# Test Bank for Entrepreneurial Small Business 6th Katz

Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

# Entrepreneurial Small Business 6th Edition by Katz CH01

ANSWERS ARE LOCATED IN THE SECOND PART OF THIS DOCUMENT

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

**1)** The majority of new firms go through similar startup processes with those most likely to be successful following a four-step process: finance, check, plan, do.

1) _____

- ◎ true
- ◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Starting an Entrepreneurial Small Business: Four Key Ideas

**2)** Kevin wanted to start his own business of ferrying pets to the vet or groomers for their owners but he was advised to perform a feasibility analysis before moving forward. Kevin is on the third step of the entrepreneurial process: plan.

2) _____

- ◎ true
- ◎ false

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AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Bloom's : Understand
Topic : Starting an Entrepreneurial Small Business: Four Key Ideas

**3)** In order to make profits from a small business, the company needs to make an actual product.

3) _____

- ◎ true
- ◎ false



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-03 Dispel key myths about small businesses.
Topic : Myths about Small Businesses

**4)** Truly entrepreneurial businesses are characterized by imitativeness in their products, services, or business models.

4) _____

◎ true
◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Entrepreneurs Are Everywhere

**5)** Self-employed persons are not referred to as entrepreneurs.

5) _____

◎ true
◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Entrepreneurs Are Everywhere

**6)** Crowdsourcing is funding a business online through the collective involvement of others who provide donations, loans, or investments.



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6) _____

- ◎ true
- ◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-06 Recognize the seven key strategies of the entrepreneurial way.
Topic : Challenge and the Entrepreneurial Way

**7)** High-performing small businesses start with the intent of eventually going public, following the pattern of growth and operations of a big business.

7) _____

- ◎ true
- ◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies

**8)** Lifestyle or part-time firms typically provide enough profit or salary to supplement an income but usually not enough on which to live.

8) _____

- ◎ true
- ◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
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Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

**9)** If you don't succeed the first time, try, try again. This is called the strategy of self-efficacy.

9) _____

◎ true
◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-06 Recognize the seven key strategies of the entrepreneurial way.
Topic : Challenge and the Entrepreneurial Way

**10)** High-growth ventures are also known as main street businesses.

10) _____

◎ true
◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies

**11)** Small businesses employ about 10 percent of all Americans.

11) _____

◎ true
◎ false



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
Topic : New Jobs

**12)** Big business often has trouble with innovations, but small, new, businesses are more likely to see new revenues in innovations.

12) _____

- ◎ true
- ◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
Topic : New Ideas

**13)** Using low-cost or free techniques to minimize cost of doing business is referred to as bootstrapping.

13) _____

- ◎ true
- ◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-03 Dispel key myths about small businesses.
Topic : Myths about Small Businesses

**14)** Ninety percent of all new businesses fail within two years.



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14) _____

◎ true
◎ false

**Question Details**
AACSB : Knowledge Application
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Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-03 Dispel key myths about small businesses.
Topic : Myths about Small Businesses

**15)** The most frequently occurring element of the BRIE model is intention.

15) _____

◎ true
◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-04 Identify actions key to becoming a small business.
Topic : Getting Started Now: Entry Competencies

**16)** In the BRIE model, exchange refers to moving resources, goods, or services to others, in exchange for money or other resources.

16) _____

◎ true
◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-04 Identify actions key to becoming a small business.
Topic : Getting Started Now: Entry Competencies



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

**17)** The disadvantage of the BRIE model is that it does not mention the management of resources.

17) _____

- ◎ true
- ◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-04 Identify actions key to becoming a small business.
Topic : Getting Started Now: Entry Competencies

**18)** One of the seven key strategies of the entrepreneurial way involves effectuation or an approach used to create alternatives in uncertain environments.

18) _____

- ◎ true
- ◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-06 Recognize the seven key strategies of the entrepreneurial way.
Topic : Challenge and the Entrepreneurial Way

**19)** High-growth ventures and big businesses generally do not succeed without small businesses offering supporting services.

19) _____

- ◎ true
- ◎ false



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
Topic : New Opportunities

**20)** Small businesses are important to the U.S. economy but do very little for local communities.

20) _____

- ◎ true
- ◎ false

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
Topic : New Opportunities

**21)** Taking products and services made in your home country and selling them in other countries is called importing.

21) _____

- ◎ true
- ◎ false

**Question Details**
AACSB : Knowledge Application
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Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
Topic : New Jobs



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

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

**22)** The _____ is a U.S. government agency that helps people start a business and also provides them support and advocacy.

22) _____

A) Small Business Administration
B) U.S. Department of Business Development
C) U.S. Department of Commerce
D) U.S. Entrepreneurial Administration

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Starting an Entrepreneurial Small Business: Four Key Ideas

**23)** Truly entrepreneurial businesses are characterized by

23) _____

A) the franchise they are associated with.
B) the degree to which their products are imitative.
C) the novelty in their products, services, or business models.
D) the ease with which their product is accepted by the buyers.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Entrepreneurs Are Everywhere



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

**24)** Small businesses are usually

24) _____

A) imitative in nature.
B) characterized by the novelty of their products.
C) the same as high-growth ventures.
D) not affected by market fluctuations.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Entrepreneurs Are Everywhere

**25)** Which of the following statements is true of a franchise?

25) _____

A) Franchise is the international term for all small businesses.
B) A franchise is a type of novelty organization.
C) A franchise is an organization that provides loans to start small businesses.
D) A franchise is a prepackaged business bought, rented, or leased from a company.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Entrepreneurs Are Everywhere

**26)** A person who becomes an owner by inheriting or getting a stake in a family business is known as

26) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) a founder.
B) a franchisor.
C) an heir.
D) a serial entrepreneur.

