

# PgMP<sup>®</sup> Exam Preparation

## Study Guide & 220 Practice Questions & Answers

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Dépôt légal France, Février 2012.

ISBN : 978 - 2 - 7466 - 4167 – 9

Printed in France by ID clic, 25, Place Duguesclin, DINAN, FRANCE. February 2012

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# Author Biographies

## Jean Gouix, PMP, PgMP



Jean joined IBM's telecommunication products development laboratory, La Gaude, France, in 1968. He started as an informatics engineer and moved to various management positions. During his work with IBM, he had the opportunity to hold several telecommunication project management positions, internally to IBM, and also externally with customers such as Michelin and AT&T in France and other European countries. He also managed several projects with banks and telecommunication operators in Europe and in the Middle East before becoming IBM Senior project manager. In 2000, Jean became an independent consultant and professional trainer in project and program management. He has coached and taught several hundred Junior and Senior project management practitioners in all aspects of project management (fundamentals, cost and time, risks, PMP® exam preparation, etc.). Jean now also teaches program management fundamentals and prepares candidates for the PgMP® examination.

Jean has held several positions as a volunteer with PMI: board member of the PMI France-Sud chapter, leader of the French Translation Verification Committee (French TVC) for the translation of the *PMBOK® Guide* - Third Edition from English to French, member of the same committee for the *PMBOK® Guide* - Fourth Edition, member of the PMI Leadership Institute Advisory Group (LIAG) for three successive years, and in 2007, he graduated from the PMI Leadership Institute Master Class. In 1967, Jean received an engineering degree from Ecole Supérieure d'Electricité (Supélec), Paris, France. Jean received PMP® and PgMP® certifications in 1999 and 2010 respectively.

## Martial Bellec, PMP, PgMP



Martial joined France Telecom, Orange Labs in 2005. He currently manages an innovation program in wireline access networks, whose total yearly manpower is more than 19000 working days. He supervises several R&D multidisciplinary projects in the area of fiber and copper access systems, from conceptualisation down to providing operational support for systems rollout. Martial also provides customized coaching services in Program Management and PgMP® certification. Previously, Martial was head of the Digital Home Networking Research program and project Manager of IST FP7 Omega. He also pioneered the standard for convergent digital home networks, IEEE P1905.1. Prior to France Telecom, Martial was technology manager with Renesas Semiconductors, a Mitsubishi Electric and Hitachi Mobile Phone semiconductor subsidiary, where he acted as system engineer for 3G platforms from a core technology perspective. Martial has also managed R&D projects focused on satellite set top box technologies, DECT radio, and radio local loop systems within Philips Research and Sodielec Telecom.

He holds several patents in digital communications and has published numerous papers for IEEE, ETSI, and 3GPP. In 2008, he was granted the Orange Labs Research Award. Martial received an Engineering Degree from Ecole Nationale Supérieure des Télécommunications, in Brest, 1987, France. Martial is board member of the PMI France Atlantic chapter and received PMP® and PgMP® certifications in 2010 and 2011 respectively.

# New Examination Content Outline

## Rationale of the Book

While going through the preparation to pass our PgMP® certification, we were faced with many doubts, questions and often suffered from a lack of solid and up to date material. Of course, PgMP® candidates can obtain, from the Internet, or from professional trainers, a wealth of outstanding material, but after having finally passed through this long certification process, we came to the conclusion that something was missing.

In fact, when taking the exam, we were quite surprised by the fact that we were not really well prepared to face most of the questions. Many of them are scenario based, quite lengthy, with several valid answers. We finally concluded that we passed the exam not only because we studied hard the above mentioned material, but also answered “instinctively” from our past professional experience. Our intimate belief is that the exam is really about program management, not only from the PMI® standards perspective but also from the point of view of practical experience.

Program management is very different from project management, and much confusion is still present in several areas; where we teach, give conferences, manage our programs in our organization, or simply informally meet project and program practitioners, upper or executive management.

With this study guide, we would like to contribute to “minimizing the risks” when taking the exam by exposing candidates to questions that capture both the standards *and* their practical experience.

