Exam

Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

1)

The three primary reasons that people become entrepreneurs and start their own firms are to:

1)

\_\_\_\_\_\_\_

A)

take big risks, be their own boss, and do what they were "born" to do

B)

do what they were "born" to do, be their own boss, and gain prestige

C)

be their own boss, pursue their own ideas, and realize financial rewards

D)

gain prestige, realize financial rewards, and eliminate risk in their lives

E)

take advantage of government subsidies, pursue their own ideas, and realize financial rewards

Answer:

C

Page Ref: 7

2)

According to the textbook, the four characteristics of successful entrepreneurs are:

2)

\_\_\_\_\_\_\_

A)

passion for the business, seeks recognition, young and energetic, and execution intelligence

B)

passion for the business, tenacity despite failure, product/customer focus, and execution intelligence

C)

young and energetic, passion for the business, product/customer focus, and seeks recognition

D)

on the cutting edge of technological change, forward thinking, tenacity despite failure, and product/customer focus

E)

passion for the business, on the cutting edge of technological change, very charismatic, and tenacity despite failure

Answer:

B

Page Ref: 9

3)

The number one characteristic shared by successful entrepreneurs is:

3)

\_\_\_\_\_\_\_

A)

passion for the business

B)

a desire to achieve financial rewards

C)

a desire to employ other people

D)

a desire to bring a revolutionary new product or service to market

E)

a desire to fulfill a lifetime dream

Answer:

A

Page Ref: 9

4)

Chad and Allison Druxman launched a firm several years ago and have been particularly successful in introducing new products to the marketplace. One thing that Chad and Allison are particularly good at is translating their thoughts, creativity, and imaginations into products that reach the marketplace. The ability to make this happen is most closely related to which of the following characteristics of successful entrepreneurs?

4)

\_\_\_\_\_\_\_

A)

tenacity despite failure

B)

a desire for recognition

C)

execution intelligence

D)

passion for the business

E)

product/market focus

Answer:

C

Page Ref: 13

5)

According to the textbook, entrepreneurs are:

5)

\_\_\_\_\_\_\_

A)

forceful risk takers

B)

minimal risk takers

C)

gamblers

D)

aggressive risk takers

E)

moderate risk takers

Answer:

E

Page Ref: 16

6)

\_\_\_\_\_\_\_\_ is the process of creating something new, which is central to the entrepreneurial process.

6)

\_\_\_\_\_\_\_

A)

Execution

B)

Creativity

C)

Innovation

D)

Modernism

E)

Creative destruction

Answer:

C

Page Ref: 21

7)

A firm's \_\_\_\_\_\_\_\_ is a plan for how it competes, uses its resources, structures its relationships, interfaces with customers, and creates value to sustain itself on the basis of the value it creates.

7)

\_\_\_\_\_\_\_

A)

business plan

B)

operations model

C)

strategic plan

D)

business model

E)

tactical model

Answer:

D

Page Ref: 25

8)

An opportunity has four essential qualities:

8)

\_\_\_\_\_\_\_

A)

attractive, timely, durable, and anchored in a product, service, or business that creates or adds value for its buyer or end user

B)

practical, opportune, appropriate, and anchored in a product, service, or business that is efficient and effective

C)

attention-getting, attractive, timely, and anchored in a product, service, or business that creates or adds value for its buyer or end user

D)

attractive, durable, resilient, and opportune

E)

realistic, striking, timely, and anchored in a product, service, or business that is timely

Answer:

A

Page Ref: 43

9)

Shelly Ford is starting a fashion boutique in an upscale mall near San Antonio. She wants to open her store during the time period in which a business like hers can realistically enter the new market. Shelly is trying to open her business while the \_\_\_\_\_\_\_\_ is open.

