1. The Small Business Administration (SBA) estimates that there are over 220 million small businesses in the United States.

  a. True
  b. False

ANSWER:	False
POINTS:	1
REFERENCES:	p. 3
LEARNING OBJECTIVES:	Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's: Knowledge

2. The Small Business Administration (SBA) estimates that there are 25.8 million small businesses in the United States.

  a. True
  b. False

ANSWER:	False
POINTS:	1
REFERENCES:	p. 3
LEARNING OBJECTIVES:	Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's: Knowledge

3. According to the Small Business Administration, 52 percent of all small businesses are home based.

  a. True
  b. False

ANSWER:	True
POINTS:	1
REFERENCES:	p. 4
LEARNING OBJECTIVES:	Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's: Knowledge

4. Of all U.S. companies exporting goods, few are classified as small businesses.

  a. True
  b. False

ANSWER:	False
POINTS:	1
REFERENCES:	p. 3
LEARNING OBJECTIVES:	Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy

KEYWORDS: Bloom's: Knowledge

5. Over 99 percent of all businesses are classified as small.
   a. True
   b. False

ANSWER: True
POINTS: 1
REFERENCES: p. 3
LEARNING OBJECTIVES: Cognero 33A9A15544774BCCBD920E1D - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's: Knowledge

6. Small businesses create more than 50 percent of all private U.S. gross domestic product (GDP).
   a. True
   b. False

ANSWER: True
POINTS: 1
REFERENCES: p. 4
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's: Knowledge

7. According to Figure 1.1, almost all businesses are small businesses.
   a. True
   b. False

ANSWER: True
POINTS: 1
REFERENCES: p. 4
LEARNING OBJECTIVES: Cognero 33A9A15544774BCCBD920E1D - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's: Knowledge

8. There are several definitions for small business; however, the most common criterion is the number of employees working for that business.
   a. True
   b. False

ANSWER: True
POINTS: 1
REFERENCES: p. 4
LEARNING OBJECTIVES: Cognero 33A9A15544774BCCBD920E1D - 1.1
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's: Knowledge

9. A manufacturer with fewer than 500 employees is classified as a small business.
   a. True
   b. False

ANSWER: True
POINTS: 1
REFERENCES: p. 5
LEARNING OBJECTIVES: Cognero 33A9A15544774BCCBD920E1D - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's: Knowledge

10. The industry that employs the largest number of people in small business is the finance and insurance industry.
   a. True
   b. False

ANSWER: False
POINTS: 1
REFERENCES: p. 6
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's: Knowledge

11. The manufacturing industry employs the greatest number of people in small business.
   a. True
   b. False

ANSWER: False
POINTS: 1
REFERENCES: p. 6
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

12. In the construction industry 90 percent of the companies are classified as small businesses.
   a. True
   b. False

ANSWER: False
POINTS: 1
REFERENCES: p. 6

LEARNING OBJECTIVES:	Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's: Knowledge

13. The common size standard for a service or retail business to be classified as a small business is $6 million in average annual sales.
    a. True
    b. False

ANSWER:	False
POINTS:	1
REFERENCES:	p. 5
LEARNING OBJECTIVES:	Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's: Knowledge

14. According to Figure 1.2, a majority of businesses in the education service sector are small.
    a. True
    b. False

ANSWER:	False
POINTS:	1
REFERENCES:	p. 6
LEARNING OBJECTIVES:	Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's: Knowledge

15. Economy of scale is the lowering of costs through production of larger quantities.
    a. True
    b. False

ANSWER:	True
POINTS:	1
REFERENCES:	p. 7
LEARNING OBJECTIVES:	Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's: Knowledge

16. Until the early 1800s, much of the U.S. economy was based on agriculture.
    a. True
    b. False

ANSWER:	True

POINTS: 1
REFERENCES: p. 7
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's: Knowledge

17. The marketing concept was a paradigm shift that focused on new advertising media.
a. True
b. False
ANSWER: False
POINTS: 1
REFERENCES: p. 7
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's: Knowledge

18. In the late 1950s and early 1960s, a major paradigm shift occurred in business. This paradigm shift was called the management concept.
a. True
b. False
ANSWER: False
POINTS: 1
REFERENCES: p. 7
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's: Knowledge

19. Interest in entrepreneurship on campuses is high, with almost 2,000 colleges offering courses on the subject.
a. True
b. False
ANSWER: True
POINTS: 1
REFERENCES: p. 8
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's: Knowledge

20. According to SBA reports, Hispanic-owned businesses generate the most annual revenue of all U.S. minority-owned businesses.