As a result, we have developed this study guide to help PgMP® candidates to prepare for the new Multiple Choice Questionnaire (MCQ) which becomes active from early 2012. The MCQ is composed of 170 questions which are essentially scenario based, and address the five domains defined by PMI in the latest **Examination Content Outline, dated April 2011** as summarized in the following table:

Domain	Subdomain	% of the exam	Number of questions
I Strategic Program Management		15	25
II Program Life Cycle		(44)	(75)
	Initiating	6	10
	planning	11	19
	executing	14	24
	controlling	10	17
	closing	3	5
III Benefits Management		11	19
IV Stakeholder Management		16	27
V Governance		14	24
	Total	100	170

**Table 1 : The 9 (sub-) domains of the new Examination Content Outline**

Note: The number of questions has been rounded to the closest integer number

For the domains/subdomains, the *Examination Content Outline* has identified a total of 72 tasks and 126 knowledge and skill statements which are considered to be critical for program managers.

In the exam, the 170 questions address these domains/subdomains and related tasks.

The authors of this study guide have endeavoured to adhere to this content focus.

**The 220 questions of this study guide have been designed as follows:**

- 5 tutorial questions for an introductory chapter about program management
- 45 tutorial questions which are directly related to domains/subdomains defined in the *PgMP® Examination Content Outline 2011* and to *The Standard for Program Management - Second Edition* (we call it 'the **standard**' in this study guide)
- 170 questions which are mostly "scenario based" and capture the essence of the exam. **These questions have been inspired by our professional experience as program managers, coaches and teachers.**

In the first chapter of this book, a general presentation revisits the fundamentals of a program from both the *standard* and a practical experience point of view. Other book chapters simply follow the (sub-) domains as described in Table 1, with short summary and 5 tutorial questions for each, followed by their answers.

The 170 questions are located at the end of the book and candidates are invited to attempt them in a single 4-hour session, under actual exam conditions. The 170 answers are then given afterwards and for each of the possible answers (1 correct and 3 incorrect answers), a clear explanation is given based on either the *Standard for Program Management* or on the *PgMP® Examination Content Outline*, or on both.

We encourage you to read the following **PMI® publications**:

[1]. *The Standard for Program Management- Second Edition*. Project Management Institute, Inc.

[2]. *PMI Code of Ethics and Professional Conduct*. Project Management Institute, Inc.

[3]. *Program Management Professional (PgMP)® Examination Content Outline*. Project Management Institute, Inc. April 2011.

[4]. *The Standard for Portfolio Management - Second Edition*. Project Management Institute, Inc.

[5]. *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)- Fourth Edition*. Project Management Institute, Inc. 2008

Throughout this book these publications will be referred to by their number between brackets. For example, [4, page 12] means "*The Standard for Portfolio Management - Second Edition*, page 12".



# Introduction

## What is a program?

“A **program** is a collection of projects managed in a coordinated way to obtain benefits and control not available from managing them individually” [1, section 1.2].

A program must **contribute to the strategic vision**, goal, and mission of the performing organization. It is often seen by the executive management as an efficient manner to implement key parts of the strategy and transform them into **tactical goals**.

A program fulfils its tactical objectives thanks to an **integrated, balanced and optimized coordination approach**. A collective pool of human resources, procurement sources, facilities or equipment is monitored by means of a centralized Program Management Information System (**PMIS**). “Chapel effects” are smoothed by means of smart resource sharing; while management and control follow **the same rules and policies** by means of a well established **governance** structure.

A program needs a **strong collective vision** so that its numerous stakeholders all commit to the realization and adoption of the projected outcomes. While program performance is assessed by means of pre-established metrics, **communication** towards stakeholders is planned and carefully tailored to the possible available media (ranging from interpersonal relationships through to modern internet tools). This is the minimum requirement to ensure a smooth transition to operations.

Special attention is paid to **risks** that may jeopardize the targeted **benefits**. Program level risks must be explicitly identified; their impacts must be adequately evaluated and mitigated.

