Patterns of Entrepreneurship Management 6th edition Kaplan Test Bank

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Chapter 1: Understanding the Entrepreneurial Process

True/False

1. Entrepreneurship is the process of planning, organizing, operating, and assuming the risk of a business venture.
   Ans: True Page: 3

2. The word *entreprendre* refers to the individuals who "undertook" the risk of new enterprise.
   Ans: True Page: 4

3. Fortunately, entrepreneurs do not communicate with external "stakeholders" such as investors and bankers.
   Ans: False Page: 4

4. Aspiring entrepreneurs hope for the chance to be their own bosses and have made the leap from their current employment into the uncertainty of a start-up.
   Ans: False Page: 6

5. Technology entrepreneurs are individuals with innovative solutions to society's most social problems.
   Ans: False **Page: 6**

6. Many companies fail because the founders do not confront their management limitations.
   Ans: True Page: 8

7. Fortunately, the skills needed to run a small company are not different from those required to run a larger firm.
   Ans: False Page: 9

8. If an entrepreneur has limited experience and limited internal resources, outside help is not necessary.
   Ans: False Page: 10

9. Looking at the historical trend, it is safe to say that most businesses start small and grow to be a large corporation.
   Ans: False Page: 16

10. The failure rate of new businesses is very high, about 80-90 percent within the first two years.
    Ans: False Page: 17

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11. It is important for entrepreneurs to have mentors who always agree with them.
Ans: False Page 10

12. Oftentimes, entrepreneurs become so engrossed in their venture that they can neglect their family relationships and their own health.
Ans: True Page 11

13. It is important that entrepreneurs consider their lifestyles and personality characteristics, such as desire for control, before undertaking a venture.
Ans: True Page 7

Short Answer / Fill in the Blank

14. _____ have developed an enterprise that fits their individual circumstances and style of life, and their basic intention is to earn an income for themselves and their families.
Ans: Lifestyle entrepreneurs Page: 6

15. _____ often seem to be possessed by their ideas, committing their lives to changing the direction of their field.
Ans: Social entrepreneurs Page: 6

16. The first decision that an entrepreneur should make is whether personal lifestyle and control are more important than _____ and eventual wealth creation.
Ans: growth Page: 7

17. The basic objective of Stage _____ of the entrepreneurial process is to define the criteria that would make a business opportunity worthwhile.
Ans: 1 Page: 12

18. Setting goals and objectives, starting to write the plan, determining pricing, and preparing a full business plan are part of Stage _____ of the entrepreneurial process.
Ans: 2 Page: 13

19. A full _____ is a vital yet dynamic document for a company.
Ans: business plan Page: 14

20. Stage 5 of the entrepreneurial process is called _____.
Ans: Scaling and Harvesting the Venture Page: 13

21. A(n) _____ is one that grows large enough to influence the environment and, thus, becomes a pacesetter.
Ans: entrepreneurial firm Page: 16

22. Each year at least _____ new businesses are started in the United States, and of these, a small proportion turn out to be the fast-growth companies that propel the economy forward.
Ans: 700,000 Page: 16

23. The failure rate of new companies is _____ percent within the first two years.
Ans: 24 Page: 17

Multiple Choice

24. Which of the following is not a characteristic of entrepreneurs:
    a. Self-starters
    b. Lethargic
    c. Optimists
    d. Perseverant
Ans: B Page: 5

25. An entrepreneur is driven mainly by:
    a. The control of resources
    b. Changing technology
    c. The perception of opportunity
    d. Planning systems
Ans: C Page: 5

26. Ray Smilor identified all of these entrepreneurs types except:
    a. Growth entrepreneurs
    b. Aspiring entrepreneurs
    c. Lifestyle entrepreneurs
    d. Technology entrepreneurs
Ans: D Page: 6

27. The type of entrepreneur that have the desire and the ability to grow as fast and as large as possible is:
    a. Growth entrepreneurs
    b. Aspiring entrepreneurs
    c. Lifestyle entrepreneurs
    d. Technology entrepreneurs
Ans: A Page: 6

28. Individuals with innovative solutions to society's most social problems are classified as:
    a. Lifestyle entrepreneurs

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b. Aspiring entrepreneurs
c. Growth entrepreneurs
d. Social entrepreneurs

Ans: D Page: 6

29. Technology entrepreneurs have ideas triggered by developments in:
a. math and sociology
b. science and history
c. social studies and business
d. science and engineering

Ans: D Page: 6

30. Building ventures around new technology requires specialist knowledge in all of the following except:
a. social science
b. language arts
c. economics
d. markets

Ans: B Page: 6

31. A spider-web provides an analogy to a small company because:
a. It is continually under attack from outside.
b. It has both radial and circumferential axes.
c. It has multiple points for support on the outside.
d. It is fragile.

