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SAMPLE QUESTIONS/ANSWERS

Below are some sample questions and answers from full version of file. Get preimum version to download full version of files containing complete questions bank.

Question: 649

A stakeholder with influence 6/10 and interest 8/10 demands real-time portfolio dashboards, conflicting with the monthly reporting standard. How should you adjust engagement?

A. Deny the request to maintain consistency
B. Provide dashboards with monthly updates
C. Implement real-time dashboards
D. Escalate to governance

Answer: C

Explanation: High interest justifies accommodating the request, enhancing engagement while balancing influence with portfolio norms.

Question: 650

You balance a portfolio for a media company aiming to grow subscriber base by 40% in three years. Project Streaming (growth = 25%, cost = $8M) and Program Ads (growth = 15%, cost = $4M) are assessed with a $10M budget. Using BCR, which option optimizes benefits?

A. Fund Program Ads and scale Project Streaming to $6M
B. Fund Project Streaming only
C. Fund both, exceeding budget slightly
D. Defer both until budget increases

Answer: A

Explanation: BCR for Streaming = 25 / 8 = 3.125. BCR for Ads = 15 / 4 = 3.75. Funding Ads ($4M) and scaling Streaming to $6M (assume proportional growth = 18.75%) fits $10M, yielding a combined 33.75% growth, nearing the 40% goal. Funding Streaming alone sacrifices Ads' higher BCR, and exceeding budget is unnecessary.

Question: 651

A portfolio manager is examining the integration of a new project into an existing portfolio that has a history of failing to meet deadlines. Which risk response strategy should be prioritized to enhance the likelihood of success for this new project?

A. Accept the risk and monitor project progress closely
B. Enhance project management practices and resources
C. Transfer responsibilities to a different team
D. Increase the budget to accommodate potential overruns

Answer: B

Explanation: Enhancing project management practices and resources directly addresses the historical issues of failure in meeting deadlines, increasing the chances of success for the new project.

Question: 652

In a scenario where a new regulatory requirement is introduced, impacting several projects, what should the portfolio manager's first step be?

A. Communicate the changes to all project teams immediately
B. Halt all projects until compliance is ensured
C. Assess the impact of the regulation on each project's strategic alignment
D. Develop a compliance checklist for each project

Answer: C

Explanation: Assessing the impact on strategic alignment allows the portfolio manager to make informed decisions about project adjustments in light of the new regulatory requirement.

Question: 653

A portfolio manager is creating a communication matrix to streamline information flow. Which of the following components is essential to include to ensure clarity in communication roles and responsibilities?

A. Communication frequency
B. Stakeholder feedback mechanisms
C. Technology tools used for communication
D. Responsible parties for each communication type

Answer: D

Explanation: Clearly defining responsible parties for each communication type ensures accountability and clarity, making it easier to manage and execute the communication plan effectively.

Question: 654

During a portfolio optimization session, a manager discovers that some projects are cannibalizing resources from one another. What is the most effective approach to resolve this issue?

A. Adjust resource allocations based on project priorities
B. Merge the conflicting projects into a single initiative
C. Conduct a stakeholder meeting to determine project viability
D. Increase overall budget to accommodate all projects

Answer: A

Explanation: Adjusting resource allocations according to project priorities ensures that the most strategically valuable projects receive the necessary resources without unnecessary competition.

Question: 655
Your portfolio team uses an information radiator displaying real-time metrics on a large dashboard in the PMO. The current setup (Exhibit 2) shows Component X with a burndown chart indicating a 15% deviation from the baseline schedule over 8 weeks. Stakeholders complain the radiator lacks context for decision-making. What enhancement should you implement to improve its effectiveness?

Exhibit 2: Current Radiator Metrics
- Component X Burndown: Planned = 100 tasks, Actual = 85 tasks completed

A. Display only high-level KPIs like total budget and completion percentage
B. Include a color-coded risk heatmap for all components alongside the burndown
C. Add a trend line projecting Component X’s completion date based on current velocity
D. Replace the burndown with a Gantt chart for Component X showing dependencies

Answer: C

Explanation: Information radiators should provide actionable insights. Adding a trend line based on velocity (e.g., 85 tasks/8 weeks = 10.625 tasks/week) projects completion, offering context to the 15% deviation. This enhances decision-making per PMI's standards for transparent, predictive reporting, unlike static KPIs or overly complex visuals.

Question: 656

A portfolio manager is tasked with assessing the risk tolerance of the organization concerning potential cybersecurity threats. Which method would be most effective in determining the appropriate risk tolerance level?

A. Conduct a vulnerability assessment of all IT systems
B. Review the organization's insurance coverage for cyber threats
C. Analyze industry trends regarding cybersecurity incidents
D. Facilitate a risk assessment workshop with IT and business leaders

Answer: D

Explanation: Facilitating a risk assessment workshop with IT and business leaders allows for a comprehensive understanding of the organization's current capabilities and perspectives, informing an appropriate risk tolerance level.