## Role of the program manager

The role of the program manager is not to replace the project manager role, either entirely or partly. The program manager’s natural authority will be gained through their senior experience, setting up clear escalation procedures while addressing whatever issues occur with professionalism. When agreeing to abide by *The Project Management Institute Code of Ethics and Professional Conduct* [2], the program manager additionally commits to obligations of responsibility, respect, fairness and honesty. As a manager, their responsibilities are large and numerous, and a solid strategic perspective is needed to accommodate the day-to-day life of the program; their motto is “**think STRATEGY, not TACTICS**”.

Program managers are responsible for the definition of the overall **vision** and of the program scope, in coherence with the **strategic objectives**. They have to define a comprehensive roadmap explaining key program events and **how and when** the individual benefits may contribute to those strategic objectives. The overall program budget is under their **control according to governance rules**, which will clearly state the delegated level of their authority within the program. Most of the time, they will be responsible for preparing major decisions or arbitrations to be taken by the governance board. Program managers guarantee that changes are managed **fairly and uniformly** throughout the program. In order to maximize program outcomes, they always keep in mind the informal as well as clearly defined **inter-dependencies between projects**. Program level risks and issues are carefully registered and monitored while project level ones are left to project teams.

Their primary goal is to ensure stakeholder satisfaction and ultimately to make sure that **benefits are transferred to operations** in a **sustainable** manner.

# Domain III Benefits Management

## Introduction

**Number of questions in the exam:** 11% = **19 questions** out of a total of 170 questions.

**The Examination Content Outline** describes activities related to '**Benefits Management**' as:

Defining, creating, maximizing, and sustaining the benefits provided by programs [3, page 3].

It describes **8 tasks**:

- Develop the benefits realization plan
- Capture benefits opportunities throughout the program life cycle
- Develop a benefits sustainment plan
- Monitor the metrics to maintain/improve benefits realization
- Manage the projects/program realization in order to maximize benefits
- Maintain the benefits register and report benefits to stakeholders
- Manage risks in relationship with benefits management, and take the necessary preventive or corrective actions
- Develop transition plans to deliver and sustain benefits

### **The Standard for Program Management:**

The **standard** describes the relationship between the program life cycle and the benefits management life cycle [1, page 20, section 2.1.3]. It is important to note that activities related to benefits management are performed during each program life cycle phase. For instance:

- 'Benefits identification' starts in 'Pre-program preparations' and 'Program initiation' phases,
- 'Benefits analysis and planning' is part of 'Program initiation' and of 'Program setup' phases,
- 'Benefits realization' is part of 'Delivery of program benefits',
- 'Benefits transition' is part of 'Program closure'.

There is no specific **Benefit Program Management** Knowledge Area. Although benefits management is a core function of program management, the **standard** [1, page 263, section 15.6] only specifies **1 process** related to benefits management, which is part of the "**Monitoring and controlling**" process group, with key **outputs**:

- Manage program benefits
  - **Benefits realization report**
  - **Change requests**

### **Highlights:**

Programs are undertaken to create **BENEFITS**. This is the **PRIMARY** reason to create and manage programs.

## **FAQs:**

- **What is a benefit?**

The *standard* defines the word 'benefit' as:

'an opportunity that provides an advantage to an organization, such as increased profits, improved operations, growth, or improved employee morale' [1, glossary, page 309].

- **Do projects also create benefits?**

The answer is clearly 'yes'. Project benefits are usually produced in the form of deliverables. These deliverables may be raised up to program level "as is", or aggregated together to produce a program-level benefit. In most cases, programs are undertaken to produce benefits which are significantly larger than those coming from projects alone [1, page 30, section 2.3.1].

- **Are all benefits measurable?**

The answer should be 'yes'. However, it is sometimes difficult to measure certain non tangible benefits, such as: company image, morale improvement. In these cases interviews, polls, public opinion, etc. should help to provide metrics. There should be an effort, in any program, to define metrics for the planned benefits.

- **Are all benefits delivered before the end of the program?**

The answer is 'not always'. In most programs, benefits will be realized before the end of the program, but in some cases, all or some benefits will only be realized after the program is concluded. Please also note that, in some cases, all benefits may be delivered at the same time (for example, for the construction of a big building).

