Test Bank for Launching New Ventures An Entrepreneurial Approach 7th Allen

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True / False

1. Entrepreneurship is a personal journey that begins in the mind of the nascent entrepreneur.
   a. True
   b. False

ANSWER: True
POINTS: 1
REFERENCES: Preparing for the Entrepreneurial Journey, Intro

2. Research has enabled us to identify the characteristics of the typical entrepreneur. .
   a. True
   b. False

ANSWER: False
POINTS: 1
REFERENCES: 2.1 Saying Goodbye to Stereotypes

3. The chances of success for a new business startup are determined primarily by the size of the initial financial investment.
   a. True
   b. False

ANSWER: False
POINTS: 1
REFERENCES: 2.1 Saying Goodbye to Stereotypes

4. In an entrepreneurial endeavor, risk is correlated with reward; that is, the greater the risk taken, the greater the reward expected.
   a. True
   b. False

ANSWER: False
POINTS: 1
REFERENCES: 2.1 Saying Goodbye to Stereotypes

5. Research has determined that effective and efficient business planning correlates with business success.
   a. True
   b. False

ANSWER: False
POINTS: 1
REFERENCES: 2.1 Saying Goodbye to Stereotypes

6. Entrepreneurship is for those under 30, not for older persons.
   a. True
   b. False

ANSWER: False
POINTS: 1
REFERENCES: 2.1 Saying Goodbye to Stereotypes

7. The most important element for success is abundant start-up capital.

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a. True
b. False

ANSWER: False
POINTS: 1
REFERENCES: 2.1 Saying Goodbye to Stereotypes

8. Today many enterprising people are turning to nonprofit ventures to realize their entrepreneurial dreams.
a. True
b. False

ANSWER: True
POINTS: 1
REFERENCES: 2.2 Paths to Entrepreneurship

9. Home-based businesses do not qualify as “entrepreneurship.”
a. True
b. False

ANSWER: False
POINTS: 1
REFERENCES: 2.2 Paths to Entrepreneurship

10. One of the biggest problems that scientists and engineers face when they decide to consider entrepreneurship is the expectation that there should be formulas and straightforward "right or wrong" answers.
a. True
b. False

ANSWER: True
POINTS: 1
REFERENCES: 2.3 The Challenges and Opportunities of Entrepreneurship

Multiple Choice

11. All of entrepreneurship can be reduced to:
a. wealth
b. independence
c. growth
d. people
e. partnership

ANSWER: d
POINTS: 1
REFERENCES: Preparing for the Entrepreneurial Journey, Intro

12. What’s more important than start-up capital is:
a. size of the team
b. size of the market
c. amount of startup capital
d. the amount of all resources
e. desire for independence

ANSWER: d

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POINTS: 1
REFERENCES: 2.1 Saying Goodbye to Stereotypes

13. Most of the great businesses that have been successful for at least 50 years (companies such as Walt Disney, Sony, and Merck) did *not* start with a/an:

a. lot of money
b. need for independence
c. great idea
d. great team
e. original idea

ANSWER: c
POINTS: 1
REFERENCES: 2.1 Saying Goodbye to Stereotypes

14. The goal of most entrepreneurs is to reduce the level of ____ in any venture.

a. investment
b. independence
c. planning
d. risk
e. resources

ANSWER: d
POINTS: 1
REFERENCES: 2.1 Saying Goodbye to Stereotypes

15. In general, venture capitalists say that they will take a ____ and a large market opportunity in a fast-growing area over a great idea any day

a. big risk
b. strong business plan
c. passionate entrepreneur
d. strong leader
e. great team

ANSWER: e
POINTS: 1
REFERENCES: 2.1 Saying Goodbye to Stereotypes

16. The *Kauffman Index of Entrepreneurial Activity* from 1996-2011 found that men and women in the ____ age bracket were responsible for more than 20% of all the entrepreneurial activity in the United States.

a. 25-45
b. 25-55
c. 18-43
d. 55-64
e. 65-98

ANSWER: d
POINTS: 1
REFERENCES: 2.1 Saying Goodbye to Stereotypes

17. Peter Drucker asserted, "The entrepreneurial mystique, it's not magic, it's not mysterious, and it has nothing to do with

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the genes. It is ____."

a. having enough money
b. a great idea
c. a great network
d. discipline
e. the need for independence

ANSWER: d
POINTS: 1
REFERENCES: 2.1 Saying Goodbye to Stereotypes

18. In the United States, ____ entrepreneurship is most prevalent.

a. opportunity-driven
b. efficiency-driven
c. factor-driven
d. necessity-driven
e. passion-driven

ANSWER: d
POINTS: 1
REFERENCES: 2.2 Paths to Entrepreneurship

19. ____ comprise over fifty percent of all small businesses in the United States.

a. Startups
b. Home-based businesses
c. Nonprofit businesses
d. Serial entrepreneurs
e. Corporate entrepreneurs

ANSWER: b
POINTS: 1
REFERENCES: 2.2 Paths to Entrepreneurship

20. An entrepreneur who owns a minority or majority stake in several ventures is called a ____ entrepreneur.

a. portfolio
b. traditional
c. serial
d. nonprofit
e. None of these choices

ANSWER: a
POINTS: 1
REFERENCES: 2.2 Paths to Entrepreneurship

21. An entrepreneur who starts one business and then moves on to start another is classified as a ____ entrepreneur.

a. portfolio
b. traditional
c. serial
d. nonprofit
e. None of these choices

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ANSWER: c
POINTS: 1
REFERENCES: 2.2 Paths to Entrepreneurship

22. An entrepreneur may form a nonprofit venture for achieving goals associated with:
    a. Education
    b. Religion
    c. Charitable
    d. Any or all of these choices.
    e. None of these choices.

