Test Bank for Entrepreneurship 4th Bamford

Access Complete Test Bank for Entrepreneurship 4th Bamford

Entrepreneurship 4th Edition by Bamford 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) Entrepreneurial business is not important to the U.S. economy.

1) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

2) The United States Small Business Administration (SBA) provides a wealth of information and assistance at all levels of organizational development and management for new entrepreneurial businesses.

2) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

3) A critical element that an entrepreneur must solve for success is to develop the ability to generate consistent and growing sales.

3) _____

◎ true
◎ false

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Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

4) Profit margins are key to successful businesses.

4) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

5) Every business that has been documented in the Fortune 500 list began as a new venture by a single individual or a small group of people.

5) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

6) Small companies can take advantage of economies of scale better than large firms.

6) _____

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◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

7) One of the disadvantages of an entrepreneurial business is the burden of creating and managing organizational policies and procedures.

7) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

8) Alexis de Tocqueville, the French statesman, stated that "the United States was not so much a nation with ventures ... but instead a nation of innumerable small ventures."

8) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

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9) Charles Wilson, secretary of defense for President Eisenhower, stated that "what is good for General Motors is good for the nation."

9) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

10) In the late 1970s and 1980s, the United States occupied the dominant economic position in the world.

10) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

11) The Great Depression of the 1930s encouraged industrial concentration.

11) _____

◎ true
◎ false

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Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

12) Today many of the multinational firms in the United States are technology firms that began in the late 1970s and early 1980s.

12) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

13) The Great Depression of the 1930s made it difficult for entrepreneurial businesses to survive in the United States.

13) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

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14) One of the huge advantages of starting one's own business is that someone else can be the boss. Small business owners are motivated by two areas to start a business: the desire to be their own bosses and to set their own working hours.

14) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Identify the type of people who are entrepreneurs.
Topic : Who are Entrepreneurial Business Owners Today?
Accessibility : Keyboard Navigation

15) A customer of a small business could be considered an important stakeholder to the success of a company.

15) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Identify the type of people who are entrepreneurs.
Topic : Who are Entrepreneurial Business Owners Today?
Accessibility : Keyboard Navigation

16) According to Thomas Stanley and William Donko in their book *The Millionaire Next Door*, 50 percent of the millionaires in the United States are self-employed.

16) _____

- ◎ true
- ◎ false

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Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Identify the type of people who are entrepreneurs.
Topic : Who are Entrepreneurial Business Owners Today?
Accessibility : Keyboard Navigation

17) Self-employed people make up less than 20 percent of the workers in the United States.

17) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Identify the type of people who are entrepreneurs.
Topic : Who are Entrepreneurial Business Owners Today?
Accessibility : Keyboard Navigation

18) The business time line demonstrates both constants and natural evolution in the development of the United States.

18) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Learning Objective : 01-03 Identify the type of people who are entrepreneurs.
Topic : Who are Entrepreneurial Business Owners Today?
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium

19) Close to 50 percent of the millionaires in the United States are entrepreneurs.

19) _____

Access Complete Test Bank for Entrepreneurship 4th Bamford

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Identify the type of people who are entrepreneurs.
Topic : Who are Entrepreneurial Business Owners Today?
Accessibility : Keyboard Navigation

20) Entrepreneurial businesses fail to provide a means to meet the varied demands that individuals face in a society.

20) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-04 Describe the impact of entrepreneurial businesses on society.
Topic : How Does Society Benefit?

21) Success in an entrepreneurial business can only be achieved with brutally hard and long hours.

21) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-04 Describe the impact of entrepreneurial businesses on society.
Topic : How Does Society Benefit?

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22) Entrepreneurial businesses have the ability to make greater profits in markets that have been ignored by larger corporations.

22) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-04 Describe the impact of entrepreneurial businesses on society.
Topic : How Does Society Benefit?

23) Large companies understand their customers more in the local area as compared to small firms.

23) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-04 Describe the impact of entrepreneurial businesses on society.
Topic : How Does Society Benefit?

24) The federal General Accounting Office did an analysis of the impact of the closure of military bases and discovered that in the areas where military bases closed, the unemployment rate was less than the national average. This is because of the starting up of new small businesses in the areas.

24) _____

- ◎ true
- ◎ false

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Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-04 Describe the impact of entrepreneurial businesses on society.
Topic : How Does Society Benefit?

25) Heather Schuck, owner of Glamajama, is an example of how women can concentrate on more than one facet of life.

25) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-04 Describe the impact of entrepreneurial businesses on society.
Topic : How Does Society Benefit?

26) There are widespread efforts worldwide to encourage the development of small and medium enterprises.

26) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-05 Discuss the worldwide impact of entrepreneurial businesses.
Topic : Entrepreneurship Around the World

27) The repayment rate on microloans is typically less than 50 percent, a much lesser repayment rate than on most types of loans.

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27) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-05 Discuss the worldwide impact of entrepreneurial businesses.
Topic : Entrepreneurship Around the World

28) Venture capitalists typically do not invest more than $2 million.

28) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

29) A venture capital start-up is oriented toward the personal goals of the founder(s).

29) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

Access Complete Test Bank for Entrepreneurship 4th Bamford

30) The presence of venture capital for start-ups is limited outside of the United States.

30) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

31) The development plan of a venture capital start-up is oriented around positive cash flow.

31) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

32) According to the U.S. government, a small business is classified as any business with fewer than 500 employees.

32) _____

◎ true
◎ false

Access Complete Test Bank for Entrepreneurship 4th Bamford

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

33) A small business's harvest plan is to put the profits back into the company.

33) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

34) When using a harvest plan, small companies are organized to grow rapidly, and they have no debt.

34) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

35) An entrepreneurial firm is typically self-funded or closely funded by the founder.

35) _____

Access Complete Test Bank for Entrepreneurship 4th Bamford

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

36) A small business start-up should be designed to take advantages of the skills of the founder or founders.

36) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

37) A small business start-up is typically oriented toward the personal goals of venture capitalists.

37) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

Access Complete Test Bank for Entrepreneurship 4th Bamford

38) Facebook and LinkedIn were founded as entrepreneurial businesses, but they are more accurately described as venture capital-backed businesses.

38) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

39) An entrepreneurial business's resources are less constrained than those of a venture capital-backed business.

39) _____

◎ true
◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

40) Each business plan, like every business, should have its own voice, feel, and style.

40) _____

◎ true
◎ false

Access Complete Test Bank for Entrepreneurship 4th Bamford

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

41) A business plan should be a tool to think through a wide range of issues related to starting and growing a business.

41) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

42) The business plan for a small business should be at least 50 pages long.

42) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

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

43) What term is used to describe Walmart's ability to purchase more advertising space at a lower cost per ad?

43) _____

A) advertising bonus
B) buying bonus
C) volume excess
D) economies of scale

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

44) Small companies have flourished in the United States because they

44) _____

A) respond more quickly to their customers' needs.
B) have better organizational policies and procedures.
C) employ more skilled people than larger businesses.
D) often expand easily in mature industries.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

Access Complete Test Bank for Entrepreneurship 4th Bamford

45) The development and implementation of a new business is part _____ and part _____.

45) _____

A) luck; skill
B) genius; hard work
C) resources; hard work
D) art; science

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

46) What are the critical elements that an entrepreneur must solve for success?

46) _____

A) an effective sales generation model
B) sustainable operating profit margins
C) being properly financed
D) All of these choices are correct.

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

47) Years ago, economists mistakenly predicted that small businesses would

47) _____

Access Complete Test Bank for Entrepreneurship 4th Bamford

A) be replaced by a smaller number of big businesses.
B) replace bigger businesses.
C) be replaced by franchises.
D) replace franchises.

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

48) According to the book, the development and implementation of a new business is

48) _____

A) part art and part science.
B) part planning and part money.
C) a combination of creativity and art.
D) None of these choices is correct.

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

49) _____ aid(s), counsel(s), assist(s), and protect(s) the interests of small business concerns.

49) _____

Access Complete Test Bank for Entrepreneurship 4th Bamford

A) The U.S. Small Business Administration
B) Stakeholders
C) Fortune 500 companies
D) Medium-sized businesses

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

50) Which one of the following is a huge advantage for small business owners to start a business?

50) _____

A) desire to be one's own boss
B) benefit the stakeholders
C) desire to work for others
D) desire to be efficient and productive

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

51) The United States Small Business Administration (SBA) was organized as a part of

51) _____

Access Complete Test Bank for Entrepreneurship 4th Bamford

A) the Small Business Administration Law.
B) the Small Business Act of July 30, 1953.
C) the Small Business Act of 1950.
D) the Small Business Agency of 1960.

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

52) _____ lead(s) to a condition where a single firm making 100 percent of the product is the most efficient.

52) _____

A) Harvest plan
B) Stakeholders
C) Economies of scale
D) Business strategy

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

53) The success of entrepreneurial businesses occurs partially because they are _____.

53) _____

Access Complete Test Bank for Entrepreneurship 4th Bamford

A) more focused than their large corporate counterparts
B) invested heavily in policies and procedures
C) characterized by corporate layers of management
D) responsible to public stockholders

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

54) In the context of the initial developments of the industrial base in the United States, which of the following statements is true about robber barons?

54) _____

A) They ensured that smaller operations were effectively put out of business.
B) They quickly came to dominate new sectors of the economy.
C) They were unable to take advantage of the economies of scale that were possible with the industrial age.
D) They came to dominate industrial sectors that had existed historically.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

55) Until the mid-1880s, almost all U.S. businesses were _____.

55) _____

Access Complete Test Bank for Entrepreneurship 4th Bamford

A) small
B) medium
C) large
D) indifferent

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

56) Identify a true statement about the history of entrepreneurial businesses in the United States.

56) _____

A) The 1880s saw the initial development of the nation's large industrial base.
B) The Great Depression of the 1930s was harder on mature businesses than on entrepreneurial businesses.
C) Entrepreneurial businesses as a percentage of the U.S. economic output began to grow exponentially following World War II.
D) Steel and automobile manufacturing in the United States flourished in the late 1970s and early 1980s.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

57) During Eisenhower's presidency, who stated that "what is good for General Motors is good for the nation"?

Access Complete Test Bank for Entrepreneurship 4th Bamford

57) _____

A) Franklin Roosevelt
B) Henry Ford
C) Andrew Carnegie
D) Charles Wilson

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

58) During the 1970s and 1980s, the _____ occupied the dominant economic position in the world.

58) _____

A) Americans
B) Japanese
C) Russians
D) Germans

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

59) Which of the following was the outcome of the Great Depression of the 1930s?

59) _____

Access Complete Test Bank for Entrepreneurship 4th Bamford

A) It led to the initial development of a large industrial base in the United States.
B) It was harder on larger more mature businesses than on entrepreneurial businesses.
C) The government deregulated all small- and medium-sized enterprises.
D) Entrepreneurial business as a percentage of the U.S. economic output began to decline.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

60) Which of the following is true of robber barons in the context of the history of entrepreneurial businesses in the United States?

60) _____

A) They failed to take advantage of the economies of scale.
B) They were responsible for the failure of several small businesses.
C) They dominated those industrial sectors that were already well-established.
D) They indulged in great abuses in order to succeed in their business.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

61) What term is used to describe individuals or other organizations that impact the success of a business?