a. True

b. False

ANSWER: False

POINTS: 1

REFERENCES: p. 11

LEARNING OBJECTIVES: Cognero 172194140FE34343AC925D35 - 1.3
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Diversity

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's: Knowledge

21. Self employment in all nonwhite categories rose by large percentage gains since 2002.

a. True

b. False

ANSWER: True

POINTS: 1

REFERENCES: p. 9

LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Analytic

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

22. Asian-owned businesses totaled over 1.1 million, generating over $326 billion of annual revenue.

a. True

b. False

ANSWER: True

POINTS: 1

REFERENCES: p. 11

LEARNING OBJECTIVES: Cognero 172194140FE34343AC925D35 - 1.3
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Diversity

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

23. Of all U.S. businesses, almost 50 percent are Hispanic-owned.

a. True

b. False

ANSWER: False

POINTS: 1

REFERENCES: p. 11

LEARNING OBJECTIVES: Cognero 172194140FE34343AC925D35 - 1.3
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Diversity

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

24. Businesses owned by women increased 20% since 2001.

a. True

b. False

ANSWER: False

POINTS: 1

REFERENCES: p. 10

LEARNING OBJECTIVES: Cognero 172194140FE34343AC925D35 - 1.3
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Diversity

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

25. Resources exist to specifically assist women and minority-owned businesses.

a. True

b. False

ANSWER: True

POINTS: 1

REFERENCES: p. 11

LEARNING OBJECTIVES: Cognero 172194140FE34343AC925D35 - 1.3
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Diversity

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

26. Although small businesses tend to enjoy a higher profit margin due to their economies of scale, large businesses are often better at distribution.

a. True

b. False

ANSWER: False

POINTS: 1

REFERENCES: p. 12

LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Analytic

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

27. Diversity in the workplace is changing the way our nation and our businesses operate.

a. True

b. False

ANSWER: True

POINTS: 1

REFERENCES: p. 12

LEARNING OBJECTIVES: Cognero 172194140FE34343AC925D35 - 1.3
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Diversity

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

28. Big businesses need small businesses.
    a. True
    b. False

ANSWER: True
POINTS: 1
REFERENCES: p. 12
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

29. A symbiotic relationship exists between small business and big business.
    a. True
    b. False

ANSWER: True
POINTS: 1
REFERENCES: p. 12
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

30. The stronger and more sustainable the competitive advantage, the better the chance of winning and consequently keeping customers.
    a. True
    b. False

ANSWER: True
POINTS: 1
REFERENCES: p. 13
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

31. Small business is able to react less quickly to new and changing markets than is large business with its increased economies of scale.
    a. True
    b. False

ANSWER: False
POINTS: 1
REFERENCES: p. 13
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2

	DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

32. The ability to remain flexible and innovative is an inherent factor in the favor of small businesses.
    a. True
    b. False

ANSWER:	True
POINTS:	1
REFERENCES:	p. 13
LEARNING OBJECTIVES:	Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

33. Computers are an invention that small business has contributed to society.
    a. True
    b. False

ANSWER:	True
POINTS:	1
REFERENCES:	p. 13
LEARNING OBJECTIVES:	Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Technology
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

34. Service innovation involves offering a new or altered service for sale.
    a. True
    b. False

ANSWER:	True
POINTS:	1
REFERENCES:	p. 14
LEARNING OBJECTIVES:	Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

35. Most small businesses use market research as the primary means of learning about customers.
    a. True
    b. False

ANSWER:	False
POINTS:	1

REFERENCES: p. 14
LEARNING OBJECTIVES: Cognero 771FAB75FAB449928355016D - 1.4
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

36. Creative destruction refers to the failure of small businesses due to fault of their own.
a. True
b. False

ANSWER: False
POINTS: 1
REFERENCES: p. 13
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

37. Economist Joseph Schumpeter called the replacement of existing products, processes, ideas, and businesses with new and better ones creative destruction.
a. True
b. False

ANSWER: True
POINTS: 1
REFERENCES: p. 13
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

38. The lifeblood of any new business is cash/sufficient startup capital.
a. True
b. False

ANSWER: True
POINTS: 1
REFERENCES: p. 14
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

39. Most new businesses do not survive past their first year.
a. True
b. False

ANSWER: False
POINTS: 1
REFERENCES: p. 16
LEARNING OBJECTIVES: Cognero 771FAB75FAB449928355016D - 1.4
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