Ans: D Page: 9

32. To relieve stress you should:
a. Work over the weekend if necessary
b. Plan non-work personal time
c. Work more intensely
d. Work less

Ans: B Page: 11

33. Which of the following is not a characteristic of relieving stress:
a. Get advice on time-management techniques
b. Try to live at least twenty minutes from work
c. Do not delegate
d. Build in some slack time

Ans: C Page: 12

34. In what stage of the entrepreneurial process do you evaluate the competition?
a. Stage 1
b. Stage 2
c. Stage 4
d. Stage 5

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Ans: A Page: 13

35. In what stage of the entrepreneurial process would managing the finances take place?
    a. Stage 2
    b. Stage 3
    c. Stage 4
    d. Stage 5

Ans: C Page: 13

36. Forming a strategic alliance and discussing options and alternatives are part of what stage of the entrepreneurial process?
    a. Stage 2
    b. Stage 3
    c. Stage 4
    d. Stage 5

Ans: D Page: 13

37. Which of the following is not a stage of the entrepreneurial process?
    a. Developing the plan and setting up the company
    b. Buying an existing company
    c. Scaling and harvesting the venture
    d. Conducting opportunity analysis

Ans: B Page: 13

38. All of the following are early-stage funding sources except:
    a. family and friends
    b. banks
    c. government sources
    d. IPO

Ans: D Page: 14

39. Stage 4 is:
    a. Scaling and Harvesting the Venture
    b. Determining the Resources Required and Implementing the Plan
    c. Developing the Plan and Setting up the Company
    d. Acquiring Financial Partners/Sources of Funding

Ans: B Page: 15

40. The stages of entrepreneurship includes all of the following except:
    a. Conduct an opportunity analysis,
    b. Develop the plan and set up the company,
    c. Select an attorney
    d. Scale and harvest the venture.

Ans: C Page: 13

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41. What percent of all U.S. businesses employ twenty or fewer people?
    a. Approximately 98
    b. Approximately 87
    c. Approximately 65
    d. Approximately 50

Ans: B Page: 16

42. The past _____ years have been years of tremendous growth for entrepreneurial companies and for the individuals who make them thrive.
    a. 50
    b. 2
    c. 15
    d. 7

Ans: C Page: 16

43. How many new businesses are started in the United States each year? Approximately
    a. 700,000
    b. 1.5 million
    c. 450,000
    d. 100,000

Ans: A Page: 16

44. Most businesses do this:
    a. Start big, stay big
    b. Start small, become big
    c. Start small, stay small
    d. Start big, become small

Ans: C Page: 17

45. All of the following are reasons people become entrepreneurs except:
    a. working with others
    b. make your own decisions
    c. flexibility
    d. financial rewards

Ans: A Page: 17

46. The failure rate of new companies is this percent in the first ten years:
    a. 40-50
    b. 80-90
    c. 70-80
    d. 75-85

Ans: B Page: 17

47. Most business ventures that fail are:
    a. More than five years old.

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b. Less than ten years old.
c. Less than one year old.
d. More than ten years old.

Ans: B Page: 17

48. Most companies fail because of:
a. having too much money
b. focusing on a bad idea
c. confronting complex management decisions without experience
d. not having enough employees

Ans: C Page: 17

49. These selected stages of entrepreneurship in order are:
a. determining the resources required and implementing the plan; acquiring financial partners/sources of funding; scaling and harvesting the venture
b. acquiring financial partners/sources of funding; scaling and harvesting the venture; developing the plan and setting up the company
c. determining the resources required; acquiring financial partners/sources of funding; and conducting the opportunity analysis
d. acquiring financial partners/sources of funding; determining resources required and implementing the plan; scaling and harvesting the venture.

Ans: D Page: 13

50. Entrepreneurship is sometimes discussed as the ability to deal with apparent conflicts and find a balance between differing conditions and personal attributes. An example of this type of conflict would be:
a. creativity and risk taking
b. urgency and patience
c. ambiguity and creativity
d. risk taking and ambiguity

Ans: B Page 25