

Chapter 02 Organization Strategy and Project Selection

Multiple Choice Questions

1. Which of the follow is not one of the commonly heard comments of project managers?
 - A. Where did this project come from?
 - B. Why are we doing this project?
 - C. How can all these projects be first priority?
 - D. Why is this project so strongly linked to the strategic plan?
 - E. Where are we going to get the resources to do this project?

2. Strategy considered to be under purview of senior management is
 - A. Old school thinking
 - B. A new school of management thought
 - C. Necessary in a company structure
 - D. Beneficial to the Project Manager
 - E. Depended on company goals

3. A critical factor to ensure the success of integrating the strategic plan with projects lies in a process that
 - A. Is open and published for all participants to review
 - B. Starts with top management's directives
 - C. With projects first and integrates them with the strategic plan
 - D. Both B and C are correct
 - E. A, B, and C are all correct

4. The intended outcome of strategy/projects integration is
 - A. Clear organization focus
 - B. Best use of scare organization resources
 - C. Improved communication across projects and departments
 - D. Both A and C are correct
 - E. A, B, and C are all correct

5. Which of the following is a main reason why project managers need to understand their organization's mission and strategy?

- A. They can better focus on the immediate customer
- B. They can make appropriate decisions and adjustments
- C. So they can be effective project advocates
- D. Both B and C are correct
- E. A, B, and C are all correct

6. Project managers who do not understand the role that their project plays in accomplishing the organization's strategy tend to make all the following mistakes except:

- A. Focusing on low priority problems
- B. Overemphasizing technology as an end in and of itself
- C. Focusing on the immediate customer
- D. Trying to solve every customer issue
- E. All the above are likely mistakes

7. In today's business environment, project managers find it valuable to have a keen understanding of

- A. Strategic management
- B. Technical issues
- C. Project selection process
- D. Both A and C are correct
- E. A, B, and C are all correct

8. The textbook indicated that _____ is the major dimension of strategic management.

- A. Responding to changes in the external market
- B. Allocating scarce resources of the organization
- C. Beating competition to the market
- D. Both a and b are correct
- E. Both a and c are correct

9. Which of the following is not true for strategic management?
- A. It should be done once each year just before developing the operating plan
 - B. It supports consistency of action at every level of the organization
 - C. It develops an integrated and coordinated long-term plan of action
 - D. It positions the firm to meet the needs of its customers
 - E. All of these are true statements
10. Which of the following is the correct order for the strategic management process?
- A. Strategies, mission, goals, projects
 - B. Goals, projects, mission, strategies
 - C. Mission, goals, strategies, projects
 - D. Goals, mission, strategies, projects
 - E. Projects, mission, strategies, goals
11. Which of the following questions does the organization's mission statement answer?
- A. What are our long-term strategies?
 - B. What are our long-term goals and objectives?
 - C. How do we operate in the existing environment?
 - D. What do we want to become?
 - E. All of these are answered by the mission statement
12. Which of the following is not one of the traditional components found in mission statements?
- A. Major products and services
 - B. Profitability
 - C. Target customers and markets
 - D. Geographic domain
 - E. Contribution to society

13. Which of the following is not one of the characteristics of effective objectives?
- A. Realistic
 - B. Assignable
 - C. Flexible
 - D. Specific
 - E. Measurable
14. Strategy formulation includes which of the following activities?
- A. Determining alternatives
 - B. Creating profitability targets
 - C. Evaluating alternatives
 - D. Both a and c are correct
 - E. A, B, and C are all correct
15. The assessment of the external and internal environments is called _____ analysis.
- A. SWOT analysis
 - B. Competitive
 - C. Industry
 - D. Market
 - E. Strategic
16. Which of the following would not be classified as an organizational threat?
- A. Slowing of the economy
 - B. A maturing life cycle
 - C. Poor product quality
 - D. Government regulations
 - E. All of these are organizational threats
17. Which of the following would not be classified as an organizational opportunity?
- A. Increasing product demand
 - B. Excellent employees
 - C. Emerging markets
 - D. demographics
 - E. All of these are organizational opportunities

18. Which of the following is not one of the requirements for successful implementation of strategies through projects?

- A. Allocation of resources
- B. Prioritizing of projects
- C. Motivation of project contributors
- D. Adequate planning and control systems
- E. All of these are requirements

19. Which of the following terms is often used to denote a project that a powerful, high-ranking official is advocating?

- A. Sacred cow
- B. Pet project
- C. Political necessity
- D. Special undertaking
- E. Strategic ploy

20. Susie's department is implementing many projects. She finds herself starting and stopping work on one task to go and work on another task, and then return to the work on the original task. Susie is experiencing

- A. Poor scheduling
- B. Excess work burden
- C. Flexible tasking
- D. Multitasking
- E. Burnout

21. Project selection criteria are typically classified as:

- A. Financial and non-financial
- B. Short-term and long-term
- C. Strategic and tactical
- D. Required and optional
- E. Cost and schedule

22. Which of the following financial models are typically included in project selection?

- A. Payback
- B. Net present value
- C. Internal rate of return
- D. Both A and B are correct
- E. A, B, and C are all correct

23. Projects are usually classified into all but one of the following categories. Which one is not one of the typical classifications?

- A. Compliance and emergency
- B. Operational
- C. Strategic
- D. Political necessity
- E. All of these are typical classifications

24. Which of the following is not one of the classifications for assessing a project portfolio?

- A. Sacred cow
- B. Bread-and-butter
- C. Pearls
- D. Oysters
- E. White elephants

25. A project screening matrix typically contains all of the following except:

- A. The list of available projects
- B. Specific criteria
- C. Weights assigned to specific criteria
- D. Costs to complete each project
- E. All of the above are typically contained

26. Which of the following is the reason(s) why project managers need to understand their organization's mission and strategy?

