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PRACTICE QUESTIONS

Product Development and Management Association (PDMA)

NPDP

New Product Development Professional Certification (English)

EDITION	QUESTIONS	ISSUED
Demo	9	September 3, 2026

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Before you begin

What this is

9 practice questions for Product Development and Management Association (PDMA) `NPDP`, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

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QUESTION 1 SINGLE CHOICE

A consumer electronics company is choosing between two strategic platforms for the next five years: Platform A focuses on incremental improvements to existing audio devices, while Platform B explores emerging augmented reality (AR) wearable technology with significant market uncertainty. The company wants to balance short-term revenue with long-term market positioning. Which product innovation strategy best describes Platform B in the context of a balanced portfolio?

- A A platform-driven strategy
- **B A discontinuous innovation strategy**
- C A sustaining innovation strategy
- D A defensive innovation strategy

ANSWER B

WHY Discontinuous innovation involves significant technological or market shifts that create new markets or value networks, typically with high uncertainty—matching Platform B's AR wearables. Platform A represents sustaining (incremental) innovation. PDMA distinguishes sustaining from discontinuous strategies, and a balanced portfolio typically combines the two to manage risk and growth.

QUESTION 2 SINGLE CHOICE

A portfolio manager is reviewing a portfolio of 30 active projects and needs a method that visually maps each project on a single matrix based on two strategic dimensions, such as market attractiveness and competitive strength, to support prioritization decisions. Which portfolio management tool is most appropriate?

- A Stage-Gate funnel chart
- B Pugh matrix
- C **GE/McKinsey nine-box matrix**
- D Net Present Value (NPV) waterfall

ANSWER C

WHY The GE/McKinsey nine-box matrix is a two-dimensional portfolio tool that maps projects against strategic axes (e.g., market attractiveness and competitive strength) to inform investment prioritization. The Pugh matrix is used for concept selection, the stage-gate funnel shows project throughput, and NPV is a financial metric, not a visual portfolio map.

QUESTION 3 SINGLE CHOICE

During the Discovery stage of a Stage-Gate process, a cross-functional team is asked to define the initial product concept, identify target customers, and assess preliminary market opportunity before any development resources are committed. What is the primary purpose of the Gate that follows the Discovery stage?

- A To freeze the product's specifications so engineering can begin detailed design
- B To approve the product's launch budget and sales forecasts
- C **To decide whether the project should proceed to the next stage based on defined criteria**
- D To conduct post-launch performance reviews against the original business case

ANSWER C

WHY In the Stage-Gate framework, a Gate is a go/kill/recycle decision point at which leadership reviews defined criteria (strategic fit, technical feasibility, market opportunity, etc.) and decides whether the project proceeds, is recycled for further work, or is killed. Freezing specifications, approving launch budgets, and post-launch reviews are activities of later stages or gates, not the Gate following Discovery.

QUESTION 4 SINGLE CHOICE

An organization wants to embed innovation into its daily operations so that ideas are continuously generated, evaluated, and progressed by employees across functions—not only by a centralized R&D group. Which organizational approach best supports this outcome?

- A Consolidating all innovation activity within a single dedicated New Product Department
- B **Creating a distributed innovation culture supported by cross-functional collaboration and internal idea systems**
- C Outsourcing ideation to an external innovation consultancy
- D Limiting idea submissions to senior managers during an annual planning cycle

ANSWER **B**

WHY PDMA emphasizes that a sustainable innovative culture is distributed across the organization, enabled by cross-functional teams, leadership support, and structured idea management systems. Centralizing in one department, outsourcing, or restricting participation to senior leaders all reduce engagement and weaken culture.

QUESTION 5 SINGLE CHOICE

A team is gathering secondary data from industry analyst reports, published market size estimates, and competitor financial filings to size the opportunity for a new product category before commissioning any primary research. What type of research is the team performing?

- A Qualitative primary research
- B Quantitative primary research
- C **Secondary research**
- D Concept testing

ANSWER **C**

WHY Secondary research uses data that already exists—analyst reports, published market data, prior studies, financial filings—rather than newly collected data. Qualitative and quantitative primary research involve collecting new data directly from respondents, and concept testing is a specific primary-research technique used later to evaluate specific concepts.

QUESTION 6 SINGLE CHOICE

A strategy team is using a structured analysis to evaluate the strengths, weaknesses, opportunities, and threats related to a proposed new product line, considering internal capabilities and external market conditions. Which strategic tool is the team applying?

- A **SWOT analysis**
- B PEST analysis
- C Porter's Five Forces analysis
- D BCG growth-share matrix

ANSWER **A**

WHY SWOT analysis explicitly examines internal Strengths and Weaknesses alongside external Opportunities and Threats, making it the standard tool for this combined internal/external view. PEST focuses only on macro-environmental factors, Porter's Five Forces analyzes industry structure/competitive forces, and the BCG matrix is a portfolio tool based on market growth and relative share.

QUESTION 7 SINGLE CHOICE

A new product has been in the market for 18 months and sales have plateaued while competitors have introduced improved alternatives; profits are beginning to decline. According to the typical product life cycle, in which phase is this product?

- A Introduction
- B Growth
- C Maturity
- D **Decline**

ANSWER **D**

WHY In the decline phase, sales peak has passed and are falling as substitutes, alternative technologies, or shifting customer preferences erode demand, and profits decline as price competition intensifies. Maturity is characterized by stable, high sales volume with intense competition but not yet falling sales; growth shows rapidly rising sales; introduction shows low awareness and uptake.

QUESTION 8 SINGLE CHOICE

A finance partner is evaluating a new product investment and has calculated that, using the firm's required hurdle rate, the discounted future cash inflows exceed the initial investment by $4.2 million. Which metric does this result represent?

- A **Net Present Value (NPV)**
- B Internal Rate of Return (IRR)
- C Payback period
- D Return on Investment (ROI)

ANSWER **A**

WHY Net Present Value (NPV) is the sum of discounted future cash flows minus the initial investment; a positive NPV of $4.2M indicates the project is expected to create value above the hurdle rate. IRR is the discount rate that makes NPV zero, payback measures time to recover the investment, and ROI is a simple percentage return without discounting.

QUESTION 9 SINGLE CHOICE

An executive team is creating a three-to-five-year innovation charter. According to PDMA best practice, which element is LEAST likely to be included in a formal innovation charter?

- A Areas of strategic focus for new product development
- B **Specific financial targets (NPV, ROI, payback) for individual projects**
- C Goals and objectives for the innovation effort
- D Scope of the innovation effort including boundaries and focus areas

ANSWER **B**

WHY An innovation charter defines the strategic intent, focus areas, goals, and scope of the innovation effort, but it does not specify financial targets for individual projects. Financial targets (NPV, ROI, payback, hurdle rate) belong to project evaluation and screening tools, not the charter itself.