40. The most common cause of business failure is inadequate management and financing.
 a. True
 b. False

ANSWER: True
POINTS: 1
REFERENCES: p. 17
LEARNING OBJECTIVES: Cognero DB6979802C814BE8AAE5B6D9 - 1.5
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

41. Lack of marketing experience is one of the major problems faced by small business owners.
 a. True
 b. False

ANSWER: False
POINTS: 1
REFERENCES: p. 18
LEARNING OBJECTIVES: Cognero DB6979802C814BE8AAE5B6D9 - 1.5
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

42. External factors beyond a small business owner's control are to blame for most business failures.
 a. True
 b. False

ANSWER: False
POINTS: 1
REFERENCES: p. 19
LEARNING OBJECTIVES: Cognero DB6979802C814BE8AAE5B6D9 - 1.5
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

43. According to the opening Vignette, Elon Musk is an example of a
 a. Franchiser

b. Serial entrepreneur
c. Corporate business owner
d. First-time entrepreneur

ANSWER: b
POINTS: 1
REFERENCES: p. 10
LEARNING OBJECTIVES: Cognero 33A9A15544774BCCBD920E1D - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

44. What percentage of net new jobs do small businesses create annually?
a. From 10 to 25 percent
b. From 40 to 50 percent
c. From 60 to 80 percent
d. From 85 to 100 percent

ANSWER: c
POINTS: 1
REFERENCES: p. 3
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

45. What percentage of businesses had a payroll with fewer than 500 people?
a. 10 percent
b. 25 percent
c. 75 percent
d. 99 percent

ANSWER: d
POINTS: 1
REFERENCES: p. 4
LEARNING OBJECTIVES: Cognero 33A9A15544774BCCBD920E1D - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

46. The number of people who make small business their primary occupation is which of the following?
a. 2 million
b. 6 million
c. 12 million
d. 25 million

ANSWER: c

POINTS: 1
REFERENCES: p. 4
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

47. Ronald Meese is the owner and operator of Meese Mining. To be considered a small business for crediting purposes, what is the maximum number of employees that Ronald can employ?
 a. 50
 b. 100
 c. 200
 d. 500

ANSWER: d
POINTS: 1
REFERENCES: p. 5
LEARNING OBJECTIVES: Cognero 33A9A15544774BCCBD920E1D - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Reflective Thinking
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

48. Industry classification codes that are based on annual sales revenue or number of employers are abbreviated as
 a. NAICS
 b. SIC2
 c. NAIA
 d. NCAA

ANSWER: a
POINTS: 1
REFERENCES: p. 4
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

49. Which of the following NAICS industry categories has the lowest percentage of small businesses?
 a. Finance/insurance
 b. Health/social services
 c. Real estate/rental/leasing
 d. Construction

ANSWER: a
POINTS: 1
REFERENCES: p. 6
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

50. The importance of classifying a business as small **does not** lie in which of the following areas?
    a. Determining whether or not the business qualifies for a bank loan
    b. Determining whether or not the business qualifies for a government set-aside program
    c. Determining whether or not the business qualifies for Small Business Administration assistance
    d. Determining whether or not the business qualifies for a government agency purchase

ANSWER: a
POINTS: 1
REFERENCES: p. 5
LEARNING OBJECTIVES: Cognero 33A9A15544774BCCBD920E1D - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

51. The industry that employs the greatest number of people in small business is which of the following?
    a. Construction
    b. Manufacturing
    c. Retail businesses
    d. Services

ANSWER: d
POINTS: 1
REFERENCES: p. 6
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

52. The text defines a business as small if it has any of the following characteristics **except** which of the following?
    a. Less than 100 employees
    b. Little impact on the industry
    c. Independent operations, financing, and ownership
    d. A major impact on the industry

ANSWER: d
POINTS: 1
REFERENCES: p. 6
LEARNING OBJECTIVES: Cognero 33A9A15544774BCCBD920E1D - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

53. What percentage of businesses in the service sector are small?

a. 71 percent

b. 51 percent

c. 31 percent

d. 11 percent

ANSWER:	a
POINTS:	1
REFERENCES:	p. 6
LEARNING OBJECTIVES:	Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

54. William Smith works for an automobile company that generates an annual revenue exceeding $200 million, but accounts for less than one percent of the global automobile market. Based on this information, the company that William works for would be considered a

a. Conglomerate

b. Corporation

c. Small business

d. Franchise

ANSWER:	c
POINTS:	1
REFERENCES:	p. 6
LEARNING OBJECTIVES:	Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Reflective Thinking
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

