Business Environment

Project Management Professional (PMP) certification exam

8 tasks · PMI Examination Content Outline (July 2026)

Business Environment connects the project to the organisation and the world around it: governance and escalation, compliance, change control, issues and impediments, risk, continuous improvement, organisational change and shifts in the market, technology or regulation. The exam presents situations such as a new regulation announced mid-project, a stakeholder asking for a change in a corridor conversation, a risk that has just happened, a blocker the team cannot clear or a culture that resists the new system, and asks what the project manager should do. Strong answers use the governance the project set up (the change control process, the risk register, escalation thresholds), assess impact before acting, and keep the business case and stakeholder value in view. The 2026 themes appear here often: AI tools and data privacy as compliance and risk matters, and sustainability as a requirement, a risk and a success measure.

You should be able to: Given a change request, a risk that has occurred, a new regulation or a stubborn blocker, can you say which governance mechanism applies, what you would assess first, and who decides?

Every task: the key point, the two approaches and the trap

BUS.1 Set up the project's governance: structure, rules, success measures and escalation

Project governance is the framework of structure, roles, rules and decision rights that directs and oversees the project: who sponsors it, who decides what, how decisions are recorded and how the project reports upward.

Predictive: Governance is formal: a steering committee, phase gates with go or no-go decisions, defined tolerances and a change control board, with regular reports against baselines.

Agile: Governance is lighter and built on transparency: frequent reviews of working product, the product owner's authority over the backlog, and agreed guardrails (budget per quarter, outcome goals) instead of detailed approvals.

Trap: Escalating every decision to the sponsor or steering committee, or making decisions above your authority; follow the agreed thresholds and escalate when a tolerance is breached or forecast to be breached.

BUS.2 Know the compliance rules the project must meet, and stay within them

Confirm compliance requirements early with the people who know them (legal, compliance, security, health and safety, sustainability officers): laws and regulations, industry standards, contractual obligations, internal policies and certifications.

Predictive: Compliance requirements are captured in requirements and quality plans, built into the baseline and checked at inspections, audits and phase gates.

Agile: Compliance requirements become backlog items, acceptance criteria and part of the Definition of Done, so every increment is compliant rather than fixed at the end.

Trap: Treating a compliance requirement as a negotiable scope item to trade against schedule, or quietly fixing a breach without reporting it; compliance is mandatory, and gaps are reported through governance.

BUS.3 Run changes through change control and update the plans when they are approved

In predictive work, every change to the baselines (scope, schedule, cost) or other controlled items goes through integrated change control: the request is logged, its impact on scope, schedule, cost, quality, risk and resources is analysed, and the authorised body (the sponsor or a change control board) approves or rejects it.

Predictive: Changes follow integrated change control: logged, analysed for impact, decided by the change control board or sponsor, then implemented and reflected in updated baselines.

Agile: Changes enter the product backlog and are prioritised by the product owner for future iterations; the team protects the current sprint goal, and governance is involved only for changes beyond agreed guardrails.

Trap: Implementing a requested change immediately because it seems small or the requester is senior, or refusing it outright; analyse the impact, then let the authorised body decide, and implement only what is approved.

BUS.4 Clear blockers for the team and resolve issues with the people involved

An impediment (or blocker) is anything slowing or stopping the team: a missing decision, a dependency on another team, an environment that is down, unclear requirements, a policy obstacle; evaluate its impact on the sprint goal, critical path or value delivered.

Predictive: Issues are recorded in the issue log with owners and due dates, reviewed in status meetings, and resolved by the project manager or escalated through governance.

Agile: The agile lead removes impediments raised at stand-ups and on the board so the team can keep its focus; the team solves what it can itself, and recurring impediments are tackled in retrospectives.

Trap: Telling the team to work around a blocker on their own, or escalating straight to the sponsor before trying to remove it; the project manager acts to remove impediments within reach and escalates only what is truly beyond them.

BUS.5 Plan for risk, keep the register current and carry out the responses

Start with a risk management plan that sets the methodology, roles, budget and time for risk work, risk categories (often a risk breakdown structure), probability and impact definitions, the probability and impact matrix, thresholds and the organisation's risk appetite.

Predictive: Risk management is planned up front, with a full risk register, qualitative and quantitative analysis, and reserves sized from the analysis; risks are reviewed at set intervals and phase gates.

Agile: Risk is reduced through short iterations, frequent feedback and tackling the riskiest work first; risks are discussed in planning, stand-ups and retrospectives and kept on a visible risk board or in the backlog.

Trap: Waiting until a risk occurs to plan a response, or treating every risk as a threat; risks are identified and responded to in advance, opportunities are managed too, and an occurred risk is an issue handled with the planned response.

BUS.6 Use lessons learned to improve how the work is done

Use lessons learned from the start: review the organisation's lessons learned repository and similar projects' records while planning, not just at closure, and apply what worked and avoid what failed.

Predictive: Lessons are recorded in a register during the project, reviewed at phase gates and closure, and fed into the organisation's process assets for future projects.

Agile: Retrospectives every iteration give the team a regular, small improvement cycle; improvements are applied straight away and their effect is checked at the next retrospective.

Trap: Treating lessons learned as a closing-only document, or recording lessons without changing anything; lessons are used during planning and execution and turned into updated processes and assets.

BUS.7 Read the organisation's culture and support the change the project brings

Assess the organisation's culture before and during the project: values, decision-making style, attitude to risk and change, hierarchy, how much autonomy teams have and history with past changes; surveys, interviews and observation help.

Predictive: Organisational change management is planned as part of the project, with readiness assessments, training and communication timed to the go-live and transition.

Agile: Change happens in small, frequent steps as increments reach users; early adopters and feedback loops help the organisation adjust gradually, and the team adapts to what it learns about the culture.

Trap: Assuming people will adopt the change once the product is delivered, or labelling resistance as a people problem to push through; assess the culture, understand the concerns and plan for adoption.

BUS.8 Watch the outside world for changes that affect the project's scope or backlog

Survey the external environment regularly for changes that could affect the project: regulations and standards, technology (including AI capabilities and rules on their use), geopolitical events and trade, markets and competitors, economic conditions, and environmental and social expectations; a PESTLE scan structures this.

Predictive: External changes are assessed for their impact on the baselines and handled through risk management and formal change control, often at scheduled reviews and phase gates.

Agile: External changes feed directly into backlog refinement; the product owner re-prioritises so the next increments respond to the new conditions, often within one or two iterations.

Trap: Ignoring an external change because it is outside the original scope, or changing scope directly without assessment; evaluate the impact and act through change control or backlog prioritisation.

Key terms

Project governance: The framework of roles, rules, decision rights and oversight that directs and controls a project.

Organisational process assets (OPAs): The organisation's own policies, procedures, templates and historical records that a project uses and updates.

Escalation threshold: An agreed limit (for example a cost or schedule variance) beyond which a decision moves to a higher authority.

Change control board: The group authorised to review, approve, defer or reject requested changes to project baselines.

Change log: A record of all change requests and their status and decisions.

Issue log: A record of current problems with their owners, actions and due dates, tracked to resolution.

Risk register: The record of identified risks with their analysis, owners, responses, triggers and status.

Expected monetary value (EMV): Probability multiplied by impact, used to compare risks and size contingency; threats negative, opportunities positive.

Residual risk: The risk that remains after a response has been carried out.

Secondary risk: A new risk created by carrying out a risk response.

Retrospective: A regular team meeting to review how the last iteration went and agree improvements to try next.

PESTLE: A scan of political, economic, social, technological, legal and environmental factors outside the project.

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