CIMA E2 Managing Performance

Mock exam: 60 questions in 90 minutes, with an answer key and explanations

How to use this mock

- Set a timer for **90 minutes** and answer every question without notes. Write your answers in the grid on the next page.
- Mark your answers using the answer key, then read the explanation for every question you got wrong or guessed.
- The questions cover every section of the syllabus, in proportion to the GoQualified question bank for E2.
- Prefer to sit it on screen? The **Exam Sim** on **goqualified.co.uk/cima/e2/** times you, marks the paper and shows your weakest section.
- All questions are original GoQualified practice questions, not past exam questions.

Free from GoQualified. Questions start on page 3; the answer key and explanations follow them. Download the latest version from goqualified.co.uk/cima/e2/.

Your answers

1 _____	13 _____	25 _____	37 _____	49 _____
2 _____	14 _____	26 _____	38 _____	50 _____
3 _____	15 _____	27 _____	39 _____	51 _____
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11 _____	23 _____	35 _____	47 _____	59 _____
12 _____	24 _____	36 _____	48 _____	60 _____

Questions

Question 1

Which of the following best distinguishes a business ecosystem from a traditional market?

A A loosely connected network of organisations that co-create value together, rather than competing solely on price
B Simply a market with a larger number of competing suppliers
C A market structure that only exists in heavily regulated industries, such as banking and utilities
D Another term for a single firm's internal supply chain and its direct suppliers

Question 2

A traditional manufacturer is considering shifting from a conventional supply chain to participating in a digital ecosystem. Which of the following is a genuine risk of this shift?

A Losing control over parts of the value chain as outcomes depend on independent partners
B Automatically gaining full control over every other participant's pricing decisions in the ecosystem
C Ecosystems eliminate all forms of competitive pressure on the organisation entirely
D Ecosystems remove any need for the organisation to invest in technology or data

Question 3

A finance manager is helping a business work through the steps of defining value for its stakeholders. Which sequence of steps reflects the correct approach?

A Set the selling price first, then decide afterwards who the customers will be
B Formulate the value proposition first, before identifying who the stakeholders even are
C Identify stakeholders, rank them, determine the most important needs, then formulate value propositions
D Skip stakeholder identification entirely and rely solely on competitor pricing benchmarks

Question 4

Creating value within a business model requires several features to connect and align. Which of the following best reflects this idea?

A Value creation requires resources, capabilities, processes and partner relationships to work together coherently in support of the intended value proposition
B Value is created automatically once a product is manufactured, regardless of how resources, processes and partners are organised
C Value creation depends only on having the lowest-cost raw materials
D Value is created purely through advertising spend

Question 5

Which of the following best describes the main features involved in delivering value to customers?

A Only the final act of processing a customer's payment for the product
B The channels, relationships and infrastructure used to make the value proposition accessible
C Something that happens automatically the moment a product has been designed
D Something that becomes irrelevant once a customer has made their first purchase

Question 6

In the context of capturing and sharing value, what does 'distribution of surplus' primarily address?

A How raw materials are physically moved to the organisation's warehouses
B The geographic spread of the organisation's customer base across regions
C How frequently the organisation publishes its annual financial statements
D How the surplus generated is shared among the organisation and its stakeholders

Question 7

Which of the following represents one of the recognised strategies businesses can use to build disruptive and resilient business models in response to digital disruption?

A Partnering with a digitally capable organisation to combine existing assets with new digital capabilities
B Ignoring new digital entrants until they exit the market on their own
C Reducing all investment in technology to preserve short-term profit margins
D Relying exclusively on patent litigation to prevent any competitor innovation

Question 8

Which of the following is one of the steps identified for building a digital workforce, alongside attracting and retaining digital talent?

A Avoiding any change at all to the organisation's existing leadership styles
B Eliminating every role that involves any direct contact with customers
C Restricting employees' access to digital tools so as to reduce training costs
D Fostering a digital culture where humans and automated systems work well together

Question 9

As part of building a digital workforce, organisations are encouraged to 'bring leadership into the digital age'. What does this primarily involve?

A Developing leaders who understand digital technology and can guide their teams through digital transformation and new ways of working
B Replacing all human leaders with automated decision-making systems
C Removing leadership roles entirely in favour of self-managing teams in every case
D Ensuring leaders avoid any engagement with technology to focus purely on people management

Question 10

What does 'integrating an on-demand workforce' refer to, as part of building digital workforce capability?

A Permanently employing every worker on a full-time, indefinite contract regardless of need
B Incorporating flexible workers, such as freelancers or contractors, to meet fluctuating demand
C Refusing to use any external or contracted workers under any circumstances at all
D Outsourcing the entire workforce to a single third-party provider, regardless of cost

Question 11

A company's leadership wants to evaluate whether their digital workforce strategy is comprehensive. Which combination below reflects the full set of steps typically identified for building a digital workforce?

A Attract and retain digital talent only, with no further supporting steps required
B Reduce headcount as the organisation's sole strategy for digital transformation
C Attract and retain talent, build digital skills, evolve leadership and culture, and use flexible labour
D Focus exclusively on recruiting senior executives who already have digital backgrounds

Question 12

A software company allows third-party developers to build add-on applications on top of its core platform, which it then makes available to its customers. Which ecosystem characteristic does this best demonstrate?

A A closed market with one single supplier and no external participants at all
B A purely internal supply chain with no interaction with any outside party
C A regulated monopoly structure with no scope for outside competition
D An open ecosystem where complementary participants extend the core offering to jointly create value

Question 13

Why do business ecosystems typically need agreed rules governing how participants interact, such as data-sharing standards or platform terms of use?

A Rules exist purely to satisfy a legal requirement with no practical operating purpose
B Rules are needed only when the ecosystem has a single participant
C Rules coordinate independent participants so the products, services and connections within the ecosystem function coherently together
D Rules eliminate the need for any participant to add value to the ecosystem

Question 14

How does the emergence of business ecosystems typically affect the role of regulation, compared with traditional, single-industry markets?

A Regulation becomes entirely unnecessary once an ecosystem has fully formed
B Ecosystems are automatically exempt from any form of competition law
C Regulators only need to monitor the single largest participant in the ecosystem
D Regulators face new challenges since ecosystems often span multiple industries and jurisdictions

Question 15

What is the primary purpose of articulating an organisation's business model clearly?

A To provide a shared understanding of how the organisation creates and captures value, supporting better strategic decisions
B To satisfy a one-off requirement at the point the company is first registered
C To replace the need for any financial reporting whatsoever
D To set the exact price of every product the organisation sells

Question 16

Why are ongoing customer relationships considered part of delivering value, rather than something that ends once a sale is made?

A Because customer relationships are only relevant during the marketing stage, before any sale occurs
B Because once a sale is completed, the organisation has no further obligation to the customer
C Because customer relationships are managed entirely by a separate, unrelated department with no link to value delivery
D Because sustained value delivery often depends on continued service, support and engagement with customers after the initial purchase

Question 17

A company is deciding between a low-price, high-volume revenue model and a premium, low-volume model, while its cost model is largely fixed regardless of which it chooses. What is the key implication for the business model design?

A The chosen revenue model must be assessed against the fixed cost base to determine which volume and price combination can actually generate a viable surplus to capture
B The cost model is irrelevant to this decision, since revenue model choice and cost structure never interact
C Either revenue model will produce an identical surplus, since fixed costs do not vary with the choice made
D The company should ignore cost considerations entirely and base the decision purely on customer preference

Question 18

A large company sets up a separate, semi-autonomous innovation unit to develop disruptive digital products outside its normal corporate processes. What is a key challenge often associated with this incubate/accelerate approach?

