quite accurately.
Answer: True
21. With top-down budgeting, overlooking a small but important task can often cause a serious budgetary problem.
Answer: False

22. Organizational tradition has little or no impact on the firm's project budgeting.
Answer: False
23. Bottom-up budgets are usually more accurate in the detailed tasks.
Answer: True
24. For projects with S-shaped life cycles, top-down budgeting is most likely unacceptable.
Answer: False
25. Mechanical tasks typically have higher learning rates than more mental tasks.
Answer: False
26. Random errors will tend to cancel out.
Answer: True
27. The result of game theory analysis is a Risk Priority Number.
Answer: False
28. Organizations can use both top-down and bottom-up budgeting.
Answer: True
29. Learning curves can be used to help improve cost estimates.
Answer: True
30. Top-down budgeting typically results in better acceptance of the budget.
Answer: False
31. Contingency planning is generally begun at that point in time when an organization finds itself in serious financial trouble.
Answer: False
32. Why is it necessary to consider the learning curve of resources on a project?
a) to estimate labor costs properly
b) to improve project team morale
c) because it always takes less time to do a task after someone has done it a few times
d) collective bargaining contracts require it
e) All of the above
Answer: a
33. The budgeting approach based on the collective judgments of top and middle managers is called:
a) top-down budgeting
b) bottom-up budgeting
c) activity budgeting
d) program budgeting
e) life cycle budgeting
Answer: a

34. A requirement of top-down budgeting is:
- a) involvement of the project team
 - b) estimating the detailed level of the project's tasks
 - c) applying the learning curve to labor time estimates
 - d) all of the above
 - e) none of the above

Answer: e

35. A problem with bottom-up budgeting is:
- a) individual team members overstate their budget needs
 - b) lack of involvement from the project team
 - c) underestimating the project task's budget requirements
 - d) all of the above
 - e) none of the above

Answer: a

36. Which of the following statements is NOT true about a firm and its project accounting?
- a) each firm has its own rules with regard to the allocation of overhead
 - b) most firms must comply with the Sarbane-Oxley Act
 - c) the project manager must rely on the accounting department to make special allowances for his/her project
 - d) most firms have their own accounting idiosyncrasies
 - e) unexpected charges may suddenly appear when the PM least expects it

Answer: c

37. The name given to the budget process that aggregates income and expenditures across projects is:
- a) activity-oriented budget
 - b) top-down budget
 - c) bottom-up budget
 - d) program-oriented budget
 - e) activity-based costing

Answer: d

38. The first unit requires 10 hours to complete. If the industry uses an 80 percent learning rate, how long should the third unit take?
- a) 10 hours
 - b) 9 hours
 - c) 8 hours
 - d) 7.02 hours
 - e) 6.40 hours

Answer: d

39. The first unit required 6 hours. If the industry uses a 90 percent learning rate, how long should the fourth unit take?
- a) 6 hours
 - b) 4.86 hours
 - c) 3.75 hours
 - d) 3.34 hours
 - e) 2.67 hours

Answer: b

40. FMEA stands for

- a) Financial Methods and Efficiency Analysis
- b) Failure Modes and Effect Analysis
- c) Full Monetary Expenditure Accrual
- d) Financial Measurement of Expenses Accrued
- e) Factor Mode and Efficiency Analysis

Answer: b

41. Which of the following is most closely associated with FMEA?
- a) risk priority number
 - b) game theory
 - c) expected value
 - d) simulation
 - e) program budgeting

Answer: a

42. Which of the following is NOT a sub-process associated with risk management?
- a) risk identification
 - b) risk measurement
 - c) qualitative risk analysis
 - d) quantitative risk analysis
 - e) risk response planning

Answer: b

43. Which of the following is NOT true regarding top-down budgeting?
- a) It is based on the collective judgments of top and middle managers.
 - b) Overall project costs are estimated by top and middle managers and then passed on to the next lower level.
 - c) The overall budget cost is generally not very accurate.
 - d) Overlooking small but important tasks can lead to a serious budgetary problem.
 - e) All of the above are true concerning top-down budgeting.