**Question Details**
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Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Entrepreneurs Are Everywhere

**27)** A business owned by an individual or a small group is referred to as a(n)

27) _____

A) corporate chain.
B) conglomerate.
C) concern.
D) independent small business.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : The Many Types of Entrepreneurial Small Businesses

**28)** A business run by the individual who owns it is referred to as a(n)

28) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) franchise.
B) owner-managed firm.
C) social venture.
D) unicorn.

**Question Details**
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Accessibility : Keyboard Navigation
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Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : The Many Types of Entrepreneurial Small Businesses

**29)** Which of the following statements is true of a small business?

29) _____

A) The preferred funding source for a small business is other people's money.
B) When facing bankruptcy, a small business is likely to sell more rather than cut costs.
C) Small businesses consider sales as more important than marketing.
D) For a small business, the focus is more on effectiveness than on efficiency.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : The Many Types of Entrepreneurial Small Businesses

**30)** Small businesses differ from high-growth ventures in that in small businesses

30) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) the focus is on effectiveness rather than efficiency.
B) the preferred source of funding is the owner's own money rather than other people's money.
C) the delegation of responsibilities is easy and necessary rather than difficult.
D) the metastrategy is for novelty rather than imitation.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : The Many Types of Entrepreneurial Small Businesses

**31)** High-growth ventures differ from small businesses in that in high-growth ventures

31) _____

A) the focus is on efficiency rather than effectiveness.
B) the preferred source of funding is the owner's own money rather than other people's money.
C) the human resource system is personalized rather than professionalized.
D) the limitation of growth is dictated by market response rather than the owner's loss of control.

**Question Details**
AACSB : Knowledge Application
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Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : The Many Types of Entrepreneurial Small Businesses

**32)** According to the text, the definition of a _____ is one that involves 1–50 people and has its owner managing the business on a day-to-day basis.

32) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) franchise
B) small business
C) unicorn
D) high-growth venture

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
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Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Starting an Entrepreneurial Small Business: Four Key Ideas

**33)** Which of the following statements is true of a high-growth venture?

33) _____

A) A high-growth venture considers sales as more important than marketing.
B) The metastrategy for a high-growth venture is novelty.
C) A high-growth venture focuses more on efficiency than on effectiveness.
D) The loss of control is what limits growth in a high-growth venture.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : The Many Types of Entrepreneurial Small Businesses

**34)** A person's belief in his or her ability to achieve a goal is called

34) _____



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A) effectuation.
B) perseverance.
C) overall growth strategy.
D) self-efficacy.

**Question Details**
AACSB : Knowledge Application
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Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Starting an Entrepreneurial Small Business: Four Key Ideas

**35)** Which of the following is a difference between a small business and a high-growth venture?

35) _____

A) For a small business, the preferred funding source is other people's money, whereas for a high-growth venture, it is the owner's own money.
B) For a small business, the personal control preference is to involve others, whereas a high-growth venture prefers to retain autonomy.
C) A small business focuses on effectiveness, whereas a high-growth venture focuses on efficiency.
D) A small business grows when necessary, whereas a high-growth venture grows when possible.

**Question Details**
AACSB : Knowledge Application
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**36)** High-growth ventures



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36) _____

A) use imitation as their metastrategy.
B) start small but are intended to grow rapidly.
C) grow only when necessary.
D) focus on efficiency.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : The Many Types of Entrepreneurial Small Businesses

**37)** Which of the following describes the significance of an overall growth strategy?

37) _____

A) It represents a driver of the variety of entrepreneurship.
B) It allows for one small business enterprise to incorporate in multiple states at the same time.
C) It provides the owner a stake in the family business.
D) It helps buyers to get familiar with new products.

**Question Details**
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Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies

**38)** Which of the following is a characteristic of a lifestyle firm?

38) _____



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A) starts small, rapidly grows to a big business
B) represents about 20 percent of all businesses
C) typically has sales of $25,000 a year or less
D) aims for growth rates of 25 percent or more a year

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies

**39)** Which of the following is true of a part-time firm?

39) _____

A) starts small and stays small
B) has continuous growth
C) success is defined by annual profits of $1,000,000
D) aims for growth rates of 25 percent or more a year

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies

**40)** The text defines an entrepreneur as

40) _____



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A) a person who purchases an existing business.
B) working for yourself.
C) characterized by being different or new.
D) a person who owns or starts an organization, such as a business.

**Question Details**
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Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Starting an Entrepreneurial Small Business: Four Key Ideas

**41)** Which of the following categories does the majority of small businesses fall under?

41) _____

A) high-growth ventures
B) high-performing small businesses
C) lifetime/part-time firms
D) traditional small business

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies

**42)** _____ are the smallest full-time business.

42) _____



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A) High-performing small businesses
B) Traditional small businesses
C) High-growth ventures
D) Lifestyle businesses

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies

**43)** Which of the following answer options is not one of the four generic overall growth strategies?

43) _____

A) a part-time firm
B) a traditional small business
C) a franchise
D) a high-performing small business

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies

**44)** Which of the following terms is not one of the four steps in the successful entrepreneurial process?

44) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) seek
B) do
C) plan
D) check

**Question Details**
AACSB : Knowledge Application
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Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Starting an Entrepreneurial Small Business: Four Key Ideas

**45)** Which of the following actions is performed during the plan step of the entrepreneurial process?

45) _____

A) feasibility analysis
B) customer development processes
C) pilot testing
D) revising your planning approach

**Question Details**
AACSB : Knowledge Application
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Topic : Starting an Entrepreneurial Small Business: Four Key Ideas

**46)** Sven opening his own business servicing private swimming pools. Sven worked hard to build up his customer base, often performing services on last-minute notice, or even on holidays and weekends. Now, Sven has a comfortable number of routine services he provides for his customers and his business is profitable enough to support himself and his family. Which type of business does Sven likely own?



