

Domain 3 of 3

# Overview

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The Business Environment domain accounts for 8% of the PMP exam and focuses on the connection between projects and organizational strategy. It covers benefits realization, organizational change, and compliance.

This domain tests your ability to align project outcomes with business objectives and ensure that the project delivers lasting value to the organization.

## Strategic Alignment

- Business case: justification for the project, cost-benefit analysis, ROI
- Benefits realization management: planning, executing, and sustaining benefits
- OPM (Organizational Project Management): portfolio, program, and project alignment
- Project selection methods: NPV, IRR, payback period, scoring models
- Organizational change management: ADKAR model, Kotter's 8-step process

■ **Exam Tip:** NPV > 0 means the project adds value. When choosing between projects, select the one with the highest NPV. If NPV is equal, consider IRR, payback period, and strategic fit.

## Governance and Compliance

- Project governance: decision rights, accountability, oversight structures
- Regulatory compliance: legal requirements, industry standards, audits
- Organizational policies: PMO role, project management standards, templates
- Lessons learned: capturing, storing, and applying knowledge from past projects
- Continuous improvement: retrospectives, process improvement, Kaizen

## Agile and Hybrid Environments

- Agile manifesto: 4 values and 12 principles — know them well
- Scrum framework: roles (PO, SM, Dev Team), events (Sprint, Daily, Review, Retro)
- Kanban: visualize workflow, limit WIP, manage flow, continuous delivery
- SAFe (Scaled Agile Framework): PI Planning, ARTs, value streams
- Hybrid approaches: combining predictive planning with agile execution

■ **Exam Tip:** The PMP exam is approximately 50% agile/hybrid. Know the Scrum framework thoroughly: the Product Owner owns the backlog, the Scrum Master removes impediments, the Development Team self-organizes.