***Entrepreneurship, 3e* (Bamford)**

**Chapter 1 The Twenty-First-Century Entrepreneur**

1) Entrepreneurial business is not important to the U.S. economy.

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.

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

4) Profit margins are key to successful businesses.

5) Corporate America employs more people now than it did 10 years ago.

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

7) The rate of small-business failure has declined.

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

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

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

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

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

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

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

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

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

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

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

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

22) Large companies understand their customers more in the local area compared to a small firm.

23) In 2001, the federal General Accounting Office discovered that in the areas where military bases closed, the unemployment rate was less than the national average. This is because of the start-up of new small businesses in the areas.

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

25) Small business growth is important in the United States and the world.

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

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

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

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

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

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

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

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

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

35) A small business start-up is typically self-funded or closely funded by the founder.

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

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

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

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

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

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

42) The latest U.S. Census reports indicate that firms with more than 500 employees represent approximately 35 percent of all full-time employees in the United States.

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

A) Advertising bonus

B) Buying bonus

C) Volume excess

D) Economies of scale

44) Small companies have flourished for all the following reasons EXCEPT:

A) they respond more quickly.

B) they operate more effectively.

C) they employ more skilled people.

D) they often expand easily in mature industries.

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

A) luck; skill

B) genius; hard work

C) resources; hard work

D) art; science

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

A) An effective sales generation model

B) Sustainable operating profit margins

C) Being properly financed

D) All of these

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

A) be replaced by a smaller number of big businesses.

B) replace bigger businesses.

C) be replaced by franchises.

D) replace franchises.

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

A) part art and part science.

B) part planning and part money.

C) a combination of creativity and art.

D) none of these.

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

A) The U.S. Small Business Administration

B) Stakeholders

C) Fortune 500 companies

D) Medium-sized businesses

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

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

51) The Small Business Administration was organized as a part of

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.

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

A) Harvest plan

B) Stakeholders

C) Economies of scale

D) Business strategy

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

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

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?

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.

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

A) small

B) medium

C) large

D) indifferent

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

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.

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

A) Franklin Roosevelt

B) Henry Ford

C) Andrew Carnegie

D) Charles Wilson

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

A) Americans

B) Japanese

C) Russians

D) Germans

59) Throughout U.S. history, from the 1800s to today, how would you characterize the role and impact of small businesses?

A) Small businesses in general had a real roller coaster ride and suffered along with everyone else during the downturns.

B) Small businesses were not impacted much by either economic downturns or increased prosperity.

C) The number of small businesses decreased more than big businesses.

D) Small businesses have proven to be more resilient than big businesses and have actually helped to improve the economy.

60) Compared to large corporations, entrepreneurial businesses

A) play just as important a part in our economy.

B) attract more attention in the media.

C) are more visible.

D) have more resources at their disposal.

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

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.

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

A) Corporate managers

B) Capitalists

C) Stakeholders

D) Owners

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

A) 25

B) 33 1/3

C) 50

D) 66.7

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

A) 10

B) 20

C) 30

D) 40

65) Which one of these large companies started out as a small business?

A) Apple

B) Hewlett-Packard

C) Facebook

D) All of these

66) Which of the following is NOT a factor in a small business's success?

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.

67) 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?

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

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

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.

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

A) "grapevine"

B) "androcentric"

C) "glass ceiling"

D) "glass cliff"

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

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.

71) The largest group of new business owners is \_\_\_\_\_\_\_\_.

A) Hispanics

B) retired men

C) women

D) Asians

72) Women entrepreneurs are starting small businesses for all but one of the following reasons

A) better ideas for small businesses.

B) greater control of their lives.

C) manage family needs.

D) hit the glass ceiling.

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

A) small and medium-sized enterprises

B) large businesses

C) global trading

D) higher tariffs

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

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.

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

A) men

B) women

C) young adults

D) Hispanics

76) Which kind of business is NOT likely to be eligible for a microloan program?

A) Telecommunication center

B) Meals delivery

C) Serving weaving baskets

D) Washing clothes

77) Characteristics of a small business start-up include all EXCEPT which one of the following?

A) Self-funded

B) Designed to take advantage of the skills of the founder(s)

C) Oriented toward positive cash flow

D) Over 100 employees

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

A) reaping the benefits.

B) borrowing money to keep operating.

C) planning to exit a small business.

D) returning the profits into a company.

79) All of these are harvest plan strategies EXCEPT:

A) selling the business to another firm.

B) selling it to a group of investors.

C) participating in an IPO (public offering of stock).

D) franchising.

80) Entrepreneurial business resources are more \_\_\_\_\_\_\_\_ than venture capital-backed businesses.

A) plentiful

B) constrained

C) restrained

D) inverse ratio

81) Which of the following is NOT a characteristic of a high-growth venture?

A) Have a well-developed organization structure

B) Often hire an experienced president to grow the company

C) Usually hire a relatively large number of employees

D) Is designed to reflect the mission of the founder

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

A) Harvest plan

B) Business plan

C) Entrepreneurial plan

D) General departure plan

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

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

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

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.

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

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.

86) Identify a defining characteristic of entrepreneurial firms.

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.

87) Identify a true statement about entrepreneurial firms.

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 unexpected to grow to more than 50 to 100.

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

A) Location

B) Nature

C) Size

D) Capital

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

A) firms with fewer than 99 employees represent the majority 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

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

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.

91) \_\_\_\_\_\_\_\_ is a list published annually by *Fortune* magazine of the largest corporations in the United States.

92) During the 1970s and 1980s, the \_\_\_\_\_\_\_\_ occupied the dominant economic position in the world.

93) \_\_\_\_\_\_\_\_ are individuals or other organizations that impact the success of a business.

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

95) \_\_\_\_\_\_\_\_ are now the largest single group of new business founders.

96) \_\_\_\_\_\_\_\_ are often worth only a few dollars and they are given to entrepreneurs, especially women.

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

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

99) Describe a brief history of small businesses in the United States.

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

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

102) Describe how a small business is critical globally.

103) Define what a small business is.

104) What are the three goals for a business plan?

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

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

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

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

109) What is a lean startup?