- A. To make appropriate decisions and adjustments
- B. To be effective project advocates
- C. To be able to get their job done
- D. Both A and B are correct
- E. A, B, and C are all correct

27. In the Snapshot from Practice, Intel's CEO has concentrated Intel's strategy toward?

- A. Creating chips to support the digital device market
- B. Eliminating AMD as a competitor
- C. Strengthening Intel's position in the PC market
- D. Expanding Intel's international market
- E. Expand efforts in the mainframe computer market

28. Which of the following is not true of multi-weighted scoring models?

- A. Will include quantitative criteria
- B. Will include qualitative criteria
- C. Each criterion is assigned a weight
- D. Projects with higher scores are considered more desirable
- E. All of the above are true

29. A major project proposal form will likely include all of the following except:

- A. Project Classification
- B. Schedule objective
- C. Major deliverables of the project
- D. How success will be measured
- E. All of these are likely to be included

30. Which of the following is a common multicriteria selection model?
- A. Checklist
 - B. Net Present Value
 - C. Weighted criteria model
 - D. Both A and C are correct
 - E. All of these are common multicriteria selection models

Fill in the Blank Questions

31. Successful _____ requires strong links among mission statements, goals, objectives, and strategies.

32. _____ change infrequently and may require revision only when the nature of the business changes or shifts.

33. _____ translate the organization's mission statement into specific, concrete, and measurable terms.

34. _____ answers the question of how strategies will be realized, given available resources.

35. Project _____ are typically high-ranking managers who endorse and lend political support for the completion of a specific project.

36. A weighted scoring model such as _____ typically uses several weighted selection criteria to evaluate project proposals.

37. The _____ identifies what the organization wants to become and the scope of the firm in terms of its product or service.

38. In a SWOT analysis, good product quality, low debt, and an established dealer network are examples of positive _____.

39. In a SWOT analysis, strong competition, reduced product demand, and a maturing product life cycle are examples of _____.

40. The assessment of the internal and external environments is known as a _____.

41. Apple Computers has been successful in developing a turnaround strategy that has developed new markets and increased market share. This began with strict adherence to the _____.

42. The term _____ is often used to denote a project that a powerful, high-ranking official is advocating.

43. Xerox's ALTO computer and the Ford Mustang are examples of the significance that _____ can play in project management.

44. Capacity overload which inevitably leads to confusion and inefficient use of scarce resources is an _____.

45. The _____ financial model measures the time it will take to recover the project investment.

46. The _____ financial model measures the current value of all cash inflows and outflows using management's minimum desired rate of return.

47. In classifying the kinds of projects an organization has in its portfolio, _____ projects are typically those needed to meet regulatory conditions required to operate in a region.

48. In classifying the kinds of projects an organization has in its portfolio, _____ projects are typically those needed to support current operations.

49. In classifying the kinds of projects an organization has in its portfolio, _____ projects are typically those that directly support the organization's long run mission.

50. Using the Project Portfolio Matrix, software upgrades and manufacturing cost reduction projects are examples of _____ projects that involve evolutionary improvements to existing products.

51. In some cases organizations will use a _____ to solicit ideas for projects when the knowledge requirements for the project are not available in the organization.

52. A _____ will typically include a list of potential projects, several criteria, weights for those criteria, and criteria scores for those projects.

53. The most common approach to selecting project has been to use the _____ model.

True / False Questions

54. Project Management historically has been preoccupied solely with the planning and execution of projects while strategy was under the purview of senior management.
True False

55. The problem in many organizations is not with formulating strategies but with implementing the strategies.
True False

56. A written mission statement provides focus for decision making when shared by organizational managers and employees.
True False

57. Effective objectives can be created to apply only at the department level and not relating to organizational objectives.

True False

58. Organizational objectives set targets for all levels of the organization not just for top management.

True False

59. Formulating strategy answers the questions *who* and *when* the tasks will be performed to reach objectives.

True False

60. Strategy formulation ends with cascading objectives or projects assigned to lower divisions, departments, or individuals.

True False

61. If a proposed project does not meet one of the designated "must" objectives it is immediately removed from consideration.

True False

62. Using the Project Portfolio Matrix, revolutionary commercial advances using proven technical advances are classified as Oyster projects.

True False

63. It is necessary to have exactly the same strategic and operations criteria for different projects

True False

64. The two axes of the Project Portfolio Matrix are technical feasibility and commercial potential.

True False

65. Many organizations find they have three different kinds of projects in their portfolio, compliance, operational, and sacred cows.

Refer to 2.2

True False

66. The first step in the Strategic Management Process is to set long-range goals and objectives.

True False

67. Reviewing and revising the organization's mission is best achieved through the use of a SWOT analysis.

True False

68. Opportunities and threats are the flip sides of each other; that is, a threat can be viewed as an opportunity, and vice versa.

True False

69. The information gap refers to the lack of understanding and consensus of organization strategy among top and middle-level managers.

True False

70. One way to offset the influence of politics on project management within an organization is to have a well-defined project selection model.

True False

71. Lee Iacocca's career was built on successfully leading the design and development of the highly successful Ford Mustang.

True False

72. Generally, people working on several projects at the same time are more efficient than having several people working part-time on the same projects.

True False

73. The NPV financial model measures the time it will take to recover the project investment.

True False

74. Intel's CEO, Craig R. Barrett, is envisioning Intel's future as being beyond computers and to include all digital products as Intel's potential customers.

True False

75. Multi-weighted scoring models include only quantitative criteria, not qualitative.

True False

Short Answer Questions

76. "Politics and project management should not mix." Agree or Disagree and support your position.

77. Identify and briefly discuss the three intended outcomes of integrating and linking projects with the strategic plan.

78. What is *strategic management*?

79. Identify and briefly describe the four components of strategic management and why they must be strongly linked.

80. The typical Strategic Management Process includes four activities. Identify and briefly describe each of those four activities.

