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## Portfolio Management Professional (PfMP)

PMI PfMP

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## QUESTION NO: 1

You are working diligently to ensure people throughout the organization realize the importance of portfolio management. To do so, you are preparing a communications strategy. When you distribute it, you will be able to show you can satisfy information requirements in order to:

- A. Show the data you plan to collect will be analyzed
- B. Provide credibility for a portfolio management process
- C. Meet the organization's objectives
- D. Push information to stakeholders on portfolio status

**ANSWER: C**

## QUESTION NO: 2

Although it has taken significant time, you and your team inventoried all the work under way in your new product development company. This list of components should be:

- A. Included in the portfolio roadmap
- B. Part of the portfolio management plan
- C. Prioritized for effective resource allocation
- D. Maintained by the portfolio manager and continually updated

**ANSWER: C**

## QUESTION NO: 3

With the increasing use of drywall, your company, which has been in the plaster business for over three generations, is finding it harder to maintain a share of the market and to achieve a positive return on its investments. Three years ago, the corporate executives implemented a portfolio process, and they serve as the Portfolio Governance Council. They meet monthly, and after each meeting, you prepare a report of their decisions. This report is:

- A. Sent to all employees in the company as it focuses on employee empowerment and involvement
- B. Distributed only to the Governance Council to serve as a record of their meetings
- C. Is used to authorize the portfolio
- D. Is used to analyze the effects of their decisions on the company's portfolio

**ANSWER: C**

## QUESTION NO: 4

Managing risk is key to the success of any initiative. Risk is considered to be inherent in any activity we do in project management and at any level. When it comes to risk tolerance definition, which of the following is the correct one?

- A. The confidence level of key stakeholders and executive management in the risk management activities
- B. Threshold or attitude of an organization towards the negative effects of risks on the organization's portfolio
- C. Threshold or attitude of an organization towards the positive or negative effects of risks on the organization's portfolio
- D. Threshold or attitude of an organization towards the positive effects of risks on the organization's portfolio

**ANSWER: C**

## QUESTION NO: 5

Your organization conducted an OPM3 assessment focusing on its best practices in portfolio management and also on those that were needed. The OPM3 Certified Professional felt greater attention was needed managing strategic change. This means:

- A. The project charter should be reviewed
- B. The strategic plan should be updated
- C. Budget allocation can be handled more effectively
- D. It is easier to determine which components will require specialized resources

**ANSWER: A**

## QUESTION NO: 6

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Following a major organizational restructuring, new portfolios are currently being initiated. You have been assigned the position of portfolio manager on one of the major portfolios and are currently in strategic management. You are currently performing cost-benefit analysis. What is part of this analysis?

- A. Qualifies estimated costs and benefits and lists quantitative considerations of alternative portfolio components
- B. Quantifies estimated costs and benefits and lists qualitative considerations of alternative portfolio components
- C. Quantitative considerations of alternative portfolio components
- D. Qualifying estimated costs and benefits

**ANSWER: B**

## QUESTION NO: 7

Managing risk is key to the success of any initiative. Risk is considered to be inherent in any activity we do in project management and at any level. As part of managing risks, the portfolio manager applies multiple analyzes and uses tools to help dealing with risks. What does the portfolio manager use to visualize risks impact on portfolio strategic objectives such as profitability?

- A. Sensitivity Analysis
- B. Risk Breakdown Structure
- C. Efficient Frontier
- D. Probability and Impact matrix

**ANSWER: A**

## QUESTION NO: 8

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Two functional managers within your portfolio are arguing about one scarce resource, and each one is claiming that the resource should be assigned to them. What should you do as a portfolio manager in order to solve this issue?

- A. Perform a capacity and capability analysis and tender the recommendation on resource allocation to the governance board
- B. Sit with the two functional managers privately and let them agree on a solution
- C. Perform a capacity and capability analysis in order to allocate the scarce resource
- D. Do prioritization analysis and allocate the resource accordingly

**ANSWER: D**

## QUESTION NO: 9

In identifying risks to then manage and control, as the portfolio manager you are consulting organizational process assets such as:

- A. Commercial data bases
- B. Lessons learned
- C. Knowledge bases
- D. Values

**ANSWER: D**

## QUESTION NO: 10

Due to market technological changes, your company got impacted and was urged to revise its portfolios. You are currently revising your portfolio to determine the required changes in the component mix. Which of the following options helps in assessing the capability of the organization to undertake the portfolio with its new strategic direction, and what is needed to be done?

- A. Interdependency Analysis
- B. Readiness Assessment
- C. Capability and Capacity Analysis
- D. Gap Analysis

**ANSWER: B**

## QUESTION NO: 11

Portfolio Prioritization Model is included in the Portfolio management plan and Portfolio Strategic Plan. How does it serve the Portfolio as part of the Portfolio Strategic Plan?