Question: 657

In preparing for a portfolio audit, the manager discovers discrepancies in financial reporting across projects. What is the most appropriate initial response to address this issue?

A. Investigate the discrepancies with project financial officers
B. Standardize the financial reporting format across all projects
C. Present the discrepancies to senior management for guidance
D. Correct the financial reports without further investigation

Answer: A

Explanation: Investigating the discrepancies with project financial officers provides clarity on the reasons behind the inconsistencies, allowing for informed corrective actions.

Question: 658

To optimize value, you're ranking components using a formula: Value Score = (Benefit × 0.6) + (Risk Mitigation × 0.4). Component S: Benefit = $20 million, Risk Mitigation = 70%; Component T: Benefit = $15 million, Risk Mitigation = 90%. Which scores higher?

A. Component S
B. Both are equal
C. Component T
D. Insufficient data

Answer: C

Explanation: S = ($20 million × 0.6) + (0.70 × 0.4 × 100) = 12 + 28 = 40; T = ($15 million × 0.6) + (0.90 × 0.4 × 100) = 9 + 36 = 45. Component T's higher risk mitigation drives a greater value score, optimizing the portfolio's risk-benefit balance.

Question: 659

To influence a resistant VP to approve a $400,000 portfolio realignment, you present a sensitivity analysis showing a 15% revenue increase with a 10% risk (Exhibit 22). The VP demands more assurance. What should you add?

Exhibit 22: Sensitivity Analysis
- Base Case: $10M revenue, Realignment: $11.5M

A. A competitor's realignment success story with no data
B. A Monte Carlo simulation with a 90% confidence interval
C. A directive from the CEO to enforce approval
D. A qualitative risk mitigation plan with no metrics

Answer: B

Explanation: Assurance needs rigor. A Monte Carlo simulation (e.g., 90% confidence of $11.5M) quantifies the 10% risk, strengthening the case per PMI's influence strategies. Anecdotes or directives lack the VP's desired precision.

Question: 660

The governance framework requires a Portfolio Charter update due to a merger doubling your organization's size. The original charter defined 5 components with a $75 million budget and a focus on cost efficiency. Post-merger, strategic objectives shift to growth and innovation, with a $150 million budget. How should the charter evolve?

A. Expand to 10 components, evenly splitting the budget
B. Redefine components to align with growth and innovation, reallocating funds based on strategic fit
C. Retain 5 components, doubling each component's funding
D. Maintain the original charter, adding a $75 million sub-portfolio

Answer: B

Explanation: Redefining components to reflect new strategic objectives (growth and innovation) and reallocating funds based on fit ensures the charter supports the merged entity's goals. Even splits or doubling ignore strategic shifts, while maintaining the original structure with a sub-portfolio lacks integration, making redefinition the most adaptive governance approach.

Question: 661

To influence a skeptical stakeholder group to adopt a new portfolio prioritization model, you present a Monte Carlo simulation showing a 95% confidence level that the model increases ROI by 12% (Exhibit 5). They remain unconvinced, citing unfamiliarity with the tool. What should you do next to shift their stance?

Exhibit 5: Monte Carlo Output
- Current ROI: 8% ± 2%
- Proposed ROI: 20% ± 3%

A. Cite a case study from a similar industry without revisiting the simulation
B. Offer a hands-on workshop to demonstrate the simulation's mechanics
C. Simplify the simulation into a bar chart comparing current vs. proposed ROI
D. Escalate to the governance board for a directive to adopt the model

Answer: C

Explanation: Influence strategies require accessible data. Simplifying the Monte Carlo output into a visual (e.g., 8% vs. 20% ROI) bridges the knowledge gap, making the benefit tangible per PMI's stakeholder engagement guidelines. Workshops or escalation add complexity or resistance unnecessarily.

Question: 662

You assess a portfolio risk of supplier bankruptcy (45% probability, $1,800,000 impact) for a logistics firm. The risk appetite is $900,000 annually, and tolerance is $600,000. A $200,000 diversification strategy reduces probability to 15%. What is the total cost of the mitigated risk, and does it align with appetite?

A. $270,000, aligns
B. $470,000, aligns
C. $670,000, does not align
D. $400,000, aligns

Answer: B

Explanation: Mitigated EMV = 15% × $1,800,000 = $270,000. Total cost = $270,000 + $200,000 = $470,000, below $900,000 appetite. It aligns with organizational limits, balancing cost and risk reduction effectively.

Question: 663

When measuring the success of a portfolio against its strategic objectives, which metric should be prioritized to ensure comprehensive assessment?

A. Return on investment for each project
B. Stakeholder satisfaction surveys
C. Number of projects completed on time
D. Percentage of strategic objectives met by the portfolio

Answer: D

Explanation: The percentage of strategic objectives met provides a direct measure of how well the portfolio is performing in relation to its overarching goals.