9)

\_\_\_\_\_\_\_

A)

window of opportunity

B)

portal of entry

C)

doorway of opportunity

D)

safety zone

E)

safe harbor

Answer:

A

Page Ref: 43

10)

The three ways to identify an opportunity include:

10)

\_\_\_\_\_\_

A)

observing trends, solving a problem, and finding gaps in the marketplace

B)

reading books, solving a problem, and findings gaps in the marketplace

C)

observing trends, talking to consumers, and finding gaps in the marketplace

D)

studying industry trade journals, talking to consumers, and solving a problem

E)

observing trends, conducting brainstorming sessions, and studying industry trade journals

Answer:

A

Page Ref: 44

11)

Clothing boutiques and specialty shops often start because there is a need for a particular product but large retailers like Wal-Mart and Costco can't sell enough of the item to stock it on their shelves. If a clothing boutique started to sell designer clothes or clothing for hard-to-fit people because the clothing wasn't being offered by a larger retailer, the best way to describe how that idea was recognized is:

11)

\_\_\_\_\_\_

A)

talking to consumers

B)

brainstorming

C)

solving a problem

D)

finding a gap in the marketplace

E)

observing trends

Answer:

D

Page Ref: 53

12)

A common way that gaps in the marketplace are recognized is:

12)

\_\_\_\_\_\_

A)

when people become frustrated because they can't find a product or service that they need and recognize that other people feel the same way

B)

by observing changing environmental trends

C)

via combined focus groups and brainstorming sessions

D)

by recognizing problems that need to be solved

E)

via studying industry reports

Answer:

A

Page Ref: 54

13)

\_\_\_\_\_\_\_\_ are characterized by frequent interactions that form between coworkers, friends, and spouses.

13)

\_\_\_\_\_\_

A)

Lateral-tie relationships

B)

Balanced relationships

C)

Strong-tie relationships

D)

Weak-tie relationships

E)

Moderate-tie relationships

Answer:

C

Page Ref: 57

14)

Alex has a number of casual acquaintances that he interacts with infrequently. The relationships that Alex has with these people are referred to as:

14)

\_\_\_\_\_\_

A)

weak-tie relationships

B)

strong-tie relationships

C)

multiple-tie relationships

D)

moderate-tie relationships

E)

lateral-tie relationships

Answer:

A

Page Ref: 57

15)

According to research in this area, it is more likely that an entrepreneur will get a new business idea through a \_\_\_\_\_\_\_\_ relationship than the alternatives.

15)

\_\_\_\_\_\_

A)

lateral-tie

B)

moderate-tie

C)

strong-tie

D)

weak-tie

E)

vertical-tie

Answer:

D

Page Ref: 57

16)

According to the textbook, which is the proper sequence of events in developing successful business ideas?

16)

\_\_\_\_\_\_

A)

development of a business plan, opportunity recognition, feasibility analysis

B)

development of a business plan, feasibility analysis, opportunity recognition

C)

feasibility analysis, opportunity recognition, development of a business plan

D)

opportunity recognition, feasibility analysis, development of a business plan

E)

feasibility analysis, development of a business plan, opportunity recognition

Answer:

D

Page Ref: 79

17)

\_\_\_\_\_\_\_\_ is the process of determining whether a business idea is viable.

17)

\_\_\_\_\_\_

A)

Opportunity recognition

B)

Achievability analysis

C)

Scenario analysis

D)

Feasibility analysis

E)

Viability analysis

Answer:

D

Page Ref: 79

18)

Does it make sense? Is it reasonable? Is it something consumers will get excited about? Does it take advantage of an environmental trend, solve a problem, or fill a gap in the marketplace? These are the types of questions asked during the \_\_\_\_\_\_\_\_ component of a complete feasibility analysis.

18)

\_\_\_\_\_\_

A)

financial feasibility

B)

industry/target market feasibility

C)

concept feasibility

D)

product/service feasibility

E)

organizational feasibility

Answer:

D

Page Ref: 81

19)

A(n) \_\_\_\_\_\_\_\_ involves showing a preliminary description of a product or service idea to prospective customers to gauge customer interest, desirability, and purchase intent.

