

New Venture Management 3rd ed.

Lecture Outlines and Exam Questions

Chapter 1

Chapter 1: New Ventures: The Quiet Giant (Chapter Outline)

- I. Introduction: The Entrepreneurial Imperative
- II. New Ventures: Energizing Global Economies
- III. New Venture Issues: The Rise of Exponential Organizations
- IV. Entrepreneurs and New Ventures
- V. Entrepreneurial Motivation
 - a. Entrepreneurial Motivation Model
- VI. Advantages of Starting a New Venture
 - a. Independence
 - b. Financial Opportunities
 - c. Community Service
 - d. Job Security
 - e. Family Employment
 - f. Challenge
- VII. Disadvantages of Starting a New venture
 - a. Sales Fluctuations
 - b. Competition
 - c. Increased Responsibilities
 - d. Financial Losses
 - e. Employee Relations
 - f. Laws and Regulations
 - g. Risk of Failure
- VIII. New Venture Failure
 - a. Specific Causes of Failure
 - b. Failure vs. Survival: The Two Fates of Ventures
 - c. Avoiding New Venture Management Traps
- IX. Summary
- X. Review and Discussion Questions
- XI. Chapter Case
- XII. Endnotes

Chapter 1 – Exam Questions

Chapter 1 – True / False Questions

1. Entrepreneurship can only exist within the context of a newly created business.
True / False
 2. Due to the harsh regulatory environment in the United States, the amount of net new ventures that have been created has decreased on average for the past ten years.
True / False
 3. Small firms made up 99.7 percent of U.S. employing firms.
True / False
 4. The well-established support network that exists among entrepreneurs is one of the main advantages of starting a new business.
True / False
 5. The lack of a well-established support network is one of the major drawbacks of starting a firm.
True / False
 6. Lack of initial capital is the number one reason why most new ventures fail.
True / False
 7. A key factor in a person's decision to behave entrepreneurially is the existence of a viable business idea.
True / False
 8. Being the owner/manager for a new business has several benefits with being able to provide family members with a place of employment.
True / False
 9. The major issue regarding legal concerns when first starting up a business is obtaining competent legal advice early on can often prevent infringement disputes.
True / False
 10. The quest for new venture creation and the willingness to sustain that venture are directly related to an entrepreneur's prior work experiences
True/False
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Chapter 1 - Multiple Choice

1. New and emerging ventures make two indispensable contributions to the world economy. They are:
 - A. Not integral to renewal process of market economies
 - B. Generate a majority portion of world GDP
 - C. Support established market structures by benefiting major corporations through partnerships.
 - D. Mechanism by which millions enter the economic and social mainstream of our global society.**

2. _____ Is one of the 11 common characteristics of entrepreneurs
- A. High need for status and power
 - B. External Locus of control
 - C. Willingness to take unforeseen risks
 - D. Tolerance for ambiguity**
3. What is one of the advantages of starting a new venture?
- A. Well established support network
 - B. Opportunity for self-reliance**
 - C. Consistent routine and stable workplace
 - D. Well defined roles and responsibilities
4. What are some of the disadvantages of starting a new venture?
- A. Bureaucracy of the organization as employees compete for positions
 - B. Sales fluctuations and uncertain revenue cyclicality**
 - C. Dealing with laws and regulations regarding starting business**
 - D. Lack of a well-established support network**
5. Why is lack of marketing research a new venture management trap for new entrepreneurs?
- A. Market research would allow a new venture to know exactly how much money they will make
 - B. Changes in market conditions can leave a firm poorly positioned to seize a market share**
 - C. Market research provides the roadmap for what a new venture should do for the next 10 years
 - D. Changes in market conditions can be easily predicted with just a little market research performed
7. What is a failure to diversify market? (In the context of new ventures)
- A. Selling only one product to the market which could possibly go out of style within a short timeframe
 - B. Not having enough companies within a portfolio so that the risk isn't properly diversified away
 - C. Contracting all of the firm's output to one buyer for all of its products**
 - D. Having multiple products, but receiving the lion's share of revenue from one product
8. What is the number one reason why new ventures fail?
- A. Lack of initial capital raised
 - B. Fraud initiated by new employees
 - C. Natural Disaster or event related losses
 - D. Lack of understanding how to run an enterprise**
9. The decision to behave entrepreneurially is the result of the interaction of several factors which include:
- A. The existence of a viable business idea
 - B. The individual's personal characteristics
 - C. The relevant business environment
 - D. All of the above**
10. What does the chapter highlight as the key to addressing and resolving the world's existing & emerging challenges?
- A. Big data
 - B. Technological innovation and advancement coming out of Silicon Valley
 - C. Cross cultural collaboration and diverse entrepreneurial talent**
 - D. None of the above