

Errata for the Book *PMP® Exam Prep, Fifth Edition, Second Printing*

Chapter 3: Project Management Processes

Page 67, Cost Control list, Second bullet

- Currently* Measure schedule performance against the performance measurement baseline.
Correction Measure cost performance against the performance measurement baseline.
-

Page 72, First sentence

- Currently* Confirming that all requirements have been meet also seems unimportant to many project managers.
2nd Printing Confirming that all requirements have been met also seems unimportant to many project managers.

Chapter 5: Scope Management

Page 126, Last paragraph, Fifth sentence

- Currently* Without it, the project will take longer, elements will slip thought the cracks and the project will be negatively impacted.
Correction Without it, the project will take longer, elements will slip through the cracks and the project will be negatively impacted.

Chapter 6: Time Management

Page 148, Second-to-last paragraph, Second sentence

- Currently* Either the name will be on the arrow, as show at left, below, or the activity will be named as shown on the right, below.
Correction Either the name will be on the arrow, as shown at left, below, or the activity will be named as shown on the right, below.
-

Page 159, Float (Slack) section, First bullet

- Currently* **Total float (slack)** The amount of time an *activity* can be delayed without delaying the project end date or and intermediary milestone.
Correction **Total float (slack)** The amount of time an *activity* can be delayed without delaying the project end date or an intermediary milestone.
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Page 177, Exercise 2 chart, Activity row G

Currently

Activity	Original Duration (In Months)	Crash Duration (In Months)	Time Savings	Original Cost in Dollars	Crash Cost	Extra Cost	Cost per Month
F	14	12	2	10,000	14,000	4,000	2,000
A	9	8	1	17,000	27,000	10,000	10,000
H	3	2	1	25,000	26,000	1,000	1,000
G	7	5	2	14,000	16,000	6,000	3,000

Correction

Activity	Original Duration (In Months)	Crash Duration (In Months)	Time Savings	Original Cost in Dollars	Crash Cost	Extra Cost	Cost per Month
F	14	12	2	10,000	14,000	4,000	2,000
A	9	8	1	17,000	27,000	10,000	10,000
H	3	2	1	25,000	26,000	1,000	1,000
G	7	5	2	14,000	20,000	6,000	3,000
C	11	8	3	27,000	36,000	9,000	3,000

Page 177, Answer 2 chart

Currently

Activities	Cost
F and H	\$5,000
F and G	\$10,000
A and H	\$11,000
A and G	\$16,000
C	\$9,000

Correction

Activities	Cost
F and H	\$5,000
F and A	<u>\$14,000</u>
G and H	<u>\$7,000</u>
A and G	\$16,000
C	\$9,000

Chapter 7: Cost Management

Page 228, Number 37, Explanation, First sentence

Currently The cost accounts are included in the project cost estimate and the management reserve is added to that to come up with the cost baseline.

Correction The cost accounts are included in the project cost estimate and the contingency reserve is added to that to come up with the cost baseline.

Chapter 8: Quality Management

Page 245, Perform Quality Control section, Fourth paragraph, First sentence

Currently Quality control results in recommend changes, corrective and preventive actions and defect repair to integrated change control.

Correction Quality control results in recommended changes, corrective and preventive actions and defect repair to integrated change control.

Errata for the book *PMP Exam Prep, Fifth Edition, Second Printing*

Chapter 10: Communications Management

Page 312, Header of bulleted list

- Currently* When completed, information distribution should result in:
Correction When completed, performance reporting should result in:

Chapter 11: Risk Management

Page 332, Outputs of Risk Management Planning section, Timing bullet, First sentence

- Currently* This sections talks about when to do risk management for this particular project.
Correction This section talks about when to do risk management for this particular project.
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Page 333, Header of first bullet on the page

- Currently* **Definitions of probably and impact**
Correction **Definitions of probability and impact**

Chapter 13: Professional and Social Responsibility

Page 418, Table, Topic Column, Ninth Row

- Currently* Realize what the project manager will have to say “No” (and have the authority to say “No”) to some of the competing interests.
Correction Realize that the project manager will have to say “No” (and have the authority to say “No”) to some of the competing interests.