A Reintegrating the innovation unit's products or culture back into the wider organisation can be difficult once they have developed separately
B The separate unit will automatically operate at a lower cost than the parent, since it avoids corporate overheads
C The unit’s independence guarantees its innovations will be adopted enthusiastically by the parent organisation
D A semi-autonomous unit removes the need for senior leadership sponsorship, since it manages itself

Question 19

A manager adapts their leadership approach depending on the experience level of each team member and the nature of the task at hand. Which leadership approach does this best illustrate?

A Trait leadership, which assumes leadership ability is fixed and based on innate personal characteristics
B Transactional leadership, which relies solely on rewards and penalties tied to performance targets
C Contingency or situational leadership, which adapts the leader's style to the specific circumstances and people involved
D Distributed leadership, which shares leadership across the team according to expertise rather than relying on one leader

Question 20

Why are ethical implications considered an important part of studying leadership in different contexts?

A Because ethics only applies to leaders working in the charity sector
B Because how a leader exercises influence and power can affect employees, stakeholders and the wider organisation, raising genuine ethical considerations
C Because leadership and ethics are entirely unrelated fields of study with no overlap
D Because following ethical principles guarantees a leader will always be commercially successful

Question 21

How can poorly designed reward structures negatively impact employee performance, even when the intention behind them is positive?

A Reward structures always improve performance, regardless of how they happen to be designed
B Rewards have no measurable effect on employee performance under any circumstances
C Poorly designed rewards can incentivise the wrong behaviours or focus effort on what is measured
D Poorly designed rewards only ever affect employees' pay, never their behaviour

Question 22

What is the primary purpose of a formal disciplinary and grievance procedure in resolving poor employee performance or workplace concerns?

A To allow managers to dismiss any employee immediately, without following any defined process
B To ensure that employee concerns are never formally investigated or addressed
C To remove the employee's right to raise any concern about their treatment at work
D To provide a fair, consistent and transparent process for addressing performance issues or employee concerns

Question 23

Beyond improving an individual's skills, how can effective coaching and mentoring contribute to wider organisational performance?

A By only ever benefiting the single individual being coached, with no wider effect
B By building a broader pool of capable, engaged staff and spreading good practice over time
C By replacing the need for any formal training programmes within the organisation
D By guaranteeing that every coached employee is promoted within twelve months

Question 24

How does organisational culture relate to an employer's and employees' responsibilities in managing the work environment?

A Organisational culture has no relationship at all to how the work environment is managed
B Culture is determined solely by legal requirements, with no influence from actual behaviour
C Culture shapes shared norms that influence how diversity and safety duties are acted on day to day
D Only senior management's behaviour matters to culture; everyone else is irrelevant

Question 25

A team relies heavily on instant messaging for complex discussions, leading to frequent misunderstandings. What does this scenario illustrate about managing communication problems with digital tools?

A Choosing the right tool for the message matters, since some tools suit complex discussions poorly
B Digital tools always improve understanding, no matter how complex the message is
C Instant messaging is always the best tool for any type of workplace message
D Communication problems can never arise once an organisation adopts digital tools

Question 26

Which of the following is commonly identified as a source of conflict within organisations?

A The complete absence of any communication between any two employees in the organisation
B Every employee sharing exactly identical priorities and objectives at all times
C Competition over limited resources, combined with differing goals or priorities between individuals or departments
D Organisations having no hierarchy or reporting structure whatsoever

Question 27

Why might a manager choose a collaborative approach to resolving conflict between two team members, rather than simply imposing a decision?

A Imposing a decision always produces a more durable resolution than any collaborative approach
B Collaborative approaches to conflict resolution are never appropriate in a workplace setting
C A manager should never get involved in resolving conflict between team members under any circumstances
D A collaborative approach seeks a solution that addresses both parties' underlying concerns, which can produce a more durable resolution and preserve the working relationship

Question 28

How does formal authority differ from accountability within a management context?

A Authority is the right to direct others, while accountability is answering for the outcomes
B Authority and accountability are simply two words for the exact same concept
C Authority always increases as accountability decreases, in every organisational context
D Accountability is relevant only to junior employees, never to senior managers

Question 29

How does 'power' differ from 'authority' in a management context?

A Power is the actual capacity to influence others, while authority is the formally recognised right, and the two may not coincide
B Power and authority are identical concepts that always exist together in equal measure
C Authority is informal influence, while power is granted only through a formal job title
D Power only exists at the most senior level of an organisation, never elsewhere

Question 30

What is a key limitation of the trait approach to understanding leadership?

A It perfectly explains why every leader with the identified traits succeeds in every situation
B It assumes effective leadership stems mainly from fixed personal characteristics, giving little weight to context, learned skills or behaviour
C It is the only leadership theory ever proposed in academic literature
D It applies exclusively to leaders working in not-for-profit organisations

Question 31

Why is ongoing feedback, rather than a single annual review, increasingly emphasised within performance management frameworks?

A A single annual review is always more effective than any ongoing feedback
B Ongoing feedback removes any need for an organisation to set objectives
C Ongoing feedback lets issues be addressed promptly, helping performance adjust throughout the year
D Employees never want or value feedback more frequently than once a year

Question 32

Why is feedback considered an essential component of effective workplace communication, rather than an optional extra?

A Feedback is only relevant when communication has gone badly, never when it has gone well

B Feedback confirms whether a message has been understood as intended and allows misunderstandings to be identified and corrected

C Effective communication can always occur without any feedback loop whatsoever

D Feedback should only ever flow from a manager to an employee, never the other way

Question 33

Two departments are negotiating over a shared budget, and one department has significantly more influence over the final decision due to its strategic importance to the organisation. How is this difference in bargaining position likely to affect the negotiation?

A The outcome will be decided purely on the objective merits of each department's budget case, since evidence outweighs position

B The weaker department's best move is to concede early, since a weaker position means negotiation cannot add value

C The stronger department likely secures better terms, though skilled persuasion can still improve the outcome

D The stronger department is obliged to split the budget equally to preserve the working relationship

Question 34

Why might a Finance Manager leading a team within a digital ecosystem need a different leadership approach compared with leading a team in a traditional, single-organisation structure?

A Coordinating people with no formal authority over them requires more reliance on influence and collaboration

B The main difference is technical: the leader simply needs better collaboration software to manage a wider team

C A formal service-level agreement between the partners makes leadership style differences unnecessary

D The Finance Manager should escalate every cross-partner issue to their own senior management rather than lead directly

Question 35

How does a structured mentoring programme typically support organisational performance over the longer term?

A It guarantees that every mentee will eventually take over the mentor's exact role

B It helps transfer experience and institutional knowledge from more experienced employees to others, supporting capability and continuity over time

C It removes any need for the organisation to ever recruit externally again

D It is effective only when mentor and mentee work in entirely unrelated departments

Question 36

What is the central idea behind 'distributive' (or distributed) leadership, as an alternative to leadership being concentrated in a single individual?

A Leadership responsibility must always rest with exactly one person at the very top of the organisation

B Distributive leadership means no individual ever takes responsibility for any decision

C Leadership responsibility and influence are shared across multiple people within a team or organisation, rather than residing solely with one designated leader

D Distributive leadership only applies to organisations with fewer than five employees

Question 37

Beyond physical safety, which of the following is also considered part of an employer's responsibility in managing the work environment?

A Only ensuring the building has fire exits, with no further responsibility beyond this
B Supporting employee wellbeing more broadly, including fair treatment, reasonable workload and a culture that does not tolerate harassment or discrimination
C Responsibility for the work environment ends entirely once an employee leaves the office
D Employers have no responsibility for the work environment once employees begin working remotely

Question 38

A hybrid team splits time between in-person and remote work. What is a key communication challenge this hybrid arrangement can create?