19)

\_\_\_\_\_\_

A)

impression test

B)

idea test

C)

product/service statement

D)

idea prospectus

E)

concept test

Answer:

E

Page Ref: 82

20)

A(n) \_\_\_\_\_\_\_\_ is a group of firms producing a similar product or service. A firm's \_\_\_\_\_\_\_\_ is the limited portion of the industry that it goes after or to which it wants to appeal.

20)

\_\_\_\_\_\_

A)

trade group, industry

B)

target market, industry

C)

industry, trade group

D)

competitive group, target market

E)

industry, target market

Answer:

E

Page Ref: 88

21)

The two components of industry/target market feasibility analysis are:

21)

\_\_\_\_\_\_

A)

industry attractiveness and target market attractiveness

B)

industry status and target market status

C)

industry evolution and target market attractiveness

D)

industry attractiveness and product/service demand

E)

industry sufficiency and target market demand

Answer:

A

Page Ref: 88

22)

\_\_\_\_\_\_\_\_ is conducted to determine whether a proposed business has sufficient management expertise, organizational competence, and resources to successfully launch its business.

22)

\_\_\_\_\_\_

A)

Industry/market feasibility analysis

B)

Financial feasibility analysis

C)

Institutional feasibility analysis

D)

Product/service feasibility analysis

E)

Organizational feasibility analysis

Answer:

E

Page Ref: 91

23)

The two primary issues to consider in organizational feasibility analysis are:

23)

\_\_\_\_\_\_

A)

target market attractiveness and financial rate of return

B)

concept testing and financial rate of return

C)

management prowess and resource sufficiency

D)

industry attractiveness and overall attractiveness of the investment

E)

capital requirements and industry attractiveness

Answer:

C

Page Ref: 91

24)

The most important issues to consider in financial feasibility analysis are:

24)

\_\_\_\_\_\_

A)

target market attractiveness, resource sufficiency, and product/service demand

B)

total startup cash needed, management prowess, and product/service demand

C)

concept testing, total startup cash needed, and financial performance of similar businesses

D)

resource sufficiency, industry attractiveness, and total startup cash needed

E)

total startup cash needed, financial performance of similar businesses, and the overall financial attractiveness of the proposed venture

Answer:

E

Page Ref: 93

25)

Which of the following factors is a positive as it pertains to the financial feasibility of a business venture?

25)

\_\_\_\_\_\_

A)

absence of an existing opportunity for investors to convert equity into cash

B)

inconsistent and slow growth in sales during the first five to seven years in a clearly defined market niche

C)

inability to forecast income and expenses with a reasonable degree of accuracy

D)

reliance on externally generated funds to finance and sustain growth

E)

high percentage of recurring revenue

Answer:

E

Page Ref: 95

26)

According to the textbook, a business plan is best described as a(n):

26)

\_\_\_\_\_\_

A)

contract

B)

narrative description of a new business

C)

budget

D)

agreement

E)

marketing initiative

Answer:

B

Page Ref: 112

27)

Which of the following is the main purpose for writing a business plan?

27)

\_\_\_\_\_\_

A)

The plan helps the company develop a "road map" to follow.

B)

The plan introduces potential investors and other stakeholders to the business opportunity.

C)

Both A and B are equally important.

D)

Neither A nor B captures the true purpose of a business plan.

E)

Reason A is the most important for experienced entrepreneurs and reason B is the most important for inexperienced entrepreneurs.

Answer:

C

Page Ref: 112

28)

A business plan is important for two reasons: it forces the founding team to systematically think through every aspect of their new venture and:

28)

\_\_\_\_\_\_

A)

it communicates the merits of a new venture to outsiders, such as investors and bankers

B)

it is a public relations document that can be used to promote the firm

C)

it is a contract that is signed by the founders of the firm

D)

it is a financial analysis

E)

it is a budget

Answer:

A

Page Ref: 113

29)

The \_\_\_\_\_\_\_\_ is a short overview of the entire business plan.

29)

\_\_\_\_\_\_

A)

abstract

B)

summary statement

C)

founder's introduction

D)

managerial review

E)

executive summary

Answer:

E

Page Ref: 122

30)

Paul Hempken just spoke to an investor, who is interested in his business idea. Paul offered to send the investor a copy of his full business plan, but the investor asked for a short overview of the business plan instead. What portion of his business plan should Paul send the investor?