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46) _____

A) a lifestyle business
B) a traditional small business
C) a high-performing small business
D) a unicorn

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies
Bloom's : Understand

**47)** _____ tend to level off after success defined by sales of between $100,000 and $1,000,000, depending on the industry.

47) _____

A) Lifestyle firms
B) Traditional small businesses
C) High-performing small businesses
D) High-growth ventures

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies

**48)** Which of the following is true of a high-performing small business?

48) _____



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A) It often grows through multiple locations.
B) It aims to achieve growth rates of 25 percent or more a year.
C) It has sales of more than $1 million.
D) It has low levels of professionalization.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies
null : Level of Difficulty: 2 Medium

**49)** At the tip of the high-growth ventures are firms called _____, like Uber and AirBnB with valuations of $1 billion or more.

49) _____

A) green entrepreneurs
B) main street businesses
C) unicorns
D) necessity-driven entrepreneurs

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies

**50)** Lifestyle firms, traditional small businesses, and high-performing small businesses are often called

50) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) main street businesses.
B) Wall Street businesses.
C) high-growth ventures.
D) universal businesses.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies

**51)** Which of the following is a reward universally mentioned by entrepreneurs?

51) _____

A) peer admiration
B) personal growth
C) political power
D) industry recognition

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-03 Dispel key myths about small businesses.
Topic : Rewards for Starting a Small Business

**52)** _____ is a reward universally mentioned by entrepreneurs.

52) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) Industry recognition
B) Peer admiration
C) Political power
D) Work flexibility

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-03 Dispel key myths about small businesses.
Topic : Rewards for Starting a Small Business

**53)** Which of the following is a reward that is rarely mentioned by entrepreneurs?

53) _____

A) to have a chance to build great wealth
B) to have greater flexibility for personal and family life
C) to continue a family tradition
D) to develop an idea for a product

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-03 Dispel key myths about small businesses.
Topic : Rewards for Starting a Small Business

**54)** _____ rewards are those which people get from facing and beating or learning from challenges.

54) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) Recognition
B) Flexibility
C) Income
D) Growth

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-03 Dispel key myths about small businesses.
Topic : Rewards for Starting a Small Business

**55)** Which of the following rewards refer to the money made from owning a business?

55) _____

A) growth rewards
B) flexibility rewards
C) income rewards
D) performance rewards

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-03 Dispel key myths about small businesses.
Topic : Rewards for Starting a Small Business

**56)** Tina runs her consultancy business from her home. Working from home allows her to set her own schedule and take time off at her convenience so that she can be with her family. The fact that Tina gets more time with her family can be categorized as _____ reward.

56) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) income
B) flexibility
C) growth
D) credit

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Dispel key myths about small businesses.
Bloom's : Apply
null : Level of Difficulty: 2 Medium
Topic : Rewards for Starting a Small Business

**57)** The ability of business owners to structure their lives in the way that best suits their needs refers to

57) _____

A) flexibility rewards.
B) family rewards.
C) growth rewards.
D) wealth rewards.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-03 Dispel key myths about small businesses.
Topic : Rewards for Starting a Small Business

**58)** Which of the following is a myth about small businesses?

58) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) failed entrepreneurs can succeed if they try again
B) a small business will never have enough financing
C) students have skills to start small businesses
D) small businesses can start during recession

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-03 Dispel key myths about small businesses.
Topic : Myths about Small Businesses

**59)** Financing a business online through the collective involvement of others who provide donations, loans, or investments is referred to as

59) _____

A) crowdfunding.
B) bootstrapping.
C) microfinancing.
D) crowdsourcing.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-03 Dispel key myths about small businesses.
Topic : Myths about Small Businesses

**60)** Bootstrapping refers to

60) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) funding a business online through the collective involvement of others who provide loans.
B) buying, renting, or leasing a prepackaged business from another company.
C) inheriting or being given a stake in a family business.
D) using low-cost or free techniques to minimize the cost of doing business.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-03 Dispel key myths about small businesses.
Topic : Myths about Small Businesses

**61)** Anna helps brides-to-be choose wedding gowns that best suit their requirements and budget, and also helps them with where they can find the right dress. She has made her home her virtual office; she does not require external financing. Anna is using _____ to run her small business.

61) _____

A) crowdfunding
B) franchising
C) bootstrapping
D) crowdsourcing

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
null : Level of Difficulty: 1 Easy
Learning Objective : 01-03 Dispel key myths about small businesses.
Topic : Myths about Small Businesses
Bloom's : Understand

**62)** According to the BRIE model, which of the following is an element that is necessary to start a business?



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

62) _____

A) boundary
B) recognition
C) efficiency
D) income

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-04 Identify actions key to becoming a small business.
Topic : Getting Started Now: Entry Competencies

**63)** According to the BRIE model, _____ sets up a business as a firm.

63) _____

A) intention
B) exchange
C) franchise
D) boundary

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-04 Identify actions key to becoming a small business.
Topic : Getting Started Now: Entry Competencies

**64)** According to the BRIE model, which of the following sets a firm off from the buying or selling or bartering done casually by nonmerchants?

64) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) resources
B) boundary
C) intention
D) exchange

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-04 Identify actions key to becoming a small business.
Topic : Getting Started Now: Entry Competencies

**65)** According to the BRIE model, which of the following falls under the boundary category?

65) _____

A) the financial resources of a company
B) the desire to start a business
C) an email address of the company
D) a product or service offered by the company

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-04 Identify actions key to becoming a small business.
Topic : Getting Started Now: Entry Competencies

**66)** John owns a small business that does computer servicing. Which of the following would represent boundary as mentioned in the BRIE model in John's computer servicing business?

66) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) the employees that work under John
B) the office in which John works
C) the money earned by John from the business
D) the desire to expand the business to writing software

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
null : Level of Difficulty: 1 Easy
Bloom's : Understand
Learning Objective : 01-04 Identify actions key to becoming a small business.
Topic : Getting Started Now: Entry Competencies

**67)** In the BRIE model, a business name or government registration, a phone or email address dedicated to the business, or a specific location for the firm in a home, commercial space, or on the Internet represents

67) _____

A) exchange.
B) resource.
C) boundary.
D) intention.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-04 Identify actions key to becoming a small business.
Topic : Getting Started Now: Entry Competencies

**68)** According to the BRIE model, which of the following is true of a resource?

68) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) includes a business name or government registration
B) refers to moving goods or services to others for money
C) the most frequently occurring element of the BRIE model
D) includes the product or service to be offered

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-04 Identify actions key to becoming a small business.
Topic : Getting Started Now: Entry Competencies

**69)** Which of the following is the most frequently occurring element of the BRIE model?

69) _____

A) intention
B) boundary
C) exchange
D) resources

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-04 Identify actions key to becoming a small business.
Topic : Getting Started Now: Entry Competencies

**70)** Which of the following elements of the BRIE model represents the desire to start a business?

70) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) intention
B) boundary
C) exchange
D) resources

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-04 Identify actions key to becoming a small business.
Topic : Getting Started Now: Entry Competencies

**71)** In terms of new jobs, which of the following is true of a small business?

71) _____

A) does not employ people looking for part-time work
B) of no importance to existing jobs
C) offers jobs to people with atypical work histories
D) pays taxes on behalf of the people it hires

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
Bloom's : Understand
Topic : New Jobs
null : Level of Difficulty: 2 Medium

**72)** The way that newly created goods, services, or firms hurt existing goods, services, or firms is referred to as

72) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) benchmarking.
B) creative destruction.
C) service distortion.
D) crowdsourcing.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
Topic : New Ideas

**73)** Mandarin In Town, a Chinese restaurant, opened recently in Burnsville, Minnesota. People from all over the town flocked to Mandarin to find out how good it was. This gave a big boost to the restaurant's initial business, but it caused the other restaurants in the area to lose business temporarily. The way in which Mandarin in Town hurt existing restaurants in Burnsville is an example of

73) _____

A) creative destruction.
B) service distortion.
C) innovative disruption.
D) crowdsourcing.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
Topic : New Ideas
Bloom's : Apply
null : Level of Difficulty: 2 Medium

**74)** According to the U.S. Small Business Administration, small businesses generate _____ times the number of patents per employee than do big businesses.



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

74) _____

A) 35
B) 2
C) 16
D) 50

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
Topic : New Ideas

**75)** A nation where the major forces for jobs, revenues, and taxes come from farming or extractive industries like forestry, mining, or oil production is a(n)

75) _____

A) factor-driven economy.
B) efficiency-driven economy.
C) innovation-driven economy.
D) competency-driven economy.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Entrepreneurship Elsewhere

**76)** Which of the following is *not* one of the seven key strategies of the entrepreneurial way?

76) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) pivot
B) scale up
C) bird in the hand
D) take it on the road

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-06 Recognize the seven key strategies of the entrepreneurial way.
Topic : Challenge and the Entrepreneurial Way

**77)** A nation where industrialization is the major force providing jobs, revenues and taxes, and where minimizing costs while maximizing productivity is a major goal is a(n)

77) _____

A) factor-driven economy.
B) efficiency-driven economy.
C) innovation-driven economy.
D) effectiveness-driven economy.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Entrepreneurship Elsewhere

**78)** In efficiency-driven economies

78) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) entrepreneurship levels are in the middle range.
B) entrepreneurship levels are very high.
C) entrepreneurship levels are very low.
D) entrepreneurship is not given any consideration.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Entrepreneurship Elsewhere
Bloom's : Understand

**79)** Innovation-driven economies

79) _____

A) are those where entrepreneurship becomes a key way to build the middle class.
B) are nations where industrialization is becoming the major force providing jobs, revenues, and taxes.
C) are focused on high-value-added manufacturing but are marked by a very large service sector.
D) are those where entrepreneurship is essential to build personal wealth and break the cycle of low-wage jobs.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : Entrepreneurship Elsewhere

**80)** If you don't succeed the first time, try, try again is also called the strategy of

80) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) perseverance.
B) effectuation.
C) the corridor principle.
D) crowdsourcing.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-06 Recognize the seven key strategies of the entrepreneurial way.
Topic : Challenge and the Entrepreneurial Way

