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1. In the context of portfolio management, analyze the following scenarios and determine which approaches could be valid strategies. Consider how these strategies align with the organization's goals and their environmental analysis. Context Strategic Approaches
Scenario A: Expanding into new markets Diversification strategy; Growth strategy; Market penetration
Scenario B: Reducing operational costs Retrenchment strategy; Cost leadership strategy; Tight cost control
Scenario C: Maximizing use of technological advances Innovation strategy; Technological leader strategy; First mover advantage
Scenario D: Responding to declining sales Market development strategy; Retrenchment; Product-line expansion

- A. Only Scenario D can be approached with multiple strategies.
- B. Scenario B involves only a single correct strategy.
- C. Scenario C exclusively relies on innovation strategy.
- D. All of these scenarios can have multiple valid strategies.

2. A nonprofit organization is planning to expand its outreach programs to new communities. What should the organization focus on first in its strategic management process to ensure successful expansion?

- A. Strategy implementation
- B. Program evaluation
- C. Environmental scanning
- D. Strategy formulation

3. A non-profit organization is assessing factors in its external environment that might impact its strategic goals. Among the factors they found: a new governmental health initiative increasing public focus on healthcare by 20%, a shift in public donations trends showing a 10% increase towards educational programs, and potential foreign trade tariffs affecting imported supplies. Which of these factors are classified as economic?

- A. All of the mentioned factors are economic.
- B. Governmental health initiative's impact and foreign trade tariffs.
- C. Shift in public donations towards educational programs and foreign trade tariffs.
- D. Only the government's health initiative impact.



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4. When managing a company's innovation projects, what are the main phases involved in ensuring successful innovation strategy implementation?

- A. Identify innovation opportunities, formulate innovation strategy, implement the innovation strategy, and evaluate its performance.
- B. Identify the challenges, assemble an innovation team, develop prototype solutions, and decide on a final design.
- C. Strategically brainstorm ideas and develop an innovation roadmap.
- D. Design a project plan, consult with key stakeholders, execute the plan, and monitor its success.

5. An organization is restructuring its portfolio to remain competitive by implementing new strategic management practices. Which sequence of steps should the organization follow to ensure the changes are successfully adopted?

- A. Implement changes, stabilize the new state, prepare for change
- B. Stabilize the new state, implement changes, prepare for change
- C. Prepare for change, implement changes, stabilize the new state
- D. Implement changes, prepare for change, stabilize the new state

6. In strategic management, which key aspect of implementing corporate social responsibility (CSR) initiatives involves ensuring that CSR becomes part of the organization's long-term success?

- A. Creating a separate CSR committee to handle these activities.
- B. Integrating CSR into the core values and business culture.
- C. Establishing short-term PR campaigns for visibility.
- D. Focusing solely on achieving compliance with regulations.

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7. Why is it important for portfolio managers to adapt their investment strategies periodically?

- A. Adapting strategies is necessary only when there are legal requirements to do so.
- B. Adapting strategies is primarily to focus on past investment failures.
- C. Adapting strategies is unnecessary if previous investments have been successful.
- D. Adapting strategies is essential to respond effectively to market changes and maintain competitive advantage.



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8. Which project management framework is best for handling a highly complex project portfolio, while which framework is more suitable for low complexity projects? Project Complexity Recommended Framework Low Agile or Scrum Moderate PMBOK or PRINCE2 High PMI's Portfolio Management or MSP

- A. MSP; PMBOK
- B. Agile or Scrum; PRINCE2
- C. PMI's Portfolio Management; Agile or Scrum
- D. PRINCE2; PMI's Portfolio Management

9. Which of the following activities best illustrates effective stakeholder engagement in the context of portfolio management?

- A. Allocating resources based on the cost-benefit analysis
- B. Tracking financial performance against the portfolio budget
- C. Developing a new product line to increase market share
- D. Regular communication with stakeholders to align their expectations with portfolio objectives

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10. In a competitive market, which of the following factors is most likely to enhance a company's brand image?

- A. Higher dividend payouts
- B. Workforce downsizing
- C. Quality customer service
- D. Increasing production costs

11. When aiming to optimize resources in managing a project portfolio, which of the following factors most significantly influences the decision-making process? Factor Influence on Resource Optimization Project prioritization High Employee skill alignment Medium Budget allocation flexibility Medium Regulatory compliance Low

- A. Regulatory compliance
- B. Project prioritization
- C. Employee skill alignment
- D. Budget allocation flexibility



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12. In corporate strategic planning, decisions must take into account large-scale economic factors affecting the entire economy. What is this practice called?