81. Identify and briefly describe the five characteristics of effective objectives.

82. What is a SWOT analysis and how does it relate to the Strategic Management Process?

83. What is the *implementation gap* and why is it important to project management?

84. Identify and briefly discuss the three classes of projects usually found in an organization's project portfolio.

85. Draw the Project Portfolio Matrix identifying the major elements on the drawing.

86. Identify and briefly describe five of the benefits of Project Portfolio Management.

87. Why is profitability alone not an adequate measure of a project's value to an organization?

88. What are the two major shortcomings of using the Checklist approach to project selection?

Chapter 02 Organization Strategy and Project Selection **Answer Key**

Multiple Choice Questions

1. Which of the follow is not one of the commonly heard comments of project managers?
- A. Where did this project come from?
 - B. Why are we doing this project?
 - C. How can all these projects be first priority?
 - D. Why is this project so strongly linked to the strategic plan?**
 - E. Where are we going to get the resources to do this project?

Ample evidence still suggests that many organizations have not developed a process that clearly aligns project selection to the strategic plan.

AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Easy

2. Strategy considered to be under purview of senior management is
- A. Old school thinking**
 - B. A new school of management thought
 - C. Necessary in a company structure
 - D. Beneficial to the Project Manager
 - E. Depended on company goals

Project management historically has been preoccupied solely with the planning and execution of projects. Strategy was considered to be under the purview of senior management. This is old-school thinking.

AACSB: Analytic
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Easy

3. A critical factor to ensure the success of integrating the strategic plan with projects lies in a process that

- A.** Is open and published for all participants to review
- B. Starts with top management's directives
- C. With projects first and integrates them with the strategic plan
- D. Both B and C are correct
- E. A, B, and C are all correct

A crucial factor to ensure the success of integrating the plan with projects lies in the creation of a process that is open and transparent for all participants to review.

AACSB: Analytic
Bloom's: Synthesis
Learning Objective: The Strategic Management Process: An Overview
Level: Difficult

4. The intended outcome of strategy/projects integration is

- A. Clear organization focus
- B. Best use of scarce organization resources
- C. Improved communication across projects and departments
- D. Both A and C are correct
- E.** A, B, and C are all correct

A generic methodology that ensures integration by creating very strong linkages of project selection and priority to the strategic plan is then discussed. The intended outcomes are clear organization focus, best use of scarce organization resources (people, equipment, capital), and improved communication across projects and departments.

AACSB: Analytic
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium

5. Which of the following is a main reason why project managers need to understand their organization's mission and strategy?

- A. They can better focus on the immediate customer
- B. They can make appropriate decisions and adjustments
- C. So they can be effective project advocates
- D. Both B and C are correct**
- E. A, B, and C are all correct

There are two main reasons why project managers need to understand their organization's mission and strategy. The first reason is so they can make appropriate decisions and adjustments. For example, how a project manager would respond to a suggestion to modify the design of a product to enhance performance will vary depending upon whether his company strives to be a product leader through innovation or to achieve operational excellence through low cost solutions. The second reason project managers need to understand their organization's strategy is so that they can be effective project advocates. Project managers have to be able to demonstrate to senior management how their project contributes to their firm's mission.

AACSB: Analytic
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium

6. Project managers who do not understand the role that their project plays in accomplishing the organization's strategy tend to make all the following mistakes except:

- A. Focusing on low priority problems
- B. Overemphasizing technology as an end in and of itself
- C. Focusing on the immediate customer
- D. Trying to solve every customer issue
- E. All the above are likely mistakes**

See list on page 24.

AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium

7. In today's business environment, project managers find it valuable to have a keen understanding of

- A. Strategic management
- B. Technical issues
- C. Project selection process
- D. Both A and C are correct**
- E. A, B, and C are all correct

Project managers need to understand their organization's strategy is so that they can be effective project advocates. Project managers have to be able to demonstrate to senior management how their project contributes to their firm's mission. Protection and continued support come from being aligned with corporate objectives. Project managers also need to be able to explain to team members and other stakeholders why certain project objectives and priorities are critical. This is essential for getting buy-in on contentious trade-off decisions. For these reasons project managers will find it valuable to have a keen understanding of strategic management and project selection processes.

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: The Strategic Management Process: An Overview

Level: Medium

8. The textbook indicated that _____ is the major dimension of strategic management.

- A. Responding to changes in the external market
- B. Allocating scarce resources of the organization
- C. Beating competition to the market
- D. Both a and b are correct**
- E. Both a and c are correct

Two major dimensions of strategic management are responding to changes in the external environment and allocating scarce resources of the firm to improve its competitive position.

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: The Strategic Management Process: An Overview

Level: Medium

9. Which of the following is not true for strategic management?

- A. It should be done once each year just before developing the operating plan
- B. It supports consistency of action at every level of the organization
- C. It develops an integrated and coordinated long-term plan of action
- D. It positions the firm to meet the needs of its customers
- E. All of these are true statements

Two major dimensions of strategic management are responding to changes in the external environment and allocating scarce resources of the firm to improve its competitive position. Constant scanning of the external environment for changes is a major requirement for survival in a dynamic competitive environment.

AACSB: Analytic

Bloom's: Synthesis

Learning Objective: The Strategic Management Process: An Overview

Level: Difficult

10. Which of the following is the correct order for the strategic management process?

- A. Strategies, mission, goals, projects
- B. Goals, projects, mission, strategies
- C. Mission, goals, strategies, projects
- D. Goals, mission, strategies, projects
- E. Projects, mission, strategies, goals

See list on page 26.