**81)** Virtual instant global entrepreneurship refers to

81) _____

A) the transformation of a high-growth venture into a small business.
B) a person becoming an owner by inheriting or getting a stake in a family business.
C) the way that newly created goods, services, or firms hurt existing goods, services, or firms.
D) a process that uses the Internet to quickly create businesses with a worldwide reach.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
Topic : New Markets

**82)** Which of the following statements concerning the importance of small businesses to our economy is not true?

82) _____



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A) Small businesses are more willing than large businesses to employ people with atypical work histories.
B) Small businesses produce more patents per employee than do big businesses.
C) Small businesses could not exist without big businesses to imitate.
D) Small businesses account for 33 percent of all goods and services exported from the United States.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
Topic : New Opportunities

**83)** The form of entrepreneurship in which a person or group own their own for-profit business is referred to as

83) _____

A) independent entrepreneurship.
B) social entrepreneurship.
C) public entrepreneurship.
D) corporate entrepreneurship.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : CSI: Entrepreneurship



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

**84)** Kim found a niche lifestyle business by purchasing used knitting and crochet books from local thrift shops and reselling them on eBay. While American knitters tended to work from online patterns, knitters in other countries still relied on patterns from books. eBay handles all the headaches of shipping outside the U.S., making it easy for Kim to sell her books for a tidy profit. This scenario exhibits which facet of how small businesses are important to our economy?

84) _____

A) new ideas
B) new opportunities
C) new markets
D) new jobs

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
null : Level of Difficulty: 1 Easy
Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
Bloom's : Understand
Topic : Beyond Small Business: CSI Entrepreneurship

**85)** Kendra is saving her money because she dreams of opening a doggy day-care and spa. For now, she has a brisk dog-walking service and provides a few dog-grooming tasks, such as brushing and toenail clips. Kendra is following which of the seven key strategies of the entrepreneurial way?

85) _____

A) bird in the hand
B) scale back
C) perseverance
D) take it on the road



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
null : Level of Difficulty: 1 Easy
Bloom's : Understand
Topic : Beyond Small Business: CSI Entrepreneurship
Learning Objective : 01-06 Recognize the seven key strategies of the entrepreneurial way.

**86)** Finn made great surfboards, but he lived in landlocked Indiana. Finn sold the boards through his website and had perfected the art of shipping a surfboard. Finn is using which of the seven key strategies of the entrepreneurial way?

86) _____

A) bird in the hand
B) take it on the road
C) pivot
D) effectuation

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
null : Level of Difficulty: 1 Easy
Bloom's : Understand
Topic : Beyond Small Business: CSI Entrepreneurship
Learning Objective : 01-06 Recognize the seven key strategies of the entrepreneurial way.

**87)** Which of the following is true of corporate entrepreneurship?

87) _____

A) It involves the creation of self-sustaining charitable and civic organizations.
B) It involves revitalizing government agencies.
C) It is a form of entrepreneurship in which people own their own for-profit business.
D) It involves bringing new products or services to a market.



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Bloom's : Understand
Topic : CSI: Entrepreneurship

**88)** Social entrepreneurship primarily involves a person or group

88) _____

A) creating new charitable and civic organizations, which are financially self-sufficient.
B) bringing new products or services to market.
C) owning their own for-profit business.
D) revitalizing government agencies.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Topic : CSI: Entrepreneurship

**89)** One of the seven key strategies of the entrepreneurial way is pivot, also called

89) _____

A) perseverence.
B) crowdsourcing.
C) effectuation.
D) the corridor principle.



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Topic : Beyond Small Business: CSI Entrepreneurship
Learning Objective : 01-06 Recognize the seven key strategies of the entrepreneurial way.

**90)** When following this strategy of the entrepreneurial way, instead of planning a firm and then looking for resources, the entrepreneur starts with the resources they have and thinks about the best way to use those resources.

90) _____

A) take it on the road
B) pivot
C) bird in the hand
D) scale back

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Topic : Beyond Small Business: CSI Entrepreneurship
Learning Objective : 01-06 Recognize the seven key strategies of the entrepreneurial way.

**91)** Effectuation refers to

91) _____

A) the degree of attention a target market pays to an idea or organization.
B) an approach used to create alternatives in uncertain environments.
C) transforming a high-growth venture into a small business.
D) a process of a person becoming an owner by inheriting or getting a stake in a family business.



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-06 Recognize the seven key strategies of the entrepreneurial way.
Topic : Challenge and the Entrepreneurial Way

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

**92)** What is the difference between a high-performing small business and a high-growth venture? Which of the two includes unicorns?

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies
AACSB : Communication

**93)** Compare a lifestyle or part-time firm with a traditional small business. What are the differences?



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-02 Differentiate between small businesses and high-growth ventures.
Topic : Entrepreneurs and Firm Growth Strategies
AACSB : Communication

**94)** If you were planning to start a business and someone told you "Ninety percent of all new businesses fail within two years," how would you reply? Do 90 percent of companies fail in the first two years?

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-03 Dispel key myths about small businesses.
Topic : Myths about Small Businesses
AACSB : Communication

**95)** Identify and briefly describe the four elements needed to get your business started (BRIE). Is one element more common than the others?



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**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
AACSB : Communication
Learning Objective : 01-04 Identify actions key to becoming a small business.
Topic : Getting Started Now: Entry Competencies

**96)** What is the role of small businesses in creating new jobs?

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
AACSB : Communication
Topic : New Jobs

**97)** Briefly describe the opportunities small businesses present for the owner, the local community, and the economy in general.

