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required.

- E. The inadequate controls, outdated standards and outdated technology must be addressed.

Correct Answer: CD

Explanation:

<http://www.whatisprince2.net/prince2-theme-business-case.php>

QUESTION 21

Which of the following activities is the Executive responsible for?

- A. Ensure the desired outcome of the project is specified
- B. Responsible for the benefits review plan
- C. Assess and update the Business Case at the end of each stage
- D. Responsible for the Benefits Review Plan post project

Correct Answer: B

QUESTION 22

Scenario

Additional Information

During the initiation stage the Project Manager met with the Marketing Director to find out more about the requirements of the promotional calendar and recorded the following notes:

There has been a reduction in the order numbers at the MNO Manufacturing due in part to the increased marketing activities of its competitors. 10% of customers have not re-ordered in this financial year and staff morale is poor. A number of skilled staff have left as a result and replacement staff have not been recruited due to the reduced operation. If the project is successful, a recruitment campaign will be required to fill the existing staff vacancies and there may be a requirement for additional staff. Operational costs are likely to increase because skilled staff are expensive and difficult to find.

In financial terms, there were a total of 1,500 orders in the last financial year, each with an average profit of £2k. The Marketing department believes that sending a promotional calendar to our current and prospective customers would increase orders by at least 10% with a minimum of 10 further orders from the list of prospective customers within 12 months from the date of distribution.

The Marketing Director will be funding the project from the business marketing budget. She believes that the effect of a good company image portrayed by a successful calendar would last into a second year. She has forecast the same increase in orders for a second year and predicts that the annual employee satisfaction survey will show a measurable improvement in staff morale.

A number of alternatives were explored, including:

- 20% discount for all repeat customers - not cost-effective and very short term
- A promotional calendar as a free Christmas gift - would target current and prospective customers and the benefits would last into a second year
- A series of television and press advertisements - was too expensive
- A direct mail shot to all customers - benefit would be short term
- Creation of an internet website - would not suit all customers

The calendar is seen as the favored option, as long as the company's competitors do not increase their marketing activity. Whilst the Marketing department wants a very high quality,

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glossy product, the project management team must be aware of the cost this will incur.

Which 2 statements should be recorded under the Expected dis-benefits heading?

- A. A high quality, glossy product will involve additional costs.
- B. Individuals in the engineering team who are not selected to appear in the calendar photographs will become de-motivated.
- C. The calendar may not result in the expected 10% increase in orders.
- D. Because the Calendar project is a priority for the MNO Manufacturing Company, the delivery of other projects within the Marketing department will be delayed.
- E. The calendar may not result in the 10 further orders from the list of prospective customers in 12 months.

Correct Answer: BD

QUESTION 23

Scenario

A central government department, the Ministry of Food Hygiene (MFH), faces increasing pressure to cut costs, better manage suppliers' performance and reduce the confusion caused by inadequate internal controls, outdated standards and outdated technology. External consultants were employed to conduct a feasibility study to identify options to address the problems, and the likely costs and benefits. The following options were considered:

Do nothing.

Re-engineer selected business functions.

Outsource selected business functions.

The feasibility study concluded that there was a case for outsourcing the MFH Information Technology Division and the Facilities Division (maintenance of buildings and grounds). The recommendations were:

One service provider should be contracted to provide the services currently provided by the Information Technology Division and the Facilities Division.

A 10-year service contract should be agreed with the selected service provider.

The feasibility study developed high-level designs of the current organization, processes, systems and operating models, plus an outline Business Case for the required project. The external consultants also made the following recommendations for the management of the project:

Use PRINCE2.

Set up the project with 4 management stages:

Stage 1. Standard PRINCE2 initiation activities.

Stage 2. Create detailed designs (future organization, processes, systems and operating models) and the service level agreement between MFH and the future service provider.

Stage 3. Request and evaluate proposals, select service provider and agree contract.

Stage 4. Transfer equipment and staff, transfer responsibility for service provision and run trial period.

Initial estimates indicated that the project would cost £2.5m and take two years to complete.

MFH senior management agreed that there was a case for outsourcing, and accepted the

recommendations as a basis for the project. There is an expected saving of £20m over 10 years.

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The Outsourcing project has completed the Starting up a Project process and is now in the initiation stage. Because of the strategic importance of the project, the MFH Chief Executive Officer has taken the role of Executive. A PRINCE2-experienced Project Manager has been appointed from within MFH. Staff within the business functions being outsourced will work with the external consultants who conducted the feasibility study to define the detailed designs.

Which 2 statements should be recorded under the Business options heading?

- A. The re-engineering of selected business functions would not provide the required outcome.
- B. The lack of up-to-date technology in MFH means a re-engineering of existing services will not necessarily deliver the performance improvements required.
- C. Use external consultants to provide guidance on the detailed design of the outsourced services.
- D. Set up a PRINCE2 project to deliver the outsourced services.
- E. Review a list of service providers to determine a short-list of possible service providers.