AACSB: Analytic

Bloom's: Synthesis

Learning Objective: The Strategic Management Process: An Overview

Level: Difficult

11. Which of the following questions does the organization's mission statement answer?

- A. What are our long-term strategies?
- B. What are our long-term goals and objectives?
- C. How do we operate in the existing environment?
- D. What do we want to become?**
- E. All of these are answered by the mission statement

The mission identifies "what we want to become," or the raison d'être. Mission statements identify the scope of the organization in terms of its product or service.

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: The Strategic Management Process: An Overview

Level: Medium

12. Which of the following is not one of the traditional components found in mission statements?

- A. Major products and services
- B. Profitability**
- C. Target customers and markets
- D. Geographic domain
- E. Contribution to society

Traditional components found in mission statements are major products and services, target customers and markets, and geographical domain. In addition, statements frequently include organizational philosophy, key technologies, public image, and contribution to society.

AACSB: Analytic

Bloom's: Synthesis

Learning Objective: The Strategic Management Process: An Overview

Level: Difficult

13. Which of the following is not one of the characteristics of effective objectives?

- A. Realistic
- B. Assignable
- C. Flexible**
- D. Specific
- E. Measurable

See Exhibit 2-1 on page 29.

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: The Strategic Management Process: An Overview

Level: Easy

14. Strategy formulation includes which of the following activities?

- A. Determining alternatives
- B. Creating profitability targets
- C. Evaluating alternatives
- D. Both a and c are correct**
- E. A, B, and C are all correct

Strategy formulation includes determining and evaluating alternatives that support the organization's objectives and selecting the best alternative.

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: The Strategic Management Process: An Overview

Level: Easy

15. The assessment of the external and internal environments is called _____ analysis.

- A. SWOT analysis
- B. Competitive
- C. Industry
- D. Market
- E. Strategic

The keys are to attempt to forecast fundamental industry changes and stay in a proactive mode rather than a reactive one. This assessment of the external and internal environments is known as the SWOT analysis (strengths, weaknesses, opportunities, and threats).

AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium

16. Which of the following would not be classified as an organizational threat?

- A. Slowing of the economy
- B. A maturing life cycle
- C. Poor product quality
- D. Government regulations
- E. All of these are organizational threats

Examples of perceived external threats could be a slowing of the economy, a maturing life cycle, exchange rates, or government regulation.

AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium

17. Which of the following would not be classified as an organizational opportunity?

- A. Increasing product demand
- B. Excellent employees**
- C. Emerging markets
- D. demographics
- E. All of these are organizational opportunities

Typical opportunities are increasing demand, emerging markets, and demographics. Managers or individual firms have limited opportunities to influence such external environmental factors; however, in recent years notable exceptions have been new technologies such as Apple using the iPod to create a market to sell music.

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: The Strategic Management Process: An Overview

Level: Easy

18. Which of the following is not one of the requirements for successful implementation of strategies through projects?

- A. Allocation of resources
- B. Prioritizing of projects
- C. Motivation of project contributors
- D. Adequate planning and control systems
- E. All of these are requirements**

First, completing tasks requires allocation of resources. Resources typically represent funds, people, management talents, technological skills, and equipment. Frequently, implementation of projects is treated as an "addendum" rather than an integral part of the strategic management process. However, multiple objectives place conflicting demands on organizational resources. Second, implementation requires a formal and informal organization that complements and supports strategy and projects. Authority, responsibility, and performance all depend on organization structure and culture. Third, planning and control systems must be in place to be certain project activities necessary to ensure strategies are effectively performed. Fourth, motivating project contributors will be a major factor for achieving project success. Finally, an area receiving more attention in recent years is prioritizing projects.

AACSB: Analytic

Bloom's: Comprehension

Learning Objective: The Strategic Management Process: An Overview

Level: Difficult

19. Which of the following terms is often used to denote a project that a powerful, high-ranking official is advocating?

- A.** Sacred cow
- B. Pet project
- C. Political necessity
- D. Special undertaking
- E. Strategic ploy

The term "sacred cow" is often used to denote a project that a powerful, high-ranking official is advocating.

AACSB: Reflective Thinking

Bloom's: Knowledge

Learning Objective: The Need for an Effective Project Portfolio Management System

Level: Easy

20. Susie's department is implementing many projects. She finds herself starting and stopping work on one task to go and work on another task, and then return to the work on the original task. Susie is experiencing

- A. Poor scheduling
- B. Excess work burden
- C. Flexible tasking
- D.** Multitasking
- E. Burnout

Resource sharing also leads to multitasking. Multitasking involves starting and stopping work on one task to go and work on another project, and then returning to the work on the original task. People working on several tasks concurrently are far less efficient, especially where conceptual or physical shutdown and startup are significant.

AACSB: Analytic

Bloom's: Application

Learning Objective: The Need for an Effective Project Portfolio Management System

Level: Medium

21. Project selection criteria are typically classified as:

- A.** Financial and non-financial
- B. Short-term and long-term
- C. Strategic and tactical
- D. Required and optional
- E. Cost and schedule

Although there are many criteria for selecting projects, selection criteria are typically identified as financial and nonfinancial.

AACSB: Reflective Thinking

Bloom's: Knowledge

Learning Objective: A Portfolio Management System

Level: Easy

22. Which of the following financial models are typically included in project selection?

- A. Payback
- B. Net present value
- C. Internal rate of return
- D.** Both A and B are correct
- E. A, B, and C are all correct

For most managers financial criteria are the preferred method to evaluate projects. These models are appropriate when there is a high level of confidence associated with estimates of future cash flows; These models are payback and net present value (NPV).

AACSB: Reflective Thinking

Bloom's: Knowledge

Learning Objective: A Portfolio Management System

Level: Medium

23. Projects are usually classified into all but one of the following categories. Which one is not one of the typical classifications?

- A. Compliance and emergency
- B. Operational
- C. Strategic
- D. Political necessity**
- E. All of these are typical classifications

Many organizations find they have three different kinds of projects in their portfolio: compliance and emergency (must do), operational, and strategic projects.