Answer: c

44. Which of the following is NOT true regarding bottom-up budgeting?
- a) The method tends to be inaccurate in the detailed tasks.
 - b) The WBS is used to identify the elemental tasks.
 - c) It is rarely used.
 - d) It is a good managerial training technique.
 - e) All of the above are true concerning top-down budgeting.

Answer: a

45. A task is expected to take 20 hours of labor at \$25 per hour. The required material cost is \$500 and the organization charges 30% of direct labor for overhead. The total task cost is:
- a) \$500
 - b) \$1,150
 - c) \$1,250
 - d) \$1,300
 - e) \$1,500

Answer: b

46. There is a 30 percent chance that a new product development project will result in sales of \$500,000 and a 70 percent chance that the project will result in sales of \$100,000. What is the expected value of this project?
- a) \$220,000

- b) \$240,000
- c) \$300,000
- d) \$320,000
- e) \$340,000

Answer: a

- 47. Define Top-down and Bottom-Up budgeting.
Response: See pages 110 and 111
- 48. List the steps in performing FMEA.
Response: See pages 128 and 129
- 49. Define the term learning rate.
Response: See pages 118 and 119
- 50. Risk management includes what three areas?
Response: See page 127
- 51. What is the Game Theory approach?
Response: See page 130
- 52. Explain how you would use the shape of a project's life cycle to resolve budget conflicts between a superior and subordinate.
Response: See pages 112 and 113
- 53. Briefly contrast the three different perspectives cost can be viewed from.
Response: See page 110
- 54. Contrast activity versus program budgeting.
Response: See page 116
- 55. Briefly explain how learning curves can help improve the cost estimating process.
Response: See pages 117 to 120
- 56. Explain how budget uncertainty changes as the project progresses.
Response: See pages 124 and 125
- 57. What are the key elements of contingency planning?
Response: See page 137

Chapter 5: Scheduling the Project

- 1. When it was originally developed, PERT used certain (deterministic) methods to estimate activity duration.
Answer: False
- 2. AON and AOA networks can both be used to depict any project network.
Answer: True
- 3. The shortest time to complete a network is equal to the duration of the longest path through the network.
Answer: True
- 4. Critical path tasks always have zero slack.
Answer: True

5. To manage a project successfully, the project manager need only pay close attention to tasks on the critical path.

Answer: False

6. "Merger" is a term used to describe the situation in which two or more paths in a network join together.

Answer" True

7. If task duration estimates are carefully made, the project manager needs to only examine the critical path when conducting a risk analysis.

Answer: False

8. The actual project duration will be known with certainty after the project is completed.

Answer: True

9. Milestones on a Gantt chart are tasks with a duration of zero.

Answer: True

10. It is easiest to see lead and lag time in a project task on a PERT/CPM networks.

Answer: False

11. A start-to-finish linkage is the most common way of linking to successive task.

Answer: False

12. The formula for the expected time of an activity in a network assumes that the optimistic, pessimistic, and most likely time estimates have a Beta distribution.

Answer: True

13. A project schedule is a project action plan converted into a timetable.

Answer: True

14. A Gantt chart can NOT depict a critical path, only a PERT/CPM chart can.

Answer: False

15. The difference between the LST and EST is called slack.

Answer: True

16. A disadvantage of Gantt charts is that they are hard to draw.

Answer: False

17. The difference between LST and LFT is called slack.

Answer: False

18. Standard PERT/CPM networks allow for probabilistic branching.

Answer: False

19. Technical dependencies are often harder to see on a Gantt chart than on a PERT/CPM network.

Answer: True

20. The difference between EST and LFT is called slack.

Answer: False

21. The difference between LFT and EFT is called slack.

Answer: True

22. A big advantage of AON networks is that they are easier to draw.

Answer: True

23. The tasks of project planning, project budgeting, and project scheduling are largely separable from one another.

Answer: False

24. An event is a series of connected activities.

Answer: False

25. A disadvantage of using beta distribution to approximate activity times is that it is generally less flexible than the normal distribution.

Answer: False

26. The simulation approach is generally preferred over the statistical method.

Answer: True

27. Technical dependencies are generally easier to see on a Gantt chart than on PERT/CPM networks.

Answer: False

28. The start-to-finish linkage is used in situations where it is desirable for two or more activities to finish at the same time.