55. The ____ sector of the U.S. economy makes up about 71 percent of total U.S. jobs.

a. Manufacturing

b. Agricultural

c. IT

d. Service

ANSWER:	d
POINTS:	1
REFERENCES:	p. 7
LEARNING OBJECTIVES:	Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

56. Although Small Business Administration (SBA) standards allow up to 500 employees in some types of businesses, the most common limit is

a. 10

b. 50
c. 100
d. 200

ANSWER: c
POINTS: 1
REFERENCES: p. 6
LEARNING OBJECTIVES: Cognero 33A9A15544774BCCBD920E1D - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

57. Until the early 1800s, most goods were produced
    a. By small manufacturers
    b. By workers in their cottages
    c. By large factories
    d. By large groups of workers in the town hall

ANSWER: b
POINTS: 1
REFERENCES: p. 7
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

58. The term *economy of scale* refers to which of the following?
    a. Increasing costs through the production of larger quantities
    b. Decreasing costs through the production of larger quantities
    c. Decreasing costs through the production of smaller quantities
    d. Increasing costs through the production of smaller quantities

ANSWER: b
POINTS: 1
REFERENCES: p. 7
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

59. The *marketing concept* was a paradigm shift that involved
    a. A focus on production
    b. A focus on quality
    c. A focus on consumer wants and needs
    d. A focus on marketing

ANSWER: c

POINTS: 1
REFERENCES: p. 7
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

60. What startup business of the 1960s used flatter organizational structure, improved customer service, and more flexibility to knock Sears out of its role of world's largest retailer?
  a. K-Mart
  b. Woolco
  c. Wal-Mart
  d. Target

ANSWER: c
POINTS: 1
REFERENCES: p. 8
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

61. To avoid business failure, Terri Holt, a small business owner, has reduced the size of her company's workforce by ten percent. This action is referred to as
  a. Downsizing
  b. Outsourcing
  c. Innovating
  d. Networking

ANSWER: a
POINTS: 1
REFERENCES: p. 8
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Reflective Thinking
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

62. Which of the following is a valid tactic for weathering an economic storm?
  a. Jettisoning the best customers
  b. Reducing cooperation with suppliers
  c. Finding recession-resistant opportunities
  d. Hiding cash

ANSWER: c
POINTS: 1
REFERENCES: p. 8
LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1

DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Analytic

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

63. The impact downsizing has on small business is which of the following?
    a. No labor force to work in small businesses
    b. Opportunity to perform the work large businesses no longer perform
    c. An availability of workers with no skills
    d. Lack of financial backing for small businesses

ANSWER: b

POINTS: 1

REFERENCES: p. 8

LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Analytic

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

64. Why has the number of students studying entrepreneurship increased so dramatically since the early 1970s?
    a. More students wanted to buy this book and take this professor's course.
    b. The economy has been bad so no other jobs have been available.
    c. Marketplace desires change quickly.
    d. More small businesses are being formed and the cost of mistakes is higher.

ANSWER: d

POINTS: 1

REFERENCES: p. 9

LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Analytic

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

65. How many new U.S. businesses were formed in 2005?
    a. About 670,000
    b. About 25 million
    c. About 265,000
    d. About 6.7 million

ANSWER: a

POINTS: 1

REFERENCES: p. 8

LEARNING OBJECTIVES: Cognero 4111882A6BC74B5685EB59F5 - 1.1
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Analytic

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

66. For every one business that closes, how many new businesses are formed?

a. Two hundred

b. Five

c. One

d. Twenty

ANSWER:	c
POINTS:	1
REFERENCES:	p. 8
LEARNING OBJECTIVES:	Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

67. Outsourcing is a method by which larger businesses

a. Hire more employees

b. Hire other businesses to provide goods/services instead of doing it themselves

c. Hire more management specialists

d. Work fewer hours

ANSWER:	b
POINTS:	1
REFERENCES:	p. 8
LEARNING OBJECTIVES:	Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

68. According to the Census Bureau Survey of Business Owners, ____ constitute 88.53 percent of the U.S. self-employed population.

a. Women

b. White Americans

c. White Non-Americans

d. Minorities

ANSWER:	b
POINTS:	1
REFERENCES:	p. 9
LEARNING OBJECTIVES:	Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Diversity
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

69. According to the report "Dynamics of Minority-owned Employer Establishments 1997-2001," of all U.S. businesses, what percent are owned by Hispanic Americans?

a. 2.8 percent

b. 5.8 percent
c. 15.5 percent
d. 25.2 percent

ANSWER: b
POINTS: 1
REFERENCES: p. 11
LEARNING OBJECTIVES: Cognero 172194140FE34343AC925D35 - 1.3
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Diversity
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