61) _____

Access Complete Test Bank for Entrepreneurship 4th Bamford

A) corporate managers
B) capitalists
C) stakeholders
D) owners

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Identify the type of people who are entrepreneurs.
Topic : Who are Entrepreneurial Business Owners Today?
Accessibility : Keyboard Navigation

62) What percentage of U.S. millionaires are self-employed?

62) _____

A) 25
B) 33 1/3
C) 50
D) 66.7

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Identify the type of people who are entrepreneurs.
Topic : Who are Entrepreneurial Business Owners Today?
Accessibility : Keyboard Navigation

63) What is the percentage of self-employed people in the workforce?

63) _____

Access Complete Test Bank for Entrepreneurship 4th Bamford

A) 10
B) 20
C) 30
D) 40

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Identify the type of people who are entrepreneurs.
Topic : Who are Entrepreneurial Business Owners Today?
Accessibility : Keyboard Navigation

64) Which of the following is *not* a factor in a small business's success?

64) _____

A) Business owners have both the opportunity and the responsibility to lead.
B) Small business owners want and need to be independent.
C) Other people's needs and wants are not as important as the small business owner's.
D) Business owners need to carefully consider the needs of stakeholders.

Question Details
AACSB : Analytical Thinking
Learning Objective : 01-03 Identify the type of people who are entrepreneurs.
Topic : Who are Entrepreneurial Business Owners Today?
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium

65) Owning a small business provides a means to meet varied demands that individuals face in society. Which of the following is *not* a need mentioned in the text's discussion of how society benefits from small business ownership?

65) _____

Access Complete Test Bank for Entrepreneurship 4th Bamford

A) Small business owners leave big businesses because of the lack of promotion opportunities.

B) Entrepreneurs prefer the flexibility to deal with the needs of family and children that business ownership provides.

C) Small business owners have greater ability to attract financing from venture capital firms.

D) All of these choices are correct.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-04 Describe the impact of entrepreneurial businesses on society.
Topic : How Does Society Benefit?

66) Which of the following is a difference between large organizations and entrepreneurial businesses?

66) _____

A) Unlike entrepreneurial businesses, large organizations have a better understanding of the local community in which they conduct business.

B) Unlike entrepreneurial businesses, large organizations will regularly ignore business opportunities if they fail to believe the results will generate high profits.

C) Unlike large organizations, entrepreneurial businesses are burdened by policies, procedures, corporate layers of management, and public stockholders.

D) Unlike large organizations, entrepreneurial businesses do things more efficiently because they are easily able to achieve economies of scale.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-04 Describe the impact of entrepreneurial businesses on society.
Topic : How Does Society Benefit?

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67) The term _____ refers to the fact that women, like minorities, may be hired by large firms but experience limits placed on their advancement.

67) _____

A) "grapevine"
B) "androcentric"
C) "glass ceiling"
D) "glass cliff"

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-04 Describe the impact of entrepreneurial businesses on society.
Topic : How Does Society Benefit?

68) Small businesses act as a catalyst for social change because

68) _____

A) they have the ability to generate profits in markets ignored by large corporations.
B) owners have a better understanding of how to operate their business.
C) they are often started when the economy is booming.
D) communities always want to have extra money that can be obtained from having small businesses.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-04 Describe the impact of entrepreneurial businesses on society.
Topic : How Does Society Benefit?

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69) The largest group of new business owners is _____.

69) _____

A) Hispanics
B) retired men
C) women
D) Asians

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-04 Describe the impact of entrepreneurial businesses on society.
Topic : How Does Society Benefit?

70) Women entrepreneurs are starting small businesses for all but which one of the following reasons?

70) _____

A) better ideas for small businesses
B) greater control of their lives
C) manage family needs
D) hit the glass ceiling

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-04 Describe the impact of entrepreneurial businesses on society.
Topic : How Does Society Benefit?

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71) The World Bank estimates that one of the strongest factors in the growth of any nation's GNP (gross national product) is _____.

71) _____

A) the presence of small and medium-sized enterprises
B) the presence of large businesses
C) global trading
D) the presence of higher tariffs

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-05 Discuss the worldwide impact of entrepreneurial businesses.
Topic : Entrepreneurship Around the World

72) In the context of entrepreneurship around the world, identify a true statement about microloans.

72) _____

A) Such loans typically see much lower repayment rate than most types of loans.
B) The failure of such loans has resulted in a decreasing dedication of the U.S. aid budget to microloans for developing nations.
C) The repayment rate on such loans is typically 50 percent.
D) The success of such loans has been substantial, with great strides being made in many desperately poor nations.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-05 Discuss the worldwide impact of entrepreneurial businesses.
Topic : Entrepreneurship Around the World

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73) Microloans have been in existence for years; they are most commonly made directly to _____ for self-development.

73) _____

A) men
B) women
C) young adults
D) Hispanics

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-05 Discuss the worldwide impact of entrepreneurial businesses.
Topic : Entrepreneurship Around the World

74) Which kind of business is *not* likely to be eligible for a microloan program?

74) _____

A) telecommunication center
B) meals delivery
C) weaving baskets
D) washing clothes

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-05 Discuss the worldwide impact of entrepreneurial businesses.
Topic : Entrepreneurship Around the World

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75) Characteristics of an entrepreneurial firm start-up include all *except*

75) _____

A) being self-funded.
B) being designed to take advantage of the skills of the founder(s).
C) being oriented around positive cash flow.
D) having over 100 employees.

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

76) A harvest plan for a small business means the owner is

76) _____

A) reaping the benefits.
B) borrowing money to keep operating.
C) planning to exit a small business.
D) returning the profits into a company.

