

Student name: _____

The majority of new firms go through similar start-up processes with those most likely to be successful following a four-step process: finance, check, plan, and do.

true

false

Kevin wanted to start his own business of ferrying pets to the vet or groomers for their owners but he was advised to perform a feasibility analysis before moving forward. Kevin is on the third step of the entrepreneurial process: plan.

true

false

In order to make profits from a small business, the company needs to make an actual product.

true

false

Truly entrepreneurial businesses are characterized by imitateness in their products, services, or business models.

true

false

Self-employed persons are not referred to as entrepreneurs.

true

false

Crowdsourcing is funding a business online through the collective involvement of others who provide donations, loans, or investments.

true

false

High-performing small businesses start with the intent of eventually going public, following the pattern of growth and operations of a big business.

true

false

Lifestyle or part-time firms typically provide enough profit or salary to supplement an income but usually not enough on which to live.

true

false

If you don't succeed the first time, try, try again. This is called the strategy of self-efficacy.

true

false

High-growth ventures are also known as main street businesses.

true

false

Small businesses employ about 10 percent of all Americans.

true

false

Big business often has trouble with innovations, but small, new, businesses are more likely to see new revenues in innovations.

true

false

Using low-cost or free techniques to minimize cost of doing business is referred to as bootstrapping.

true

false

Ninety percent of all new businesses fail within two years.

true

false

The most frequently occurring element of the BRIE model is intention.

true

false

In the BRIE model, exchange refers to moving resources, goods, or services to others, in exchange for money or other resources.

true

false

The disadvantage of the BRIE model is that it does not mention the management of resources.

true

false

One of the seven key strategies of the entrepreneurial way involves effectuation or an approach used to create alternatives in uncertain environments.

true

false

High-growth ventures and big businesses generally do not succeed without small businesses offering supporting services.

true

false

Small businesses are important to the U.S. economy but do very little for local communities.

true

false

Taking products and services made in your home country and selling them in other countries is called importing.

true

false

The _____ is a U.S. government agency that helps people start a business and also provides them support and advocacy.

Small Business Administration

U.S. Department of Business Development

U.S. Department of Commerce

U.S. Entrepreneurial Administration

Truly entrepreneurial businesses are characterized by
the franchise they are associated with.
the degree to which their products are imitative.
the novelty in their products, services, or business models.
the ease with which their product is accepted by the buyers.

Small businesses are usually
imitative in nature.
characterized by the novelty of their products.
the same as high-growth ventures.
not affected by market fluctuations.

Which of the following statements is true of a franchise?

Franchise is the international term for all small businesses.

A franchise is a type of novelty organization.

A franchise is an organization that provides loans to start small businesses.

A franchise is a prepackaged business bought, rented, or leased from a company.

A person who becomes an owner by inheriting or getting a stake in a family business is known as
a founder.

a franchisor.

an heir.

a serial entrepreneur.

A business owned by an individual or a small group is referred to as a(n)

corporate chain.

conglomerate.

concern.

independent small business.

A business run by the individual who owns it is referred to as a(n)

franchise.

owner-managed firm.

social venture.

unicorn.

Which of the following statements is true of a small business?

The preferred funding source for a small business is other people's money.

When facing bankruptcy, a small business is likely to sell more rather than cut costs.

Small businesses consider sales as more important than marketing.

For a small business, the focus is more on effectiveness than on efficiency.

Small businesses differ from high-growth ventures in that in small businesses

the focus is on effectiveness rather than efficiency.

the preferred source of funding is the owner's own money rather than other people's money.
the delegation of responsibilities is easy and necessary rather than difficult.
the meta-strategy is for novelty rather than imitation.

High-growth ventures differ from small businesses in that in high-growth ventures
the focus is on efficiency rather than effectiveness.
the meta-strategy is imitation rather than novelty.
the human resource system is personalized rather than professionalized.
the limitation of growth is dictated by market response rather than the owner's loss of control.

According to the text, the definition of a _____ is one that involves 1–50 people and has its owner managing the business on a day-to-day basis.

franchise

small business

unicorn

high-growth venture

Which of the following statements is true of a high-growth venture?

A high-growth venture considers sales as more important than marketing.

The meta-strategy for a high-growth venture is novelty.

A high-growth venture focuses more on efficiency than on effectiveness.

The loss of control is what limits growth in a high-growth venture.