- A. Macroeconomic Planning
- B. Microeconomic Planning
- C. Market Pricing Strategy
- D. Corporate Scaling

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13. Evaluate the inventory management strategy for a manufacturing company based on the following quarterly data. Calculate the average Days of Inventory for the year. Use the formula $\text{Days of Inventory} = \frac{\text{Inventory}}{\text{Daily COGS}} \times 365$ and express your answer in whole days. Period Beginning Inventory (units) Ending Inventory (units) Cost of Goods Sold (COGS) Q1 2,000 1,500 10,000 Q2 1,500 2,500 11,000 Q3 2,500 3,000 12,000 Q4 3,000 1,000 9,000

- A. 92 days
- B. 67 days
- C. 80 days
- D. 6736 days

14. In the context of portfolio management, how can resource allocation adjustments be used to address variable project demands?

- A. Only increase resource allocation
- B. Only decrease resource allocation
- C. Both increase and decrease resource allocation
- D. Nothing at all

15. In supply chain management, what term is used to describe the total quantity of product that customers request over a specific time period?

- A. Distribution
- B. Demand
- C. Forecast
- D. Inventory

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16. When a company creates and manages its annual budgeting process to allocate resources among its divisions, what economic principle is primarily being applied?

- A. Microeconomics
- B. Macroeconomics
- C. Corporate finance
- D. Cost accounting

17. What can a comprehensive risk assessment in project portfolio management result in _____? Risk Factor Potential Impact Mitigation Strategy Market Fluctuation High Diversification Resource Availability Medium Strategic Sourcing Compliance Regulations Low Policy Updates

- A. Optimized use of available resources
- B. Mitigated potential risks effectively
- C. All answers are correct
- D. Improved alignment with organizational objectives

18. Identify the aspects a project portfolio assessment will evaluate. I. Alignment with Organizational Objectives II. Stakeholders' Requirements III. Potential Risks IV. Resource Allocation Efficiency

- A. Items I, II, and IV
- B. All answers are correct
- C. Items I and III
- D. Items I and II

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19. Why would a consulting firm conduct a thorough needs assessment before developing a strategic plan for a non-profit organization?

- A. To ensure the plan aligns with the organization's specific goals and challenges
- B. It is a routine part of paperwork
- C. To gather competitive intelligence
- D. To impress potential donors with professionalism



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20. What is the process of aligning an organization's strategic objectives with its mission called?

- A. Project Planning
- B. Business Restructuring
- C. Financial Auditing
- D. Strategic Alignment

21. During the initial stages of strategic planning, how does the portfolio management team at a consulting firm gather the crucial questions needed to assess a client's market position and objectives?

- A. A standard template was used from their internal knowledge base.
- B. The client provided them with a detailed list of strategic questions.
- C. The team brainstormed the list of questions necessary to evaluate the client's needs and market environment.
- D. They consulted with the client's previous consultants for their input.

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22. Why should a portfolio manager identify key components when integrating new automation technology into existing projects?

- A. To validate the technological performance against environmental benchmarks.
- B. To establish new organizational goals focused solely on technology.
- C. To make financial assumptions about the cost savings before implementation.
- D. To ensure the technology integration aligns with project objectives and enhances monitoring efficiency.

23. In evaluating the success of strategic partnerships between departments focused on enhancing product innovation, which of the following is true about realizing benefits?

Partnership Phase Expected Deliverable Realization Timeline Initiation Joint Research Team Setup 6 months after initiation Development Prototype Development Upon project completion Implementation Market Launch 1 year after completion

- A. The benefits of joint research team setup will be fully realized immediately upon completion.
- B. The market launch benefits may be realized even after the partnership project is completed.
- C. Benefits should be fully realized during the project phase.
- D. Once the project ends, monitoring impact should not continue.



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24. Mark is a Portfolio Manager at a tech company. After conducting a thorough performance review, he discovers that the project selection process is inefficient and not aligned with the company's goals. Mark decides to present these findings to the executive board, highlighting the necessity for restructuring in the portfolio management approach. Which stage of Kurt Lewin's Change Model is being described here?

- A. Unfreezing
- B. Moving
- C. Refreezing
- D. None of the answers are correct

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25. Which of the following is a key activity conducted when developing a risk management plan for a portfolio?

- A. Defining roles and responsibilities of stakeholders in risk management
- B. Establishing risk thresholds
- C. Documenting potential risk impacts
- D. Consulting with stakeholders for risk identification

26. Which of the following is an example of the Securities and Exchange Commission's regulatory action?

- A. The SEC mediated a merger dispute between two competing fintech firms.
- B. The SEC provided a grant to a nonprofit organization focused on financial literacy.
- C. The SEC fined TechSpec Corp for misstating its quarterly earnings in violation of financial reporting standards.
- D. The SEC launched an educational program for small businesses on investment basics.