AACSB: Reflective Thinking
Bloom's: Knowledge
Learning Objective: A Portfolio Management System
Level: Medium

24. Which of the following is not one of the classifications for assessing a project portfolio?

- A. Sacred cow**
- B. Bread-and-butter
- C. Pearls
- D. Oysters
- E. White elephants

See list on page 49.

AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: A Portfolio Management System
Level: Medium

25. A project screening matrix typically contains all of the following except:

- A. The list of available projects
- B. Specific criteria
- C. Weights assigned to specific criteria
- D.** Costs to complete each project
- E. All of the above are typically contained

See Figure 2.3 on page 41 representing a project scoring matrix.

AACSB: Analytic

Bloom's: Analysis

Learning Objective: A Portfolio Management System

Level: Difficult

26. Which of the following is the reason(s) why project managers need to understand their organization's mission and strategy?

- A. To make appropriate decisions and adjustments
- B. To be effective project advocates
- C. To be able to get their job done
- D.** Both A and B are correct
- E. A, B, and C are all correct

There are two main reasons why project managers need to understand their organization's mission and strategy. The first reason is so they can make appropriate decisions and adjustments. For example, how a project manager would respond to a suggestion to modify the design of a product to enhance performance will vary depending upon whether his company strives to be a product leader through innovation or to achieve operational excellence through low cost solutions. The second reason project managers need to understand their organization's strategy is so that they can be effective project advocates. Project managers have to be able to demonstrate to senior management how their project contributes to their firm's mission.

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: The Strategic Management Process: An Overview

Level: Medium

27. In the Snapshot from Practice, Intel's CEO has concentrated Intel's strategy toward?

- A.** Creating chips to support the digital device market
- B. Eliminating AMD as a competitor
- C. Strengthening Intel's position in the PC market
- D. Expanding Intel's international market
- E. Expand efforts in the mainframe computer market

Barrett wants INTEL chips to be the guts of every digital device on the planet—especially in the communications, consumer electronics, and entertainment industries. Think—cell phones, wireless home networks, video players, flat panel TVs—INTEL's expertise fits right in.

AACSB: Reflective Thinking

Bloom's: Application

Learning Objective: The Strategic Management Process: An Overview

Level: Medium

28. Which of the following is not true of multi-weighted scoring models?

- A. Will include quantitative criteria
- B. Will include qualitative criteria
- C. Each criterion is assigned a weight
- D. Projects with higher scores are considered more desirable
- E.** All of the above are true

A weighted scoring model typically uses several weighted selection criteria to evaluate project proposals. Weighted scoring models will generally include qualitative and/or quantitative criteria. Each selection criterion is assigned a weight. Scores are assigned to each criterion for the project, based on its importance to the project being evaluated. The weights and scores are multiplied to get a total weighted score for the project. Using these multiple screening criteria, projects can then be compared using the weighted score. Projects with higher weighted scores are considered better.

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: A Portfolio Management System

Level: Difficult

29. A major project proposal form will likely include all of the following except:

- A. Project Classification
- B. Schedule objective**
- C. Major deliverables of the project
- D. How success will be measured
- E. All of these are likely to be included

See Figure 2.4A on page 44 for an example of A Proposal Form

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: Applying a Selection Model

Level: Medium

30. Which of the following is a common multicriteria selection model?

- A. Checklist
- B. Net Present Value
- C. Weighted criteria model
- D. Both A and C are correct**
- E. All of these are common multicriteria selection models

Since no single criterion can reflect strategic significance, portfolio management requires multi-criteria screening models. There are two models, the checklist and multiweighted scoring models.

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: A Portfolio Management System

Level: Medium

Fill in the Blank Questions

31. Successful _____ requires strong links among mission statements, goals, objectives, and strategies.

strategic management

Strategic management requires strong links among mission, goals, objectives, strategy, and implementation.

*AACSB: Analytic
Bloom's: Analysis
Learning Objective: A Portfolio Management System
Level: Medium*

32. _____ change infrequently and may require revision only when the nature of the business changes or shifts.

Mission statements

Mission statements change infrequently; however, when the nature of the business changes or shifts, a revised mission statement may be required.

*AACSB: Analytic
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium*

33. _____ translate the organization's mission statement into specific, concrete, and measurable terms.

Objectives

Objectives translate the organization mission into specific, concrete, measurable terms. Organizational objectives set targets for all levels of the organization.

*AACSB: Analytic
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium*

34. _____ answers the question of how strategies will be realized, given available resources.

Implementation

Implementation answers the question of how strategies will be realized, given available resources. The conceptual framework for strategy implementation lacks the structure and discipline found in strategy formulation.

*AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium*

35. Project _____ are typically high-ranking managers who endorse and lend political support for the completion of a specific project.

sponsors

Project sponsors are typically high-ranking managers who endorse and lend political support for the completion of a specific project. They are instrumental in winning approval of the project and in protecting the project during the critical development stage.

*AACSB: Reflective Thinking
Bloom's: Knowledge
Learning Objective: A Portfolio Management System
Level: Medium*

36. A weighted scoring model such as _____ typically uses several weighted selection criteria to evaluate project proposals.

Project Screening Matrix

A weighted scoring model typically uses several weighted selection criteria to evaluate project proposals. Weighted scoring models will generally include qualitative and/or quantitative criteria. Each selection criterion is assigned a weight. Scores are assigned to each criterion for the project, based on its importance to the project being evaluated. The weights and scores are multiplied to get a total weighted score for the project. Using these multiple screening criteria, projects can then be compared using the weighted score. Projects with higher weighted scores are considered better.