30)

\_\_\_\_\_\_

A)

elevator pitch

B)

executive summary

C)

marketing plan

D)

operations plan

E)

company description

Answer:

B

Page Ref: 122

31)

A(n) \_\_\_\_\_\_\_\_ describes why a company exists and what it aspires to become.

31)

\_\_\_\_\_\_

A)

operations statement

B)

tactical statement

C)

values statement

D)

mission statement

E)

strategic statement

Answer:

D

Page Ref: 123

32)

According to the textbook, many investors and others who read business plans look first at the executive summary and then go directly to the \_\_\_\_\_\_\_\_ section of the business plan to make their preliminary assessment.

32)

\_\_\_\_\_\_

A)

marketing plan

B)

product (or service) design and development plan

C)

management team and company structure

D)

industry analysis

E)

operations plan

Answer:

C

Page Ref: 129

33)

The document that lays out specifically how much money a firm needs, where the money will come from, and what the money will be used for is referred to as a(n):

33)

\_\_\_\_\_\_

A)

capital and operational budgeting statement

B)

sources and uses of funds statement

C)

credit and debit statement

D)

assumptions sheet

E)

pro forma financial statement

Answer:

B

Page Ref: 131

34)

Jeremy Banks recently started a new firm in the financial services industry. Prior to starting his firm, he spent considerable time doing research on the potential of the industry. The research that Jeremy was doing is called:

34)

\_\_\_\_\_\_

A)

target market analysis

B)

industry analysis

C)

commercial analysis

D)

sector analysis

E)

business analysis

Answer:

B

Page Ref: 148

35)

Once a firm decides to enter an industry and chooses a market in which to compete, it must gain an understanding of its competitive environment. This challenge can be undertaken by completing a(n):

35)

\_\_\_\_\_\_

A)

competitor analysis

B)

business analysis

C)

strategic analysis

D)

market analysis

E)

industry analysis

Answer:

A

Page Ref: 149

36)

According to the textbook, how do well-managed firms respond to the five-forces that determine industry profitability?

36)

\_\_\_\_\_\_

A)

They try to position their firms in a way that avoids or diminishes the forces.

B)

They ignore the forces.

C)

They focus on one force intently and excel by overcoming that force.

D)

They overcome each of the forces.

E)

They switch industries if the forces are too compelling.

Answer:

A

Page Ref: 152

37)

In general, industries are more attractive when:

37)

\_\_\_\_\_\_

A)

the threat of each of the five forces is high

B)

the majority of the threats are high

C)

the majority of the threats are low

D)

the threat of each of the forces is neutralneither low nor high

E)

the threat of each of the five forces is low

Answer:

E

Page Ref: 152

38)

The price of prescription medicine is high, partly because when someone is sick there is no real alternative to buying medicine if they want to get better. Which of Porter's five forces explains how this aspect of the prescription medicine industry helps keep profitability high?

38)

\_\_\_\_\_\_

A)

bargaining power of suppliers

B)

threat of new entrants

C)

rivalry among existing firms

D)

bargaining power of buyers

E)

threat of substitutes

Answer:

E

Page Ref: 152

39)

Which of Porter's five forces is most directly influenced by the following factors: number and balance of competitors, degree of difference between products, growth rate of an industry, and level of fixed costs?

39)

\_\_\_\_\_\_

A)

rivalry among existing firms

B)

bargaining power of suppliers

C)

threat of substitutes

D)

bargaining power of buyers

E)

threat of new entrants

Answer:

A

Page Ref: 155

40)

John Petersen is thinking about starting a firm in the specialty chemical industry. In the industry analysis John has been conducting, one thing he has noticed is that the specialty chemical industry is characterized by the following factors: high supplier concentration, high switching costs for buyers when they switch from one supplier to another, and no attractive substitutes for the products that most of the suppliers provide. These factors concern John because they tell him that the profitability of the specialty chemical industry is suppressed by the:

40)

\_\_\_\_\_\_

A)

threat of substitutes

B)

bargaining power of buyers

C)

threat of new entrants

D)

rivalry among existing firms

E)

bargaining power of suppliers

Answer:

E

Page Ref: 157

41)

A(n) \_\_\_\_\_\_\_\_ industry is an industry that is experiencing slow or no increase in demand.