Exercise Identify which of the following parts of professional and social responsibility the action refers to. Choose between:

- Ensure individual integrity
- Contribute to the project management knowledge base
- Enhance individual competence
- Interests
- Promote interaction among stakeholders

Professional and Social Responsibility Requires a Project Manager to:	What Part of Professional Responsibility Does This Belong To?
Actively look for competing interests	
Coach or mentor other project managers and other team members	
Constantly look for new information and practices that will help the company or its projects	
Bring suggested changes to the project charter to the sponsor's attention for approval	
Continue to learn to apply the science of project management	
Determine and understand the interests of all stakeholders	
Continue to learn about the industry or industries where he or she works	
Facilitate identification of options for fair resolution of conflict	
Not divulge company data to unauthorized parties	
Get management involved when the team cannot resolve competing interests	
Not give or take bribes or inappropriate gifts	
Hold meetings, interviews and discussions to facilitate resolution of competing interests	
Not put personal gain over the needs of the project	
Identify and understand cultural differences	
Do the right thing	
Look for options such as schedule compression, re-estimating or changing scope	
Follow copyright and other laws	
Perform research on projects done within the company for the purpose of calculating performance metrics	

Answer

Professional and Social Responsibility Requires a Project Manager to:	What Part of Professional Responsibility Does This Belong To?
Actively look for competing interests	Promote interaction among stakeholders
Coach or mentor other project managers and other team members	Contribute to the PM knowledge base
Constantly look for new information and practices that will help the company or its projects	Enhance personal professional competence
Bring suggested changes to the project charter to the sponsor's attention for approval	Promote interaction among stakeholders
Continue to learn to apply the science of project management	Enhance personal professional competence
Determine and understand the interests of all stakeholders	Promote interaction among stakeholders
Continue to learn about the industry or industries where he or she works	Enhance personal professional competence
Facilitate identification of options for fair resolution of conflict	Promote interaction among stakeholders
Not divulge company data to unauthorized parties	Ensure individual integrity
Get management involved when the team cannot resolve competing interests	Promote interaction among stakeholders
Not give or take bribes or inappropriate gifts	Ensure individual integrity
Hold meetings, interviews and discussions to facilitate resolution of competing interests	Promote interaction among stakeholders
Not put personal gain over the needs of the project	Ensure individual integrity
Identify and understand cultural differences	Promote interaction among stakeholders
Do the right thing	Ensure individual integrity
Look for options such as schedule compression, re-estimating or changing scope	Promote interaction among stakeholders
Follow copyright and other laws	Ensure individual integrity
Perform research on projects done within the company for the purpose of calculating performance metrics	Contribute to the PM knowledge base
Follow PMI's Code of Professional Conduct	Ensure individual integrity
Follow the practices in use in other countries as long as they do not violate laws	Promote interaction among stakeholders

Exercise

Professional and Social Responsibility Requires a Project Manager to:	What Part of Professional Responsibility Does This Belong To?
Follow the right process	Ensure individual integrity
Make decisions and changes that do not impact the reason the project was initiated, the project charter, the preliminary project scope statement, the project scope statement or the components of the "triple constraint"	Promote interaction among stakeholders
Perform research to discover best practices for the use of project management and share the results with others	Contribute to the PM knowledge base
Prevent conflicts of interest or the appearance of conflicts of interest and deal with them when they do occur	Ensure individual integrity
Provide formal and informal training to stakeholders as needed for them to effectively work on the project	Promote interaction among stakeholders
Plan his or her own professional development	Enhance personal professional competence
Realize that team members can be negatively affected by the project	Promote interaction among stakeholders
Report violations of laws, business policies, ethics and other rules	Ensure individual integrity
Respect the needs of resource managers	Promote interaction among stakeholders
Share lessons learned from the project with other project managers in the company	Contribute to the PM knowledge base
Review competing interests in the project charter, the preliminary project scope statement, the project scope statement and the components of the "triple constraint"	Promote interaction among stakeholders
Tell the truth in reports, conversations and other communications	Ensure individual integrity
Uncover and respect different work ethics and practices of team members	Promote interaction among stakeholders
Support the education of other project managers and stakeholders about project management	Contribute to the PM knowledge base
Uncover communication preferences when identifying stakeholders	Promote interaction among stakeholders
Work to understand his or her personal strengths and weaknesses	Enhance personal professional competence
Use conflict resolution, communication, negotiation, information distribution, team building and problem solving skills	Promote interaction among stakeholders
Value and protect intellectual (non-tangible) property	Ensure individual integrity
Write articles about project management	Contribute to the PM knowledge base