Correct Answer: CD

Explanation:

<http://www.whatisprince2.net/prince2-theme-business-case.php>

QUESTION 24

Who is responsible for ensuring that the value-for-money solution is constantly reassessed?

- A. Business Assurance
- B. Senior User
- C. Corporate or Programme Management
- D. Reject Support

Correct Answer: A

QUESTION 25

Scenario

Additional Information

During the initiation stage the Project Manager met with the Marketing Director to find out more about the requirements of the promotional calendar and recorded the following notes:

There has been a reduction in the order numbers at the MNO Manufacturing due in part to the increased marketing activities of its competitors. 10% of customers have not re-ordered in this financial year and staff morale is poor. A number of skilled staff have left as a result and replacement staff have not been recruited due to the reduced operation. If the project is successful, a recruitment campaign will be required to fill the existing staff vacancies and there may be a requirement for additional staff. Operational costs are likely to increase because skilled staff are expensive and difficult to find.

In financial terms, there were a total of 1,500 orders in the last financial year, each with an average profit of £2k. The Marketing department believes that sending a promotional calendar to our current and prospective customers would increase orders by at least 10% with a minimum of 10 further orders from the list of prospective customers within 12 months from the date of distribution.

The Marketing Director will be funding the project from the business marketing budget. She believes that the effect of a good company image portrayed by a successful calendar would last into a second year. She has forecast the same increase in orders for a second year and predicts that the annual employee satisfaction survey will show a measurable improvement in staff morale.

A number of alternatives were explored, including:

- 20% discount for all repeat customers - not cost-effective and very short term
- A promotional calendar as a free Christmas gift - would target current and prospective customers and the benefits would last into a second year
- A series of television and press advertisements - was too expensive
- A direct mail shot to all customers - benefit would be short term
- Creation of an internet website - would not suit all customers

The calendar is seen as the favored option, as long as the company's competitors do not increase their marketing activity. Whilst the Marketing department wants a very high quality, glossy product, the project management team must be aware of the cost this will incur.

Which 2 statements should be recorded under the Business options heading?

- A. Produce a promotional calendar as a free Christmas gift to current and prospective customers.
- B. Use a professional photographer to create the photographs for the calendar.
- C. Create the photographs for the calendar internally.
- D. Outsource the creation of the calendar to a professional marketing company.
- E. Do nothing.

Correct Answer: AE

QUESTION 26

Scenario

Additional Information

During the initiation stage the Project Manager met with the Marketing Director to find out more about the requirements of the promotional calendar and recorded the following notes:

There has been a reduction in the order numbers at the MNO Manufacturing due in part to the increased marketing activities of its competitors. 10% of customers have not re-ordered in this financial year and staff morale is poor. A number of skilled staff have left as a result and replacement staff have not been recruited due to the reduced operation. If the project is successful, a recruitment campaign will be required to fill the existing staff vacancies and there may be a requirement for additional staff. Operational costs are likely to increase because skilled staff are expensive and difficult to find.

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- Creation of an internet website - would not suit all customers

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Which 2 statements should be recorded under the Timescale heading?

- A. Benefits will be lost if the project is not completed on time.
- B. A recruitment campaign to fill the existing staff vacancies will need to take place in the next 12 months.
- C. Additional 10% increase in orders in year two.
- D. The prepared calendar pack must be delivered by the first week in December.
- E. The print company requires a 2 week notification period of the calendar pack delivery.

Correct Answer: CD

QUESTION 27

Scenario

A central government department, the Ministry of Food Hygiene (MFH), faces increasing pressure to cut costs, better manage suppliers' performance and reduce the confusion caused by inadequate internal controls, outdated standards and outdated technology. External consultants were employed to conduct a feasibility study to identify options to address the problems, and the likely costs and benefits. The following options were considered:

Do nothing.
Re-engineer selected business functions.
Outsource selected business functions.

The feasibility study concluded that there was a case for outsourcing the MFH Information Technology Division and the Facilities Division (maintenance of buildings and grounds). The recommendations were:

One service provider should be contracted to provide the services currently provided by the Information Technology Division and the Facilities Division.

A 10-year service contract should be agreed with the selected service provider.

The feasibility study developed high-level designs of the current organization, processes, systems and operating models, plus an outline Business Case for the required project. The external consultants also made the following recommendations for the management of the project:

Use PRINCE2.
Set up the project with 4 management stages:
Stage 1. Standard PRINCE2 initiation activities.
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Stage 3. Request and evaluate proposals, select service provider and agree contract.
Stage 4. Transfer equipment and staff, transfer responsibility for service provision and run trial period.