- **Who identifies benefits and when?**

Because programs are undertaken to provide benefits to an organization, planned benefits, at least major ones, should be identified very early in the program life cycle: the program business case which 'puts the program on track' when it is accepted, should contain these expected benefits. The program mandate, the program charter and the program management plan should then be developed around these identified benefits.

During pre-program preparations, the program manager is usually not yet known. Therefore, planned benefits will generally be identified by other persons close to the company strategy (executives, portfolio managers, sponsors, etc.).

During the course of the program, new opportunities may appear and new benefits may emerge (Ex: new customer request, market change, environmental opportunities, new organizations, etc.). The program manager should make every possible effort to transform those opportunities into positive results for the performing organization.

- **How do we manage benefits?**

First, benefits need to be identified and logged in the **benefits register**. Then, benefits should be **qualified**.

Key question: how much do they contribute to strategic objectives? It depends: very little, to some extent, a lot?

Projects that contribute to program benefits must be identified and the **responsibility for realizing** those benefits must be clearly assigned. Additionally, **metrics** should be defined for each benefit. Programs generate **outcomes** (results), and **intermediate benefits** which contribute to the **final expected benefits**. **Benefit models such as benefit mapping** tools can help the program manager to ensure that final benefits, intermediate benefits, program outcomes, project deliverables, etc. remain satisfactorily interdependent and 'aligned' during the program life cycle. The **benefits realization plan** details **when** and **how** planned benefits will be achieved.

**The major goal of program management is to make sure that benefits are realized as expected.**

- **How do we make sure that planned benefits are realized?**

**Program governance** provides the right structure to track the benefits realization over the life of the program, through day-to-day program and project management activities, phase-gate reviews, health checks, audits, etc.

Tools such as reviews and benefits realization analysis help to manage program benefits.

- **How do we measure benefits realization?**

**Benefits metrics** help to understand the extent of realized benefits. Deviations from the plan are reported via the **benefits report**.

In addition, it is of primary importance to make sure that benefits remain aligned with the **business case** content. This is also true at program closure.

- **Who is accountable for benefits realization?**

**Project deliverables** contribute to benefits. Therefore, project managers have their share of responsibility! Additionally, the program manager is responsible for making sure that **program outcomes** contribute to the realization of the benefits.

The **standard** considers that the sponsor is often **ultimately responsible (accountable)** for delivering ('transitioning') the benefits to operations or to the Customer [1, page 235, section 14.2.3.1).

The following list of sample questions related to '**Benefits management**' will help you prepare for the exam.

## Example Practice Questions

### Question 1

**You have managed a program and all planned benefits have been realized when the program ends. At the start of the program, you developed the benefits realization plan which was the baseline for the management of benefits. The board wants to ensure that the program delivered the full benefits for which it was created. At the end of the program, benefits should ALWAYS be compared against those promised in:**

- a- The benefits realization plan
- b- The program charter
- c- The program business case
- d- The portfolio objectives

### Question 2

**The main purpose of a program is to realize benefits that are aligned with a company's strategic objectives. Identified benefits may or may not be easily measurable, but benefits should be defined with a clear notion of improvement that can be tracked and analyzed. As an example, a program benefit for a commercial company could be identified as 'bigger profits'. From the list of options, which one is LEAST clearly stated as a benefit?**

- a- Increased market share
- b- Lower manufacturing costs
- c- Faster product delivery
- d- Better administrative support

### Question 3

**You manage program X which is composed of four projects: A, B, C and D. From the beginning of your program, you have been extremely sensitive to the fact that program outcomes must generate benefits which are in line with the strategic objectives of your company. The program is well underway, but you realize that several opportunities have emerged that your program could take advantage of. You believe that with a few more resources added into the component projects, more benefits could be generated. You think about what you should do in order to seize the opportunities for your program. What will be the LEAST useful action to take?**