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

77) All of these are harvest plan strategies *except*

77) _____

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A) selling the business to another firm.
B) selling it to a group of investors.
C) participating in an IPO (initial public offering of stock).
D) franchising.

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

78) Entrepreneurial business resources are more _____ than venture capital-backed businesses.

78) _____

A) plentiful
B) constrained
C) restrained
D) adequate

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

79) Which of the following is *not* a characteristic of a high-growth venture?

79) _____

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A) It has a well-developed organization structure.
B) It often hires an experienced president to grow the company.
C) It usually hires a relatively large number of employees.
D) It is designed to reflect the mission of the founder.

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

80) Which of the following terms describes a plan to exit a small business?

80) _____

A) a harvest plan
B) a business plan
C) an entrepreneurial plan
D) a general departure plan

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

81) You should not use a cookie-cutter business plan program because

81) _____

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A) each business plan should have its own voice, feel, and presentation.

B) a good plan is best developed by the individual contemplating the business, not by a paid consultant.

C) potential investors are often family members, which makes it critical that the entrepreneur seeks to ensure the chances of success by doing thorough planning and thinking.

D) All of these choices are correct.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

82) Which of the following is a defining characteristic of venture capital start-ups?

82) _____

A) The businesses are well-funded by angel investment.

B) The development plan of the business is oriented around positive cash flow.

C) The management structure of the business is designed to take advantage of the skills of the founder.

D) The business is oriented toward the personal goals of the founder.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

83) Identify a defining characteristic of venture capital start-ups.

83) _____

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A) They are inherently safe operations whose growth is dependent on the exploitation of knowns in the market.

B) They tend to develop operations in multiple locations very shortly after the initial investment.

C) They generally have a developing organizational structure that is subject to frequent change.

D) They are usually self-funded or closely funded.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

84) Identify a defining characteristic of entrepreneurial firms.

84) _____

A) These businesses either start or grow quickly to employ a relatively large number of employees.

B) They tend to develop operations in multiple locations very shortly after the initial investment.

C) They tend to be oriented toward the personal goals of the founder.

D) They are inherently risky operations whose growth is dependent on the exploitation of unknowns in the market.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

85) Identify a true statement about entrepreneurial firms.

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85) _____

A) Such businesses tend to develop operations in multiple locations very shortly after the initial investment.
B) Such businesses generally hire an experienced president to grow the company.
C) The organizational structure in such businesses is often well-developed.
D) The number of employees in such businesses is not expected to grow to more than 50 to 100.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

86) In the context of a harvest plan, which of the following is the deciding metric in a potential public offering of a business?

86) _____

A) location
B) nature
C) size
D) capital

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

87) The U.S. Census tracks employment by number of employees (among many other statistics), and the latest census reports indicate that _____.

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87) _____

A) firms with fewer than 99 employees represent 76 percent of all firms in the United States

B) firms with more than 500 employees represent approximately 35 percent of all full-time employees in the United States

C) there is an extensive presence of venture capital for start-ups outside of the United States

D) firms with fewer than 99 employees represent 35 percent of all part-time employees in the Unites States

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

88) Which of the following statements is true about venture capital start-ups?

88) _____

A) They refrain from developing operations in multiple locations very shortly after the initial investment.

B) They are funded by angel investors who invest more than $2 million and expect extraordinary returns.

C) They have a management structure designed to take advantage of the skills of the founder or founders.

D) They ensure that the business is oriented toward the personal goals of the founders.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

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89) Which of the following is a characteristic of a venture capital start-up?

89) _____

A) The start-up is funded by the founder(s).
B) The start-up is organized according to the image of the founder(s).
C) The number of employees is not expected to be more than 50 to 100.
D) An experienced president is hired to grow the start-up.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

90) Which of the following is a characteristic of an entrepreneurial firm?

90) _____

A) The number of employees can be as few as zero or one.
B) The firm tends to develop operations in multiple locations.
C) The business begins with a harvest plan in place.
D) The business receives funding through angel investment.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

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FILL IN THE BLANK. Write the word or phrase that best completes each statement or answers the question.

91) During the 1970s and 1980s, the _____ occupied the dominant economic position in the world.

91) _____

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

92) _____ are individuals or other organizations that impact the success of a business.

92) _____

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Identify the type of people who are entrepreneurs.
Topic : Who are Entrepreneurial Business Owners Today?
Accessibility : Keyboard Navigation

93) In their book *The Millionaire Next Door*, Thomas Stanley and William Danko state that _____ percent of self-employed millionaires are entrepreneurs.

93) _____

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Identify the type of people who are entrepreneurs.
Topic : Who are Entrepreneurial Business Owners Today?
Accessibility : Keyboard Navigation

94) _____ are now the largest single group of new business founders.

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94) _____

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-04 Describe the impact of entrepreneurial businesses on society.
Topic : How Does Society Benefit?

95) _____ are often worth only a few dollars and they are given to entrepreneurs, especially women.

95) _____

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-05 Discuss the worldwide impact of entrepreneurial businesses.
Topic : Entrepreneurship Around the World

96) The term "_____ start-up" indicates that a start-up business will need to rapidly change.

96) _____

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

97) Why is small business the growth engine of the U.S. economy?

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Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

98) What is "economies of scale"? Compare the impact of economies of scale on both large and small businesses.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-01 Explain the rationale behind starting an entrepreneurial business.
Topic : Why Start a Business?

99) Discuss the role played by entrepreneurial firms in the economy of the United States in the late 1970s and early 1980s.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-02 Discuss the history of entrepreneurship in the United States.
Topic : A Brief History of Entrepreneurial Businesses in the United States

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100) What are stakeholders? What impact do stakeholders have on a small business?