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
AACSB : Communication
Topic : New Opportunities



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**98)** Jamal cleaned and organized his mother's walk-in closet and both Jamal and his mother were very pleased with the results. His mother commented that Jamal had a knack for this sort of thing. After organizing his aunt's closet and one for his cousin, Jamal got the idea of starting his own business cleaning and organizing closets. He could bootstrap the part-time business, working from home and he only needed a small advertising budget which he financed from his savings. Jamal worked for weeks on a business plan and then launched his business, Closet Jewels with an ad campaign in local media. After six months, Jamal still did not have any customers and had received repeated feedback from prospects that while the idea of a clean and organized closet was appealing, the prospect was not willing to pay someone to organize their closet. Jamal closed Closet Jewels after eight months.

Dissect Jamal's path through the entrepreneurial process. Did he complete all the steps? Explain why Jamal's business failed to succeed?

**Question Details**
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand the scope of small business in the United States.
Topic : Starting an Entrepreneurial Small Business: Four Key Ideas
AACSB : Communication
null : Level of Difficulty: 2 Medium
AACSB : Analytical Thinking
Bloom's : Analyze

**99)** Explain VIGE and its connection to small business opportunities in other countries. How is this linked to the national economy?



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
null : Level of Difficulty: 1 Easy
Learning Objective : 01-05 Recognize how small businesses are important to our economy and your commu
AACSB : Communication
Topic : New Markets

**100)** Explain the pivot strategy as one of the seven key strategies of the entrepreneurial way. Why is it also called the corridor principle?

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Learning Objective : 01-06 Recognize the seven key strategies of the entrepreneurial way.
Topic : Challenge and the Entrepreneurial Way
AACSB : Communication
null : Level of Difficulty: 2 Medium

**101)** Identify and briefly describe the three forms of entrepreneurship represented in the term CSI entrepreneurship.



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

# Entrepreneurial Small Business 6th Edition by Katz CH01

**Question Details**
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand the scope of small business in the United States.
null : Level of Difficulty: 1 Easy
Bloom's : Understand
AACSB : Communication
Topic : CSI: Entrepreneurship



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

# Entrepreneurial Small Business 6th Edition by Katz CH01

# Answer Key

Test name: CH01

1) FALSE
The four steps in the entrepreneurial process are feel, check, plan, and do.

2) FALSE
If performing a feasibility study, Kevin is likely at the second step in the entrepreneurial process: check.

3) FALSE
This is one of the myths listed in the text. In actuality, 9 of the 10 most profitable industries for small businesses involve services such as dentists, tax preparers and lawyers.

4) FALSE
Truly entrepreneurial businesses are characterized by novelty, in their products, services, or business models.

5) FALSE
The self-employed, anyone who works for himself or herself instead of for others, is also an entrepreneur.

6) FALSE
This is the definition of crowdfunding, not crowdsourcing.

7) FALSE
This is the definition for a high-growth venture.

8) TRUE



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

Lifestyle or part-time firms typically have sales of $25,000 a year or less, which provides enough profit or salary to supplement an income but usually not enough on which to live.

9) FALSE
While this is one of the seven key strategies of the entrepreneurial way, it is called the strategy of *perseverance* not self-efficacy.

10) FALSE
Main street businesses include all types of businesses *except* high-growth ventures.

11) FALSE
Small businesses employ more than half of all Americans.

12) TRUE
Innovations are far more likely to come from new, small businesses.

13) TRUE
Bootstrapping is using low-cost or free techniques to minimize cost of doing business.

14) FALSE
This is a myth about small-scale businesses. This statement is wrong in two major ways. First, the percentage is wrong, and second, the majority close but don't fail.

15) TRUE
Intention is the desire to start a business and is the most frequently occurring element of the BRIE model.

16) TRUE
Exchange refers to moving resources, goods, or service to others, in exchange for money or other resources.



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

17) FALSE
Resources is the "R" in the BRIE model.

18) TRUE
Effectuation is used in the "Bird in the hand" strategy where instead of planning a firm and then looking for resources, the entrepreneur first looks at their available resources and thinks about how to use them.

19) TRUE
Without small businesses offering supporting services or offering to subcontract at low cost to the high-growth ventures and big businesses or creating the kinds of communities where creative and entrepreneurial people like to live, the big businesses will not succeed.

20) FALSE
Small businesses offer communities the opportunity to enjoy goods and services, also very important.

21) FALSE
This is the definition for exporting.

22) A
Small Business Administration (SBA) is a part of the U.S. government, which provides support and advocacy for small businesses.

23) C
Truly entrepreneurial businesses are characterized by novelty, in their products, services, or business models.

24) A
Small businesses are imitative in nature, with most small firms doing what other firms do, with only slight variations.

25) D



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A franchise is a prepackaged business bought, rented, or leased from a company called a franchisor.

26) C
Heirs are those who inherit or are given a stake in the family business.

27) D
Independent small business is a business owned by an individual or small group.

28) B
A business run by the individual who owns it is referred to as an owner-managed firm.

29) C
For a small business, sales are more important than marketing.

30) B
In small businesses, the preferred source of funding is the owner's own money rather than other people's money.

31) D
In high-growth ventures, the limitation of growth is dictated by market response rather than the owner's loss of control.

32) B
The text uses this definition for a small business.

33) B
The metastrategy of a high-growth venture is novelty.

34) D
This is the definition for self-efficacy.

35) D



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A small business grows when necessary, whereas a high-growth venture grows when possible.

36) B
High-growth ventures start small but are intended to grow rapidly.