41)

\_\_\_\_\_\_

A)

mature

B)

declining

C)

fragmented

D)

emerging

E)

global

Answer:

A

Page Ref: 161

42)

Shelly James recently launched a firm in the fruit drink industry, and has already exported her fruit drinks to 9 different countries. One thing that Shelly's firm is doing is that it is varying the tastes of the fruit drinks it sells on a country by country basis to meet the demands of the local markets. Shelly's firm is pursuing a \_\_\_\_\_\_\_\_ strategy.

42)

\_\_\_\_\_\_

A)

global

B)

multidomestic

C)

universal

D)

contemporary

E)

home

Answer:

B

Page Ref: 163

43)

Katherine Chapman recently launched a firm in the clothing industry, targeting teens ages 13-17. One thing Katherine thinks she has accomplished is producing products that have universal appeal, so she will not vary her approach from country to country. Katherine is pursuing a \_\_\_\_\_\_\_\_ strategy.

43)

\_\_\_\_\_\_

A)

universal

B)

home

C)

multidomestic

D)

contemporary

E)

global

Answer:

E

Page Ref: 163

44)

Aquafina operates in the bottled water industry. The companies that offer identical or similar products and go after the same customers that Aquafina does are Dasani and Zephyrhills. Dasani and Zephyrhills are Aquafina's:

44)

\_\_\_\_\_\_

A)

future competitors

B)

potential competitors

C)

impending competitors

D)

indirect competitors

E)

direct competitors

Answer:

E

Page Ref: 164

45)

In the context of competitor analysis, \_\_\_\_\_\_\_\_ offer close substitutes to the product sold by the firm completing the analysis.

45)

\_\_\_\_\_\_

A)

impending competitors

B)

direct competitors

C)

potential competitors

D)

future competitors

E)

indirect competitors

Answer:

E

Page Ref: 164

46)

Amy has just launched a firm in the sports drink industry. She has decided to complete a grid to see how she stacks up against her competitors. Along the horizontal axis of the grid, she lists her firm along with her major competitors. Along the vertical axis of the grid, she lists the main competitive factors in her industry. Amy is completing a:

46)

\_\_\_\_\_\_

A)

tactical analysis framework

B)

strategic analysis grid

C)

competitive analysis grid

D)

strategic analysis spreadsheet

E)

behavioral analysis spreadsheet

Answer:

C

Page Ref: 167

47)

Catherine Smith has just finished writing a business plan for a startup in the medical products industry. She has now reached the point where she needs to develop a plan for how her firm will compete, use its resources, structure its relationships, interface with customers, and create value to sustain itself on the basis of the profits it earns. Jennifer needs to establish her firm's:

47)

\_\_\_\_\_\_

A)

business model

B)

business template

C)

feasibility plan

D)

operating plan

E)

tactical plan

Answer:

A

Page Ref: 180

48)

The \_\_\_\_\_\_\_\_ is the string of activities that moves a product from the raw material stage, through manufacturing and distribution, and ultimately to the end user.

48)

\_\_\_\_\_\_

A)

value chain

B)

consequence sequence

C)

meaning chain

D)

worth procession

E)

business chain

Answer:

A

Page Ref: 186

49)

According to the textbook, by studying a product's or service's value chain an organization can:

49)

\_\_\_\_\_\_

A)

determine if an attractive niche market is available

B)

determine if it is cost effective to manufacture the product or sell the service

C)

determine if its business plan needs to be revised

D)

identify ways to create additional value and assess whether it has the means to do so

E)

determine if a product or service will be successful in the marketplace

Answer:

D

Page Ref: 186

50)