- a- You start interviewing new people with the objective of increasing the size of your project teams
- b- You talk to your sponsor about these opportunities in order to have his position
- c- You update the benefits realization plan and distribute it to all key stakeholders for advice
- d- You ask that the business case of your program be updated and re-evaluated with the new opportunities

#### Question 4

**You manage program X which is composed of four projects: A, B, C and D. From the beginning of your program, you have been extremely sensitive to the fact that program outcomes must generate benefits which are in line with the strategic objectives of your company. The program is well underway, but you realize that several opportunities have emerged that your program could take advantage of. You believe that with a few more resources added into the component projects, more benefits could be generated. You think about what you should do in order to seize the opportunities for your program. What is the IMMEDIATE action you should take?**

- a- You start interviewing new people with the objective of increasing the size of your project teams
- b- You tell your sponsor that your program will be updated to seize these opportunities
- c- You inform key stakeholders that your program will include these opportunities
- d- You ask that the business case of your program be updated and re-evaluated with the new opportunities

#### Question 5

**You work for construction company ABC for which you have been managing a program over the last four years. The main product generated by the program is a hospital which will bring lots of benefits to the community. According to the plan, most benefits will occur only after the program is completed. You are currently in the closing phase of the program. In order to request formal closure acceptance from the program steering committee, you prepare the program transition plan. The steering committee wants to understand what type of guarantee will be included in the transition plan in order to make sure that benefits will be sustained when the hospital is operational. What type of guarantee is NOT related to benefits sustainment?**

- a- The Customer has an appropriate support organization for the hospital
- b- Company ABC support organization is well trained to understand hospital support requirements
- c- Company ABC support organization understands when and how updates should be made to the hospital
- d- Company ABC program resources are properly redeployed when the program is over

## Example Practice Questions – Answers

### Question 1

a- No! The benefits realization plan describes when and how planned benefits will be realized. b- No! The program charter itself is based upon the business case. The business case is an input to the "Initiate program" process, and the charter is an output from this process. **c- Correct! Expected benefits are derived from the program business case and must remain in line with that business case until the end of the program.** d- No! Portfolio objectives do not describe planned program benefits.

*PgMP® Examination Content Outline 2011 / Benefits Management - Task 1 and standard page 31, section 2.3.1*

### Question 2

a- Wrong answer! 'Increased market share' is a benefit which can be measured and tracked. b- Wrong answer! 'Lower manufacturing costs' is a benefit which can be measured and tracked. c- Wrong answer! 'Faster product delivery' is a benefit which can be measured and tracked. **d- Correct! 'Better administrative support' does not mean that much. It will actually be difficult to track and analyze. You need to be more specific. Other answers can be tracked and analyzed.**

*The Standard for Program Management, Glossary page 309, section 3. Definitions*

### Question 3

**a- Correct answer! This is the worst option. Much too early!** b- No! This is a valid action. It is always good to inform, and get advice from your sponsor. c- No! This is a valid action. It is always good to inform, and get advice from key stakeholders. d- No! This is a valid action. In fact, the business case of your program will need to be updated and validated with the new opportunities, before deciding to proceed or not.

*PgMP® Examination Content Outline 2011 / Benefits Management - Task 2*

### Question 4

a- No! You are going too fast! You don't yet have the agreement to get new people. b- No! You are going too fast! You should discuss it with your sponsor, but don't tell them yet that your program will be updated; it's too soon! c- No! This is too early. You may inform key stakeholders about the possibility of including these opportunities, but it is only a possibility. **d- Correct answer! This is the best action to take. The business case of your program will need to be updated and validated with the new opportunities, before deciding to proceed or not.**

*PgMP® Examination Content Outline 2011 / Benefits Management - Task 2*

Question 5

a- No! There should be an appropriate customer support organization at transition time. b- No! Support staff must be well trained at transition time. c- No! Support staff must be able to understand what the planned changes to the product are in order to make sure that the Customer will be able to support the updated product. **d- Correct answer! Redeployment of program resources is not related to benefits sustainment.**

*PgMP® Examination Content Outline 2011 / Benefits Management - Task 8 and standard page 31, section 2.3.*