A Hybrid teams never experience any communication challenges, since digital tools fully resolve any issue
B In-person team members should always be excluded from any discussion to ensure fairness to remote staff
C Remote team members should never be given access to the same information as in-person staff
D Ensuring all team members, whether in-person or remote, receive the same information at the same time and feel equally included in discussions

Question 39

How can empowering employees to make certain decisions themselves benefit an organisation operating in a fast-changing digital ecosystem?

A Empowerment always slows decisions, since more people are involved in every choice
B Empowered employees never need any further guidance or support from a manager
C Empowerment is only relevant where there is no formal management structure at all
D Empowered employees can often respond faster, without waiting for approval up and down a hierarchy

Question 40

Why are clearly defined, measurable performance objectives generally considered more effective than vague aspirations?

A Vague aspirations are always more motivating than specific, measurable objectives
B Clear, measurable objectives give a shared basis for tracking and assessing achievement
C Measurable objectives remove any need for ongoing dialogue between manager and employee
D Clearly defined objectives are only useful in financial roles, never elsewhere

Question 41

A manager conducting an annual appraisal tends to focus heavily on the employee's performance over the most recent month, giving little weight to the rest of the year. What problem does this illustrate?

A A completely accurate and fair representation of the employee's performance across the entire year
B A deliberate and recommended appraisal technique that should be encouraged in all organisations
C Recency bias, where recent events disproportionately influence the overall assessment, potentially producing an inaccurate picture of performance across the full period
D An appraisal process that has correctly applied a 360-degree feedback approach

Question 42

An employee is underperforming due to a specific skills gap, rather than a lack of effort or motivation. Why might coaching be a particularly suitable response in this situation?

A Coaching is only ever appropriate when an employee is fully motivated and has no skills gap at all
B Disciplinary action is always the most appropriate first response to any underperformance, regardless of cause
C Underperformance caused by a skills gap can never be improved through any form of coaching or training
D Coaching can directly target the specific skills gap, helping the employee build the capability needed to improve, rather than addressing a motivational issue that isn't actually present

Question 43

What is the primary purpose of a work breakdown structure (WBS) in project management?

A To calculate the exact final cost of a project before any planning has taken place
B To replace the need for any project manager once it has been created
C To break a project down into smaller, more manageable tasks and workstreams that can be planned, assigned and tracked individually
D To determine which department within the organisation should ultimately be liable for project failure

Question 44

What is a key feature of a PERT (Programme Evaluation and Review Technique) chart that distinguishes it from a simple Gantt chart?

A PERT charts can model task durations under different scenarios, accounting for uncertainty
B PERT charts can only be used for projects lasting less than one week
C PERT charts remove any need to consider dependencies between project tasks
D PERT and Gantt charts are identical tools with no meaningful difference

Question 45

In a matrix project structure, a team member reports to both their functional department head and a project manager. What is a common challenge associated with this structure?

A The complete absence of any line of authority for the team member at all
B Potential conflicts over competing priorities and unclear authority when functional and project demands pull in different directions
C A guarantee that the team member will never face competing demands on their time
D A structure that is only ever used for projects with a single team member

Question 46

Why is it important for time, cost and quality objectives to be defined clearly and agreed with the sponsor before a project begins, rather than left vague?

A Vague objectives are always preferable, since they allow the project team complete freedom with no accountability
B Time, cost and quality objectives only need to be defined once the project has already been completed
C Objectives agreed at the outset can never be revisited or adjusted under any circumstances
D Clear, agreed objectives give the project team and sponsor a shared basis for judging progress and resolving disagreements about scope or trade-offs later on

Question 47

What is a key activity typically associated with the initiation stage of a project life cycle?

A Carrying out detailed day-to-day execution tasks to produce the project's deliverables
B Defining the project's purpose, objectives and high-level feasibility before detailed planning begins
C Conducting the final lessons-learned review once the project has been fully delivered
D Allocating detailed task-level resources for every individual activity in the schedule

Question 48

A project has many interdependent tasks where delays in one task could significantly affect the overall completion date. Which tool would be most useful for identifying which sequence of tasks most critically determines the project's overall duration?

A A simple task list with no information about dependencies between tasks
B A budget spreadsheet showing only the financial cost of each task
C Network analysis, which identifies the dependent task sequence that sets the shortest project duration
D A staff holiday calendar showing when team members are on leave

Question 49

A project risk register identifies both potential threats and potential opportunities that could affect the project. Why might it be useful to record opportunities (upside risk) alongside threats (downside risk)?

A Recognising potential opportunities allows the project team to actively pursue favourable events, not just defend against unfavourable ones

B Project risk registers should only ever record threats, since opportunities are never relevant to project management

C Recording opportunities removes any need to also identify and manage potential threats

D Upside risks always have a greater financial impact than downside risks in every project

Question 50

Which of the following is a typical activity carried out during the closure stage of a project?

A Defining the project's original objectives and securing initial sponsor approval to proceed

B Allocating the detailed task-level schedule and resources for the project's execution

C Carrying out the day-to-day work needed to produce the project's core deliverables

D Conducting a post-project review to capture lessons learned and formally closing out remaining contracts and resources

Question 51

A project identifies a risk that a critical supplier might be unable to deliver a key component. The project team decides to qualify a second, alternative supplier in advance as a precaution. Which type of risk response does this represent?

A Risk acceptance, since the team has chosen to do nothing further about the identified risk

B Risk reduction, since having an alternative supplier reduces the likely impact if the original supplier fails to deliver

C Risk avoidance, since qualifying a second supplier removes the project's need for any supplier at all

D Risk transfer, since the second supplier has agreed to take on full legal liability for the project's success

Question 52

In a purely functional structure, where project work is carried out entirely within existing departmental boundaries with no dedicated project roles, what limitation might this create for managing cross-departmental projects?

A This structure always coordinates cross-departmental work better than any matrix could

B A purely functional structure removes any need for coordination between departments

C This structure is identical to a dedicated, fully autonomous project-based structure

D Coordinating cross-departmental work is harder with no single role holding clear authority

Question 53

A stakeholder has high influence over the project's success but relatively low interest in its day-to-day progress. How would a project manager typically approach managing this stakeholder, based on common stakeholder mapping approaches?

A Provide this stakeholder with the most detailed, frequent updates of any stakeholder group, regardless of their actual level of interest

B Keep this stakeholder satisfied with periodic, high-level updates, without burdening them with excessive day-to-day detail they have little interest in

C Ignore this stakeholder entirely, since low day-to-day interest means they have no real importance to the project

D Treat every stakeholder identically, regardless of their relative levels of interest and influence

Question 54

Why should project risks be monitored and reviewed throughout the project life cycle, rather than only being assessed once at the very start?

A Once a risk has been identified at the outset, it can never change in likelihood or impact afterwards
B Risks identified at the start of a project are always resolved automatically by the time the project ends
C New risks can emerge and existing risks can change in likelihood or impact as the project progresses, so ongoing review keeps the risk picture current
D Reviewing risk only at project completion provides exactly the same value as ongoing monitoring throughout

Question 55

In a fully project-based organisational structure, team members are dedicated entirely to the project for its duration, rather than splitting time with a separate functional department. What is a key advantage of this structure compared with a matrix structure?

A Team members in this structure never need any functional expertise of any kind
B This structure guarantees the project will always finish faster than under a matrix
C Project-based structures remove any need for a project manager at all
D Clearer authority and focus, since members report solely to the project, avoiding dual reporting

Question 56

A project manager is leading a temporary team made up of people seconded from several different departments, each with their own existing manager. What particular leadership challenge does this situation present?