Two fatal flaws can render a business model untenable from the beginning. These are:

50)

\_\_\_\_\_\_

A)

a complete misread of the customer and utterly unsound economics

B)

overemphasizing the importance of feasibility analysis and utterly unsound economics

C)

failure to complete a business plan and overemphasizing the importance of feasibility analysis

D)

failure to complete a business plan and failure to get funding

E)

failure to copy the industry leader's business plan and a complete misread of the customer

Answer:

A

Page Ref: 186

51)

The four components of a firm's business model are:

51)

\_\_\_\_\_\_

A)

marketing plan, operating plan, financial plan, and human resource plan

B)

marketing plan, core strategy, business plan, and customer interface

C)

core strategy, strategic resources, partnership network, and customer interface

D)

opportunity recognition, feasibility analysis, business plan, and human resource plan

E)

economic environment, social environment, technological environment, and legal-regulatory environment

Answer:

C

Page Ref: 189

52)

Steven Tanner is in the process of putting together the business model for his startup and is currently working on his mission statement, product/market scope, and basis for differentiation. Steven is working on the \_\_\_\_\_\_\_\_ component of his business model.

52)

\_\_\_\_\_\_

A)

customer interface

B)

strategic resources

C)

feasibility analysis

D)

core strategy

E)

partnership network

Answer:

D

Page Ref: 189

53)

Jared King is starting a firm in the electronic games industry. The firm will produce games similar to popular games on the market, but they won't be as sophisticated and will be priced at the low end of the market. Jared has chosen the generic strategy referred to as:

53)

\_\_\_\_\_\_

A)

differentiation

B)

cost differentiation

C)

quality plus

D)

cost leadership

E)

price reduction

Answer:

D

Page Ref: 192

54)

Kendra Johnson is starting a firm in the shoe industry. Her shoes will be very high quality and will be priced at the top end of the market. Kendra has chosen the generic strategy referred to as:

54)

\_\_\_\_\_\_

A)

differentiation

B)

competitive superiority

C)

value pricing

D)

quality plus

E)

separation

Answer:

A

Page Ref: 192

55)

Zappo's competence in customer service, Apple's competence in designing consumer products, and Netflix's competence in supply chain management are examples of \_\_\_\_\_\_\_\_, which serve as each of these respective firms' competitive advantage of their rivals.

55)

\_\_\_\_\_\_

A)

core competencies

B)

foundational attributes

C)

core elements

D)

foundational competencies

E)

distinguishing attributes

Answer:

A

Page Ref: 192

56)

In a business model context, the three components of a firm's partnership network are:

56)

\_\_\_\_\_\_

A)

business mission, partners, and strategic assets

B)

core competencies, suppliers, and target customer

C)

pricing structure, fulfillment and support, and target customer

D)

business mission, product/market scope, and basis for differentiation

E)

suppliers, partners, and other key relationships

Answer:

E

Page Ref: 194

57)

Which of the following is the most important thing that an entrepreneur, or team of entrepreneurs, can do to build a strong ethical culture in their organization?

57)

\_\_\_\_\_\_

A)

lead by example

B)

hire an ethics compliance officer

C)

write a mission statement

D)

write a code of conduct

E)

implement an ethics training program

Answer:

A

Page Ref: 217

58)

A(n) \_\_\_\_\_\_\_\_ is a written document that deals with issues such as the relative split of the equity among the founders of the firm, how individual founders will be compensated for the cash or the "sweat equity" they put into the firm, and how long the founder will have to remain with the firm for their shares to fully vest.

58)

\_\_\_\_\_\_

A)

originators' agreement

B)

creators' agreement

C)

entrepreneurs' agreement

D)

founders' agreement

E)

initiators' agreement

Answer:

D

Page Ref: 221

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

59)

Entrepreneurship is the process by which individuals pursue opportunities within the constraints of the resources they control.

59)

\_\_\_\_\_\_

Answer:

True



False

Page Ref: 6

60)

The number one characteristic shared by successful entrepreneurs is passion for the business.

