Entrepreneurship Starting and Operating a Small Business 5th edition Glackin Test Bank

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Entrepreneurship: Starting and Operating a Small Business, 5e **(Glackin/NFTE)**
Chapter 2 Pathways to Success: Processes and Instruments

1) Which of the following helps an entrepreneur with the go/no go decision?
A) Business plan
B) Marketing plan
C) Cash flow analysis
D) Feasibility analysis
Answer: D
Diff: 1
Learning Objective: 2.1 Describe a feasibility analysis and choose when to create one.
AACSB: Analytical Thinking

2) Lean start-up is a hypothesis driven approach to business startup using iterative development.
Answer: TRUE
Diff: 2
Learning Objective: 2.2 Articulate the lean start-up methodology.
AACSB: Analytical Thinking

3) The Business Model Canvas has _____ core building blocks that are intended to supply answers to critical questions.
A) 3
B) 9
C) 6
D) 8
Answer: B
Diff: 2
Learning Objective: 2.3 Prepare a Business Model Canvas.
AACSB: Application of Knowledge

4) Bankers and other potential investors will often refuse to see an entrepreneur who does not have a _____.
A) complete business plan
B) sales forecast
C) resumé
D) marketing plan
Answer: A
Diff: 1
Learning Objective: 2.4 Identify primary business plan contents.
AACSB: Analytical Thinking

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5) Writing a business plan can ensure that you _____.
A) achieve your expense projections
B) figure out how to make your business work
C) meet your target revenue goals
D) make a profit
Answer: B
Diff: 2
Learning Objective: 2.4 Identify primary business plan contents.
AACSB: Reflective Thinking

6) A(n) _____ can be a front line of defense against a poor idea.
A) goal
B) mission
C) objective
D) business plan
Answer: D
Diff: 3
Learning Objective: 2.5 Summarize the various purposes for a business plan and the audiences for one.
AACSB: Reflective Thinking

7) It is best to wait to write a business plan until you find lenders or investors.
Answer: FALSE
Diff: 2
Learning Objective: 2.5 Summarize the various purposes for a business plan and the audiences for one.
AACSB: Reflective Thinking

8) A business plan is the key to raising capital.
Answer: TRUE
Diff: 1
Learning Objective: 2.5 Summarize the various purposes for a business plan and the audiences for one.
AACSB: Reflective Thinking

9) Explain 3 reasons why a start-up organization would have a written business plan.
Answer:
1. Writing a business plan early will save you time and money.
2. Your business plan is the key to raising capital.
3. The business plan is an operations guide.
Diff: 2
Learning Objective: 2.5 Summarize the various purposes for a business plan and the audiences for one.
AACSB: Analytical Thinking

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10) Your business plan projections should be _____.
A) incredible and impossible to reach
B) optimistic and a bit of a stretch
C) practical and easy to reach
D) realistic and attainable
Answer: D
Diff: 3
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Reflective Thinking

11) The _____ section of the business plan should be written last.
A) cover page
B) mission, vision, culture
C) executive summary
D) financial statements
Answer: C
Diff: 1
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Reflective Thinking

12) The executive summary contains the _____.
A) inspired enthusiasm for success
B) story of the business
C) funding request
D) All of the above.
Answer: D
Diff: 3
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Analytical Thinking

13) Making the beliefs, values, and behavioral norms explicit and intentional builds the _____ of an organization.
A) culture
B) vision
C) mission
D) All of the above.
Answer: A
Diff: 3
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Analytical Thinking

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14) One section of the business plan that is often neglected is the _____.
A) marketing plan
B) opportunity analysis and research
C) executive summary
D) financial projections
Answer: B
Diff: 3
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Analytical Thinking

15) The _____ addresses the roles of the community, region, nation, and world in a business.
A) business analysis
B) environmental analysis
C) industry analysis
D) proof of market
Answer: B
Diff: 2
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Analytical Thinking

16) Target market segments are defined by common factors such as _____.
A) psychographics
B) geography
C) demographics
D) All of the above.
Answer: D
Diff: 2
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Analytical Thinking

17) A competitive analysis is an important component of _____.
A) a mission statement
B) an opportunity analysis
C) a vision statement
D) All of the above.
Answer: B
Diff: 2
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Reflective Thinking

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18) The four factors that form the marketing mix are _____.
A) product, price, promotion, and place
B) product, place, politics, and price
C) product, packaging, promotion, and price
D) product, price, promotion, and public opinion
Answer: A
Diff: 1
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Analytical Thinking

19) Price should reflect the organization's _____.
A) policy
B) vision
C) strategy
D) All of the above.
Answer: D
Diff: 3
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Reflective Thinking

20) Advertising is _____ promotion through media outlets.
A) paid
B) free
C) discounted
D) personal
Answer: A
Diff: 1
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Analytical Thinking

21) Telemarketing is a form of _____.
A) advertising
B) publicity
C) direct marketing
D) None of the above.
Answer: C
Diff: 2
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Analytical Thinking

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22) Which of the following is **not** needed in all business management teams?
A) Operations
B) Outside directors
C) Marketing
D) Accounting
Answer: B
Diff: 3
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Analytical Thinking