A The main challenge is administrative: tracking timesheets across several departments' systems
B The project manager's formal authority over the project automatically extends to each member's home role
C Building commitment can be harder when loyalty sits elsewhere, needing influence over formal authority
D Seconded staff are typically more committed than permanent staff, since secondment is a development opportunity

Question 57

Partway through a project, the sponsor requests a significant increase in scope, which will affect the original time, cost and quality objectives. What is the most appropriate way for the project manager to handle this request?

A Implement the requested scope increase immediately, without considering any impact on the original objectives
B Refuse the request outright, since project objectives can never be changed once a project has begun
C Ignore the sponsor's request entirely, since only the original project team can authorise any change
D Assess the impact on time, cost and quality, then formally agree any necessary changes to the objectives with the sponsor through a change control process

Question 58

A small, simple project has only a handful of straightforward, sequential tasks with no significant dependencies to model. Which planning approach is likely to be most proportionate?

A A simple Gantt chart or task list may be sufficient, without necessarily requiring more complex network analysis techniques
B Full critical path network analysis is always required, regardless of how simple or complex the project is
C No planning tool of any kind should ever be used for a small or simple project
D The project should be abandoned, since planning tools are only suitable for very large, complex projects

Question 59

An organisation is launching a short, highly time-critical project that needs fast decision-making and minimal competing demands on the team's time. Which structural consideration is most relevant when choosing how to organise this project?

A Structural choice has no bearing on how quickly decisions can be made within a project

B A purely functional structure, with no dedicated project roles, will always be the fastest option available

C A more dedicated, project-based arrangement may better support fast decision-making and focus than a matrix structure with competing functional demands

D The organisation should always default to a matrix structure regardless of the project's specific time pressures

Question 60

Why is capturing lessons learned at project closure considered valuable beyond the specific project that has just ended?

A Lessons learned are only ever relevant to the exact same project team working on an identical future project

B Lessons learned can inform how future projects are planned and managed, helping the organisation improve its project delivery capability over time

C Capturing lessons learned has no real value once a project has already been completed and closed

D Lessons learned should never be shared with anyone outside the immediate project team

Answer key

1 A	**13** C	**25** A	**37** B	**49** A
2 A	**14** D	**26** C	**38** D	**50** D
3 C	**15** A	**27** D	**39** D	**51** B
4 A	**16** D	**28** A	**40** B	**52** D
5 B	**17** A	**29** A	**41** C	**53** B
6 D	**18** A	**30** B	**42** D	**54** C
7 A	**19** C	**31** C	**43** C	**55** D
8 D	**20** B	**32** B	**44** A	**56** C
9 A	**21** C	**33** C	**45** B	**57** D
10 B	**22** D	**34** A	**46** D	**58** A
11 C	**23** B	**35** B	**47** B	**59** C
12 D	**24** C	**36** C	**48** C	**60** B

Score: count your correct answers out of 60. Then work through the explanations below.

Answers and explanations

Question 1: A A loosely connected network of organisations that co-create value together, rather than competing solely on price

A business ecosystem is a network of interconnected organisations - often spanning traditional industry boundaries - that collaborate and compete to co-create value for customers, rather than operating within the fixed, linear structure of a traditional market. Describing it as simply 'more suppliers' misses the collaborative, interconnected nature of ecosystems. Ecosystems are not confined to regulated industries; the concept applies broadly, including in technology, retail and financial services. An internal supply chain is a firm's own operations, not a multi-organisation ecosystem.

Section A, Ecosystems vs traditional markets · Ref A1a · e2001

Question 2: A Losing control over parts of the value chain as outcomes depend on independent partners

Participating in an ecosystem typically means relying on independent partners whose actions affect the value the organisation can create - this interdependence is a genuine risk, since the organisation no longer has full control over every part of the value chain. Ecosystems do not grant control over partners' pricing; partners remain independent. Competitive pressure does not disappear in an ecosystem - it may simply take a different form (platform competition rather than direct product competition). Significant investment in technology and data capability is usually required to participate effectively, not avoided.

Section A, Costs and risks of shifting to an ecosystem model · Ref A1b · e2005

Question 3: C Identify stakeholders, rank them, determine the most important needs, then formulate value propositions

Defining value follows a logical sequence: first identify the relevant stakeholders, then rank them by importance, then determine the needs of the most important stakeholders, and finally formulate value propositions tailored to those needs. Setting a price before knowing who the customers are, or writing a value proposition before identifying stakeholders, reverses this logic and risks creating an offering that doesn't actually meet stakeholder needs. Relying purely on competitor pricing ignores the organisation's own stakeholders entirely.

Section A, Steps in defining value · Ref A2b · e2007

Question 4: A Value creation requires resources, capabilities, processes and partner relationships to work together coherently in support of the intended value proposition

Creating value is not automatic - it depends on an organisation's resources, capabilities, internal processes and external partner relationships all aligning coherently to support the value proposition it intends to deliver. Simply manufacturing a product does not guarantee value if these elements are not aligned. Low-cost raw materials are only one input among many, and advertising spend communicates value rather than creating it in the first place.

Section A, Features that connect and align to create value · Ref A2c · e2009

Question 5: B The channels, relationships and infrastructure used to make the value proposition accessible

Delivering value is about the channels (such as distribution, sales and communication channels), the customer relationships, and the supporting infrastructure an organisation uses to make its value proposition genuinely accessible to customers - design alone does not guarantee delivery. Payment processing is just one small part of delivery, not the whole of it. Delivering value also matters on an ongoing basis, not only at the point of first purchase, since customer relationships continue after the initial sale.

Section A, Main features of delivering value · Ref A2d · e2010

Question 6: D How the surplus generated is shared among the organisation and its stakeholders

Distribution of surplus addresses how the value or profit generated is shared out among the organisation and its various stakeholders - which, in an ecosystem context, may include other partner organisations as well as shareholders and employees. It is not about the physical distribution of raw materials, the geographic spread of customers, or financial reporting frequency, all of which relate to different aspects of the business entirely.

Section A, Capturing and sharing value — revenue and surplus · Ref A2e · e2012

Question 7: A Partnering with a digitally capable organisation to combine existing assets with new digital capabilities

Partnering - forming an alliance with an organisation that has the digital capabilities the business lacks - is one of the recognised strategies (alongside build, buy, invest, and incubate/accelerate) for responding to digital disruption. Ignoring disruptive entrants is a passive, high-risk approach that rarely succeeds. Cutting technology investment to preserve margins typically increases vulnerability to disruption rather than reducing it. Litigation may protect specific intellectual property but is not a genuine strategy for building a resilient, digitally capable business model.

Section A, Strategies to survive digital disruption · Ref A3a · e2013

Question 8: D Fostering a digital culture where humans and automated systems work well together

Building a digital workforce includes fostering a digital culture and creating environments in which humans and digital or robotic systems can work effectively together, alongside steps such as attracting and retaining digital talent, becoming an employer of choice, and bringing leadership into the digital age. Avoiding leadership change works directly against this aim. Eliminating customer-facing roles and restricting access to digital tools are not part of building digital capability - they would undermine it.

Section A, Building a digital workforce · Ref A3a · e2016

Question 9: A Developing leaders who understand digital technology and can guide their teams through digital transformation and new ways of working

Bringing leadership into the digital age means developing leaders who understand digital technology well enough to guide their organisations and teams through digital transformation, rather than leaving leadership disconnected from technological change. It does not mean replacing leaders with automated systems, nor does it require removing leadership structures altogether, since most organisations still benefit from leadership even in self-organising contexts. Effective digital leadership requires engaging with technology, not avoiding it.