Question Details
AACSB : Analytical Thinking
Learning Objective : 01-03 Identify the type of people who are entrepreneurs.
Topic : Who are Entrepreneurial Business Owners Today?
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium

101) Why does a small business act as a catalyst for social change?

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-04 Describe the impact of entrepreneurial businesses on society.
Topic : How Does Society Benefit?

102) Describe how an entrepreneurial business is critical globally.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-05 Discuss the worldwide impact of entrepreneurial businesses.
Topic : Entrepreneurship Around the World

103) Define what a small business is.

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Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

104) Describe the characteristics of a venture capital start-up.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

105) Describe the characteristics of a small business start-up.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

106) Compare the business plans of a high-growth venture with those of a small business start-up. What are the differences?

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Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

107) What are the three goals that one should keep in mind when developing a business plan for an entrepreneurial business?

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

108) Why should start-ups follow a lean approach?

Question Details
AACSB : Analytical Thinking
Bloom's : Remember
Difficulty : 1 Easy
Accessibility : Keyboard Navigation
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

109) Discuss the presence of venture capital for start-ups outside of the United States.

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Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-06 Define an entrepreneurial business.
Topic : What Is an Entrepreneurial Business?

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Entrepreneurship 4th Edition by Bamford CH01

Answer Key

Test name: CH01

1) FALSE
The evidence of the importance of entrepreneurial businesses to the U.S. economy can be seen in statistics from the United States Small Business Administration (SBA).

2) TRUE
The United States Small Business Administration (SBA) provides a wealth of information and assistance at all levels of organizational development and management for new entrepreneurial businesses. It is the agency officially organized in 1953 as a part of the Small Business Act of July 30, 1953, to "aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns."

3) TRUE
One of the three critical elements that an entrepreneur has to solve for success is the ability to generate consistent and growing sales. The other critical elements are having sustainable operating profit margins and being properly financed.

4) TRUE
One of the three critical elements that an entrepreneur has to solve for success is sustainable operating profit margins. Profit margins are key to successful businesses.

5) TRUE

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The Fortune 500 is published every year by *Fortune* magazine and documents the 500 largest corporations (by sales) in the United States. Every business in this list was started out as a new venture by a single individual or a small group of people.

6) FALSE
Economies of scale is a condition that allows the long-run average cost to continue downward as production increases. It can lead to a condition where a single firm making 100 percent of the product is the most efficient.

7) FALSE
Entrepreneurial businesses are not burdened with organizational policies and procedures.

8) TRUE
Alexis de Tocqueville was a Frenchman who toured the United States in the early 1830s and wrote a famous analysis of the country. One of his observations was that the United States was not so much a nation with ventures that were marvelous in their grandeur, but instead, a nation of innumerable small ventures.

9) TRUE
After World War II, Charles Wilson, secretary of defense for President Eisenhower, made the famous statement that "what is good for General Motors is good for the nation." The implication was that what was good for big business would be good for all of the people in the country.

10) FALSE

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In the late 1970s and early 1980s, the nation was in economic turmoil as many of the large firms that had grown to dominate the U.S. economy were having difficulty owing to global competition. The Japanese were in the dominant economic position in the world, and the widely discussed fear was that the United States was in decline much as Britain had been 100 years earlier.

11) TRUE
The Great Depression of the 1930s was harder on entrepreneurial businesses than on larger more mature businesses, and as a result, it encouraged industrial concentration.

12) TRUE
Today, many of the multinational firms in the United States are technology firms that began in the late 1970s and early 1980s. The vast number of businesses that start up each year are responsible for much of the innovation that pushes established companies to new levels.

13) TRUE
It was more difficult for entrepreneurial businesses to survive during the Great Depression of the 1930s. This encouraged industrial concentration.

14) FALSE
One of the huge advantages of starting one's own business is that it provides the setting where the business owner can be the boss.

15) TRUE
Stakeholders include key suppliers, customers, and employees—all of whom are critical to the success of the new business. These are individuals or other organizations that may impact the success of the business and depend on the success of the business for their own livelihood.

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16) FALSE
In their book entitled *The Millionaire Next Door*, Thomas Stanley and William Danko highlight statistics that demonstrate the potential for financial rewards from starting a business. For example, they point out that that 75 percent of these self-employed millionaires are entrepreneurs; the other 25 percent are self-employed professionals, such as doctors and accountants.

17) TRUE
In their book entitled *The Millionaire Next Door*, Thomas Stanley and William Danko highlight statistics that demonstrate the potential for financial rewards from starting a business. For example, they point out that almost two-thirds of U.S. millionaires are self-employed, despite the fact that self-employed people make up fewer than 20 percent of the workers in America.

18) TRUE
The time line of business provides both constants and natural evolution.

19) TRUE
Close to 50 percent of the millionaires in this country are entrepreneurs. These are the individuals who start a business, run it well, and over time build their financial success.

20) FALSE
Entrepreneurial businesses provide more than just jobs; they also provide a means to meet the varied demands that individuals face in a society.

21) FALSE
It is simply not true that success in an entrepreneurial business can only be achieved with brutally hard and long hours. Many entrepreneurs make a very good living working limited numbers of hours each week.

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22) TRUE
Entrepreneurial businesses act as a catalyst for societal change. They have the ability to garner profits in markets that have been ignored by larger corporations.

23) FALSE
The owners and employees of entrepreneurial businesses have an understanding of the local community not easily obtained by a large conglomerate.

24) TRUE
The federal General Accounting Office found that in cities with base closings including Salt Lake City, Kansas City, and San Jose, the areas around the bases had unemployment rates lower than the national average and income growth higher than the national average. There had been large initial job losses in these communities; however, the state and community leaders had responded to the closing of the bases with tax breaks and programs to support the development of new businesses.