23) Resumes and position descriptions should be included in business plans for _____.
A) all employees
B) key managers
C) Both of these.
D) Neither of these.
Answer: B
Diff: 2
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Analytical Thinking

24) A factor to consider when selecting a physical location is _____.
A) proximity to a university
B) wage rates
C) work force availability
D) All of the above.
Answer: D
Diff: 2
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Analytical Thinking

25) Cash flow _____ be negative before debt and equity infusions and _____ be negative after them.
A) can; cannot
B) cannot; cannot
C) cannot; can
D) can; can
Answer: A
Diff: 3
Learning Objective: 2.6 Differentiate the components of a business plan.
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26) Income statement projections realistically _____ in the first few months of operations.
A) show losses
B) show profits
C) break even
D) show marginal profits
Answer: A
Diff: 2
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Reflective Thinking

27) Ratio analysis can help business owners _____.
A) secure funding
B) manage operations
C) understand their performance relative to peers
D) All of the above.
Answer: D
Diff: 3
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Reflective Thinking

28) An IPO is a(n) _____ exit strategy for entrepreneurial ventures.
A) extinct
B) rare
C) common
D) alternative for a buyout plan
Answer: D
Diff: 3
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Reflective Thinking

29) If a company does not have _____, it will fail.
A) property
B) cash
C) advertising
D) advanced technology
Answer: B
Diff: 1
Learning Objective: 2.6 Differentiate the components of a business plan.
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30) What a business owns is called _____.
A) liabilities
B) assets
C) net worth
D) owner's equity
Answer: B
Diff: 1
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Reflective Thinking

31) The marketing plan is based on the marketing mix of product, price, place, and packaging.
Answer: FALSE
Diff: 2
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Analytical Thinking

32) Discuss the significance of the management section of the business plan and what it should contain.
Answer: The management team is often the deciding factor for financial support of the business. With all other factors being equal, a strong management team will be successful and a weak one will fail. The team must be composed of an effective balance of members with technical expertise, experience in the field, and life experience. In the plan, you should briefly discuss the current and proposed management team and reference their resumes in the appendices. An organizational chart and descriptions of key roles is helpful, as is a chart of compensation rates.
Diff: 3
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Analytical Thinking

33) Describe mission, vision, and culture.
Answer: The mission of a business is expressed in a mission statement which is a concise communication of strategy, including the business definition and competitive advantage. Its function is to clarify what the business is trying to do, and it can provide direction and motivation to those who are involved in the business.
The vision for a business is broader and more comprehensive, painting the big picture of what you want your organization to become. It is built on the core values and belief systems of the organization. It is typically shorter than the mission statement, with a loftier perspective.
The culture of an organization is largely defined by its leadership. Organizational culture has many components, including norms for risk tolerance and innovation, orientation with respect to people, team formation and outcomes, attention to detail, and communication.
Diff: 2
Learning Objective: 2.6 Differentiate the components of a business plan.
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34) What are the types of financial information to include in a business plan and why are they important?
Answer: The financial section of the business plan is the numeric representation of all that is written in it. It should demonstrate organizational viability in financial terms. Commercial lenders in particular will often go directly from reading the executive summary to the financials before reading anything else.
Diff: 3
Learning Objective: 2.6 Differentiate the components of a business plan.
AACSB: Analytical Thinking

35) Which of the following is **not** a best practice?
A) Write for your audience.
B) Use technical language and jargon.
C) Show that you are emotionally, intellectually, and financially invested in the business.
D) Explain why the business will be successful.
Answer: B
Diff: 3
Learning Objective: 2.7 Recognize and demonstrate proper development and formatting of a business plan.
AACSB: Analytical Thinking

36) A(n) _____ is a 30-second to a 2-minute summary of your business.
A) story
B) advertisement
C) elevator pitch
D) executive summary
Answer: C
Diff: 1
Learning Objective: 2.7 Recognize and demonstrate proper development and formatting of a business plan.
AACSB: Analytical Thinking

37) When you make an in-person presentation to prospective investors you should _____.
A) be prompt
B) establish rapport with the audience
C) use clear visual aids
D) All of the above.
Answer: D
Diff: 2
Learning Objective: 2.7 Recognize and demonstrate proper development and formatting of a business plan.
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38) Business plan and venture competitions for students are held worldwide. Many of them include _____.
A) oral presentations
B) prizes
C) travel
D) All of the above.
Answer: D
Diff: 2
Learning Objective: 2.7 Recognize and demonstrate proper development and formatting of a business plan.
AACSB: Analytical Thinking

39) In a business plan, it is important to demonstrate that you have "skin in the game."
Answer: TRUE
Diff: 3
Learning Objective: 2.7 Recognize and demonstrate proper development and formatting of a business plan.
AACSB: Reflective Thinking

40) What is the importance of having a professional, polished business plan?
Answer: A plan with clear, concise language, current data, a single "voice," and a consistent format is professional. A professional business plan on high quality paper with a neat, attractive cover, cover page, and professional binding will go a long way to impressing the reader. The potential investor or other reader needs to find the plan appealing to read it.
Diff: 3
Learning Objective: 2.7 Recognize and demonstrate proper development and formatting of a business plan.
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