*AACSB: Analytic
Bloom's: Analysis
Learning Objective: A Portfolio Management System
Level: Difficult*

37. The _____ identifies what the organization wants to become and the scope of the firm in terms of its product or service.

mission statement

The mission identifies "what we want to become," or the raison d'être. Mission statements identify the scope of the organization in terms of its product or service.

*AACSB: Analytic
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium*

38. In a SWOT analysis, good product quality, low debt, and an established dealer network are examples of positive _____.

strengths

Examples of internal strengths could be core competencies, such as technology, product quality, management talent, low debt, and dealer networks.

*AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium*

39. In a SWOT analysis, strong competition, reduced product demand, and a maturing product life cycle are examples of _____.

threats

Examples of perceived external threats could be a slowing of the economy, a maturing life cycle, exchange rates, or government regulation.

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: The Strategic Management Process: An Overview

Level: Medium

40. The assessment of the internal and external environments is known as a _____.

SWOT analysis

The keys are to attempt to forecast fundamental industry changes and stay in a proactive mode rather than a reactive one. This assessment of the external and internal environments is known as the SWOT analysis (strengths, weaknesses, opportunities, and threats).

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: The Strategic Management Process: An Overview

Level: Medium

41. Apple Computers has been successful in developing a turnaround strategy that has developed new markets and increased market share. This began with strict adherence to the _____.

Mission Statement

Since Steve Jobs returned to Apple Computers as CEO in 1997, he has been strikingly successful in developing a turnaround strategy that has developed new markets and increased market share. It all begins with strict adherence to their mission statement.

AACSB: Analytic

Bloom's: Comprehension

Learning Objective: The Strategic Management Process: An Overview

Level: Easy

42. The term _____ is often used to denote a project that a powerful, high-ranking official is advocating.

sacred cow

Project selection may be based not so much on facts and sound reasoning, but rather on the persuasiveness and power of people advocating projects. The term "sacred cow" is often used to denote a project that a powerful, high-ranking official is advocating.

AACSB: Reflective Thinking

Bloom's: Knowledge

Learning Objective: The Need for an Effective Project Portfolio Management System

Level: Easy

43. Xerox's ALTO computer and the Ford Mustang are examples of the significance that _____ can play in project management.

politics

Politics can play a role not only in project selection but also in the aspirations behind projects. Individuals can enhance their power within an organization by managing extraordinary and critical projects. Power and status naturally accrue to successful innovators and risk takers rather than to steady producers. Many ambitious managers pursue high-profile projects as a means for moving quickly up the corporate ladder.

AACSB: Reflective Thinking

Bloom's: Knowledge

Learning Objective: The Need for an Effective Project Portfolio Management System

Level: Medium

44. Capacity overload which inevitably leads to confusion and inefficient use of scarce resources is an _____.

implementation gap

Capacity overload inevitably leads to confusion and inefficient use of scarce organizational resources. The presence of an implementation gap, of power politics, and of multitasking adds to the problem of which projects are allocated resources first.

AACSB: Analytic

Bloom's: Application

Learning Objective: The Need for an Effective Project Portfolio Management System

Level: Medium

45. The _____ financial model measures the time it will take to recover the project investment.

payback

The payback model measures the time it will take to recover the project investment. Shorter paybacks are more desirable. Payback is the simplest and most widely used model.

*AACSB: Reflective Thinking
Bloom's: Knowledge
Learning Objective: A Portfolio Management System
Level: Easy*

46. The _____ financial model measures the current value of all cash inflows and outflows using management's minimum desired rate of return.

net present value (NPV)

The net present value (NPV) model uses management's minimum desired rate-of-return (discount rate, for example, 20 percent) to compute the present value of all net cash inflows.

*AACSB: Reflective Thinking
Bloom's: Knowledge
Learning Objective: A Portfolio Management System
Level: Easy*

47. In classifying the kinds of projects an organization has in its portfolio, _____ projects are typically those needed to meet regulatory conditions required to operate in a region.

compliance (must do)

Compliance projects are typically those needed to meet regulatory conditions required to operate in a region; hence, they are called "must do" projects.

*AACSB: Reflective Thinking
Bloom's: Knowledge
Learning Objective: A Portfolio Management System
Level: Easy*

48. In classifying the kinds of projects an organization has in its portfolio, _____ projects are typically those needed to support current operations.

operational

Operational projects are those that are needed to support current operations. These projects are designed to improve efficiency of delivery systems, reduce product costs, and improve performance.

AACSB: Reflective Thinking
Bloom's: Knowledge
Learning Objective: A Portfolio Management System
Level: Easy

49. In classifying the kinds of projects an organization has in its portfolio, _____ projects are typically those that directly support the organization's long run mission.

strategic

Strategic projects are those that directly support the organization's long-run mission. They frequently are directed toward increasing revenue or market share.

AACSB: Reflective Thinking
Bloom's: Knowledge
Learning Objective: A Portfolio Management System
Level: Easy

50. Using the Project Portfolio Matrix, software upgrades and manufacturing cost reduction projects are examples of _____ projects that involve evolutionary improvements to existing products.

Bread-and-Butter

Bread and butter projects typically involve evolutionary improvements to current products and services. Examples include software upgrades and manufacturing cost reduction efforts.

AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: A Portfolio Management System
Level: Medium

51. In some cases organizations will use a _____ to solicit ideas for projects when the knowledge requirements for the project are not available in the organization.

RFP (Request for Proposal)

Organizations will solicit ideas for projects when the knowledge requirements for the project are not available in the organization. Typically, the organization will issue an RFP (Request for Proposal) to contractors/vendors with adequate experience to implement the project.

*AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: Applying a Selection Model
Level: Medium*

52. A _____ will typically include a list of potential projects, several criteria, weights for those criteria, and criteria scores for those projects.

Project Screening Matrix

See Figure 2.3 on page 41 representing a project scoring matrix.