When a person believes they can achieve a goal, they are exhibiting
effectuation.

perseverance.

overall growth strategy.

self-efficacy.

Which of the following is a difference between a small business and a high-growth venture?

For a small business, the preferred funding source is other people's money, whereas for a high-growth venture, it is the owner's own money.

For a small business, the personal control preference is to involve others, whereas a high-growth venture prefers to retain autonomy.

A small business focuses on effectiveness, whereas a high-growth venture focuses on efficiency.

A small business grows when necessary, whereas a high-growth venture grows when possible.

High-growth ventures

use imitation as their meta-strategy.

start small but are intended to grow rapidly.

grow only when necessary.

focus on efficiency.

Which of the following describes the significance of an overall growth strategy?

It represents a driver of the variety of entrepreneurship.

It allows for one small business enterprise to incorporate in multiple states at the same time.

It provides the owner a stake in the family business.

It helps buyers to get familiar with new products.

Which of the following is a characteristic of a lifestyle firm?

starts small, rapidly grows to a big business
represents about 20 percent of all businesses
typically has sales of \$25,000 a year or less
aims for growth rates of 25 percent or more a year

Which of the following is true of a part-time firm?

starts small and stays small
has continuous growth
success is defined by annual profits of \$1,000,000
aims for growth rates of 25 percent or more a year

The text defines an entrepreneur as

a person who purchases an existing business.
working for yourself.
characterized by being different or new.
a person who owns or starts an organization, such as a business.

Which of the following categories does the majority of small businesses fall under?

high-growth ventures
high-performing small businesses
lifetime/part-time firms
traditional small business

_____ are the smallest full-time business.

High-performing small businesses

Traditional small businesses

High-growth ventures

Lifestyle businesses

Which of the following answer options is not one of the four generic overall growth strategies?

a part-time firm

a traditional small business

a franchise

a high-performing small business

Which of the following terms is not one of the four steps in the successful entrepreneurial process?

seek

do

plan

check

Which of the following actions is performed during the plan step of the entrepreneurial process?

feasibility analysis

customer development processes

pilot testing

revising your planning approach

Sven opened his own business servicing private swimming pools. Sven worked hard to build up his customer base, often performing services on last-minute notice, or even on holidays and weekends. Now, Sven has a comfortable number of routine services he provides for his customers and his business is profitable enough to support himself and his family. Which type of business does Sven likely own?

a lifestyle business

a traditional small business

a high-performing small business

a unicorn

_____ tend to level off after success defined by sales of between \$100,000 and \$1,000,000, depending on the industry.

Lifestyle firms

Traditional small businesses

High-performing small businesses

High-growth ventures

Which of the following is true of a high-performing small business?

It often grows through multiple locations.

It aims to achieve growth rates of 25 percent or more a year.

It has sales of more than \$1 million.

It has low levels of professionalization.

At the tip of the high-growth ventures are firms called _____, like Uber and AirBnB with valuations of \$1 billion or more.

green entrepreneurs

main street businesses

unicorns

necessity-driven entrepreneurs

Lifestyle firms, traditional small businesses, and high-performing small businesses are often called

main street businesses.

Wall Street businesses.

high-growth ventures.

universal businesses.

Julio's friends and family provided the cash to get his car detailing business started. Each person's contribution was treated as a loan, with interest, which Julio repaid on a monthly basis as his business expanded. This is an example of

bootstrapping.

P2P lending.

crowdfunding.

CSI entrepreneurship.

A business in which you sell items in person or online, but you hold no inventory, is called

bootstrapping.

self-efficacy.

the corridor principle.

drop-shipping.

Lendingclub.com or Upstart.com provide alternatives to traditional banks with their platforms which are used in

bootstrapping.

drop-shipping.

P2P lending.

crowdfunding.

Which of the following statements is true concerning the myth that there is not enough financing available to start a small business?

Crowdsourcing sites like Kickstarter.com are popular ways to raise financing.

Bootstrapping is one way to get started with very little cash as you refer sales to a third party who handles the shipping and the financial transactions.

Bank financing has been falling, but family funding is rising.

Almost 40 percent of solo entrepreneurs start their business with less than \$5,000.

There are many terms used to describe a small business, but a(n) _____ is the international term for a small business.