Addition to page 376, Incentives section

Add the following after the last paragraph in the Incentives section:

Notice the terms *cost*, *fee*, and *price*. These terms all have different meanings. Price refers to the amount charged to another party, fee is profit, and cost refers to how much an item costs the seller to create, develop, or purchase. The fee is usually calculated based on the cost. The target price is often used to compare the end result of the project to what was expected. Target price is a measure of success.

Because this topic is new to many people, RMC is adding a few more exercises to make sure you understand sharing ratio calculations. In the next example, a ceiling price—the highest price the buyer will pay—has been added. Note how it changes the answer.

Exercises: Incentive Fee Calculations

Fixed Price plus Incentive Fee Calculation, #1

Target cost	\$150,000
Target fee	\$30,000
Target price	\$185,000
Sharing ratio	60/40
Ceiling price	\$200,000
Actual cost	\$210,000

Fee	
Final Price	

Fixed Price plus Incentive Fee Calculation, #2

Target cost	\$9,000,000
Target fee	\$850,000
Target price	\$9,850,000
Sharing ratio	70/30
Ceiling price	\$12,500,000
Actual cost	\$8,000,000

Fee	
Final Price	

Risk Chart Exercise

PMP Exam Prep, Page 352

RISK MANAGEMENT PLANNING	RISK IDENTIFICATION	QUALITATIVE RISK ANALYSIS	QUANTITATIVE RISK ANALYSIS	RISK RESPONSE PLANNING	RISK MONITORING & CONTROLLING
ACTIONS:	ACTIONS:	ACTIONS:	ACTIONS:	ACTIONS:	ACTIONS:
OUTPUTS:	OUTPUTS:	OUTPUTS:	OUTPUTS:	OUTPUTS:	OUTPUTS:

Risk Chart Exercise

RISK MANAGEMENT PLANNING	RISK IDENTIFICATION	QUALITATIVE RISK ANALYSIS	QUANTITATIVE RISK ANALYSIS	RISK RESPONSE PLANNING	RISK MONITORING & CONTROLLING
<p>ACTIONS:</p> <p>How will you perform risk management on the project?</p> <p>What risk management policies or procedures exist for use on the project?</p>	<p>ACTIONS:</p> <p>Identify "all" the risks on the project</p> <p>Involve the stakeholders</p>	<p>ACTIONS:</p> <p>Qualitatively determine which risk events warrant a response</p> <p>Assess the quality of the risk data</p> <p>Complete a risk urgency assessment</p> <p>Subjectively determine the probability and impact of all risks</p> <p>Determine if you will go to quantitative risk analysis or go directly to risk response planning</p> <p>Document the watchlist (non-top risks)</p> <p>Determine the overall risk ranking for the project</p>	<p>ACTIONS:</p> <p>Numerically evaluate the top risks</p> <p>Quantitatively determine which risks warrant a response</p> <p>Determine initial reserves</p> <p>Create realistic time and cost objectives</p> <p>Determine the probability of meeting project objectives</p>	<p>ACTIONS:</p> <p>Decrease project risk</p> <p>Determine residual risks</p> <p>Calculate final reserves</p> <p>Determine risk response owners (if not already done)</p> <p>Create contingency and fallback plans</p>	<p>ACTIONS:</p> <p>Respond to risk triggers</p> <p>Monitor residual risks</p> <p>Create workarounds</p> <p>Evaluate effectiveness of plans</p> <p>Look for additional risks, then qualify, quantify, and plan responses for them</p> <p>Revisit watchlist</p> <p>Update plans</p> <p>Communicate risk status</p> <p>Close risks</p> <p>Recommend corrective and preventive actions</p> <p>Implement corrective and preventive actions</p>
<p>OUTPUTS:</p> <p>Risk management plan</p>	<p>OUTPUTS:</p> <p>List of risks in risk register</p>	<p>OUTPUTS:</p> <p>Risk register including:</p> <p>List of prioritized risks</p> <p>Watchlist</p> <p>Risk ranking of the project as compared to other projects</p> <p>Risks by category</p> <p>Go/no-go decision</p>	<p>OUTPUTS:</p> <p>Risk register including:</p> <p>Prioritized list of quantified risks</p> <p>Initial reserves</p> <p>Project completion dates and costs</p> <p>Probability of achieving project objectives</p> <p>Go/no-go decision</p>	<p>OUTPUTS:</p> <p>Risk register including:</p> <p>Updates to the project management plan</p> <p>Residual and secondary risks</p> <p>Contingency and fallback plans</p> <p>Triggers</p> <p>Final reserves</p> <p>Risk response owners</p> <p>Contracts</p> <p>Go/no-go decision</p>	<p>OUTPUTS:</p> <p>Risk register updates</p> <p>Workarounds</p> <p>Recommended and implemented corrective and preventive actions</p> <p>Updates to the project management plan</p> <p>Lessons learned</p> <p>Closed risks</p>