*AACSB: Analytic
Bloom's: Analysis
Learning Objective: A Portfolio Management System
Level: Medium*

53. The most common approach to selecting project has been to use the _____ model.

Checklist

The most frequently used method in selecting projects has been the checklist. This approach basically uses a list of questions to review potential projects and to determine their acceptance or rejection.

*AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: A Portfolio Management System
Level: Medium*

True / False Questions

54. Project Management historically has been preoccupied solely with the planning and execution of projects while strategy was under the purview of senior management.

TRUE

Project management historically has been preoccupied solely with the planning and execution of projects. Strategy was considered to be under the purview of senior management; which is old-school thinking.

AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium

55. The problem in many organizations is not with formulating strategies but with implementing the strategies.

TRUE

The problem in many organizations is implementing strategies—that is, making them happen. Integration of strategy formulation and implementation often does not exist.

AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium

56. A written mission statement provides focus for decision making when shared by organizational managers and employees.

TRUE

A written mission statement provides focus for decision making when shared by organizational managers and employees. Everyone in the organization should be keenly aware of the organization's mission.

AACSB: Reflective Thinking
Bloom's: Synthesis
Learning Objective: The Strategic Management Process: An Overview
Level: Medium

57. Effective objectives can be created to apply only at the department level and not relating to organizational objectives.

FALSE

Each level below the organizational objectives should support the higher level objectives in more detail; this is frequently called cascading of objectives.

*AACSB: Reflective Thinking
Bloom's: Knowledge
Learning Objective: The Strategic Management Process: An Overview
Level: Easy*

58. Organizational objectives set targets for all levels of the organization not just for top management.

TRUE

Organizational objectives set targets for all levels of the organization. Objectives pinpoint the direction managers believe the organization should move toward. Objectives answer in detail where a firm is headed and when it is going to get there.

*AACSB: Reflective Thinking
Bloom's: Knowledge
Learning Objective: The Strategic Management Process: An Overview
Level: Easy*

59. Formulating strategy answers the questions *who* and *when* the tasks will be performed to reach objectives.

FALSE

Formulating strategy answers the question of what needs to be done to reach objectives.

*AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium*

60. Strategy formulation ends with cascading objectives or projects assigned to lower divisions, departments, or individuals.

TRUE

Strategy formulation includes determining and evaluating alternatives that support the organization's objectives and selecting the best alternative. The first step is a realistic evaluation of the past and current position of the enterprise.

*AACSB: Reflective Thinking
Bloom's: Knowledge
Learning Objective: The Strategic Management Process: An Overview
Level: Easy*

61. If a proposed project does not meet one of the designated "must" objectives it is immediately removed from consideration.

TRUE

If a project does not meet designated "must" objectives, it is not considered and removed from consideration.

*AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: Applying a Selection Model
Level: Medium*

62. Using the Project Portfolio Matrix, revolutionary commercial advances using proven technical advances are classified as Oyster projects.

FALSE

Oysters involve technological breakthroughs with high commercial payoffs. Examples include embryonic DNA treatments and new kinds of metal alloys.

*AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: A Portfolio Management System
Level: Medium*

63. It is necessary to have exactly the same strategic and operations criteria for different projects

FALSE

It is not necessary to have exactly the same criteria for the different types of projects discussed above (strategic and operations). However, experience shows most organizations use similar criteria across all types of projects, with perhaps one or two criteria specific to the type of project—e.g., strategic breakthrough versus operational.

AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: Applying a Selection Model
Level: Easy

64. The two axes of the Project Portfolio Matrix are technical feasibility and commercial potential.

TRUE

The vertical axis reflects a project's probability of success (the technical feasibility). The horizontal axis reflects potential commercial value.

AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: A Portfolio Management System
Level: Medium

65. Many organizations find they have three different kinds of projects in their portfolio, compliance, operational, and sacred cows.

Refer to 2.2

FALSE

Many organizations find they have three different kinds of projects in their portfolio: compliance and emergency (must do), operational, and strategic projects.

AACSB: Reflective Thinking
Bloom's: Knowledge
Learning Objective: A Portfolio Management System
Level: Medium

66. The first step in the Strategic Management Process is to set long-range goals and objectives.

FALSE

The first step is: Review and define the organizational mission.

AACSB: Reflective Thinking

Bloom's: Knowledge

Learning Objective: The Strategic Management Process: An Overview

Level: Medium

67. Reviewing and revising the organization's mission is best achieved through the use of a SWOT analysis.

TRUE

This assessment of the external and internal environments is known as the SWOT analysis (strengths, weaknesses, opportunities, and threats). From this analysis, critical issues and a portfolio of strategic alternatives are identified. These alternatives are compared with the current portfolio and available resources; strategies are then selected that should support the basic mission and objectives of the organization.

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: The Strategic Management Process: An Overview

Level: Easy

68. Opportunities and threats are the flip sides of each other; that is, a threat can be viewed as an opportunity, and vice versa.

TRUE

Opportunities and threats are the flip sides of each other. That is, a threat can be perceived as an opportunity, or vice versa. Examples of perceived external threats could be a slowing of the economy, a maturing life cycle, exchange rates, or government regulation.

AACSB: Reflective Thinking

Bloom's: Knowledge

Learning Objective: The Strategic Management Process: An Overview

Level: Medium

69. The information gap refers to the lack of understanding and consensus of organization strategy among top and middle-level managers.

FALSE

The implementation gap refers to the lack of understanding and consensus of organization strategy among top and middle-level managers.

AACSB: Reflective Thinking

Bloom's: Knowledge

Learning Objective: The Need for an Effective Project Portfolio Management System

Level: Easy

70. One way to offset the influence of politics on project management within an organization is to have a well-defined project selection model.

TRUE

Top management needs to develop a system for identifying and selecting projects that reduces the impact of internal politics and fosters the selection of the best projects for achieving the mission and strategy of the firm.