37) A
Overall growth strategy represents a driver of the variety of entrepreneurship. The overall growth strategy describes the kind of business the owner (or owners) would like to have, from the perspective of how fast and to what level they would like the firm to grow.

38) C
Lifestyle or part-time firms typically have sales of $25,000 a year or less, which provides enough profit or salary to supplement an income but usually not enough on which to live.

39) A
Lifestyle or part-time businesses start and stay very small, often operating seasonally or when the owner wants to work in the business.

40) D
An entrepreneur is a person who owns or starts an organization, such as a business.

41) C
About 53 percent of all small businesses fall into the category of lifetime/part-time firms.

42) B
Traditional small businesses are the smallest full-time businesses.

43) C



Access Complete Test Bank for Entrepreneurial Small Business 6th Katz

A franchise is a type of business but it is not an overall growth strategy as are the other three answer options.

44) A
Seek is not one of the four steps in the entrepreneurial process.

45) C
Pilot testing is performed during the plan step of the entrepreneurial process.

46) B
In traditional small businesses, growth levels off after operations settle into a consistent, money-making pattern, generating enough income to provide a living for the owner and family.

47) C
High-performing small businesses tend to level off after success defined by sales of between $100,000 and $1,000,000, depending on the industry.

48) A
High-performing small businesses often grow through multiple locations.

49) C
Uber and AirBnB are examples of unicorns.

50) A
95 percent of businesses outside of the high-growth sector are what are often called main street businesses and include the lifestyle firms, the traditional small businesses, and the high-performing small businesses.

51) B



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Nearly all entrepreneurs talk about three key rewards—flexibility, a livable income, and personal growth.

52) D
Nearly all entrepreneurs talk about three key rewards—flexibility, a livable income, and personal growth.

53) C
There are rewards that entrepreneurs mention less often than working people in general. These are social rewards, like the respect or admiration of others, or power over others, and family rewards, like continuing a family tradition in business.

54) D
The three most popular types of rewards for small business owners are growth, flexibility, and income. Growth rewards are what people get from facing and beating or learning from challenges.

55) C
Income rewards refer to the money made from owning a business. For more than three-quarters of entrepreneurs, this means seeking to match or slightly better the income they had before they started their own business.

56) B
Flexibility rewards refer to the ability of business owners to structure their lives in the way that best suits their needs.

57) A
Flexibility rewards are perhaps the most rapidly growing type of reward. They refer to the ability of business owners to structure their lives in the way that best suits their needs.

58) B



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It is a myth that small businesses do not have enough financing.

59) A
Financing a business online through the collective involvement of others who provide donations, loans, or investments is referred to as crowdfunding.

60) D
Bootstrapping refers to using low-cost or free techniques to minimize the cost of doing business.

61) C
Bootstrapping refers to using low-cost or free techniques to minimize the cost of doing business.

62) A
Boundary is one of the elements in the BRIE model.

63) D
A business needs the benefits of a boundary—something that sets it up as a firm.

64) B
A business needs the benefits of a boundary—something that sets it off from the buying or selling or bartering.

65) C
A boundary can be something as simple as a business name or government registration, a phone or email address dedicated to the business, or a specific location for the firm in a home, commercial space, or even on the Internet.

66) B



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Here John's office is a location for the firm and hence is an example of boundary as explained in the BRIE model.

67) C
A boundary can be something as simple as a business name or government registration, a phone or email address dedicated to the business, or a specific location for the firm in a home, commercial space, or even on the Internet.

68) D
Resources include the product or service to be offered.

69) A
Intention is the most frequently occurring element of the BRIE model.

70) A
Intention is the desire to start a business.

71) C
Small businesses are a key employer is because they are more willing than most large businesses to offer jobs to people with atypical work histories or needs, like people new to the workforce, people with uneven employment histories, and people looking for part-time work.

72) B
Creative destruction refers to the way that newly created goods, services, or firms can hurt existing goods, services, or firms.

73) A
Creative destruction refers to the way that newly created goods, services, or firms can hurt existing goods, services, or firms.

74) C



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The U.S. Small Business Administration reports that among firms that hold one or more patents, small businesses generate 16 times the number of patents per employee than do big businesses.

75) A
A nation where the major forces for jobs, revenues, and taxes come from farming or extractive industries like forestry, mining, or oil production is a factor-driven economy.

76) B
Scale up is not one of the seven key strategies of the entrepreneurial way.

77) B
As economies develop and go beyond basic manufacturing to a more industrialized economy, they are called efficiency-driven economies.

78) A
Entrepreneurship levels in efficiency-driven economies are in the middle range.

79) C
Innovation-driven economies are focused on high-value-added manufacturing but are marked by a very large service sector.

80) A
If you don't succeed the first time, try, try again is called the strategy of perseverance.

81) D
Virtual instant global entrepreneurship is a process that uses the Internet to quickly create businesses with a worldwide reach.

82) C



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Without small businesses offering supporting services to big businesses, the larger companies would lose profitability.

83) A
The form of entrepreneurship in which a person or group own their own for-profit business is referred to as independent entrepreneurship.

84) C
Using eBay to establish her knitting books to a global presence is an example of new markets.

85) B
Though Kendra wants to eventually open a doggy day-care and spa, she does not yet have the resources so she has scaled back to the level she can currently handle—dog walking with limited grooming services.

86) B
Sometimes the place you live (landlocked Indiana) is not the best market for your product (surfboards). By selling his surfboards over his website, Finn was using the strategy of taking it on the road.