Procurement Chart Exercise

PMP Exam Prep, Page 397

PLAN PURCHASES & ACQUISITIONS	PLAN CONTRACTING	REQUEST SELLER RESPONSES	SELECT SELLERS	CONTRACT ADMINISTRATION	CONTRACT CLOSURE
ACTIONS:	ACTIONS:	ACTIONS:	ACTIONS:	ACTIONS:	ACTIONS:
OUTPUTS:	OUTPUTS:	OUTPUTS:	OUTPUTS:	OUTPUTS:	OUTPUTS:

Procurement Management

PLAN PURCHASES & ACQUISITIONS	PLAN CONTRACTING	REQUEST SELLER RESPONSES	SELECT SELLERS	CONTRACT ADMINISTRATION	CONTRACT CLOSURE
<p>ACTIONS:</p> <p>Make a make-or-buy decision</p> <p>Select the appropriate contract type</p> <p>Create the contract statement of work</p> <p>Create a procurement plan</p>	<p>ACTIONS:</p> <p>Create terms and conditions including standard and special conditions</p> <p>Create evaluation criteria</p> <p>Create procurement documents</p>	<p>ACTIONS:</p> <p>Advertise the need</p> <p>Send procurement documents</p> <p>Answer sellers' questions</p> <p>Hold a bidder conference</p> <p>Seller makes a decision to bid/propose</p> <p>Seller creates the proposal</p>	<p>ACTIONS:</p> <p>Receive proposals</p> <p>Compare proposals to evaluation criteria using a weighing or screening system to pick/shortlist</p> <p>Compare to independent estimates</p> <p>Receive presentations from seller(s)</p> <p>Create a short list</p> <p>Hold negotiations</p>	<p>ACTIONS:</p> <p>Understand the legal implications of your actions</p> <p>Hold performance reviews</p> <p>Manage changes and claims</p> <p>Manage interfaces among sellers</p> <p>Reporting</p> <p>Monitor performance against the contract</p> <p>Review cost submittals</p> <p>Make payments</p> <p>Inspections and audits</p> <p>Maintain records of everything</p> <p>Interpret the contract</p>	<p>ACTIONS:</p> <p>Develop contract closure procedures</p> <p>Procurement audit</p> <p>Create lessons learned</p> <p>Final contract performance reporting</p> <p>Product verification</p> <p>Formal acceptance</p> <p>Update records</p> <p>Contract file</p> <p>Financial closure</p>
<p>OUTPUTS:</p> <p>Contract statement of work</p> <p>Procurement management plan</p>	<p>OUTPUTS:</p> <p>Procurement documents ready</p>	<p>OUTPUTS:</p> <p>Proposal created</p>	<p>OUTPUTS:</p> <p>Contract signed</p> <p>Contract management plan</p>	<p>OUTPUTS:</p> <p>Requested changes—find recommended corrective actions</p>	<p>OUTPUTS:</p> <p>Done</p>