27. TechCorp Innovations, an AI technology leader, has been aggressively acquiring AI startups, raising concerns about monopolistic behavior in the industry. Which federal agency is responsible for halting such monopolistic practices to maintain fair competition?

- A. Department of Justice
- B. Federal Trade Commission
- C. Federal Communications Commission
- D. Consumer Financial Protection Bureau



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28. In the realm of strategic management, which technological advancement compelled companies to radically transform their business models toward digitalization?

- A. The invention of the Internet
- B. The introduction of the personal computer in the 1980s
- C. The development of the steam engine
- D. The discovery of electricity

29. GreenTech Inc. was investigated due to inaccurate disclosures in their environmental impact reports. This is an example of a regulatory function carried out by the _____.

- A. Department of Energy
- B. National Oceanic and Atmospheric Administration
- C. U.S. Forest Service
- D. Environmental Protection Agency

30. A cybersecurity company faces a data breach that exposes client information. According to the newly enacted Data Privacy Act, what is the company's required course of action to comply with this regulation?

- A. Ignore the breach as long as it is minor
- B. Only inform clients about the breach if they inquire
- C. Wait 60 days before notifying anyone
- D. Notify affected clients and regulatory bodies immediately



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Answer Key & Explanations

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1. D — All of these scenarios can have multiple valid strategies.

All scenarios are unique, and the optimal strategy depends on the specific goals and circumstances of the organization. After thorough analysis, multiple strategies might apply to address the stated contexts, thereby allowing flexibility in decision-making.

2. C — Environmental scanning

In strategic management, the first step is environmental scanning, which involves examining both internal and external factors affecting the organization. This step is crucial before moving on to formulating and implementing strategies, especially in nonprofit expansions.

3. B — Governmental health initiative's impact and foreign trade tariffs.

Economic factors are elements that affect the economy and include tariffs and government initiatives that have economic implications. Here, both the governmental health initiative and foreign trade tariffs have significant economic impacts.

4. A — Identify innovation opportunities, formulate innovation strategy, implement the innovation strategy, and evaluate its performance.

Managing innovation projects parallels the strategic management process. It involves identifying opportunities, formulating a strategic approach, implementing the plan, and measuring the outcomes to ensure effective execution.

5. C — Prepare for change, implement changes, stabilize the new state

The correct sequence aligns with Kurt Lewin's change model: first, prepare for change to address organizational readiness; then, implement changes to execute new strategies; finally, stabilize the new state to ensure the sustainability and consistency of the improvements.

6. B — Integrating CSR into the core values and business culture.

For CSR to have a lasting impact on the organization, it must be embedded in the corporate culture, much like how changes in Kotter's model should be anchored in the organization's culture to affect long-term outcomes. This means adopting CSR as a core value that influences decision-making, operations, and strategic direction over time.

7. D — Adapting strategies is essential to respond effectively to market changes and maintain competitive advantage.

Portfolio managers must adapt their investment strategies to keep up with market trends, economic conditions, and evolving competitor actions. This adaptability helps ensure that their portfolio remains aligned with the current environment and maintains a competitive edge.

8. C — PMI's Portfolio Management; Agile or Scrum

For highly complex project portfolios, PMI's Portfolio Management or Managing Successful Programmes (MSP) are recommended frameworks due to their focus on managing complexity at the portfolio level. For low complexity, Agile or Scrum is suitable due to their flexibility and iterative approach.



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**9. D — Regular communication with stakeholders to align their expectations with portfolio objectives**

Effective stakeholder engagement involves ensuring that stakeholders are informed and their expectations are managed throughout the portfolio lifecycle. Regular communication is key to achieving this.

10. C — Quality customer service

Quality customer service can enhance a company's brand image by improving customer satisfaction and loyalty, which are intangible benefits. This helps differentiate the brand positively in a competitive market.

11. B — Project prioritization

Project prioritization significantly influences resource optimization because it enables organizations to allocate resources efficiently to the most critical projects, ensuring maximum value from the portfolio.

12. A — Macroeconomic Planning

Macroeconomic Planning involves considering large-scale economic conditions such as national income, employment rates, and overall economic growth, which can affect organizational strategies. Microeconomic planning or market pricing focuses on smaller scale economic factors like consumer behavior or pricing.

