

Chapter 01
The Global Entrepreneurial Revolution for a Flatter World

True / False Questions

1. While leading U.S. venture capital firms are interested in establishing relationships and operations in China, the Chinese government continues to resist such overtures.

True False

2. A Flatter World refers to the convergence of technology and world events that are playing a role in bringing about significant changes in traditional value chains.

True False

3. Entrepreneurship training works well in schools of business and engineering, but has not proven to be useful in fields such as architecture, medicine, and life sciences.

True False

4. The best entrepreneurship professors are able to determine in advance which of their incoming students will be the most effective entrepreneurs.

True False

5. MIT researcher David Birch found that while new and growing smaller firms could be regionally important, they had little effect on the economy as a whole.

True False

6. According to the U.S. Small Business Administration's Office of Advocacy, small businesses (those with fewer than 500 employees) represent more than 99 percent of all employers and provide about 75 percent of all new net jobs.

True False

7. A 2010 report by *The Guardian Life Small Business Research Institute* indicated that women-owned businesses are limited mainly to small service enterprises with few employees.

True False

8. While various surveys of high school seniors indicate a strong interest in entrepreneurship, a 2004 Gallup Poll showed that a large percentage of American parents would still prefer that their children pursue a less risky career.

True False

9. Research in the 1980s and 1990s found that since World War II, small entrepreneurial firms have been responsible for half of all innovation and 95 percent of all radical innovation in the United States.

True False

10. Studies indicate that although smaller firms often generate twice as many innovations per R&D dollar spent as the established multinationals, the large firms still produce more innovations per R&D scientist than entrepreneurial companies.

True False

11. The world's first solar-powered motor—an innovation aimed at heading off the world's dangerous dependence on coal—was introduced in 1861.

True False

Multiple Choice Questions

12. What was the primary concept that entrepreneur Rick Adam applied from his years as a software engineer in order to develop two separate aircrafts—the A-500 and the A-700—while maintaining a time-to-market advantage over more entrenched competitors?
- A. Economies of scale
 - B. Modularity
 - C. Process mapping
 - D. Horizontal management structure
13. According to the text, which of the following is an important emerging field that is helping large population groups break out of poverty?
- A. Philanthropy
 - B. Mentorship
 - C. Doctoral programs
 - D. Microcredit
14. A European Union action plan to boost entrepreneurship in the region included all the following except:
- A. Improving the flow of finance
 - B. Gearing entrepreneurs for growth and competitiveness
 - C. Privatizing state-controlled enterprises
 - D. Creating a more entrepreneurial-friendly regulatory and administrative framework
15. Which of the following is not a characteristic of new venture creation?
- A. Fosters job creation
 - B. Rewards talent and performance
 - C. Creates economic and social mobility
 - D. All of the above are characteristics of new venture creation

16. Which of the following was not a company that fostered the formation of a new industry?

- A. Google
- B. Jiffy Lube
- C. Federal Express
- D. Skype

17. What do the authors refer to as the 'rocket fuel' of America's entrepreneurial engine?

- A. Government entrepreneurship programs
- B. Risk capital
- C. Entrepreneurship education
- D. Innovation

Fill in the Blank Questions

18. Innovation + Entrepreneurship = Prosperity and _____.

19. Entrepreneurship is a proven force of economic and social _____.

20. When successful entrepreneurs get involved with non-profits directly by offering strategic assistance (like long-term planning, board and executive recruitment, coaching, and leveraging relationships to identify additional resources and facilitate partnerships), this is referred to as _____ philanthropy.

21. While the U.S. investment and capital markets have been an integral part of the entrepreneurial revolution in the U.S., it is more important to recognize the long-term _____ of the system.
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Short Answer Questions

22. Name three places outside the U.S. where entrepreneurship is emerging as an academic field and as a highly admired life option.

23. In America, what type of individual is most common source of funding for new buildings, classrooms, athletic facilities, and endowed professorships at universities and colleges?

24. What should always be done following an interview with an entrepreneur?

Essay Questions

25. Explain why venture capital is a particularly appropriate funding source for industries with long gestation periods.

26. Describe the typical American entrepreneur.

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Answer Key

True / False Questions

1. While leading U.S. venture capital firms are interested in establishing relationships and operations in China, the Chinese government continues to resist such overtures.
(p. 4)

FALSE

*Blooms: Remember
Difficulty: 1 Easy*

2. A Flatter World refers to the convergence of technology and world events that are playing a role in bringing about significant changes in traditional value chains.
(p. 5)

TRUE

*Blooms: Remember
Difficulty: 1 Easy*

3. Entrepreneurship training works well in schools of business and engineering, but has not proven to be useful in fields such as architecture, medicine, and life sciences.
(p. 6)

FALSE

*Blooms: Remember
Difficulty: 1 Easy*

4. The best entrepreneurship professors are able to determine in advance which of their incoming students will be the most effective entrepreneurs.
(p. 7)

FALSE

*Blooms: Remember
Difficulty: 1 Easy*

5. MIT researcher David Birch found that while new and growing smaller firms could be regionally important, they had little effect on the economy as a whole.

FALSE

*Blooms: Remember
Difficulty: 2 Medium*

6. According to the U.S. Small Business Administration's Office of Advocacy, small businesses (those with fewer than 500 employees) represent more than 99 percent of all employers and provide about 75 percent of all new net jobs.

TRUE

*Blooms: Remember
Difficulty: 1 Easy*

7. A 2010 report by *The Guardian Life Small Business Research Institute* indicated that women-owned businesses are limited mainly to small service enterprises with few employees.