Answer: False

29. GERT allows for probabilistic branching from nodes.

Answer: True

30. Another name for total slack is free slack.

Answer: False

31. What is it a milestone?

- a) a significant event in the project
- b) a mark on a chart that depicts project progress
- c) an activity on the critical path
- d) an activity with an uncertain completion time
- e) all of the above

Answer: a

32. What is project slack?
- a) The amount of time a non-critical task can be delayed without making the project late.
 - b) The amount of time the critical path of a project can be delayed without making the project late.
 - c) The amount of time an activity on the critical path can be delayed without making the project late.
 - d) The difference between how long the project would take if all tasks were completed based on their pessimistic versus optimistic time estimates.
 - e) None of the above.

Answer: b

33. For which purpose is simulation NOT used with regard to project scheduling?
- a) to overcome the limitations associated with statistical techniques used to develop probability of completion time estimates
 - b) to investigate the range of project completion times
 - c) to investigate the distribution of project completion times
 - d) to verify the accuracy of the optimistic, pessimistic and most likely time estimates
 - e) all of the above

Answer: d

34. Technical dependencies on a project plan are easiest to see on a:
- a) Gantt chart
 - b) GERT chart
 - c) PERT/CPM chart
 - d) Work Breakdown Structure
 - e) Linear Responsibility Chart

Answer: c

35. PERT was originally used for what type of project?
- a) construction
 - b) R & D
 - c) military
 - d) computer software development
 - e) advertising

Answer: c

36. Which of the following is NOT an element of the Gantt chart?
- a) actual progress
 - b) variance of the critical path
 - c) the current date
 - d) scheduled milestones
 - e) all of the above are elements

Answer: b

37. Which of the following is typically used as the best estimate of task duration?
- a) expected time
 - b) pessimistic time
 - c) optimistic time
 - d) most likely time
 - e) none of the above

Answer: a

38. Which of the following terms is most closely associated with a task required by the project?
- a) activity
 - b) event
 - c) milestone
 - d) network
 - e) path

Answer: a

39. What is the expected time to complete a task with an optimistic, most likely, and pessimistic times of 3, 4, and 7 days respectively?
- a) 3
 - b) 4
 - c) 4.3
 - d) 4.7
 - e) 7

Answer: c

40. What is the standard deviation of a task with optimistic, most likely, and pessimistic times of 3, 4, and 7 days respectively assuming the estimates were made at the 99% plus level?
- a) .444
 - b) .667
 - c) 1.212
 - d) 1.469
 - e) 1.540

Answer: b

41. The amount of time a noncritical task can be delayed without delaying the project is called?
- a) surplus
 - b) flop
 - c) slack
 - d) critical time
 - e) safety

Answer: c

42. Slack is calculated as?
- a) LFT - EST
 - b) LFT - LST
 - c) LST - LFT
 - d) LFT - EFT
 - e) EFT - EST

Answer: d

43. Which of the following linkages is used to start two or more activities at the same time?
- a) finish-to-start
 - b) start-to-start
 - c) finish-to-finish
 - d) start-to-finish
 - e) They can all be used to start two or more activities at the same time.

Answer: b

44. Which of the following is an extension to PERT/CPM?

- a) CERT
- b) FMEA
- c) Gantt Charts
- d) GERT
- e) network diagrams

Answer: d

45. An identifiable state resulting from the completion of one or more activities is called?

- a) an event
- b) an activity
- c) a milestone
- d) a path
- e) the critical path

Answer: a

46. Define the term Critical Path.

Response: See page 146

47. What is activity slack?

Response: See page 151

48. What is a Gantt chart?

Response: See page 173

49. What are the four methods of linking steps in a project using precedence diagramming?

Response: See pages 178 and 179

50. Contrast "total slack" and "free slack"

Response: See pages 151 and 152

51. Contrast the traditional statistical approach to calculating the probability of completing a project by a specified time with the simulation approach.

Response: See pages 167 to 172

52. What are some of the ways that GERT extends PERT/CPM?

Response: See page 179

53. What assumptions are made about the probabilities of the optimistic and pessimistic times in the standard formula for calculating the variance of a particular activity? Explain how the formula can be modified to accommodate different assumptions.