Section A, Bringing leadership into the digital age · Ref A3a · e2017

Question 10: B Incorporating flexible workers, such as freelancers or contractors, to meet fluctuating demand

Integrating an on-demand workforce means incorporating flexible labour - such as freelancers, contractors, or gig-economy workers - into workforce planning, so the organisation can flex capacity up or down in response to fluctuating digital and project demands. This is the opposite of insisting on permanent, full-time contracts for everyone, and it does not mean refusing to use external workers. It is also not the same as wholesale outsourcing to a single provider, which removes flexibility rather than creating it.

Section A, Integrating on-demand workforce · Ref A3a · e2018

Question 11: C Attract and retain talent, build digital skills, evolve leadership and culture, and use flexible labour

A comprehensive digital workforce strategy spans several interconnected steps: attracting and retaining digital talent, becoming an employer of choice, building digital skills across the workforce, bringing leadership into the digital age, fostering a digital culture, enabling humans and automated systems to work together, and integrating flexible on-demand labour. Focusing on talent attraction alone, headcount reduction alone, or senior recruitment alone each captures only a fragment of what a genuinely comprehensive strategy requires.

Section A, Analysing digital workforce strategy · Ref A3a · e2019

Question 12: D An open ecosystem where complementary participants extend the core offering to jointly create value

Allowing third-party developers to build complementary applications on a platform is a classic example of an open ecosystem, where multiple participants connect around a shared platform to extend the core offering and jointly create greater value for customers than any single organisation could alone. This is the opposite of a closed, single-supplier market or a purely internal supply chain, and it is not inherently a regulated monopoly structure - openness to third parties is itself a feature working against monopolistic exclusivity.

Section A, Ecosystem participants and connections · Ref A1a · e2020

Question 13: C Rules coordinate independent participants so the products, services and connections within the ecosystem function coherently together

Because ecosystems involve multiple independent organisations, agreed rules - such as data standards or platform terms - help coordinate how participants connect and interact, so the ecosystem functions coherently as a whole rather than as disconnected parties. This goes beyond mere legal compliance; the rules serve a genuine coordinating purpose. A single-participant 'ecosystem' is not really an ecosystem at all, and rules do not remove the expectation that each participant contributes value - they help structure how that value is exchanged.

Section A, Ecosystem rules and interactions · Ref A1a · e2027

Question 14: D Regulators face new challenges since ecosystems often span multiple industries and jurisdictions

Because ecosystems often cut across traditional industry and jurisdictional boundaries, regulators face genuinely greater complexity in providing effective oversight than they would for a single, clearly defined industry. Ecosystems do not make regulation unnecessary, nor are they exempt from competition law - in fact, ecosystem dominance has drawn significant regulatory attention in several jurisdictions. Effective oversight also needs to consider the behaviour of multiple participants, not just the largest one, since smaller participants can still cause systemic harm.

Section A, Regulation in ecosystems · Ref A1b · e2028

Question 15: A To provide a shared understanding of how the organisation creates and captures value, supporting better strategic decisions

Clearly articulating a business model gives managers, investors and other stakeholders a shared understanding of how the organisation creates and captures value, which supports better-informed strategic decisions. It is not a one-off registration requirement, and it does not replace financial reporting - the two serve different, complementary purposes. A business model also does not fix specific prices; pricing is a more detailed decision made within the broader logic the business model establishes.

Section A, Business model purpose · Ref A2a · e2029

Question 16: D Because sustained value delivery often depends on continued service, support and engagement with customers after the initial purchase

Many value propositions depend on continued service, support and engagement after the initial sale - for example, software updates, after-sales support or loyalty programmes - so customer relationships remain part of value delivery well beyond the point of purchase. Treating the relationship as ending at the sale, or as confined to marketing, would overlook how much value is actually delivered afterwards. Value delivery also isn't siloed in an unrelated department; it touches multiple parts of the organisation working together.

Section A, Customer relationships in value delivery · Ref A2d · e2032

Question 17: A The chosen revenue model must be assessed against the fixed cost base to determine which volume and price combination can actually generate a viable surplus to capture

Because the cost model is largely fixed, the chosen revenue model (low-price/high-volume versus premium/low-volume) must be evaluated against that fixed cost base to determine which combination of price and volume can actually cover costs and still generate a viable surplus - the revenue and cost models do not operate independently of each other. Assuming an identical surplus regardless of choice, or ignoring cost considerations altogether, would overlook this fundamental interaction between how value is priced and how it is funded.

Section A, Trade-offs in cost and revenue models · Ref A2e · e2041

Question 18: A Reintegrating the innovation unit's products or culture back into the wider organisation can be difficult once they have developed separately

A common challenge with incubate/accelerate units is that, having developed separately - often with a different culture, pace and process - reintegrating their products, people or ways of working back into the wider organisation can be genuinely difficult. The separate unit is not automatically cheaper to run: it typically needs its own facilities, staff and systems, and duplication can raise cost rather than reduce it. Nor is enthusiastic adoption by the parent guaranteed - internal resistance to innovations 'not invented here' is one of the best-documented reintegration problems. And far from removing the need for senior sponsorship, semi-autonomous units usually depend on visible executive backing to protect their funding and secure eventual adoption of what they produce.

Section A, Risks of the incubate/accelerate strategy · Ref A3a · e2045

Question 19: C Contingency or situational leadership, which adapts the leader's style to the specific circumstances and people involved

Adapting leadership style to fit the specific situation - such as a team member's experience or the nature of the task - is the defining feature of contingency or situational leadership. Trait leadership instead assumes leadership ability stems from fixed, innate characteristics, regardless of context. Transactional leadership centres specifically on rewards and penalties linked to performance, and distributed leadership is about leadership being shared across several people according to expertise (not necessarily equally), not about one manager adapting their own style to each person and task.

Section B, Contingency/situational leadership · Ref B1b · e2047

Question 20: B Because how a leader exercises influence and power can affect employees, stakeholders and the wider organisation, raising genuine ethical considerations

Leaders exercise influence and power over employees and other stakeholders, and how that influence is used - fairly, transparently, with respect for others' wellbeing - raises genuine ethical questions that affect people both inside and outside the organisation. This applies to leaders in any sector, not only charities. Leadership and ethics are closely connected, not unrelated fields, though acting ethically is not a guarantee of commercial success - the two are related but distinct outcomes.

Section B, Ethical implications of leadership · Ref B1c · e2050

Question 21: C Poorly designed rewards can incentivise the wrong behaviours or focus effort on what is measured

Poorly designed reward structures can backfire by incentivising the wrong behaviours, demotivating employees who perceive the system as unfair, or directing effort towards whatever is being measured rather than what genuinely matters to the organisation. Good intentions do not guarantee good outcomes - design genuinely matters. The idea that rewards have no effect on performance, or only affect pay and never behaviour, ignores the well-documented behavioural consequences reward systems can produce.

Section B, Rewards and performance · Ref B2b · e2055

Question 22: D To provide a fair, consistent and transparent process for addressing performance issues or employee concerns

A formal disciplinary and grievance procedure exists to provide a fair, consistent and transparent process for addressing performance issues from the employer's side, and concerns raised by employees from theirs - protecting both the organisation and the individual through a defined, repeatable approach. It does not permit immediate dismissal without process, since that would undermine fairness entirely. Such procedures exist precisely to ensure concerns are investigated, and they preserve - rather than remove - an employee's right to raise issues.

Section B, Disciplinary and grievance procedures · Ref B2b · e2056

Question 23: B By building a broader pool of capable, engaged staff and spreading good practice over time

Effective coaching and mentoring contribute to wider organisational performance by building a broader pool of capable, engaged employees over time, supporting succession planning, and helping good practice and knowledge spread across the organisation, not just within a single coaching relationship. The benefits are not confined to the individual being coached, even though that individual is the immediate beneficiary. Coaching typically complements rather than replaces formal training, and it carries no guarantee of promotion within any specific timeframe.