70. Businesses owned by which two groups of people are growing faster than all other businesses combined?
a. Hispanic and Asians
b. Blacks and Hispanics
c. Asians and Blacks
d. Women and Minorities

ANSWER: d
POINTS: 1
REFERENCES: p. 12
LEARNING OBJECTIVES: Cognero 172194140FE34343AC925D35 - 1.3
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Diversity
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

71. According to the Census Bureau Survey of Business Owners and the Bureau of Labor Statistics, which category constituted most of the self-employed in 2014?
a. American Indian/Native Alaskan-owned business owners
b. Hispanic-owned business owners
c. Asian/Pacific Islander-owned business owners
d. White Americans

ANSWER: d
POINTS: 1
REFERENCES: p. 10
LEARNING OBJECTIVES: Cognero 172194140FE34343AC925D35 - 1.3
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Diversity
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

72. SBA 8(a) certification provides preference in bidding on federal and state contracts to
a. Women only
b. Minorities only
c. Women and minorities
d. First-generation Americans

ANSWER:	c
POINTS:	1
REFERENCES:	p. 11
LEARNING OBJECTIVES:	Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Diversity
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

73. According to the report "Dynamics of Minority-Owned Employer Establishments" what is true regarding minority owned businesses?

a. They are not vital to the growth of the U.S. economy.
b. Significant issues continue to hamper their growth.
c. Both of the above.
d. They now dominate the business sector.

ANSWER:	b
POINTS:	1
REFERENCES:	p. 11
LEARNING OBJECTIVES:	Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Diversity
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

74. Since 2002, the share of women owning their own business increased by what percent?

a. 10
b. 20
c. 33
d. 50

ANSWER:	b
POINTS:	1
REFERENCES:	p. 10
LEARNING OBJECTIVES:	Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Diversity
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

75. John Deere relies on hundreds of vendors to produce component parts for its farm equipment. This illustrates which secret of small business success?

a. Small businesses have competitive advantage over large businesses
b. A symbiotic relationship exists between small and large businesses
c. Small businesses perform more efficiently than larger ones
d. Small business are able to innovate more easily than larger ones

ANSWER:	b
POINTS:	1
REFERENCES:	p. 12

LEARNING OBJECTIVES: Cognero 771FAB75FAB449928355016D - 1.4
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Reflective Thinking
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

76. The chemical producer, Hoechst Celanese, found that diversity in the work force was particularly beneficial in which area?
   a. Problem solving
   b. Reaching a consensus
   c. Exploring one point of view
   d. Downsizing

ANSWER: a
POINTS: 1
REFERENCES: p. 12
LEARNING OBJECTIVES: Cognero 172194140FE34343AC925D35 - 1.3
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Diversity
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

77. Small businesses are more able than big businesses to perform efficiently in which of the following areas?
   a. Management
   b. Higher profit margins
   c. Fewer expenses
   d. Distribution

ANSWER: d
POINTS: 1
REFERENCES: p. 12
LEARNING OBJECTIVES: Cognero 172194140FE34343AC925D35 - 1.3
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

78. Which of the following are the inherent factors that work in favor of small businesses?
   a. Ability to remain flexible and innovative
   b. Management expertise
   c. Emphasis on variety
   d. Emphasis on quantity

ANSWER: a
POINTS: 1
REFERENCES: p. 13
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

79. The ability to offer greater value than one's competitors is called which of the following?
   a. Quality
   b. Reduction in the price charged
   c. Competitive advantage
   d. Qualitative advantage

ANSWER: c
POINTS: 1
REFERENCES: p. 12
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

80. The stronger and more sustainable the competitive advantage a small business maintains, the better the chances of
   a. Guaranteeing a profit
   b. Winning and keeping customers
   c. Obtaining a loan from a bank
   d. Entering the international market

ANSWER: b
POINTS: 1
REFERENCES: p. 13
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

81. You have a small business that offers printing services. One of the services you offer is a high-speed color copier. You are currently the only printing service in a tristate area that offers such a service. You currently have
   a. Creative destruction
   b. A competitive advantage
   c. A qualitative advantage
   d. A capital advantage

ANSWER: b
POINTS: 1
REFERENCES: p. 12
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Reflective Thinking
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

82. Large telecommunications companies have an incentive to improve existing lines of products and services to better serve their customers, rather than invent new products. This best demonstrates what aspect of innovation in business?

a. Research and development departments in large companies fuel innovation
b. Compared to larger companies, small businesses are not financially equipped to innovate
c. Real innovation tends to come from independent inventors and small businesses
d. Large companies are too inflexible to handle real innovation