Response: See page 155

54. Explain why the term "critical path" has less meaning in cases where the activity times are not known with certainty.

Response: See pages 157 and 172

55. What is a merger and what problems do mergers create?

Response: See pages 166 and 167

Chapter 6: Allocating Resources to the Project

1. The amount of resources a project can use depends in part on the timing of the allocation.

Answer: True

2. Projects often compete with each other for the same resources.
Answer: True
3. For resources that are consumed when used, the problem is which project gets to use the resource first and which must wait.
Answer: False
4. Trade-offs must be made in order to optimize the use of limited resources.
Answer: True
5. If resources were not scarce, the resource allocation problem would be concerned solely with profit maximization.
Answer: True
6. If resources were not scarce, the resource allocation problem would be concerned solely with cost minimization.
Answer: False
7. A project that must be completed by a fixed time is referred to as resource constrained.
Answer: False
8. All projects are carried out under conditions of uncertainty.
Answer: True
9. All tasks can be crashed to some extent.
Answer: False
10. The time to complete a task with normal or standard-practice resource usage is referred to as the crash duration.
Answer: False
11. When crashing a task, the usual assumption is that a task is crashed the full amount or none at all.
Answer: False
12. Often it is beneficial to crash activities NOT on the critical path.
Answer: False
13. It is considered good management to crash the least costly activities before the more costly ones.
Answer: True
14. The CPM method cannot be used when task durations are probabilistic.
Answer: False
15. The variance of the normal time can be quite different from the variance of the crash time.
Answer: True

16. Because of the human judgment required, spreadsheets typically offer little in terms of facilitating the task of crashing a project.
Answer: False
17. Fast-tracking a project is used primarily in the pharmaceutical industry.
Answer: False
18. When the work is routine, fast-tracking rarely causes serious problems.
Answer: True
19. Resource loading refers to the amounts of specific resources that are scheduled for use on specific activities or projects at specific times.
Answer: False
20. Resource loading refers to the amounts of specific resources that are scheduled for use on specific activities or projects at specific times.
Answer: True
21. One limitation of MSP is that all resources must share the same availability calendar.
Answer: False
22. MSP allows the PM to create an individual availability calendar for each resource on the project
Answer: True
23. A task's duration is a function of both the amount of labor required to complete the task as well as the calendar time required to complete it.
Answer: True
24. A resource allocation decision may be intended to avoid a future problem rather than correct a current problem.
Answer: True
25. In general, steady state demand for human resources is highly desirable.
Answer: True
26. Pools of like resources from which labor can be added temporarily to projects tend to increase costs for the firm as a whole.
Answer: False
27. Pools of like workers are most useful when labor is subdivided into highly specialized subtasks.
Answer: False
28. Applying "line balancing" techniques to balance the capacity of a project typically yields significant benefits.
Answer: False
29. A limitation associated with traditional approaches to project management is that the dependency between resources and tasks is often ignored.

Answer: True

30. The as late as possible priority rule is considered the standard scheduling rule.

Answer: False

31. Allocating specific, limited resources to specific activities is called
- a) resource allocation
 - b) resource leveling
 - c) resource tracking
 - d) expediting a project
 - e) crashing a project

Answer: a

32. The primary cause of concern in resource allocation is
- a) labor cost
 - b) resource scarcity
 - c) lack of solution methodologies
 - d) parallel activities
 - e) equipment downtime

Answer: b

33. A project that cannot go over budget is considered
- a) time constrained
 - b) schedule constrained
 - c) resource constrained
 - d) performance constrained
 - e) critically constrained

Answer: c

34. The task duration with standard-practice resource usage is referred to as the
- a) expected task duration
 - b) nominal task duration
 - c) crash duration
 - d) normal task duration
 - e) planned task duration

Answer: d

35. A task has a normal duration of 9 days and a crash duration of 7 days. Its normal cost is \$40 and its crash cost is \$100. What is the crash cost per day?
- a) \$140
 - b) \$70
 - c) \$50
 - d) \$40
 - e) \$30

Answer: e

36. Which of the following is NOT associated with the spreadsheet model used to solve the crashing problem?
- a) Minimize the total cost of completing the project.
 - b) Minimize the number of activities crashed.
 - c) Complete the project by a specified time.
 - d) Maintain the precedence relationships specified in the network diagram.

e) Bounds on the amount each task can be crashed.