Section B, Enhancing organisational performance through coaching · Ref B2c · e2058

Question 24: C Culture shapes shared norms that influence how diversity and safety duties are acted on day to day

Organisational culture shapes the shared norms and expectations that influence how responsibilities around diversity, equality and health and safety are actually understood and acted upon in everyday behaviour, beyond what is written in formal policy. Culture is not unrelated to environment management - it heavily shapes how policies are lived out in practice. While legal requirements set minimum standards, culture is shaped by how people actually behave, not purely by legislation, and culture is influenced by behaviour at all levels of the organisation, not senior management alone.

Section B, Organisational culture and the work environment · Ref B2d · e2059

Question 25: A Choosing the right tool for the message matters, since some tools suit complex discussions poorly

This scenario illustrates that choosing the right communication tool for the message matters - instant messaging, suited to quick, simple exchanges, is often a poor fit for complex discussions that may need richer media, such as a call or a written document with time for reflection. Digital tools do not automatically improve understanding regardless of fit, and no single tool, including instant messaging, is universally the best choice for every type of communication. Adopting digital tools also does not eliminate communication problems; it can introduce new ones if tools are used inappropriately.

Section B, Digital communication tools and managing problems · Ref B3b · e2065

Question 26: C Competition over limited resources, combined with differing goals or priorities between individuals or departments

Competition over limited resources, along with differing goals or priorities between individuals or departments, is a commonly cited source of organisational conflict - different parts of an organisation often pursue legitimate but competing objectives. A complete absence of communication describes a possible consequence or contributing factor in some conflicts, but it is not itself the underlying source described here. If every employee shared identical priorities, meaningful conflict over goals would be far less likely, and the presence or absence of hierarchy is not the central driver of conflict in this context.

Section B, Sources and causes of organisational conflict · Ref B3d · e2067

Question 27: D A collaborative approach seeks a solution that addresses both parties' underlying concerns, which can produce a more durable resolution and preserve the working relationship

A collaborative approach seeks to address the underlying concerns of both parties, which often produces a more durable resolution and helps preserve the working relationship going forward, compared with simply imposing a decision that may leave one party feeling unheard. Imposed decisions can resolve a conflict quickly but often risk leaving underlying tensions unresolved. Collaborative approaches are a recognised and frequently appropriate conflict-management strategy, and managers are generally expected to play an active role in managing conflict that affects their team's productivity and working relationships.

Section B, Strategies for managing conflict · Ref B3d · e2068

Question 28: A Authority is the right to direct others, while accountability is answering for the outcomes

Authority is the formal right to make decisions or direct the actions of others, while accountability is the obligation to answer for the outcomes of those decisions - a manager can hold authority and remain accountable for how it is used. The two concepts are related but distinct, not interchangeable. There is no general rule that authority and accountability move in opposite directions, and accountability applies at every level of an organisation, including senior management, not solely to junior employees.

Section B, Authority and accountability · Ref B1a · e2069

Question 29: A Power is the actual capacity to influence others, while authority is the formally recognised right, and the two may not coincide

Power is the actual capacity to influence others' behaviour, which can come from expertise, relationships or personality, while authority is the formally recognised right to direct others, usually tied to a role - the two do not always align, since someone can hold authority with little real influence, or wield significant power without formal authority. They are not identical or always present together. The descriptions of informal versus formal here are reversed from how the concepts are normally used, and power can be exercised at any level of an organisation, not only at the top.

Section B, Power vs authority · Ref B1a · e2073

Question 30: B It assumes effective leadership stems mainly from fixed personal characteristics, giving little weight to context, learned skills or behaviour

A key limitation of the trait approach is that it places most weight on fixed personal characteristics, giving comparatively little attention to context, learned skills or behaviour - yet research consistently shows that effective leadership also depends heavily on situational factors and developed behaviours, not just innate traits. It does not perfectly predict success, since many people with similar traits achieve very different leadership outcomes depending on context. It is also far from the only leadership theory, and it is not limited to not-for-profit settings.

Section B, Trait approach to leadership · Ref B1b · e2074

Question 31: C Ongoing feedback lets issues be addressed promptly, helping performance adjust throughout the year

Ongoing feedback allows performance issues to be addressed promptly, helping employees adjust their approach throughout the year rather than discovering problems only at a single annual review, by which point opportunities to improve may have already passed. This is why many organisations have moved towards more continuous feedback models. A single annual review is not inherently more effective - timeliness is a genuine advantage of more frequent feedback. Objectives remain a key part of performance frameworks regardless of feedback frequency, and many employees do value more regular feedback, contrary to the claim that they never want it.

Section B, Performance frameworks and feedback · Ref B2a · e2075

Question 32: B Feedback confirms whether a message has been understood as intended and allows misunderstandings to be identified and corrected

Feedback confirms whether a message has actually been understood as the sender intended, and it allows misunderstandings to be identified and corrected before they cause bigger problems - this two-way confirmation is part of what makes communication effective, not an optional add-on. Feedback is valuable in successful exchanges too, helping reinforce shared understanding, not only in failures. Genuinely effective communication generally depends on some feedback loop to confirm understanding, and feedback flows usefully in both directions - from employee to manager as well as the reverse.

Section B, Feedback as part of communication · Ref B3b · e2078

Question 33: C The stronger department likely secures better terms, though skilled persuasion can still improve the outcome

A stronger bargaining position - here, driven by strategic importance - generally allows that party to secure more favourable terms, though skilled use of influence and persuasion by the other party can still improve their own outcome relative to where they might otherwise have ended up. Believing the outcome rests purely on the objective merits of each case understates how power shapes real negotiations - evidence matters, but position affects whose evidence carries weight. Conceding early because of a weaker position forfeits the gains that skilled persuasion, coalition-building and framing can still achieve. And there is no obligation on the stronger party to split resources equally - relationship considerations may soften its demands, but they do not mandate an even division.

Section B, Bargaining positions in negotiation · Ref B3c · e2079

Question 34: A Coordinating people with no formal authority over them requires more reliance on influence and collaboration

Leading within a digital ecosystem can mean coordinating with people in partner organisations over whom the leader has no formal authority, which typically requires a greater reliance on influence, collaboration and relationship-building than would be needed when directing a team purely within one's own organisational hierarchy. Better collaboration software helps with communication mechanics but does not address the underlying authority gap - tools cannot create commitment. A service-level agreement defines contractual obligations between partners but cannot substitute for day-to-day leadership of people; contracts rarely cover the discretionary effort that projects depend on. And escalating every cross-partner issue upward would be slow and would signal an inability to lead - escalation is for genuine impasses, not routine coordination.

Section B, Leadership and organisational ecosystem awareness · Ref B1c · e2081

Question 35: B It helps transfer experience and institutional knowledge from more experienced employees to others, supporting capability and continuity over time

A structured mentoring programme helps transfer valuable experience and institutional knowledge from more experienced employees to others, which supports organisational capability and continuity over time, particularly as experienced staff eventually move on or retire. It does not guarantee a mentee will take over a specific role - mentoring supports development, not succession guarantees. Mentoring does not eliminate the value of external recruitment, which brings fresh perspectives, and mentoring relationships are often most effective when there is some relevant connection between the mentor's and mentee's areas of work, not when they are entirely unrelated.

Section B, Mentoring and organisational knowledge transfer · Ref B2c · e2082

Question 36: C Leadership responsibility and influence are shared across multiple people within a team or organisation, rather than residing solely with one designated leader

Distributive leadership is built on the idea that leadership responsibility and influence can be shared across multiple people, rather than being concentrated solely in one designated leader - different individuals may lead in different situations based on their expertise or the task at hand. This is the opposite of leadership always resting with one top person. It does not mean nobody takes responsibility - shared leadership still involves real accountability, just distributed more widely - and the concept is not restricted to very small organisations.

