

St. John's University/ISEG Program
Spring 2 -2015
Business Planning & Entrepreneurship
Review for final exam
Professor Tepfer

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

- 1) Raising factors beyond industry standards is part of 1) _____
A) waste of resources
B) idiocy
C) Red Ocean
D) flawed strategy
E) Blue Ocean
- 2) 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. 2) _____
A) worth procession
B) business chain
C) supply chain
D) consequence sequence
E) meaning chain
- 3) 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: 3) _____
A) commercial analysis
B) business analysis
C) target market analysis
D) sector analysis
E) industry analysis
- 4) The document that does the best job of introducing potential investors and other stakeholders with the business opportunity the firm is pursuing and how it plans to pursue it is the: 4) _____
A) marketing plan
B) business plan
C) industry analysis
D) opportunity analysis
E) feasibility analysis
- 5) Which of the following selections correctly matches the financial statement with its description? 5) _____
A) balance sheet/tells how much a firm is making or losing
B) balance sheet/shows where a firm's cash is coming from
C) income statement/depicts the structure of a firm's assets and liabilities
D) income statement/tells how much a firm is making or losing
E) statement of cash flows/depicts the structure of a firm's assets and liabilities

6) Cameron Smith recently surveyed 200 of his classmates to get a sense of the demand for a new software product he is working on. Collecting data via a survey you administer yourself is referred to as: 6) _____

- A) secondary research
- B) derivative research
- C) direct research
- D) primary research
- E) initial research

7) The most sustainable pricing strategy is: 7) _____

- A) value pricing
- B) commodity pricing
- C) meet the competition
- D) cost plus markup
- E) beat the competition

8) If a new venture organizes as a corporation, it is legally required to have a(n) _____, which is a panel of individuals who are elected by a corporation's shareholders to oversee the management of the firm. 8) _____

- A) review team
- B) board of directors
- C) accountability panel
- D) team of advisors
- E) board of advisors

9) "Red Oceans" include 9) _____

- A) competition
- B) strategic positioning
- C) All
- D) market share
- E) price wars

10) Which of the following is the correct sequence of events in regard to the process of selecting a target market and position strategy? 10) _____

- A) segmenting the market, creating a unique positioning strategy, selecting a target market
- B) segmenting the market, selecting a target market, creating a unique positioning strategy
- C) creating a unique positioning strategy, selecting a target market, segmenting the market
- D) creating a unique positioning strategy, segmenting the market, selecting a target market
- E) selecting a target market, creating a unique positioning strategy, segmenting the market

11) What "primarily" sells product? 11) _____

- A) features
- B) benefits
- C) service
- D) none
- E) price

12) A "sustainable growth rate" is 12) _____

- A) 20%
- B) 10%
- C) 25%
- D) None
- E) Maximum growth without having to increase its financial leverage

13) An opportunity has four essential qualities: 13) _____

- A) practical, opportune, appropriate, and anchored in a product, service, or business that is efficient and effective
- B) attention-getting, attractive, timely, and anchored in a product, service, or business that creates or adds value for its buyer or end user
- C) realistic, striking, timely, and anchored in a product, service, or business that is timely
- D) attractive, durable, resilient, and opportune
- E) attractive, timely, durable, and anchored in a product, service, or business that creates or adds value for its buyer or end user

14) _____ are costs that a company incurs whether it sells something or not. _____ are the costs a company incurs as it generates sales. 14) _____

- A) Marginal costs, Set costs
- B) Preset costs, Marginal costs
- C) Set costs, Marginal costs
- D) Fixed costs, Variable costs
- E) Variable costs, Fixed costs

15) The 4 factors of blue ocean are: 15) _____

- A) sail, sail, sail, sail
- B) eliminate, reduce, raise, create
- C) None
- D) spend, spend, spend, spend
- E) price wars, "follow the leader", follow competition, added value

16) What are forms of intellectual property protection? 16) _____

- A) discoveries, covenants, trademarks, patents
- B) discoveries, Internet domain names, innovations, trademarks
- C) convents, inventions, opportunities, and copyrights
- D) patents, official documents, copyrights, inventions
- E) patents, copyrights, trademarks, and trade secrets