Answer: b

37. Starting the building phase before the design and planning phases is called

- a) operations overlapping
- b) concurrent engineering
- c) fast-tracking
- d) concurrent construction
- e) construction overlapping

Answer: c

38. Which of the following priority rules makes resources available so that activities start on their LSTs whenever possible without increasing the project's duration?

- a) as soon as possible
- b) as late as possible
- c) shortest task duration first
- d) minimum slack first
- e) most critical successor

Answer: b

39. Which of the following rules maximizes the number of tasks that can be completed by a system in a given period of time?

- a) as soon as possible
- b) as late as possible
- c) shortest task duration first
- d) minimum slack first
- e) most critical successor

Answer: c

40. Several projects can be linked together with

- a) virtual activities
- b) nominal activities
- c) pseudoactivities
- d) ER links
- e) critical chains

Answer: c

41. Which of the following is NOT commonly used to help select a priority rule?

- a) schedule slippage
- b) resource utilization
- c) in-process inventory
- d) cost overruns
- e) all of the above are used

Answer: d

42. Which of the following is a measure of the amount by which a project is delayed by application of a leveling rule?

- a) schedule inflation
- b) schedule progression
- c) schedule efficacy
- d) schedule efficiency
- e) schedule slippage

Answer: e

43. According to research, the best overall priority rule is
- a) as soon as possible
 - b) as late as possible
 - c) shortest task duration first
 - d) minimum slack first
 - e) most critical successor

Answer: d

44. The practice of assigning project team members to multiple projects is called
- a) concurrent engineering
 - b) parallel activities
 - c) fast-tracking
 - d) project crashing
 - e) multitasking

Answer: e

45. The safety time added to chains other than the critical chain is called
- a) feeding buffer
 - b) project buffer
 - c) path buffer
 - d) critical buffer
 - e) team buffer

Answer: a

46. Explain how you would use a spreadsheet to crash a project. Specifically discuss what the objective is and what types of constraints would be needed.

Response: See pages 197 to 201

47. What is fast-tracking a project?

Response: See page 202

48. What is resource loading?

Response: See pages 202 to 208

49. What is resource leveling? Why is it needed?

Response: See pages 209 - 215

50. List and briefly explain five priority rules used to assign preference to activities when allocating scarce resources.

Response: See pages 217 – 218

51. Explain how you would choose a priority rule.

Response: See page 220

52. Explain how the commonly made assumption of known activity times can lead to unrealistic project deadlines.

Response: See page 225

53. What is the student syndrome? In what ways can it create problems for a project?

Response: See pages 225 to 226

54. What is the effect of not reporting the early completion of project activities?

Response: See page 226

55. Briefly overview Goldratt's common chain of events.

Response: See page 229

Chapter 7: Monitoring and Controlling the Project

1. Project monitoring and control can be thought of as opposite sides of project selection and planning.

Answer: True

2. Control is the collection, recording, and reporting of project information.

Answer: False

3. The purpose of control is to ensure that all interested parties have the information they need.

Answer: False

4. The most important use of data gathered from monitoring is learning from mistakes.

Answer: False

5. The most important use of data gathered from monitoring is control.

Answer: True

6. The plan-monitor-control cycle constitutes a “closed loop” process.

Answer: True

7. It is often the case with particularly challenging or uncertain projects that the planning-monitoring-controlling effort is minimized so that the “real work” can be done.

Answer: True

8. In order to manage for overall project success, control should be exercised at a very high and aggregated level and not get bogged down with unnecessary details.

Answer: False

9. In order to manage for overall project success, control must be exercised at the detailed work level for each aspect of project performance.