Section B, Distributive leadership · Ref B1b · e2083

Question 37: B Supporting employee wellbeing more broadly, including fair treatment, reasonable workload and a culture that does not tolerate harassment or discrimination

Employer responsibility for the work environment extends beyond physical safety to broader employee wellbeing - including fair treatment, reasonable workload, and a culture that actively does not tolerate harassment or discrimination. Reducing this to fire exits alone significantly understates the scope of what is expected. Some aspects of employer responsibility, such as data protection or reasonable contact expectations, can extend beyond the physical workplace, and remote working does not remove an employer's wellbeing and safety responsibilities, even though the practical arrangements differ.

Section B, Workplace environment and employer responsibilities · Ref B2d · e2086

Question 38: D Ensuring all team members, whether in-person or remote, receive the same information at the same time and feel equally included in discussions

A genuine risk in hybrid working is that information shared informally in person - for example, in a corridor conversation - may not reach remote team members at the same time, or remote staff may feel less included in discussions than those physically present, creating real communication and inclusion challenges that need active management. Assuming digital tools fully resolve this overstates what technology alone can fix. Deliberately excluding either group, whether in-person or remote staff, from information or discussion would worsen rather than solve the underlying challenge.

Section B, Communication problems across digital and in-person channels · Ref B3b · e2088

Question 39: D Empowered employees can often respond faster, without waiting for approval up and down a hierarchy

Empowering employees to make certain decisions themselves can speed up an organisation's responsiveness, since decisions can be made closer to where the relevant information sits, without always waiting for approval to travel up and back down a hierarchy - a genuine advantage in fast-changing digital ecosystems. This is the opposite of empowerment slowing things down. Empowered employees still typically benefit from guidance and support, particularly for complex or unfamiliar decisions, and empowerment is a meaningful concept even within organisations that retain a formal management structure.

Section B, Empowerment and decision-making speed · Ref B1a · e2092

Question 40: B Clear, measurable objectives give a shared basis for tracking and assessing achievement

Clear, measurable objectives give both employee and manager a shared, unambiguous basis for tracking progress and judging whether the objective has actually been met, reducing scope for disagreement or confusion about expectations. Vague aspirations, by contrast, are harder to assess and can leave employees uncertain about what success actually looks like, rather than being more motivating. Setting clear objectives does not remove the value of ongoing dialogue - in fact it often supports more focused conversations - and the benefits of clear objective-setting apply across functions, not solely in financial roles.

Section B, Setting SMART-style objectives · Ref B2a · e2094

Question 41: C Recency bias, where recent events disproportionately influence the overall assessment, potentially producing an inaccurate picture of performance across the full period

Giving disproportionate weight to recent events, rather than the full period under review, is a recognised problem known as recency bias, which can produce a distorted and potentially unfair picture of an employee's overall performance across the year. This is not an accurate representation of full-year performance - quite the opposite - and it is a known bias to be guarded against, not a recommended technique. It also has nothing to do with 360-degree feedback, which is about gathering input from multiple people, not about which time period is emphasised.

Section B, Appraisal frequency and recency bias · Ref B2b · e2095

Question 42: D Coaching can directly target the specific skills gap, helping the employee build the capability needed to improve, rather than addressing a motivational issue that isn't actually present

Where underperformance stems from a specific skills gap rather than low effort or motivation, coaching can directly target that gap, helping the employee build the capability needed to improve - applying a motivational intervention to what is actually a skills issue would be less likely to address the real cause. Coaching is not limited to situations where no skills gap exists; quite the opposite, it is often most useful precisely because a gap exists. Jumping straight to disciplinary action would be a disproportionate response when the underlying issue is capability rather than conduct, and skills gaps are very often improved through coaching or training.

Section B, Coaching for underperformance · Ref B2c · e2096

Question 43: C To break a project down into smaller, more manageable tasks and workstreams that can be planned, assigned and tracked individually

A work breakdown structure exists to break a project down into smaller, more manageable tasks and workstreams, which can then be planned, assigned to individuals or teams, and tracked individually as the project progresses. It is a planning and organisational tool, not a costing exercise in itself, even though it can support cost estimation. Creating a WBS does not remove the need for a project manager, who remains responsible for coordinating the tasks it identifies, and it is not designed to assign blame for failure - that is a different concern entirely from breaking down project work.

Section C, Work breakdown structure · Ref C2a · e2099

Question 44: A PERT charts can model task durations under different scenarios, accounting for uncertainty

A PERT chart can incorporate estimated task durations under different scenarios (such as optimistic, most likely and pessimistic estimates), helping project managers account for genuine uncertainty in how long tasks might take, which is a more probabilistic approach than a typical Gantt chart's fixed timeline view. PERT charts are used for projects of varying lengths, not limited to under a week, and they explicitly focus on task dependencies and sequencing, rather than removing the need to consider them. The two tools genuinely differ in emphasis and capability, despite both being used in project scheduling.

Section C, PERT charts and data visualisation · Ref C2a · e2101

Question 45: B Potential conflicts over competing priorities and unclear authority when functional and project demands pull in different directions

A common challenge in matrix structures is the potential for conflicting priorities and unclear authority when functional and project demands compete for the same person's time and attention, since the team member effectively answers to two different lines of management. This is the opposite of having no line of authority at all - the issue is having two potentially competing ones, not none. Matrix structures are specifically associated with managing this kind of competing demand, not with avoiding it altogether, and they are used for project teams of varying sizes, not only single-person projects.

Section C, Matrix project structures · Ref C3a · e2114

Question 46: D Clear, agreed objectives give the project team and sponsor a shared basis for judging progress and resolving disagreements about scope or trade-offs later on

Clear, agreed objectives for time, cost and quality give the project team and sponsor a shared, common basis for judging progress and resolving disagreements about scope or trade-offs that often arise as a project unfolds. Vague objectives tend to create confusion and disputes rather than offering useful freedom, since 'complete freedom with no accountability' undermines the basic purpose of having objectives at all. Objectives need to be defined before or early in the project, not after it is complete, and most well-run projects do allow agreed objectives to be revisited through a formal change-control process if circumstances genuinely change.

Section C, Defining project objectives clearly · Ref C1a · e2120

Question 47: B Defining the project's purpose, objectives and high-level feasibility before detailed planning begins

The initiation stage typically involves defining the project's purpose, high-level objectives and overall feasibility, establishing whether and why the project should proceed before any detailed planning takes place. Detailed execution tasks belong to the later execution stage, and a lessons-learned review is a closure-stage activity, occurring after delivery rather than at the start. Detailed, task-level resource allocation is also a planning-stage activity that follows initiation, rather than being part of it.

Section C, Initiation stage activities · Ref C1b · e2122

Question 48: C Network analysis, which identifies the dependent task sequence that sets the shortest project duration

Network analysis, including critical path analysis, is specifically designed to identify the sequence of interdependent tasks that determines the shortest possible overall project duration - exactly the need described, where delays in some tasks could significantly affect the end date. A simple task list with no dependency information would not reveal which tasks are critical to the timeline. A budget spreadsheet addresses cost, not scheduling dependencies, and a holiday calendar, while a useful planning input, does not itself identify the critical sequence of project tasks.

Section C, Choosing the right project planning tool · Ref C2a · e2123

Question 49: A Recognising potential opportunities allows the project team to actively pursue favourable events, not just defend against unfavourable ones

Recording potential opportunities (upside risk) alongside threats (downside risk) allows the project team to actively plan how to pursue or capture favourable events, rather than treating risk management as solely defensive. Limiting the register to threats only would miss this proactive opportunity-management dimension. Recording opportunities is additional to, not a replacement for, identifying and managing threats, and there is no general rule that upside risks always carry greater financial impact than downside risks - the relative scale varies by project and by specific risk.