PBC

L3C

SME

B-corp

Creating a firm as an alternative to unemployment is called

CSI entrepreneurship.

necessity-driven entrepreneurship.

sustainable entrepreneurship.

social entrepreneurship.

One of the biggest hurdles to starting a business is _____, but the BRIE model can help an entrepreneur clear that hurdle.

inaction

financing

ideas

intention

Which of the following is a myth about small businesses?

failed entrepreneurs can succeed if they try again

a small business will never have enough financing

students have skills to start small businesses

small businesses can start during recession

Financing a business online through the collective involvement of others who provide donations, loans, or investments is referred to as

crowdfunding.

bootstrapping.

microfinancing.

crowdsourcing.

Bootstrapping refers to

funding a business online through the collective involvement of others who provide loans.

buying, renting, or leasing a pre-packaged business from another company.

inheriting or being given a stake in a family business.

using low-cost or free techniques to minimize the cost of doing business.

Anna helps brides-to-be choose wedding gowns that best suit their requirements and budget, and also helps them with where they can find the right dress. She has made her home her virtual office; she does not require external financing. Anna is using_____ to run her small business.

crowdfunding

franchising

bootstrapping

crowdsourcing

According to the BRIE model, which of the following is an element that is necessary to start a business?

boundary

recognition

efficiency

income

According to the BRIE model,_____ sets up a business as a firm.

intention

exchange

franchise

boundary

According to the BRIE model, which of the following sets a firm off from the buying or selling or bartering done casually by non-merchants?

resources

boundary

intention

exchange

According to the BRIE model, which of the following falls under the boundary category?

the financial resources of a company

the desire to start a business

an email address of the company

a product or service offered by the company

John owns a small business that does computer servicing. Which of the following would represent boundary as mentioned in the BRIE model in John's computer servicing business?

the employees that work under John

the office in which John works

the money earned by John from the business

the desire to expand the business to writing software

In the BRIE model, a business name or government registration, a phone or email address dedicated to the business, or a specific location for the firm in a home, commercial space, or on the Internet represents

exchange.

resource.

boundary.

intention.

According to the BRIE model, which of the following is true of a resource?

includes a business name or government registration

refers to moving goods or services to others for money

the most frequently occurring element of the BRIE model

includes the product or service to be offered

Which of the following is the most frequently occurring element of the BRIE model?

intention

boundary

exchange

resources

Which of the following elements of the BRIE model represents the desire to start a business?

intention

boundary

exchange

resources

In terms of new jobs, which of the following is true of a small business?

does not employ people looking for part-time work

of no importance to existing jobs

offers jobs to people with atypical work histories

pays taxes on behalf of the people it hires

The way that newly created goods, services, or firms hurt existing goods, services, or firms is referred to as

benchmarking.

creative destruction.

service distortion.

crowdsourcing.

Mandarin In Town, a Chinese restaurant, opened recently in Burnsville, Minnesota. People from all over the town flocked to Mandarin to find out how good it was. This gave a big boost to the restaurant's initial business, but it caused the other restaurants in the area to lose business temporarily. The way in which Mandarin in Town hurt existing restaurants in Burnsville is an example of

creative destruction.

service distortion.

innovative disruption.

crowdsourcing.

According to the U.S. Small Business Administration, small businesses generate _____ times the number of patents per employee than do big businesses.

35

2

16

50

Which of the following answer options is not one of the ways to legally or publicly organize your business to be socially responsible?

C-corp

PBC

L3C

B-corp

Which of the following is *not* one of the seven key strategies of the entrepreneurial way?

pivot

scale up

bird in the hand

take it on the road

Together, _____ represent what might be called CSI entrepreneurship, or the three forms of entrepreneurship.

creative, sustainable, and independent

corporate, social, and independent

corporate, sustainable, innovative

creative, social, innovative

_____-driven entrepreneurship is one type of motivation based on entrepreneurs who are going into business to improve themselves financially or to launch an improved product or service into the market.

Opportunity

Corporate

Necessity

Sustainably

When a social entrepreneur's focus is more specifically on the planet and ecological issues, we call it

corporate entrepreneurship.

opportunity-driven entrepreneurship.

green entrepreneurship.

necessity-driven entrepreneurship.

If you don't succeed the first time, try, try again is also called the strategy of perseverance.

effectuation.

the corridor principle.

crowdsourcing.