ANSWER:	c
POINTS:	1
REFERENCES:	p. 13
LEARNING OBJECTIVES:	Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Reflective Thinking
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

83. Who is credited with the quote "Even if you're on the right track, you'll get run over if you just sit there"?
a. Will Rogers
b. Robert Kennedy
c. Joseph Schumpeter
d. Lance Armstrong

ANSWER:	a
POINTS:	1
REFERENCES:	p. 13
LEARNING OBJECTIVES:	Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

84. According to the highlight box of inspiring quotes, what did Robert Kennedy say one must dare do in order to achieve greatly?
a. Serve society
b. Seek security
c. Fail miserably
d. Go fast

ANSWER:	c
POINTS:	1
REFERENCES:	p. 13
LEARNING OBJECTIVES:	Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

85. In order to take advantage of economies of scale, large businesses usually
a. Devote resources to produce selected quantities of products
b. Devote resources to produce large quantities of products
c. Devote resources that are committed for only short time periods

d. Devote resources that are able to quickly respond to a changing market

ANSWER: b
POINTS: 1
REFERENCES: p. 13
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

86. The incentive for innovation of new ideas and products is generally strongest for
a. Research and development divisions of large companies
b. Small businesses
c. Government-funded research laboratories
d. Colleges and universities

ANSWER: b
POINTS: 1
REFERENCES: p. 13
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

87. Inventing a new way to organize physical inputs to produce a product or service refers to
a. Process innovation
b. Product innovation
c. Service innovation
d. Management innovation

ANSWER: a
POINTS: 1
REFERENCES: p. 14
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

88. Linda Waters, a chemical engineer at a large pharmaceutical company, has lead a team to develop a new drug that effectively treats the common flu faster than any other drug on the market. This is an example of what type of innovation?
a. Process innovation
b. Product innovation
c. Service innovation
d. Management innovation

ANSWER: b
POINTS: 1

REFERENCES:	p. 14
LEARNING OBJECTIVES:	Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Reflective Thinking
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

89. Creating a new way to organize a business's resources involves

a. Process innovation

b. Product innovation

c. Service innovation

d. Management innovation

ANSWER:	d
POINTS:	1
REFERENCES:	p. 14
LEARNING OBJECTIVES:	Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

90. The most common types of innovations produced by small business relate to

a. Service and products

b. Manufacturing

c. Management techniques

d. New resources offered by financial institutions

ANSWER:	a
POINTS:	1
REFERENCES:	p. 14
LEARNING OBJECTIVES:	Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

91. The process of creative destruction involves which of the following?

a. The destruction of current products

b. The replacement of current products

c. The innovation of new products

d. The replacement of existing products with new and better products

ANSWER:	d
POINTS:	1
REFERENCES:	p. 14
LEARNING OBJECTIVES:	Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic

STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

92. Big business competes based on mass production and, thus, lower prices. Small business can compete based on
    a. Personalized services and products
    b. Lower prices than big business can offer
    c. Quality
    d. Accessibility to large amounts of capital

ANSWER: a
POINTS: 1
REFERENCES: p. 14
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

93. Which of the following was not cited as necessary for getting a business off on the right foot?
    a. A market large enough to generate profit
    b. Sufficient capital
    c. A global perspective
    d. Accurate information

ANSWER: c
POINTS: 1
REFERENCES: p. 14
LEARNING OBJECTIVES: Cognero 771FAB75FAB449928355016D - 1.4
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

94. Allen Campbell's small tire business has recently closed due to credit foreclosure. This is an example of
    a. Voluntary withdrawal
    b. Bankruptcy
    c. Business failure
    d. Adequate management

ANSWER: c
POINTS: 1
REFERENCES: p. 19
LEARNING OBJECTIVES: Cognero DB6979802C814BE8AAE5B6D9 - 1.5
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Reflective Thinking
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

95. The valuable skills and knowledge that employees of a business possess are collectively called

a. Business assets
b. Tangible inventory
c. Outsourcing
d. Intellectual capital

ANSWER: d
POINTS: 1
REFERENCES: p. 15
LEARNING OBJECTIVES: Cognero 771FAB75FAB449928355016D - 1.4
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

96. The lifeblood of any new small business is which of the following?
a. Cash
b. A large target market
c. A customer base
d. A quality product/service

ANSWER: a
POINTS: 1
REFERENCES: p. 14
LEARNING OBJECTIVES: Cognero 771FAB75FAB449928355016D - 1.4
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