25) TRUE
Ms. Schuck is a classic example of how one can make achievements in many facets of life.

26) TRUE
Today, there are widespread efforts in almost all nations to encourage the development of small and medium enterprises.

27) FALSE
Microloans are often for only a few dollars each and are made directly to entrepreneurs, often women. It is interesting that the repayment rate on such loans is typically 99 to 100 percent, a much higher repayment rate than on most types of loans.

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28) FALSE
Venture capitalists are a specialized type of investor. They typically do not invest less than $2 million, and in return, they expect extraordinary returns.

29) FALSE
An entrepreneurial firm is oriented toward the personal goals of the founder(s). The number of employees may be zero or as few as one and typically would not be expected to grow to more than 50 to 100.

30) TRUE
The presence of venture capital for start-ups is limited outside of the United States. Often even funds that say they are venture capitalists are in fact only providing funding for mezzanine or mature, existing firms that are looking to expand.

31) FALSE
The development plan of an entrepreneurial firm is oriented around positive cash flow. The operation of the business is designed in the image of the founder(s).

32) TRUE
For classification purposes, the U.S. government considers any business with fewer than 500 employees to be a small business.

33) FALSE
A small business's harvest plan is to exit the business. Typically, the owners have the intention to sell the business to another firm or take it to an initial public offering of stock (IPO).

34) FALSE
As a result of harvest plans, firms are organized to grow as quickly as possible and are generally heavily laden with debt.

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35) TRUE
Small business start-ups are most often referred to as entrepreneurial firms and characterized by being self-funded or closely funded by the founder.

36) TRUE
Small business start-ups are most often referred to as entrepreneurial firms and characterized by a management structure designed to take advantage of the skills of the founder or founders.

37) FALSE
These firms are most often referred to as entrepreneurial firms and characterized by the operation being designed in the image of the founders.

38) TRUE
Although Facebook, or even LinkedIn, was founded as an entrepreneurial business, it would be more accurate to describe either of them as a venture capital-backed business since both quickly required millions of dollars of investment from venture capitalists to grow.

39) FALSE
An entrepreneurial business's resources are significantly more constrained than those of a venture capital-backed business.

40) TRUE
Each business plan, much like each business, should have its own voice, feel, and presentation.

41) TRUE
A well-thought-out business plan has heightened importance for a new business as a tool for you to think through a wide range of issues.

42) FALSE

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It is better to keep the length of the business plan for a small business between 15 to 25 pages.

43) D
Economies of scale is the term used to describe Walmart's ability to purchase more advertising space at a lower cost per ad. Advertising is typically much cheaper per unit if purchased in large volume.

44) A
The ability of entrepreneurs to respond more quickly and to operate more effectively has led to a growth in the raw number of entrepreneurial businesses rather than a decline.

45) D
The development and implementation of a new business is part art and part science. This field has been studied for a long time and there is a well-developed body of knowledge available for students.

46) D
Research has found that there are three critical elements that an entrepreneur must solve for success: having an effective sales generation model, having sustainable operating profit margins, and being properly financed.

47) A
Many years ago, the apparent efficiencies of very large businesses led some economists to predict that small businesses would be largely replaced by a much smaller number of large businesses.

48) A

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Development and implementation of a new business is part art and part science; the science is the forming and managing of a new entrepreneurial business in a clear, sequential manner, and the art is a matter of practice, example, and the skill of the founder(s) of the new business.

49) A
The United States Small Business Administration (SBA) is the agency officially organized to aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns.

50) A
One of the huge advantages of starting one's own business is that it provides the setting where the business owner can be the boss.

51) B
The SBA is the agency officially organized in 1953 as a part of the Small Business Act of July 30, 1953, to "aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns."

52) C
Economies of scale is a condition that allows the long-run average cost to continue downward as production increases. It leads to a condition where a single firm making 100 percent of the product is the most efficient.

53) A
The success of entrepreneurial businesses occurs partially because they are simply more focused than their large corporate counterparts. Without the burden of policies, procedures, corporate layers of management, and public stockholders, new businesses are free to put all their energy into satisfying the needs of their customers.

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54) B
Robber barons took advantage of the economies of scale that were suddenly possible with the industrial age and quickly came to dominate new sectors of the economy (e.g., Andrew Carnegie's domination of the steel industry). However, the robber barons were coming to dominate industrial sectors that had not existed historically, so they generally did not put smaller operations out of business.

55) A
The history of the United States has always been intimately tied to entrepreneurial businesses. Until the mid-1880s, almost all U.S. businesses were still relatively small.

56) A
The 1880s saw the initial development of the nation's large industrial base. Until the mid-1880s, almost all U.S. businesses were still relatively small.

57) D
Charles Wilson, secretary of defense, implied that what was good for a big business would be good for all of the people in the country.

58) B
In the late 1970s and early 1980s, the nation was in economic turmoil as many of the large firms were having difficulty owing to global competition. The Japanese occupied the dominant economic position in the world.

59) D

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The Great Depression of the 1930s was harder on entrepreneurial businesses than on larger more mature businesses, and as a result it encouraged industrial concentration. The outcome was that following World War II, entrepreneurial business as a percentage of the U.S. economic output began to decline.

60) D
Robber barons came into existence in the 1880s with the development of the nation's large industrial base. They are not only associated with tremendous success but also great abuses in business.

61) C
Stakeholders are individuals or other organizations that impact the success of a business.

62) D
Almost two-thirds of U.S. millionaires are self-employed, although self-employed people make up fewer than 20 percent of the workers in the United States.