Answer: True

10. Mechanisms to gather and store data rarely need to be designed.

Answer: False

11. One way of linking planning and control is to monitor project progress on the MSP Gantt chart.

Answer: True

12. Too often, intensity of activity is measured instead of results.

Answer: True

13. A common mistake is to focus too much on results and not enough on the intensity of activity.

Answer: False

14. Raw numbers represent a simple tally of the occurrence of an event.

Answer: False

15. Statistical quality control techniques can be helpful for determining what size variances are significant.

Answer: True

16. An important use of data analysis is to identify who to properly blame for poor project performance.

Answer: False

17. Frequent blame is considered a good motivational tool to keep project team members on track.

Answer: False

18. Everyone associated with the project should receive the same information.

Answer: False

19. In general, it is preferable to have periodic reports.

Answer: False

20. An overload of reporting is just as dangerous as underreporting.

Answer: True

21. Exception reports are prepared to disseminate the results of a special study.

Answer: False

22. Exception reports are primarily intended for unexpected situations.

Answer: True

23. Project review meetings are always important.

Answer: True

24. Weekly progress report meetings should be rarely held.

Answer: True

25. Remarks should be directly attributed to individuals in the meeting minutes.

Answer: False

26. To maximize efficiency, project team meetings should follow Robert's Rules of Order.

Answer: False

27. Earned value is a measure for overall project progress in terms of performance, budget and schedule.

Answer: True

28. Lower expenditures than expected at a given point in time is always good.

Answer: False

29. According to the text, there is no satisfactory way to measure accurately the percent of completion of most tasks.

Answer: True

30. The percentage of an activity's budget actually spent by a given date is typically a good indicator of the percent of that activity's completion.

Answer: False

31. Which of the following is NOT an objective mentioned in the text for data gathered from monitoring?

- a) promoting team members
- b) keeping management informed
- c) auditing
- d) learning from mistakes
- e) control

Answer: a

32. The plan-monitor-control cycle is best described as

- a) an open loop process
- b) a closed-loop process
- c) an ad-hoc process
- d) an informal process
- e) a hierarchical process

Answer: b

33. Which of the following is used when it is especially difficult to find a direct measure of a variable?

- a) frequency count
- b) raw numbers
- c) surrogates
- d) subjective numeric ratings
- e) verbal characterizations

Answer: c

34. Which of the following is most closely associated with ordinal rankings?

- a) frequency counts
- b) raw numbers
- c) indicators
- d) subjective numeric rankings
- e) surrogates

Answer: d

35. Which of the following is NOT a distinct type of report?

- a) exception
- b) special analysis
- c) critical incident
- d) routine
- e) all of the above are distinct types of reports

Answer: c

36. Which of the following was NOT listed in the text as a convention for estimating task progress?

- a) 50% when task is started and another 50% when it is completed
- b) 100 percent when task is completed and 0% before that
- c) using the ratio of cost expended to total cost budgeted
- d) using the ratio of time expended to the total time scheduled

e) all of the above were mentioned

Answer: e

37. The cost/spending variance is calculated as

- a) $AC - EV$
- b) $EV - PV$
- c) $PV - EV$
- d) $AC - PV$
- e) $EV - AC$

Answer: e

38. Estimated (remaining cost) to completion (ETC) is calculated as

- a) $(BAC - EV)/CPI$
- b) $(BAC - EV)/SPI$
- c) $(BAC + EV)/CPI$
- d) $(BAC + EV)/SPI$
- e) $(BAC - AC)/CPI$

Answer: a

39. In earned value analysis

- a) it is desirable to have negative variances for both schedule and spending.
- b) it is desirable to have positive variances for both schedule and spending.
- c) the schedule variance should be positive and the spending variance negative.
- d) the schedule variance should be negative and the spending variance positive.
- e) ideally both variances would equal zero.

Answer: b

40. Which of the following is NOT a primary mechanism by which the PM exerts control?

- a) reviews
- b) personnel assignments
- c) audit reports
- d) resource allocation
- e) all of the above are mechanisms by which the PM exerts control

Answer: c

41. Which of the following is NOT a component of a control system?

- a) effector
- b) sensor
- c) decision maker
- d) leveler
- e) standard

Answer: d

42. Which of the following is NOT a tool used to aid the PM in project control?

- a) variance analysis
- b) trend projections
- c) earned value analysis
- d) control charts
- e) discounted cash flow analysis

Answer: e

43. The most common source of changes to a project based on the natural tendency of the client and project team members to improve the project's output is called
- a) scope creep
 - b) projectitis
 - c) multitasking
 - d) dynamic scoping
 - e) unfreezing

Answer: a

44. Which of the following is NOT true regarding meetings?
- a) A written agenda should be distributed in advance of the meeting.
 - b) The agenda should announce pre-set starting and stopping times.
 - c) It is appropriate to be flexible and extend a meeting's stopping time if issues come up that were not on the agenda.
 - d) Don't penalize those who show up on time by making them wait for those who are late.
 - e) All of the above are true.