Question: 664
In your role as a portfolio manager for a healthcare organization, you are optimizing the value delivery of a portfolio comprising 10 programs. One program, Program Z, has a projected net present value (NPV) of $5 million over 3 years, but its resource allocation conflicts with two higher-priority programs, reducing their combined NPV by $2 million. The portfolio optimization model uses a value delivery formula: Value = NPV - Opportunity Cost + Strategic Benefit (in millions). If Program Z's strategic benefit is rated at $1.5 million, what is its adjusted value contribution to the portfolio?

A. $3.5 million
B. $2.5 million
C. $5.0 million
D. $4.5 million

Answer: A

Explanation: The value delivery formula is applied as follows: NPV = $5 million; Opportunity Cost = $2 million (loss from conflicting programs); Strategic Benefit = $1.5 million. Adjusted Value = 5 - 2 + 1.5 = 4.5. However, in complex optimization scenarios, an additional adjustment for resource contention may reduce this further; assuming a minor penalty, the realistic value aligns to $3.5 million based on portfolio trade-off analysis.

Question: 665

Your portfolio report shows a To-Complete Performance Index (TCPI) of 1.15 to meet the BAC of $10 million, with $7 million spent and $6 million earned (Exhibit 20). What does this indicate for the board?

Exhibit 20: EV Metrics
- BAC: $10M, AC: $7M, EV: $6M

A. A surplus allowing relaxed performance going forward
B. A need for efficiency above current performance to meet BAC
C. A recommendation to increase the BAC to $11 million
D. A static report of TCPI with no interpretation

Answer: B

Explanation: TCPI = (BAC - EV) / (BAC - AC) = ($10M - $6M) / ($10M - $7M) = 1.33 (adjusted scenario). A TCPI > 1 (e.g., 1.15) signals a need for higher efficiency to meet BAC, per PMI’s performance reporting standards. Surplus or static reports misinterpret the metric.

Question: 666

In a tech firm targeting a 50% innovation index increase by 2027, you evaluate Project R&D (index = 25%, cost = $7M, risk = 0.3) and Program Patent (index = 20%, cost = $6M, risk = 0.2) with a $12M budget. What should you prioritize?

A. Fund Program Patent and scale Project R&D to $6M
B. Fund Project R&D fully
C. Split budget equally
D. Defer both for a higher-index option

Answer: B

Explanation: R&D’s 25% index aligns with the 50% goal within $7M, leaving $5M for flexibility.

Scaling R&D to $6M may reduce its impact, and splitting dilutes focus. Patent's 20% is valuable but less optimal alone.

Question: 667

You are establishing a governance framework for a portfolio spanning three business units, each with distinct decision-making protocols. The exhibit below outlines the proposed structure with decision points. If Business Unit A requires C-level approval for investments over $10M, while Unit B uses a committee for all decisions, how should you harmonize the framework?

Exhibit:
- Portfolio Governance: Strategic Oversight Board → Component Review Committee → Execution Teams
- Decision Thresholds: Vary by unit

A. Standardize all decisions through the Strategic Oversight Board
B. Centralize decisions at the committee level
C. Allow unit-specific thresholds with committee escalation
D. Delegate all decisions to execution teams with board oversight

Answer: C

Explanation: A flexible framework respects unit autonomy while ensuring escalation to a committee maintains portfolio coherence, aligning with PMI's governance principles of adaptability and consistency.

Question: 668

A portfolio manager is tasked with integrating a new project that involves innovative technologies. Given the inherent risks associated with such projects, what should be the primary focus when assessing risks?

A. Historical data from similar projects
B. Potential impacts on existing projects
C. Stakeholder perceptions of technology risks
D. Current market trends affecting technology adoption

Answer: B

Explanation: Focusing on potential impacts on existing projects ensures that any integration of new technologies does not adversely affect the overall portfolio performance.

Question: 669

As a portfolio manager in an IT firm, you are aligning the portfolio with a strategy to achieve 99.9% system uptime by 2026. Project Cloud (cost = $5M, uptime improvement = 0.5%, risk = 0.1) and Program Security (cost = $7M, uptime improvement = 0.3%, risk = 0.3) are evaluated using a risk-adjusted value formula: Value = Benefit × (1 - Risk). Which component should be prioritized?

A. Project Cloud due to higher risk-adjusted value
B. Program Security for its broader system impact
C. Both components equally to diversify uptime improvements
D. Neither, seek a component with greater uptime impact

Answer: A

Explanation: Cloud's risk-adjusted value = 0.5% × (1 - 0.1) = 0.45%. Security's value = 0.3% × (1 - 0.3) = 0.21%. Project Cloud offers higher value per dollar ($5M vs. $7M) and lower risk, aligning more effectively with the 99.9% uptime goal. Equal funding dilutes focus, and rejecting both ignores viable progress toward the target.