63) B
Almost two-thirds of U.S. millionaires are self-employed, although self-employed people make up fewer than 20 percent of the workers in the United States.

64) C
New business owners have both the opportunity and the responsibility to lead. However, although many new business owners want this independence, they also need to recognize they are not alone in the business; there are other important stakeholders who are critical to the success of the business.

65) C

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Individuals can become frustrated with large corporations over the lack of promotion opportunities or the inflexibility of the corporations in dealing with the needs of family and children.

66) B
Large organizations will regularly ignore business opportunities if they do not believe the results will generate high profits, whereas entrepreneurial businesses are more flexible and willing to pursue a wider range of opportunities. The owners and employees of the entrepreneurial businesses have an understanding of the local community not easily obtained by a large conglomerate.

67) C
The term "glass ceiling" refers to the fact that women, like minorities, may be hired by large firms but experience limits placed on their advancement. As a result, these women leave the large firms and start their own businesses.

68) A
Small businesses act as a catalyst for societal change in many ways. Small businesses make profit in markets that have been ignored by large companies and they are more flexible and willing to pursue a wider range of opportunities.

69) C
The number of women starting new businesses has increased to the point where they are now the largest single group of new business founders.

70) A
The growth of women entrepreneurs comes from the fact that women are frustrated by the "glass ceiling" and want greater control of their lives so they can better balance their family's and children's needs.

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71) A
The World Bank estimates that one of the strongest factors in the growth of any nation's gross national product is the presence of small and medium-sized enterprises.

72) D
The success of microloans has been substantial, with great strides being made in many desperately poor nations. It is interesting that the repayment rate on such loans is typically 99 to 100 percent, a much higher repayment rate than on most types of loans.

73) B
Microloan programs have been in existence for years to encourage self-development. These loans are often for only a few dollars each and are made directly to entrepreneurs, often women.

74) A
Microloans often amount to few dollars each. The businesses founded through these loans can be as simple as delivering lunches, weaving baskets, or washing clothes.

75) D
Characteristics of entrepreneurial business start-ups include being self-funded or closely funded; a development plan oriented around positive cash flow; a management structure designed to take advantage of the skills of the founder or founders; an operation designed in the image of the founder(s); a business oriented toward the personal goals of the founder(s); and the number of employees being zero or as few as one and typically not expected to grow to more than 50 to 100.

76) C

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A harvest plan is a plan to exit the business. Typically, the owners have the intention to sell the business to another firm or take it to an initial public offering (IPO).

77) D
A harvest plan is a plan to exit the business. Typically, the owners have the intention to sell the business to another firm or take it to an IPO.

78) B
An entrepreneurial business's resources are significantly more constrained than those of a venture capital-backed business.

79) D
A high-growth venture is characterized by a developed organizational structure and an experienced president to grow the company. They start or grow quickly to employ a relatively large number of employees.

80) A
A harvest plan is a plan to exit a business. Typically, the owners have the intention to sell the business to another firm or take it to an initial public offering of stock (IPO).

81) D
A well-thought-out business plan has heightened importance for a new business. You should not use a cookie-cutter business plan program because each business plan should have its own voice, feel, and presentation. It is best developed by the individual contemplating the business, not by a paid consultant. Potential investors are often family members, which makes it critical that the entrepreneur seeks to ensure the chances of success by doing thorough planning and thinking.

82) A

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Venture capital start-ups are well-funded by venture capital or angel investment. In fact, without such capital it is virtually impossible to begin this particular type of venture.

83) B
Venture capital start-ups tend to develop operations in multiple locations very shortly after the initial investment. They are inherently risky operations whose growth is dependent on the exploitation of unknowns in the market (a new invention, unique patents, etc.).

84) C
Entrepreneurial firms are oriented toward the personal goals of the founder(s). The operation in such firms is designed in the image of the founder(s).

85) D
Entrepreneurial firms are oriented toward the personal goals of the founder(s). The number of employees may be zero or as few as one and typically would not be expected to grow to more than 50 to 100.

86) C
A harvest plan may include selling the business to another firm, selling it to a group of investors, or even participating in an IPO (an initial public offering of stock). Size is the deciding metric in a potential public offering or sale to a larger organization.

87) A
The U.S. Census tracks employment by number of employees (among many other statistics), and the latest census reports indicate that firms with fewer than 99 employees represent 76 percent of all firms in the United States. They also represent approximately 33 percent of all full-time employees in the United States.

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88) B
Venture capitalists are a specialized type of investor. They typically do not invest less than $2 million, and in return, they expect extraordinary returns.

89) D
A characteristic of a venture capital start-up is that an experienced president is often hired to grow the company.

90) A
One of the characteristics of an entrepreneurial firm is that the number of employees in the business can be as few as zero or one and they are not expected to grow beyond 50 to 100 employees.

91) Japanese
In the late 1970s and early 1980s, the Japanese occupied the dominant economic position in the world.

92) Stakeholders
Stakeholders are individuals or other organizations that impact the success of a business.

93) 75
In their book entitled *The Millionaire Next Door*, Thomas Stanley and William Danko state that 75 percent of self-employed millionaires are entrepreneurs and the other 25 percent are self-employed professionals.

94) Women
The number of women starting new businesses has increased to the point where they are now the largest single group of new business founders.

95) Microloans
Microloans have been in existence for years; they are most commonly made directly to entrepreneurs, often women, for self-development.

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96) lean
The term "lean start-up" specifies that a start-up business will need to rapidly change.