FALSE

*Blooms: Remember
Difficulty: 2 Medium*

8. While various surveys of high school seniors indicate a strong interest in entrepreneurship, a 2004 Gallup Poll showed that a large percentage of American parents would still prefer that their children pursue a less risky career.

FALSE

*Blooms: Remember
Difficulty: 1 Easy*

9. Research in the 1980s and 1990s found that since World War II, small entrepreneurial firms have been responsible for half of all innovation and 95 percent of all radical innovation in the United States.

TRUE

*Blooms: Remember
Difficulty: 1 Easy*

10. Studies indicate that although smaller firms often generate twice as many innovations per R&D dollar spent as the established multinationals, the large firms still produce more innovations per R&D scientist than entrepreneurial companies.

FALSE

*Blooms: Remember
Difficulty: 2 Medium*

11. The world's first solar-powered motor—an innovation aimed at heading off the world's dangerous dependence on coal—was introduced in 1861.

TRUE

*Blooms: Remember
Difficulty: 1 Easy*

Multiple Choice Questions

12. What was the primary concept that entrepreneur Rick Adam applied from his years as a software engineer in order to develop two separate aircrafts—the A-500 and the A-700—while maintaining a time-to-market advantage over more entrenched competitors?

- A. Economies of scale
- B. Modularity**
- C. Process mapping
- D. Horizontal management structure

*Blooms: Apply
Difficulty: 3 Hard*

13. According to the text, which of the following is an important emerging field that (p. 4, 5) is helping large population groups break out of poverty?

- A. Philanthropy
- B. Mentorship
- C. Doctoral programs
- D.** Microcredit

Blooms: Remember
Difficulty: 2 Medium

14. A European Union action plan to boost entrepreneurship in the region included (p. 5) all the following except:

- A. Improving the flow of finance
- B. Gearing entrepreneurs for growth and competitiveness
- C.** Privatizing state-controlled enterprises
- D. Creating a more entrepreneurial-friendly regulatory and administrative framework

Blooms: Remember
Difficulty: 2 Medium

15. Which of the following is not a characteristic of new venture creation? (p. 11)

- A. Fosters job creation
- B. Rewards talent and performance
- C. Creates economic and social mobility
- D.** All of the above are characteristics of new venture creation

Blooms: Remember
Difficulty: 1 Easy

16. Which of the following was not a company that fostered the formation of a new industry?
(p. 13, 14)

- A.** Google
- B. Jiffy Lube
- C. Federal Express
- D. Skype

Blooms: Apply
Difficulty: 2 Medium

17. What do the authors refer to as the 'rocket fuel' of America's entrepreneurial engine?
(p. 15)

- A. Government entrepreneurship programs
- B.** Risk capital
- C. Entrepreneurship education
- D. Innovation

Blooms: Remember
Difficulty: 2 Medium

Fill in the Blank Questions

18. Innovation + Entrepreneurship = Prosperity and _____.
(p. 10)

Philanthropy

Blooms: Remember
Difficulty: 1 Easy

19. Entrepreneurship is a proven force of economic and social _____.
(p. 11, 20)

mobility

Blooms: Remember
Difficulty: 1 Easy

20. When successful entrepreneurs get involved with non-profits directly by offering strategic assistance (like long-term planning, board and executive recruitment, coaching, and leveraging relationships to identify additional resources and facilitate partnerships), this is referred to as _____ philanthropy.

high engagement

*Blooms: Remember
Difficulty: 2 Medium*

21. While the U.S. investment and capital markets have been an integral part of the entrepreneurial revolution in the U.S., it is more important to recognize the long-term _____ of the system.

resilience

*Blooms: Remember
Difficulty: 1 Easy*

Short Answer Questions

22. Name three places outside the U.S. where entrepreneurship is emerging as an academic field and as a highly admired life option.

Mentioned in text; China, India, Vietnam, the European Union, and former Eastern bloc countries

*Blooms: Remember
Difficulty: 2 Medium*

23. In America, what type of individual is most common source of funding for new buildings, classrooms, athletic facilities, and endowed professorships at universities and colleges?
(p. 17)

A successful entrepreneur

Blooms: Remember
Difficulty: 1 Easy

24. What should always be done following an interview with an entrepreneur?
(p. 24)

Write a thank you note

Blooms: Remember
Difficulty: 1 Easy

Essay Questions

25. Explain why venture capital is a particularly appropriate funding source for industries with long gestation periods.
(p. 15, 16)

Classic venture capitalists work as coaches, mentors, and partners with entrepreneurs and innovators at a very early stage to help shape and accelerate the development of the company. Venture capitalists generally take a long-term view with their investing. Even with very fast-paced, emerging technologies like biotechnology, personal computers, software and wireless communications, they understand that it can take many years and numerous rounds of patient capital before an investment can be expected to pay off.

Blooms: Remember
Difficulty: 3 Hard

26. Describe the typical American entrepreneur.

(p. 19)

American entrepreneurs typically accumulated their wealth through hard work, self-discipline, planning, and frugality—all very entrepreneurial virtues. The vast majority (80 percent) are ordinary people who have accumulated their wealth in one generation. They live below their means, would rather be financially independent than display high social status, and don't look like most people's stereotype of millionaires. They get rich slowly: The average millionaire is 57 years old. Their businesses are not the sexy, high-tech, Silicon Valley variety; rather they have created and own mainstream businesses such as ambulance services, citrus farming, cafeteria services, consulting services, janitorial services, job training schools, meat processors, mobile home parks, pest controllers, newsletter publishers, rice farmers, and sandblasting contractors.

Blooms: Remember
Difficulty: 2 Medium