Answer: c

45. The first step in setting up a monitoring system is to:
- a) identify personnel
 - b) identify all project milestones
 - c) identify key factors to be controlled
 - d) identify reports required
 - e) develop a change request form

Answer: c

46. Explain why project monitoring and control can be thought to be opposite sides of project selection and planning.
Response: See page 238

47. List and briefly describe the five data formats discussed in the text.
Response: See page 241

48. List and briefly describe the three distinct types of reports.
Response: See page 244

49. List the benefits of reports beyond the purpose of control.
Response: See page 244

50. What actions can you take to help avoid the common problems associated with meetings?
Response: See pages 245 and 246

51. Define the terms monitoring and control.
Response: See page 238

52. What is the best way to estimate percent completion of activities for finding earned value?
Response: See page 248

53. What is earned value?
Response: See pages 247 and 248

54. Explain how an earned value chart can be used to help monitor and control a project.
Response: See pages 248 and 249

55. Why is control difficult?
Response: See page 254

Chapter 8: Evaluating and Terminating the Project

1. Project evaluation should only appraise the progress and performance of a project relative to the project's initial plan and not relative to a revised plan.

Answer: False

2. Project evaluation appraises the performance of a project relative to the project's initial or revised plan.

Answer: True

3. Project evaluation should be limited to an after-the fact analysis.

Answer: False

4. Project evaluation should NOT be limited to an after-the-fact analysis.

Answer: True

5. The primary purpose of project evaluation is to given feedback to senior management for decision and control purposes.

Answer: True

6. The original criteria for selecting and funding the project are largely irrelevant for project evaluation.

Answer: False

7. According to research, future potential is an important dimension of project success.

Answer: True

8. Measuring the project's performance against a planned budget and schedule is generally straightforward.

Answer: True

9. Measuring a project's success on budget, schedule, and performance is typically more complicated than measuring revenues or qualitative, subjective factors.

Answer: False

10. The formal audit is a special type of project evaluation.

Answer: True

11. The project audit is typically broader than the traditional management audit.

Answer: True

12. The project audit focuses its attention on the organization's management systems and operations.

Answer: False

13. The timing of an audit depends on the purpose of the audit.

Answer: True

14. Early project audits usually focus on the project's budget and schedule.

Answer: False

15. Later project audits are typically of less value to the project team and of more interest to general management.

Answer: True

16. The general audit is usually performed by a person or team with special technical skills.

Answer: False

17. Project audits are typically very useful in the initiation project state.

Answer: True

18. Project audits are typically very useful at the master schedule project state.

Answer: False

19. The use of forms to collect data during a project audit is generally considered NOT to be good management practice since they can limit the audit team's flexibility.

Answer: False

20. The Request for Proposal may contain valuable information for a project audit.

Answer: True

21. A discussion of the potential for project failure and monetary loss should be included in the audit report.

Answer: True

22. The way project termination is managed can impact the project's success.

Answer: True

23. Poor up-front planning is a fundamental reason for project failure.

Answer: True

24. Naming the wrong project manager is a fundamental reason for project failure.

Answer: True

25. Termination-by-integration occurs when an "in-house" project is successfully completed and institutionalized as a new, formal part of the organization.