87) D
In corporate entrepreneurship, the focus is typically on bringing new products or services to market, or opening up new markets for a firm.

88) A
Social entrepreneurship involves creating new charitable and civic organizations, which are financially self-sufficient.

89) D
The pivot approach is also called the corridor principle.

90) C
This describes the bird in the hand strategy.



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91) B
Effectuation is an approach used to create alternatives in uncertain environments.

92) High-performing small businesses tend to level off after success defined by sales of between $100,000 and $1,000,000, depending on the industry. These firms grow at rates between 5 and 15 percent a year, maximizing profitability while remaining manageably small. In contrast, high-growth ventures aim to achieve growth rates of 25 percent or more a year, with sales of more than $1 million. These firms aim to become big businesses and pursue high levels of professionalization and external funding. This type of organization includes unicorns that have valuations of $1 billion or more.

93) A lifestyle or part-time firm typically has sales of $25,000 a year or less, which provides enough profit to supplement an income but not enough to live on. These businesses start and stay very small, often only operating seasonally or when the owner wants to work at the business. Growth levels off quickly. In contrast, a traditional small business is the smallest full-time business and most are one-site businesses with sales between $25,000 and $100,000. Growth levels off after operations settle into a consistent, money-making pattern, generating enough income to provide a living for the owner and family.

94) You could reply that the statement that 90 percent of new businesses fail within two years is wrong in two major ways. First, the percentage is wrong. Studies show that nearly 70 percent of businesses are still going after two years, just over 50 percent are still going in five years, and nearly 35 percent make it past ten years, with 25 percent surviving fifteen years. Second, looking at the businesses that close, the vast majority close but do not fail. Only one firm in three that closes was considered financially unsuccessful by its owner.



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95) In order to start a business, four elements must come together—boundary, resources, intention, and exchange. This is referred to as the BRIE model.

A business needs the benefits of a boundary—something that sets it up as a firm. Having a boundary gives a place to locate and protect the resources gathered for the business. Resources include the product or service to be offered, informational resources on markets and running a business, financial resources, and human resources such as the time to devote to the business. Intention is the desire to start a business and is the most frequently occurring element of the BRIE model. Exchange refers to moving resources, goods, or service to others, in exchange for money or other resources. If the firm doesn't exchange with its environment, there is no "business" taking place.

96) Small business has added tens of millions of jobs. In the latest statistics, small businesses created nearly 66 percent of the new jobs created since 2000. Small business start-ups in the first two years of operation accounted for virtually all the net new jobs in America. Small business is the engine of job generation, but it is important for existing jobs, too. Small businesses employ more than half of all Americans, providing wages, salaries, and the taxes those working people pay the government. Small businesses are also key employers because they are more willing than most large businesses to offer jobs to people with atypical work histories or needs, like people new to the workforce, people with uneven employment histories, and people looking for part-time work. These employment issues are at the core of what makes small business attractive to local and state governments.



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97) People who own their own business are presented with tremendous opportunities for getting into the economic mainstream of American life, especially attractive to people who have trouble fitting into existing businesses: people with innovative ideas, immigrants, people with restrictive schedules, and even people who need a second chance. Small businesses offer communities another type of opportunity—the opportunity to enjoy goods and services. A small grocery, drugstore, hardware store, or gas station can adapt to local needs while larger chain stores could not. For a small town or neighborhood to stand on its own, it needs a variety of businesses. Finally, small businesses provide unexpected opportunities to large businesses and high-growth firms. Without small businesses offering supporting services or offering to subcontract at low cost to the high-growth ventures and big businesses, those larger companies would lose profitability. In addition, big business depends on small business as a source of key ideas for new products. For both of these reasons, small businesses are vital to the general economy.

98) Closet Jewels did not prosper because customers were nonexistent. Without customers, there is no profit. Jamal started on the entrepreneurial process with the first step—feel. Jamal had success organizing closets and had a feeling about starting a business providing the service to others. What Jamal failed to take action on was step two in the entrepreneurial process—check. Smart entrepreneurs check the likelihood for success of their idea through feasibility analysis or a customer development process, repeating these until they have a winning idea. Jamal did not complete this step and had to discover the answer the hard way, after he had launched the business. Jamal followed step three, plan by making a detailed business plan and even made it to step four, do, by launching the business.



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99) One approach to exporting that has grown dramatically in the past 15 years is using e-commerce, particularly auction sites like eBay, to handle global trade. The formal title for this is virtual instant global entrepreneurship (VIGE). VIGE depends on using websites like eBay (for products) or Upwork (for services) to quickly establish a global presence. The VIGE site provides the assurance of honesty on the part of buyers and sellers, using rules, warranties, and most of all, mutual ratings of buyers and sellers. Originally, small business was synonymous with local business, but VIGE is changing that notion. Small businesses now account for over 33 percent of the value of all goods and services exported from the United States, and represent nearly 98 percent of all exporting firms.

100) The pivot strategy holds that you should go ahead and start the business in any way you can and look for better opportunities as you go along. This approach is also called the corridor principle because until you start going down the corridor (or doing your business) you can't tell what opportunities you might find.

101) The three forms of entrepreneurship included in CSI entrepreneurship is: corporate, social, and independent entrepreneurship. Self-employed founders of for-profit firms are involved in what is called independent entrepreneurship. Social entrepreneurships includes founders of not-for-profit organizations or for-profit social ventures, such as charitable and civic organizations. Finally, with corporate entrepreneurship, the focus is typically on bringing a new product or service to market, or opening new markets for your firm.



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