13. D — 6736 days

To calculate the average Days of Inventory, we first need to calculate the average inventory for each quarter and divide it by the daily cost of goods sold (COGS). Summing up these days and dividing by four gives us the annual average. For Q1: Average Inventory = $\frac{2,000 + 1,500}{2} = 1,750$ Daily COGS = $\frac{10,000}{90} = 111.1$; Days of Inventory = $\frac{1,750}{111.1} \times 365 \approx 57.6$ \text{ days} For Q2: Average Inventory = $\frac{1,500 + 2,500}{2} = 2,000$ Daily COGS = $\frac{11,000}{91} = 120.9$; Days of Inventory = $\frac{2,000}{120.9} \times 365 \approx 60.3$ \text{ days} For Q3: Average Inventory = $\frac{2,500 + 3,000}{2} = 2,750$ Daily COGS = $\frac{12,000}{92} = 130.4$; Days of Inventory = $\frac{2,750}{130.4} \times 365 \approx 76.8$ \text{ days} For Q4: Average Inventory = $\frac{3,000 + 1,000}{2} = 2,000$ Daily COGS = $\frac{9,000}{92} = 97.8$; Days of Inventory = $\frac{2,000}{97.8} \times 365 \approx 74$ \text{ days} Therefore, the average Days of Inventory for the year = $\frac{57.6 + 60.3 + 76.8 + 74}{4} = 72.9 \approx 73$ \text{ days}

14. C — Both increase and decrease resource allocation

Resource allocation adjustments can be strategically used to optimize resource utilization by both increasing resources to high-priority projects and decreasing resources from low-priority projects. This kind of dynamic management helps in achieving overall portfolio efficiency.

15. B — Demand

In supply chain management, 'demand' refers to the amount of product that customers want or need over a specific period. It can include future customer orders, and is crucial for supply planning.

16. A — Microeconomics

Budgeting within a company involves resource allocation decisions typical of microeconomic activities. Unlike macroeconomics, which deals with large-scale economic factors, microeconomics focuses on individual organizational decisions.

17. C — All answers are correct

A comprehensive risk assessment in project portfolio management helps to identify potential risks, optimize resource allocation, and ensure alignment with the organizational goals. Each of the distractors represents a specific benefit that a thorough risk assessment can bring about, hence all answers are correct.



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18. B — All answers are correct

A project portfolio assessment evaluates portfolio alignment with organizational strategies, ensures stakeholder needs are considered, identifies potential risks, and ensures resources are effectively allocated.

19. A — To ensure the plan aligns with the organization's specific goals and challenges

Conducting a needs assessment helps the consulting firm understand the unique goals and challenges faced by the non-profit, ensuring that the strategic plan developed is tailored to address those specific areas effectively.

20. D — Strategic Alignment

Strategic Alignment is ensuring that an organization's strategic objectives are in harmony with its mission, which helps in steering the organization towards achieving its long-term goals effectively.

21. C — The team brainstormed the list of questions necessary to evaluate the client's needs and market environment.

In strategic planning, a team often brainstorms specific questions to ensure a thorough understanding of the client's needs and the market. Templates or client-provided questions might not cover the depth required for strategic insights.

22. D — To ensure the technology integration aligns with project objectives and enhances monitoring efficiency.

Identifying key components is essential to monitor if the new technology is effectively supporting the project's objectives and improving monitoring capabilities. This ensures progress and prevents potential misalignments with portfolio goals.

23. B — The market launch benefits may be realized even after the partnership project is completed.

In strategic partnerships focused on innovation, benefits like those from a market launch may take time to materialize, necessitating continued monitoring beyond project completion.

24. A — Unfreezing

Unfreezing is the first stage of Kurt Lewin's Change Model, where awareness is raised about the need for change. This involves presenting evidence and convincing the relevant stakeholders that current processes are inadequate and need improvement.

25. A — Defining roles and responsibilities of stakeholders in risk management

In a risk management plan, defining roles and responsibilities of stakeholders is crucial for ensuring that all parties understand their part in handling risks, similar to assigning stakeholder roles in a benefits management plan.

26. C — The SEC fined TechSpec Corp for misstating its quarterly earnings in violation of financial reporting standards.

The SEC has the authority to enforce financial reporting standards and can impose fines on companies that violate these regulations. In this case, the SEC's action against TechSpec Corp illustrates its regulatory power to ensure compliance.

27. B — Federal Trade Commission

The Federal Trade Commission, along with the Department of Justice, is responsible for enforcing antitrust laws in the U.S. to prevent monopolistic practices and ensure a competitive market environment.



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28. A — The invention of the Internet

The invention of the Internet in the late 20th century was a revolutionary technological advancement that required businesses to adopt digital strategies to remain competitive. This event transformed how companies operate, communicate, and deliver services, similar to how the Dodd-Frank Act was a significant response to the Financial Crisis of 2008.

29. D — Environmental Protection Agency

The Environmental Protection Agency (EPA) ensures that companies provide accurate disclosures about the environmental impacts of their operations. GreenTech Inc. was held accountable for inaccuracies in its environmental reports, which falls under the jurisdiction of the EPA.

30. D — Notify affected clients and regulatory bodies immediately

Under the Data Privacy Act, companies are mandated to notify affected clients and regulatory authorities without delay when a data breach occurs. This regulation ensures that clients can take necessary precautions to protect their information.



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