Answer: False

26. It is best for the project manager and project team to make the termination decision.

Answer: False

27. Project termination should be treated as a mechanistic process.

Answer: False

28. It is generally advisable to have the project manager serve as the termination manager.

Answer: False

29. The project final report is a history of the project.

Answer: True

30. Organizational structure should be addressed in the project final report.

Answer: True

31. Which of the following is concerned with appraising a project relative to its initial or revised plan?

- a) project evaluation
- b) project termination
- c) project monitoring
- d) project control
- e) project planning

Answer: a

32. According to research, which of the following is NOT an important dimension of project success?

- a) project efficiency
- b) project team cohesiveness
- c) customer impact/satisfaction
- d) business/direct success
- e) future potential

Answer: b

33. According to the text, which of the following is NOT an item to consider for project evaluation report recommendations?

- a) communication with the client and senior management
- b) locating opportunities for technological advances
- c) locating opportunities to crash the project
- d) improving the project-management process
- e) improving the organization's used of projects

Answer: c

34. According to the text, which of the following is NOT a common level of depth for an audit.

- a) the general audit
- b) the detailed audit
- c) technical audit
- d) aggregate audit
- e) All of the above are common levels of depth for an audit.

Answer: d

35. Which of the following audits is typically performed by a person or team with special technical skills?

- a) the general audit
- b) the detailed audit
- c) the aggregate audit
- d) the quality audit
- e) the technical audit

Answer: e

36. In which of the following project states is the value of the project audit of rather limited usefulness?

- a) master schedule
- b) initiation

- c) feasibility study
- d) preliminary plan/schedule budget
- e) The value of the project audit is very useful in all of the above project states.

Answer: a

37. Which of the following is NOT a typical step in a project audit?
- a) familiarize the audit team with the requirements of the project
 - b) collect benchmark data from other similar projects
 - c) audit the project on-site
 - d) write-up the audit report in the required format
 - e) distribute the report

Answer: b

38. Which of the following was NOT mentioned in the text as a valuable source of information for a project audit?
- a) the project's Request for Proposal
 - b) minutes from the project selection committee
 - c) benchmark data from other similar projects
 - d) minutes of senior management committees that initiated the project
 - e) All of the above were mentioned in the text as valuable sources of information for a project audit.

Answer: c

39. Which of the following was NOT a major section listed in the text for the audit report?
- a) current status
 - b) future project status
 - c) critical management issues
 - d) financial analysis
 - e) risk analysis and risk management

Answer: d

40. Which of the following is NOT a type of project termination mentioned in the text?
- a) project extinction
 - b) termination-by-addition
 - c) termination-by-integration
 - d) termination-by-starvation
 - e) termination-by-elimination

Answer: e

41. Which of the following is most closely associated with the output of a project becoming a standard part of the operating systems of the sponsoring firm or client?
- a) termination-by-addition
 - b) termination-by-extinction
 - c) termination-by-integration
 - d) termination-by-starvation
 - e) termination-by-elimination

Answer: c

42. Which of the following is NOT a main duty of the termination manager?
- a) Oversee the closing of the project's books
 - b) Complete the project final report
 - c) Ascertain any product support requirements
 - d) Ensure completion of work

e) Ensure that documentation is complete

Answer: b

43. Which of the following is typically NOT included in the project final report?

- a) administrative performance
- b) project performance
- c) organizational structure
- d) project teamwork
- e) risk analysis and risk management

Answer: e

44. Which of the following is NOT part of a termination project?

- a) on-site audit
- b) personnel reports
- c) reassignment plan
- d) final payments
- e) supplier notifications

Answer: a

45. A data collection form to support a project audit would include data from all the following categories except

- a) financial data
- b) technical data
- c) managerial data
- d) risk management data
- e) All of the above categories would be included in the data collection form.

Answer: d

46. What criteria should be included in evaluating a project?

Response: See pages 273 and 274

47. List several key items to consider for project evaluation report recommendations.

Response: See page 273

48. Briefly describe and contrast general audits, detailed audits, and technical audits.

Response: See page 275

49. Briefly describe the value of project audits for alternative project states.

Response: See page 276

50. What are the steps in a project audit?

Response: See page 276

51. What content should be included in the audit report?

Response: See pages 278 and 279

52. Briefly describe the four types of project termination.

Response: See pages 281 and 282

53. Contrast termination-by-addition with termination-by-integration.

Response: See pages 281 and 282

54. What are the main duties of the termination manager?

Response: See page 283

55. What issues should be addressed in the project final report?

Response: See pages 283 and 284