17) Using the above example what is "breakeven"? 17) _____

- A) \$2,000
- B) 200 units
- C) None
- D) 100 units
- E) \$1,000

18) The four characteristics of successful entrepreneurs are: 18) _____

- A) young and energetic, passion for the business, product/customer focus, and seeks recognition
- B) on the cutting edge of technological change, forward thinking, tenacity despite failure, and product/customer focus
- C) passion for the business, seeks recognition, young and energetic, and execution intelligence
- D) passion for the business, on the cutting edge of technological change, very charismatic, and tenacity despite failure
- E) passion for the business, tenacity despite failure, product/customer focus, and execution intelligence

19) 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: 19) _____

- A) business model
- B) business template
- C) operating plan
- D) tactical plan
- E) feasibility plan

20) The seed money that gets a company off the ground typically comes from: 20) _____

- A) the founders of the firm
- B) governmental agencies
- C) commercial banks
- D) angel investors
- E) venture capitalists

21) Growth should be based upon 21) _____

- A) finances
- B) internal capabilities
- C) a strategic fit with the "core" business
- D) All
- E) a focus on the "core" business

22) Kimberly Jones is the founder of a company in the medical equipment industry. Kimberly's firm is still in the feasibility analysis stage and doesn't have a product that is ready to sell. The company is spending about \$25,000 per month and expects to maintain that level of spending until it reaches profitability. The \$25,000 a month is Kimberly's:

22) _____

- A) burn rate
- B) usage rate
- C) consumption rate
- D) utilization rate
- E) liquidity rate

23) You are a manufacturer of desk chairs with a sales price of \$20. Variable costs are \$10 and the the monthly fixed costs are \$1,000. What is the "fixed cost contribution"? 23) _____

- A) \$20 B) \$10 C) \$1,000 D) \$200 E) \$10,000

24) Terry Wells owns a growing company that makes innovative kitchen appliances. One thing that Terry has to continually work at is to keep enough cash on hand to make sure she has sufficient liquidity to meet her payroll and cover her other short-term obligations. The day-to-day challenge of firm growth this example is referring to is: 24) _____

- A) quality control
- B) price stability
- C) cash flow management
- D) personnel issues
- E) capital constraints

25) Value innovation is a part of which strategy 25) _____

- A) Blue Ocean
- B) strategic canvas
- C) Red Ocean
- D) None
- E) strategic positioning

26) A separate legal entity organized under the authority of a state is referred to as a: 26) _____

- A) conglomerate
- B) corporation
- C) general partnership
- D) sole proprietorship
- E) limited partnership

27) According to the textbook, beyond their own funds, the second source of funds for many new ventures is: 27)

- A) venture capital
- B) business angels
- C) government grants
- D) friends and family
- E) banks

28) The three reasons startups need funding are: 28) _____

- A) cash flow challenges, capital investments, and lengthy product development cycles
- B) business research, cash flow challenges, and costs associated with building a brand
- C) attorney fees, capital investments, and marketing research
- D) bonuses for members of the new venture team, marketing research, and personnel costs
- E) bonuses for members of the new venture team, attorney fees, and lengthy product development cycles

29) 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. 29) _____

- A) trade group, industry
- B) target market, industry
- C) industry, trade group
- D) industry, target market
- E) competitive group, target market

30) Crossing the "chasm" 30) _____

- A) None
- B) moving from "early majority" to "late majority"
- C) focusing on the "laggards"
- D) focusing on the "innovators"
- E) is moving from "early adoptors" to "early majority"

Why is it important to do a business plan?

What is the major problem with the business plan for a new, innovative business?

Why isn't it critical to your business to be the first one to market with a new idea or product?

How can a business with positive income still fail?

Why is it not a good business practice to expand your business too early?

Explain the differences in revenue growth between businesses with the different types of innovation – Sustaining, Breakout and Disruptive.

You want to start a business selling candy, define persona from your beachhead market. What attributes does your candy need to sell to that persona?

What is not a good idea to project sales by taking a "big number and multiplying it by 1%?"

What are the advantages of "value pricing" compared to "competitive pricing" and "cost-plus pricing"?