- A. All of the options
- B. Ensures benefits are comprehensively and holistically taken into consideration
- C. Guides the ongoing decisions as to which portfolio components should be added, terminated, or changed
- D. Used as a decision framework to structure the portfolio components

**ANSWER: D**

## QUESTION NO: 12

Your company has a stated policy that all stakeholders are to be treated in an ethical manner. It is one of the largest project management training firms in the world and is a Registered Educational Provider with the Project Management Institute as well as with other associations. It is active in portfolio management to ensure it is offering the most beneficial products and services, both leading edge and traditional, to its customers. Its policy toward its stakeholders is:

- A. Documented in the stakeholder expectations plan
- B. Considered as a legitimate right
- C. Part of the portfolio communications strategy
- D. A portfolio governance process

**ANSWER: B**

## QUESTION NO: 13

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You are the manager for a governmental portfolio aiming to restructure the roads in your country. Having a large number of stakeholders including the public, you know that you will be managing the communication closely and that the governance board and the stakeholders would want to check on the progress and performance frequently. For this you have developed a robust communication management plan. What is expected to be found in this plan?

- A. Organization areas and organization structure
- B. Introduction (goals, objectives, strategies, and tactics)
- C. Communication objectives
- D. Portfolio structure including a listing of the various portfolio components and other work

**ANSWER: C**

## QUESTION NO: 14

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A big strategic change occurred at the organization level and has impacted multiple portfolios in the organization including yours. The CEO has asked you to prepare a presentation to depict the impact of this change on portfolio resources. Which of the following should you present in this case?

- A. Communication matrix and communication calendar
- B. Resource Histograms
- C. Benefits Realization
- D. Efficient Frontier

**ANSWER: B**

## QUESTION NO: 15

Enterprise environmental factors (EEFs) may constrain portfolio management options and may have a positive or negative influence on the outcome. Which of the following is not considered part of the EEFs?

- A. Personnel administration
- B. Stakeholder risk tolerances
- C. Existing human resources
- D. Component Managers Roles and Responsibilities

**ANSWER: D**

## QUESTION NO: 16

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While performing the manage supply and demand process, one of your sub-portfolio managers came to you asking advice on how to analyze intangible assets such as resources knowledge or skills based on the metrics defined. What should be your advice to him?

- A.** You should tell him to use the qualitative metrics defined in the performance management plan in order to measure the intangible aspects. He can then use the number of full-time equivalents in order to quantify them when possible
- B.** You should tell him to ignore the intangible aspects as they are not as important as tangible ones which will help in decision making
- C.** You should advice him to use quantitative analysis in order to quantify the intangible aspects and be able to measure them
- D.** You should tell him that metrics are only defined to measure tangible aspects; intangible measurements should be based on assumptions

**ANSWER: A**

## QUESTION NO: 17

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One of the junior portfolio managers learned that she needs to use the roadmap as an input to the portfolio management plan development. She does not understand why, and she came to you for advice. What is your advice to her?

- A.** Roadmap contains the portfolio structure which is used to structure the components for management through the portfolio management plan
- B.** Roadmap is not an input to this process
- C.** Roadmap provides the prioritization model to the portfolio management plan
- D.** High-level timelines in roadmap are used to define low-level schedule and timelines for portfolio components

**ANSWER: D**

## QUESTION NO: 18

Assume your airline just merged with a competitor, making it the largest in the country. Your company has a defined portfolio management process in place, which is considered effective by your executives. The other airline uses a more informal approach. Executives from both airlines now have different philosophies concerning new work to be pursued to be the leading airline in the country. In terms of the Authorize Portfolio process, this means:

- A.** The complete portfolio process will require changes
- B.** The portfolio requirements should be evaluated
- C.** The portfolio management information systems will require consolidation

D. An outsider should be hired as the portfolio manager for objectivity

**ANSWER: B**

## QUESTION NO: 19

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Portfolio Prioritization Model is included in the Portfolio management plan and guides the ongoing decisions as to which portfolio components should be added, terminated, or changed; which of the following is correct regarding the Prioritization Model purpose and content?

- A. All of the options
- B. Ensures benefits are comprehensively and holistically taken into consideration
- C. Contains criteria to ensure alignment to strategic goals, expected return on investment (ROI), investment risks, and dependencies
- D. Establishes and tailors the decision-making rights and authorities

**ANSWER: C**

## QUESTION NO: 20

You are managing a portfolio linked to multiple business units and you set clear accountabilities from the beginning to avoid delays and to enhance the decision making process. Roles and Responsibilities are recorded in multiple portfolio documents. Where are the portfolio component managers roles and responsibilities stored?

- A. Specifically the Communication Management Plan
- B. Strategic Plan
- C. Portfolio Management Plan
- D. Portfolio Process Assets

**ANSWER: C**