97. The most valuable asset a small business owner has is
a. A quality product
b. Buildings and equipment
c. A good relationship with his/her banker
d. Employees

ANSWER: d
POINTS: 1
REFERENCES: p. 15
LEARNING OBJECTIVES: Cognero 771FAB75FAB449928355016D - 1.4
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

98. Intellectual capital is the skill and knowledge possessed by
a. The small business owner
b. The small business consultant
c. The small business employees
d. The banker for a small business

ANSWER: c

POINTS: 1

REFERENCES: p. 15

LEARNING OBJECTIVES: Cognero 771FAB75FAB449928355016D - 1.4
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Analytic

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

99. A business failure occurs when a business closes for any of the following reasons **except**

a. Bankruptcy
b. A reorganization
c. A receivership
d. A merger

ANSWER: d

POINTS: 1

REFERENCES: p. 16

LEARNING OBJECTIVES: Cognero DB6979802C814BE8AAE5B6D9 - 1.5
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Analytic

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

100. In the Entrepreneurial Snapshot, Samuel Adams Brewery can attribute its incredible growth and success to all but which of the following?

a. Fanatical attention to quality
b. The use of marketing tools never before used in the microbrewery industry
c. The perseverance of the founder, Jim Koch
d. A Madison Avenue advertising campaign

ANSWER: d

POINTS: 1

REFERENCES: p. 16

LEARNING OBJECTIVES: Cognero 771FAB75FAB449928355016D - 1.4
DISC: Strategy

NATIONAL STANDARDS: United States - AACSB: Analytic

STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

101. In the Entrepreneurial Snapshot, Jim Koch, the founder of Boston Beer, spent the majority of his time, even after the microbrewery was successful, doing which of the following?

a. Managing
b. Finding sources of finance
c. Selling the product
d. Improving the product

ANSWER: c

POINTS: 1

REFERENCES: p. 16

LEARNING OBJECTIVES: Cognero 771FAB75FAB449928355016D - 1.4
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

102. In the Entrepreneurial Snapshot, what has allowed Boston Beer to become the first to enter the chasm between microbrewery and major brewery?
    a. sexy commercials
    b. different sized bottles
    c. lowest prices for beer
    d. passion for quality

ANSWER: d
POINTS: 1
REFERENCES: p. 16
LEARNING OBJECTIVES: Cognero 771FAB75FAB449928355016D - 1.4
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

103. ____ is the efficient and effective use of resources.
    a. Innovation
    b. Competitive advantage
    c. Entrepreneurship
    d. Business management

ANSWER: d
POINTS: 1
REFERENCES: p. 18
LEARNING OBJECTIVES: Cognero DB6979802C814BE8AAE5B6D9 - 1.5
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

104. The most common cause of business failure is
    a. Choosing the wrong type of business ownership
    b. Starting a business that is too large
    c. Lack of marketing expertise by the small business owner
    d. Lack of management experience

ANSWER: d
POINTS: 1
REFERENCES: p. 18
LEARNING OBJECTIVES: Cognero DB6979802C814BE8AAE5B6D9 - 1.5
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy

KEYWORDS: Bloom's Knowledge

105. A common cause of business failure is
   a. Choosing the wrong type of business ownership
   b. Starting a business that is too large
   c. Industry weakness
   d. Specialized management knowledge

ANSWER: c
POINTS: 1
REFERENCES: p. 17
LEARNING OBJECTIVES: Cognero DB6979802C814BE8AAE5B6D9 - 1.5
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

106. Internal factors are the cause of what percentage of failure in business?
   a. 12 percent
   b. 34 percent
   c. 67 percent
   d. 89 percent

ANSWER: d
POINTS: 1
REFERENCES: p. 18
LEARNING OBJECTIVES: Cognero DB6979802C814BE8AAE5B6D9 - 1.5
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

107. Sam closed the doors to her home-based consulting company only two years after opening because she was tired of working 80-hour weeks. This is an example of which mistake leading to business failure?
   a. Failing to understand the level of commitment required
   b. Neglecting to plan
   c. Not using employees effectively
   d. Mishandling finances

ANSWER: a
POINTS: 1
REFERENCES: p. 19
LEARNING OBJECTIVES: Cognero DB6979802C814BE8AAE5B6D9 - 1.5
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Reflective Thinking
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

108. A business failure occurs when a business
   a. Closes because of retirement by the owner

b. Is sold
c. Closes because of lack of demand for the product
d. Closes with financial losses to creditors