Virtual instant global entrepreneurship refers to

the transformation of a high-growth venture into a small business.

a person becoming an owner by inheriting or getting a stake in a family business.

the way that newly created goods, services, or firms hurt existing goods, services, or firms.

a process that uses the Internet to quickly create businesses with a worldwide reach.

Small businesses represent _____ percent of all exporting firms in the United States.

just over 30

25

over 95

just under 75

The form of entrepreneurship in which a person or group own their own for-profit business is referred to as

independent entrepreneurship.

social entrepreneurship.

public entrepreneurship.

corporate entrepreneurship.

Kim found a niche lifestyle business by purchasing used knitting and crochet books from local thrift shops and reselling them on eBay. While American knitters tended to work from online patterns, knitters in other countries still relied on patterns from books. eBay handles all the headaches of shipping outside the U.S., making it easy for Kim to sell her books for a tidy profit. This scenario exhibits which facet of how small businesses are important to our economy?

new ideas

new opportunities

new markets

new jobs

Kendra is saving her money because she dreams of opening a doggy day-care and spa. For now, she has a brisk dog-walking service and provides a few dog-grooming tasks, such as brushing and toenail clips. Kendra is following which of the seven key strategies of the entrepreneurial way?

bird in the hand

scale back

perseverance

take it on the road

Finn made great surfboards, but he lived in landlocked Indiana. Finn sold the boards through his website and had perfected the art of shipping a surfboard. Finn is using which of the seven key strategies of the entrepreneurial way?

bird in the hand

take it on the road

pivot

effectuation

Which of the following is true of corporate entrepreneurship?

It involves the creation of self-sustaining charitable and civic organizations.

It involves revitalizing government agencies.

It is a form of entrepreneurship in which people own their own for-profit business.

It involves bringing new products or services to a market.

Social entrepreneurship primarily involves a person or group

creating new charitable and civic organizations, which are financially self-sufficient.

bringing new products or services to market.

owning their own for-profit business.

revitalizing government agencies.

One of the seven key strategies of the entrepreneurial way mentions that as you start pursuing one line of opportunity or work, you will encounter other opportunities. This theory is called perseverance.

crowdsourcing.

effectuation.

the corridor principle.

When following this strategy of the entrepreneurial way, instead of planning a firm and then looking for resources, the entrepreneur starts with the resources they have and thinks about the best way to use those resources.

take it on the road

pivot

bird in the hand

scale back

Effectuation refers to

the degree of attention a target market pays to an idea or organization.

an approach used to create alternatives in uncertain environments.

transforming a high-growth venture into a small business.

a process of a person becoming an owner by inheriting or getting a stake in a family business.

What is the difference between a high-performing small business and a high-growth venture?
Which of the two includes unicorns?

Compare a lifestyle or part-time firm with a traditional small business. What are the differences?

If you were planning to start a business and someone told you “Ninety percent of all new businesses fail within two years,” how would you reply? Do 90 percent of companies fail in the first two years?

Identify and briefly describe the four elements needed to get your business started (BRIE). Is one element more common than the others?

What is the role of small businesses in creating new jobs?

Briefly describe the opportunities small businesses present for the owner, the local community, and the economy in general.

Jamal cleaned and organized his mother's walk-in closet and both Jamal and his mother were very pleased with the results. His mother commented that Jamal had a knack for this sort of thing. After organizing his aunt's closet and one for his cousin, Jamal got the idea of starting his own business cleaning and organizing closets. He could bootstrap the part-time business, working from home; and he only needed a small advertising budget which he financed from his savings. Jamal worked for weeks on a business plan and then launched his business, Closet Jewels, with an ad campaign in local media. After six months, Jamal still did not have any customers and had received repeated feedback from prospects that while the idea of a clean and organized closet was appealing, the prospect was not willing to pay someone to organize their closet. Jamal closed Closet Jewels after eight months.

Dissect Jamal's path through the entrepreneurial process. Did he complete all the steps?
Explain why Jamal's business failed to succeed.

Explain VIGE and its connection to small business opportunities in other countries. How is this linked to the national economy?

Explain the pivot strategy as one of the seven key strategies of the entrepreneurial way. Why is it also called the corridor principle?

Identify and briefly describe the three forms of entrepreneurship represented in the term CSI entrepreneurship.

Answer Key

Test name: CH1 Entrepreneurial Small Business E7

FALSE

FALSE

FALSE

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