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: The Need for an Effective Project Portfolio Management System

Level: Medium

71. Lee Iacocca's career was built on successfully leading the design and development of the highly successful Ford Mustang.

TRUE

Lee Iacocca's career was built on successfully leading the design and development of the highly successful Ford Mustang.

AACSB: Reflective Thinking

Bloom's: Knowledge

Learning Objective: The Need for an Effective Project Portfolio Management System

Level: Easy

72. Generally, people working on several projects at the same time are more efficient than having several people working part-time on the same projects.

FALSE

People working on several tasks concurrently are far less efficient, especially where conceptual or physical shutdown and startup are significant. Multitasking adds to delays and costs.

AACSB: Reflective Thinking

Bloom's: Knowledge

Learning Objective: The Need for an Effective Project Portfolio Management System

Level: Medium

73. The NPV financial model measures the time it will take to recover the project investment.

FALSE

The net present value (NPV) model uses management's minimum desired rate-of-return (discount rate, for example, 20 percent) to compute the present value of all net cash inflows.

AACSB: Reflective Thinking

Bloom's: Knowledge

Learning Objective: A Portfolio Management System

Level: Medium

74. Intel's CEO, Craig R. Barrett, is envisioning Intel's future as being beyond computers and to include all digital products as Intel's potential customers.

TRUE

Barrett wants INTEL chips to be the guts of every digital device on the planet—especially in the communications, consumer electronics, and entertainment industries. Think—cell phones, wireless home networks, video players, flat panel TVs—INTEL's expertise fits right in.

AACSB: Reflective Thinking

Bloom's: Application

Learning Objective: The Strategic Management Process: An Overview

Level: Medium

75. Multi-weighted scoring models include only quantitative criteria, not qualitative.

FALSE

Weighted scoring models will generally include qualitative and/or quantitative criteria.

*AACSB: Reflective Thinking
Bloom's: Comprehension
Learning Objective: A Portfolio Management System
Level: Medium*

Short Answer Questions

76. "Politics and project management should not mix." Agree or Disagree and support your position.

Projects and politics invariably mix and effective project managers recognize that any significant project has political ramifications. A good project selection process will minimize the impact of internal politics.

*AACSB: Analytic
Bloom's: Synthesis
Learning Objective: The Need for an Effective Project Portfolio Management System
Level: Difficult*

77. Identify and briefly discuss the three intended outcomes of integrating and linking projects with the strategic plan.

1) clear organization focus, 2) best use of scarce organization resources (people, equipment, and capital), and 3) improved communication across projects and departments.

*AACSB: Analytic
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Difficult*

78. What is *strategic management*?

Strategic management is the process of assessing "what we are" and deciding and implementing "what we intend to be and how we are going to get there."

AACSB: Analytic
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium

79. Identify and briefly describe the four components of strategic management and why they must be strongly linked.

1) mission, 2) goals and objectives, 3) strategy, and 4) implementation

AACSB: Analytic
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium

80. The typical Strategic Management Process includes four activities. Identify and briefly describe each of those four activities.

1) Review and define the organizational mission, 2) Set long-range goals and objectives, 3) Analyze and formulate strategies to reach objectives, and 4) Implement strategies through projects.

AACSB: Analytic
Bloom's: Comprehension
Learning Objective: The Strategic Management Process: An Overview
Level: Medium

81. Identify and briefly describe the five characteristics of effective objectives.

1) Specific, 2) Measurable, 3) Assignable, 4) Realistic, and 5) Time related

AACSB: Reflective Thinking

Bloom's: Comprehension

Learning Objective: The Strategic Management Process: An Overview

Level: Medium

82. What is a SWOT analysis and how does it relate to the Strategic Management Process?

It is an assessment of the internal and external environments and id the link between reviewing the current mission statement and the development of goals and objectives.

AACSB: Analytic

Bloom's: Comprehension

Learning Objective: The Strategic Management Process: An Overview

Level: Difficult

83. What is the *implementation gap* and why is it important to project management?

The implementation gap refers to the lack of understanding and consensus of organization strategy among top and middle-level managers. If managers lack a common understanding of the priority for a given set of projects, then the achievement of long-range goals will be impossible.

AACSB: Analytic

Bloom's: Synthesis

Learning Objective: The Need for an Effective Project Portfolio Management System

Level: Medium

Chapter 02 - Organization Strategy and Project Selection

84. Identify and briefly discuss the three classes of projects usually found in an organization's project portfolio.

1) compliance and emergency, 2) operational, and 3) strategic

AACSB: Analytic
Bloom's: Comprehension
Learning Objective: A Portfolio Management System
Level: Medium

85. Draw the Project Portfolio Matrix identifying the major elements on the drawing.

see Figure 2.7 in your text

AACSB: Analytic
Bloom's: Synthesis
Learning Objective: A Portfolio Management System
Level: Difficult

86. Identify and briefly describe five of the benefits of Project Portfolio Management.

See Exhibit 2-2 in your text for the complete list

AACSB: Analytic
Bloom's: Application
Learning Objective: A Portfolio Management System
Level: Difficult

Chapter 02 - Organization Strategy and Project Selection

87. Why is profitability alone not an adequate measure of a project's value to an organization?

Today management is interested in identifying the potential mix of projects that will yield the best use of human and capital resources to maximize return on investment in the long run. Factors such as researching new technology, public image, ethical position, protection of the environment, core competencies, and strategic fit might be important criteria for selecting projects.

AACSB: Analytic
Bloom's: Application
Learning Objective: A Portfolio Management System
Level: Medium

88. What are the two major shortcomings of using the Checklist approach to project selection?

1) failure to determine the relative importance of the project to the firm and 2) fails to compare to other potential projects

AACSB: Analytic
Bloom's: Synthesis
Learning Objective: A Portfolio Management System
Level: Difficult