60)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 9

61)

Entrepreneurs are usually moderate, rather than high, risk-takers.

61)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 16

62)

The three ways to identify an opportunity include observing trends, solving a problem, and finding gaps in the marketplace.

62)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 44

63)

Opportunity recognition may be an innate skill or cognitive process.

63)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 55

64)

It is more likely that an entrepreneur will get a new business idea through a strong-tie than a weak-tie relationship.

64)

\_\_\_\_\_\_

Answer:

True



False

Page Ref: 57

65)

Feasibility analysis is the process of determining if a business idea is viable.

65)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 79

66)

Product/service feasibility analysis is an assessment of the overall appeal of the product or service being proposed.

66)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 81

67)

There are two primary areas to consider in organizational feasibility analysis: management prowess and resource sufficiency.

67)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 91

68)

For most new ventures, the business plan is a dual-purpose document used both inside and outside the firm.

68)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 113

69)

For most business plans, 25 to 35 pages are sufficient.

69)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 117

70)

Fragmented industries are more receptive to new entrants than industries that are dominated by a handful of large firms.

70)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 122

71)

A sources and uses of funds statement is a document that lays out specifically how much money a firm needs, where the money will come from, and what the money will be used for.

71)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 128

72)

The five competitive forces model is a framework for understanding the structure of an industry.

72)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 152

73)

The best industry to enter is an industry where the threat of each of Porter's five-forces is low.

73)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 152

74)

A competitive analysis grid is a tool for organizing the information a firm collects about its competitors.

74)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 168

75)

Almost all firms partner with others to make their business models work.

75)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 180

76)

Two fatal flaws can render a business model untenable from the beginning: a complete misread of the customer and underutilization of the Internet.

76)

\_\_\_\_\_\_

Answer:

True



False

Page Ref: 187

77)

There is no standard business model that dictates how firms in a particular industry should compete.

77)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 181

78)

The four components of an effective business model include: core strategy, strategic resources, partnership network, and customer interface.

78)

\_\_\_\_\_\_

Answer:



True

False

Page Ref: 189

79)

Fortunately, if three of the four components of a firm's business model are in place, the firm has a high probability of success.

79)

\_\_\_\_\_\_

Answer:

True



False

Page Ref: 189

80)

The idea that it's important to get "everything in writing" in regard to business agreements causes unnecessary work and can lead to an erosion of trust between business partners.

80)

\_\_\_\_\_\_

Answer:

True



False

Page Ref: 225

**MATCHING. Choose the item in column 2 that best matches each item in column 1.**

51)

Column 1

a) entrepreneurship

b) opportunity recognition

c) feasability analysis

d) full business plan

e) industry analysis

f) core strategy

g) founders agreement

h) organizational feasability

i) sources & uses of funds

j) niche strategy

k) executive intelligence

l) opportunity gap

m) concept statement

n) executive summary

o) leadership strategy

p) multidomestic strategy

q) business concept blind spot

r) sustainable competitive advantage

s) founders agreement

t) code of conduct

Column 2

1) split of equity between founders

2) how a firm competes with competitors

3) industry potential

4) 25-35 pages - prepared for investor

5) is the business idea viable

6) possibility of profitable new business

7) individuals pursuing opportunities

8) sufficient management expertise

9) where the money will come from & what will it be used for

10) narrow segment of industry

11) moving an idea into a viable business

12) creating a business to solve a problem

13) preliminary description of a product/service

51)

\_\_\_\_\_\_

14) short summary of the entire business

15) become the dominant player in the industry 16) different products for different markets

17) prevents a firm from seeing an opportunity 18) strategy that is unique and not easy to copy 19) split of equity among founders

20) organization’s values on ethical issues

1)

C

2)

B

3)

A

4)

C

5)

E

6)

C

7)

D

8)

A

9)

A

10)

A

11)

D

12)

A

13)

C

14)

A

15)

D

16)

D

17)

D

18)

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19)

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20)

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21)

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72)

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73)

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74)

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75)

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76)

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77)

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78)

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79)

FALSE

80)

FALSE