ANSWER: d
POINTS: 1
REFERENCES: 2.2 Paths to Entrepreneurship

23. Robert Chambers used the ____ organizational structure as a vehicle to help low-income people make better purchasing decisions when it came to cars.
    a. new venture
    b. socially responsible
    c. startup
    d. corporate
    e. nonprofit

ANSWER: e
POINTS: 1
REFERENCES: 2.2 Paths to Entrepreneurship

24. Entrepreneurial-like ventures inside large companies may be formed using:
    a. Opportunistic models
    b. Enabler models
    c. Advocate models
    d. Producer models
    e. All of these choices.

ANSWER: d
POINTS: 1
REFERENCES: 2.2 Paths to Entrepreneurship

25. As relevant in corporate entrepreneurships as in independent ones are:
    a. Recognizing opportunities
    b. Conducting feasibility analyses
    c. Developing execution plans
    d. All of these choices
    e. None of these choices

ANSWER: d
POINTS: 1
REFERENCES: 2.2 Paths to Entrepreneurship

26. A very helpful exchange of information and resources can be gained from groups or organizations who form a:

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a. network
b. mentor
c. self-starter
d. leader
e. All of these choices

ANSWER: a
POINTS: 1
REFERENCES: 2.4 Preparing to Become an Entrepreneur

27. Because entrepreneurs operate in a world of uncertainty, they need to learn to:
a. Analyze a situation
b. Extract the important information
c. Ignore the superfluous information
d. Compare potential outcomes
e. All of these choices

ANSWER: e
POINTS: 1
REFERENCES: 2.4 Preparing to Become an Entrepreneur

28. ____ is the exchange of information and resources among individuals, groups, or organizations whose common goals are to mutually benefit and create value for the members.
a. Business planning
b. Marketing
c. Mentoring
d. Networking
e. None of these choices

ANSWER: d
POINTS: 1
REFERENCES: 2.4 Preparing to Become an Entrepreneur

29. The ____ in a professional network are the entrepreneur's acquaintances and business contacts.
a. strong ties
b. weak ties
c. work ties
d. partners
e. mentors

ANSWER: b
POINTS: 1
REFERENCES: 2.4 Preparing to Become an Entrepreneur

30. Entrepreneurs rely on their ____ for objective advice because they are not biased by a prior history with the entrepreneur.
a. strong ties
b. weak ties
c. work ties
d. partners

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e. mentors

ANSWER: b

POINTS: 1

REFERENCES: 2.4 Preparing to Become an Entrepreneur

31. ____ serve as gateways to other networks, exerting influence between groups or networks rather than within groups.

a. Network brokers

b. Angel investors

c. Gateways

d. Opinion leaders

e. All of these choices

ANSWER: a

POINTS: 1

REFERENCES: 2.4 Preparing to Become an Entrepreneur

32. Which of the following is not a barrier to becoming self-employed?

a. Lack of confidence

b. Financial needs

c. Family issues

d. Time constraints

e. Lack of training

ANSWER: e

POINTS: 1

REFERENCES: 2.4 Preparing to Become an Entrepreneur

33. ____ is a critical part of the everyday life of an entrepreneur and is a skill that must be developed and exercised carefully.

a. Making effective decisions

b. Paying attention to details

c. Comparing potential outcomes

d. Critical thinking

e. Being a micromanager

ANSWER: a

POINTS: 1

REFERENCES: 2.4 Preparing to Become an Entrepreneur

34. ____ facilitates a new venture's identity and legitimacy as well as creates a competitive advantage that is difficult to replicate.

a. Networking

b. Decision making

c. Storytelling

d. Critical thinking

e. Micromanaging

ANSWER: c

POINTS: 1

REFERENCES: 2.4 Preparing to Become an Entrepreneur

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35. When all is said and done, business is about:
    a. Critical skills
    b. Research
    c. relationships
    d. Management skills
    e. All of these choices

ANSWER: c
POINTS: 1
REFERENCES: 2.4 Preparing to Become an Entrepreneur

36. Entrepreneurial leaders have a distinct advantage over ____ leaders because they see themselves as part of a team.
    a. heroic
    b. charismatic
    c. visionary
    d. both "heroic" and "charismatic"
    e. both "charismatic" and "visionary"

ANSWER: d
POINTS: 1
REFERENCES: 2.4 Preparing to Become an Entrepreneur

37. One of the best ways to discover an opportunity is to study a/an ____ in depth.
    a. company
    b. product
    c. industry
    d. leader
    e. None of these choices