Section C, Upside and downside project risk · Ref C2b · e2125

Question 50: D Conducting a post-project review to capture lessons learned and formally closing out remaining contracts and resources

The closure stage typically involves conducting a post-project review to capture lessons learned, along with formally closing out remaining contracts, resources and administrative matters, bringing the project to a clean and complete end. Defining objectives and securing initial approval belongs to the earlier initiation stage, not closure. Detailed task-level scheduling is a planning-stage activity, and carrying out day-to-day work to produce deliverables is the substance of the execution stage, both of which occur well before closure.

Section C, Closure stage activities · Ref C1b · e2128

Question 51: B Risk reduction, since having an alternative supplier reduces the likely impact if the original supplier fails to deliver

Qualifying an alternative supplier in advance is a risk reduction response - it reduces the likely impact on the project if the primary supplier fails to deliver, without eliminating the underlying risk entirely. This is not risk acceptance, since the team has taken active steps rather than doing nothing. It is not risk avoidance either, since the project still depends on a supplier - just with a backup in place rather than removing the need for one. There is no indication the alternative supplier has taken on legal liability for the project's success, so this is not risk transfer.

Section C, Risk response strategies · Ref C2b · e2130

Question 52: D Coordinating cross-departmental work is harder with no single role holding clear authority

In a purely functional structure, coordinating work that spans multiple departments can be genuinely harder, since there is no single role - such as a project manager - with clear cross-departmental authority over the project as a whole, leaving coordination to depend on ad hoc cooperation between department heads. This is a real limitation, not a strength, when compared with structures (such as a matrix or project-based structure) explicitly designed to coordinate cross-functional work. A purely functional structure still requires coordination between departments; it simply lacks a structural mechanism well suited to managing it for project work specifically, and it differs meaningfully from a dedicated project-based structure.

Section C, Functional versus matrix project structures · Ref C3a · e2132

Question 53: B Keep this stakeholder satisfied with periodic, high-level updates, without burdening them with excessive day-to-day detail they have little interest in

Common stakeholder mapping approaches suggest that a high-influence, low-interest stakeholder should generally be kept satisfied through periodic, high-level updates - enough to maintain their support without overwhelming them with day-to-day detail they have little appetite for. Providing them with the most frequent, detailed updates would likely be a poor use of effort given their actual interest level, and ignoring a high-influence stakeholder entirely would be a significant risk given the influence they hold over project success. Treating every stakeholder identically ignores the genuinely different engagement approaches that interest and influence levels call for.

Section C, Stakeholder mapping by interest and influence · Ref C3c · e2134

Question 54: C New risks can emerge and existing risks can change in likelihood or impact as the project progresses, so ongoing review keeps the risk picture current

New risks can emerge as a project unfolds, and the likelihood or potential impact of existing risks can change with circumstances, so ongoing monitoring throughout the life cycle keeps the project's risk picture current and allows timely responses, rather than relying on a single, increasingly outdated assessment from the outset. Risks are not fixed in likelihood or impact once identified - they evolve. They are also not automatically resolved simply because time has passed, and assessing risk only at completion would be far too late to actually manage anything proactively, offering none of the benefit of ongoing monitoring.

Section C, Monitoring risk throughout the project · Ref C2b · e2139

Question 55: D Clearer authority and focus, since members report solely to the project, avoiding dual reporting

A key advantage of a fully project-based structure is clearer lines of authority and focus - since team members report solely to the project rather than splitting attention between project and functional demands, it avoids the competing-priorities problem that can arise under a matrix structure's dual reporting lines. Team members still typically bring functional expertise into the project; the structure does not remove the need for that expertise, just the divided reporting line. There is no guarantee this structure always delivers faster - many other factors affect project speed - and a project manager remains a key role even when the team is fully dedicated, providing the leadership and coordination the structure depends on.

Section C, Project-based organisational structure · Ref C3a · e2140

Question 56: C Building commitment can be harder when loyalty sits elsewhere, needing influence over formal authority

When team members are seconded from other departments and retain a primary reporting line elsewhere, building genuine commitment and motivation to the project can be more difficult, since the project manager typically lacks the full formal authority a direct line manager would have, requiring greater reliance on influence, relationship-building and demonstrating the project's value to secure real engagement. The challenge is fundamentally about commitment and authority, not administration - timesheet mechanics are trivial by comparison. The project manager's authority is limited to the project itself and does not extend into each member's home role, which remains with their line manager. And secondees cannot be assumed to be more committed than permanent staff - even where secondment is a development opportunity, their loyalty, appraisal and career progression usually still sit with the home department.

Section C, Leading and motivating project team members across functions · Ref C3c · e2143

Question 57: D Assess the impact on time, cost and quality, then formally agree any necessary changes to the objectives with the sponsor through a change control process

The appropriate response is to assess how the requested scope increase would affect time, cost and quality, then formally agree any resulting changes to the objectives with the sponsor through a change control process - this keeps the project's objectives realistic and properly authorised as scope evolves. Implementing the change immediately without assessing impact risks unintended consequences for the other objectives. Objectives can be revised through proper governance; they are not permanently fixed from the outset. The sponsor, as the project's senior authority, is generally entitled to request and approve such changes, rather than this being solely the original project team's decision to ignore or accept unilaterally.

Section C, Revising objectives through change control · Ref C1a · e2144

Question 58: A A simple Gantt chart or task list may be sufficient, without necessarily requiring more complex network analysis techniques

For a small, simple project with straightforward, sequential tasks and no significant dependencies to model, a simple Gantt chart or task list is often a proportionate level of planning detail, without necessarily needing the added complexity of full network analysis, which adds most value when dependencies are numerous and significant. Insisting that full critical path analysis is always required, regardless of project complexity, would be a disproportionate use of effort for a genuinely simple project. Using no planning tool at all would still leave the project lacking basic structure, and planning tools are useful across projects of varying sizes and complexity levels, not reserved exclusively for the largest ones.

Section C, Selecting tools for project complexity · Ref C2a · e2145

Question 59: C A more dedicated, project-based arrangement may better support fast decision-making and focus than a matrix structure with competing functional demands

For a short, highly time-critical project needing fast decisions and minimal competing demands, a more dedicated, project-based arrangement - where team members are not also juggling functional responsibilities - may better support the speed and focus required, compared with a matrix structure where competing functional demands can slow decisions down. Claiming structural choice has no bearing on decision speed overlooks a genuine, practical effect of how a project is organised. A purely functional structure, lacking dedicated project roles altogether, would not generally suit a fast-moving, dedicated effort either, and always defaulting to a matrix structure regardless of the specific time pressures involved ignores the very structural trade-offs this scenario is designed to highlight.

Section C, Choosing a structure to fit project needs · Ref C3a · e2147

Question 60: B Lessons learned can inform how future projects are planned and managed, helping the organisation improve its project delivery capability over time

Capturing lessons learned at closure can inform how future projects - even quite different ones - are planned and managed, helping the wider organisation build its project delivery capability over time, rather than each project repeating the same avoidable mistakes in isolation. Limiting relevance to an identical future project with the same team is far narrower than the genuine, broader organisational value lessons learned can provide. The value of capturing lessons does not disappear once a project is closed - quite the opposite, since closure is precisely when this reflection is captured for future use. Sharing lessons learned more widely, beyond the immediate project team, is generally what allows the organisation as a whole to benefit from them.

Section C, Lessons learned and organisational benefit · Ref C1b · e2150