97) The evidence of entrepreneurial businesses' importance to the economy can be seen in the following 2019 statistics from the United States Small Business Administration (SBA):
1) 99.9 percent of all businesses in the United States are small.
2) 48 percent of private sector employees are in small businesses (60 million out of 126.8 million employees in the United States).
3) 33.3 percent of known export value are from small businesses ($29 billion out of $1.3 trillion).
Furthermore, these entrepreneurial businesses are growing rapidly. Small businesses created 9.6 million net new jobs from 2000 to 2018 or just under 65 percent of net new job creation in the United States. Large businesses were responsible for just 5.2 million.

98) Economies of scale is a condition that allows the long-run average cost to continue downward as production increases. It leads (in its most extreme case) to a condition where a single firm making 100 percent of the product is the most efficient. In reality, this condition is moderated by the ability of management to adjust the size. Large firms can obtain economies of scale in some industries. In other words, large firms can sometimes do things more efficiently because of their ability to operate on a larger scale than can a small firm.

99) In the late 1970s and early 1980s, the United States was in economic turmoil. Many of the large firms that dominated the U.S. economy were facing difficulties due to global competition. The decline opened new opportunities for entrepreneurial businesses. The economic growth and success that the nation experiences today can be attributed to the entrepreneurial firms that began in the 1970s and 80s.

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100) Stakeholders are individuals or other organizations that may impact the success of a business and depend on the success of the business for their own livelihood. They include key suppliers, customers, and employees—all of whom are critical to the success of the new business.

101) A small business has the ability to garner profits in the markets that have been ignored by large firms. Small businesses have more flexibility to understand the local community. The increase of women and minorities starting new businesses contributes to societal change. Women are now the largest single group of new business founders.

102) New and growing businesses are critically important around the world. The World Bank estimates that one of the strongest factors in the growth in any nation's gross national product (GNP) is the presence of entrepreneurial small- and medium-sized enterprises (SMEs). Today there are widespread efforts in almost all nations to encourage the development of small and medium enterprises. These governmental efforts range from tiny contributions of capital or time to large, multidimensional programs that cross the boundaries of multiple nations.

103) For classification purposes, the U.S. government considers any business with fewer than 500 employees to be a small business, while the European Union caps that number at 50. A business with almost 500 employees is actually a large firm requiring formal personnel policies, specialized services, and an administrative structure that is in no way close to the reality of most small businesses. For the vast majority of people, the businesses formed will have far fewer than 500 employees.

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104) Venture capital start-ups can be characterized by the following descriptions:

1. The businesses are well-funded by venture capital or angel investment. In fact, without such capital, it is virtually impossible to begin this particular type of venture. Venture capitalists are a specialized type of investor; they typically do not invest less than $2 million and in return they expect extraordinary returns.
2. These businesses are formed with a harvest plan in place; this is a plan to exit the business that allows the investors to take advantage of growth. A harvest plan may include selling the business to another firm, selling it to a group of investors, or even participating in an IPO (an initial public offering of stock). Size is the deciding metric in a potential public offering or sale to a larger organization.
3. As a result of the harvest plan, these firms are organized to grow as quickly as possible and are generally heavily laden with debt. Many are harvested before they can achieve positive net cash flow.
4. They have a developed organizational structure.
5. They often hire an experienced president to grow the company.
6. They tend to develop operations in multiple locations very shortly after the initial investment.
7. They are inherently risky operations whose growth is dependent on the exploitation of unknowns in the market (a new invention, unique patents, etc.).
8. These businesses either start or grow quickly to employ a relatively large number of employees.

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105) Entrepreneurial businesses can be characterized by the following descriptions:

1. The start-up is self-funded or funded by those close to them.
2. The development plan is oriented around positive cash flow.
3. The management structure is designed to take advantage of the skills of the founder or founders.
4. The operation is designed in the image of the founder(s).
5. The business is oriented toward the personal goals of the founder(s).
6. The number of employees may be zero or as few as one and typically would not be expected to grow to more than 50 to 100.

106) A critical difference between an entrepreneurial business and a venture capital-backed firm is in the size and detail required in their initial business plans. An entrepreneurial business's resources are significantly more constrained than those of a venture capital-backed business. Whereas the venture capital-backed firm generally develops a business plan as a promotional tool to be sent to potential investors, the entrepreneurial business develops a business plan as a guide for the running of the business. Many ventures seeking capital hire professional consultants to assist them in the development of their business plans.

107) A business plan for a new entrepreneurial business is developed with three goals in mind:

1. To be a guide to managing the business in its early development.
2. To provide a self-evaluation: Putting the information down in writing allows for evaluation and honest analysis.
3. To provide potential closely held investors with the critical information necessary to evaluate the key criteria of the business: its cash flow, management team, and competitive advantage.

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108) The term "lean start-up" indicates that a start-up business will need to rapidly change. Rather than pursuing a fixed business idea you should visualize the start-up as an experiment. The focus is on building a business that generates something that the customer that is an early adopter actually desires. The lean approach means seeking a model that is scalable—or able to build into something bigger. The lean start-up seeks to shorten the product/service cycles by quickly testing and experimentation of a product. The goal of the lean approach to business start-up seeks to iteratively build products or services with a particular focus on early customers. This process requires constantly testing the business's products/services with real customers and incorporating their feedback into the entrepreneurial effort. One key to the lean entrepreneurial process and where the term originates is the start-up must be lean. To make changes an entrepreneur must be flexible. Thus, the entrepreneur must recognize that change will be the nature of the business, and so whether such an investment is helpful or confining must be evaluated by the entrepreneur. The key for the entrepreneur is the adaptation. Keeping any production or action simple can quickly be eliminated if it does not generate the success the entrepreneurial team is seeking.

109) There is a limited presence of venture capital for start-ups outside of the United States. Most funds are available only for mezzanine or mature, existing firms that are looking to expand.

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