ANSWER: c
POINTS: 1
REFERENCES: 2.4 Preparing to Become an Entrepreneur

38. Essential to creating an opportunity in a complex world, entrepreneurs must embrace:
    a. Networking
    b. Research
    c. Uncertainty
    d. Decision-making
    e. strategic alliances / acquisition

ANSWER: c
POINTS: 1
REFERENCES: 2.4 Preparing to Become an Entrepreneur

39. An entrepreneur's ____ are the foundation for the business and are always reflected in the business and in the way customers are treated.
    a. ideas
    b. networks
    c. core values
    d. resources

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e. relationships

ANSWER: c

POINTS: 1

REFERENCES: 2.4 Preparing to Become an Entrepreneur

40. A/An ____ is a group of companies that are engaged in similar or related activities.

a. network

b. industry

c. foreign market

d. both "network" and "industry"

e. None of these choices

ANSWER: b

POINTS: 1

REFERENCES: 2.4 Preparing to Become an Entrepreneur

Subjective Short Answer

41. Why have myths developed about entrepreneurs?

ANSWER: Entrepreneurs make up a relatively small portion of the population. They have the potential to become very rich and the potential to lose large sums of money. The media give them disproportionate coverage because of the risks and potential rewards and because they are different from most managers. Myths develop as people try to understand the "art" of entrepreneurship.

POINTS: 1

REFERENCES: 2.1 Saying Goodbye to Stereotypes

42. Discuss the home-based entrepreneur.

ANSWER: Home-based entrepreneurs can be found in retail, services, health care, and literally any other industry. They represent 52 percent of all small business, and many of these are hobby businesses, consulting, and freelance-type businesses, but some compete in the same arena as brand name businesses with large facilities. Home-based business owners can tap into more resources than ever before from their desktops or mobile devices to locate help for any problem they may be facing, from finding business forms to seeking legal advice to learning how to start and run a business. In addition, U.S. tax laws have become friendlier to home-based business owners, who can take a deduction for their home office space and appropriate business expenses.

POINTS: 1

REFERENCES: 2.1 Saying Goodbye to Stereotypes

43. What is required for an entrepreneurial mindset to succeed inside a large corporation?

ANSWER: Senior management commitment, a champion or several champions, corporate interoperability, clearly defined stages and metrics, a superior team, and a spirit of entrepreneurship.

POINTS: 1

REFERENCES: 2.2 Paths to Entrepreneurship

44. Discuss some of the challenges in following the entrepreneur career path.

ANSWER: Some challenges including finding the right business opportunity; needing to work without pay for long hours; uncertainty; making major decisions that affect other people's lives; relying on other people; no previous experience; facing failure; finding the right people to grow the business; dealing with a sense of isolation; and raising capital and other resources.

POINTS: 1

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REFERENCES: 2.3 The Challenges and Opportunities of Entrepreneurship

45. What are the steps to increasing success as an entrepreneur?

ANSWER: Some steps include find a mentor; build a network; learn about entrepreneurs; identify reasons for wanting to own a business; analyze personality and business preferences; improve or acquire critical skills; and study an industry.

POINTS: 1

REFERENCES: 2.3 The Challenges and Opportunities of Entrepreneurship

46. What are some sources of business knowledge for entrepreneurs? Which is the most important?

ANSWER: Some sources are magazines, books, newspapers, college courses, life experience, job experience, marketing research, and other entrepreneurs. The most important source is the other entrepreneurs.

POINTS: 1

REFERENCES: 2.3 The Challenges and Opportunities of Entrepreneurship

47. How can an entrepreneur efficiently build a large, but meaningful network?

ANSWER: Entrepreneurs accomplish this by connecting with network brokers who serve as gateways to other networks. These brokers, or opinion leaders, exert influence between groups or networks rather than within groups.

POINTS: 1

REFERENCES: 2.4 Preparing to Become an Entrepreneur

48. In what ways do entrepreneurial leaders have an advantage over heroic leaders?

ANSWER: Heroic leaders are lonely, without peers or teammates. Entrepreneurial leaders are, more than ever, part of a creative team. The leader needs to inspire others to motivate and lead as well.

POINTS: 1

REFERENCES: 2.4 Preparing to Become an Entrepreneur

49. Discuss the importance of making effective decisions.

ANSWER: Making effective decisions is a critical part of the everyday life of an entrepreneur and is a skill that must be developed and exercised carefully. Poor decisions about hiring, business location, investors, and strategic partners can cost a company a great deal of money and prevent it from achieving its goals. Wise decisions, even in times of crisis, can provide an opportunity for growth.

POINTS: 1

REFERENCES: 2.4 Preparing to Become an Entrepreneur

50. Why should someone who is considering starting a business be concerned about her or his health?

ANSWER: We should all be concerned about our health, but especially before a life-changing event of our own choosing. Good physical, emotional, and spiritual health provides more energy for the entrepreneur, enables her or him to deal with stress better, and clarifies the values at the foundation of the business.

POINTS: 1

REFERENCES: 2.4 Preparing to Become an Entrepreneur

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