ANSWER:	d
POINTS:	1
REFERENCES:	p. 19
LEARNING OBJECTIVES:	Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

109. A partnership that is restructured or a business that moves to a new location is considered to be which of the following?
a. Business failure
b. Business termination
c. Business success
d. Business venture

ANSWER:	b
POINTS:	1
REFERENCES:	p. 19
LEARNING OBJECTIVES:	Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

110. Which of the following can lead to business failure?
a. Failing to look forward to the future
b. Failing to understand the commitment and hard work required
c. Inaccurate estimate of cash flow
d. All of the above

ANSWER:	d
POINTS:	1
REFERENCES:	p. 17
LEARNING OBJECTIVES:	Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Knowledge

111. According to the U.S. Census Bureau, approximately ____ of closed businesses were successful at the time of their closure.
a. One-quarter
b. One-third
c. Two-thirds
d. Three-quarters

ANSWER: b
POINTS: 1
REFERENCES: p. 20
LEARNING OBJECTIVES: Cognero DB6979802C814BE8AAE5B6D9 - 1.5
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

112. Which percentage of small businesses are actually forced out of business with financial loss to creditors?
a. 10 percent
b. 18 percent
c. 50 percent
d. 75 percent

ANSWER: b
POINTS: 1
REFERENCES: p. 20
LEARNING OBJECTIVES: Cognero DB6979802C814BE8AAE5B6D9 - 1.5
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Knowledge

Scenario 1-1. Larry Linsuine is thinking of marketing a new idea he has been using. After years of experience as a deer hunter, he has perfected a tree stand that gives him an added advantage in deer hunting. He calls his new tree stand The Tree Hugger. He has now begun the process of manufacturing his tree stands with 20 employees working out of his garage. His life savings have provided the equity for his operation.

113. Refer to Scenario 1-1. What type of business is Larry beginning?
a. Large business
b. Joint venture
c. Small business
d. None of these choices

ANSWER: c
POINTS: 1
REFERENCES: p. 4
PREFACE NAME: Scenario 1-1
LEARNING OBJECTIVES: Cognero 33A9A15544774BCCBD920E1D - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Reflective Thinking
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Comprehension

114. Refer to Scenario 1-1. What advantage will Larry have over his competition with his new product?
a. Competitive advantage
b. Comparative advantage
c. Qualitative advantage

d. Financial advantage

ANSWER: a
POINTS: 1
REFERENCES: p. 12
PREFACE NAME: Scenario 1-1
LEARNING OBJECTIVES: Cognero 771FAB75FAB449928355016D - 1.4
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Reflective Thinking
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Comprehension

115. Refer to Scenario 1-1. What will be the most difficult problem that Larry will encounter?
a. Obtaining sufficient cash
b. Finding a target market
c. Obtaining accurate information
d. Deciding upon appropriate advertising media

ANSWER: a
POINTS: 1
REFERENCES: p. 18
PREFACE NAME: Scenario 1-1
LEARNING OBJECTIVES: Cognero 771FAB75FAB449928355016D - 1.4
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Reflective Thinking
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Comprehension

Scenario 1-2. Franky Ferguson has just reached a turning point in his business. He can no longer retain quality employees because he cannot meet his payroll, he does not have an adequate cash flow to pay his current bills, and he is three months behind in his loan payment to the bank. He must close the doors of this business.

116. Refer to Scenario 1-2. The valuable skills and knowledge that Franky's employees possessed is known as
a. Financial capital
b. Intellectual capital
c. Monetary capital
d. Knowledge capital

ANSWER: b
POINTS: 1
REFERENCES: p. 15
PREFACE NAME: Scenario 1-2
LEARNING OBJECTIVES: Cognero 551948FB65A5482C8E0FC373 - 1.2
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Reflective Thinking
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Comprehension

117. Refer to Scenario 1-2. What is the primary reason Franky has failed?
a. Inadequate management

b. Lack of a quality product

c. No target market

d. Inadequate advertising

ANSWER:	a
POINTS:	1
REFERENCES:	p. 18
PREFACE NAME:	Scenario 1-2
LEARNING OBJECTIVES:	Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Reflective Thinking
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Comprehension

118. Refer to Scenario 1-2. All but which of the following are areas Franky should have worked upon in order to help ensure the success of his business?

a. Plan for the future

b. Understand that commitment and hard work are required for business success

c. Managing finances

d. Increased his advertising budget

ANSWER:	d
POINTS:	1
REFERENCES:	p. 19
PREFACE NAME:	Scenario 1-2
LEARNING OBJECTIVES:	Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Reflective Thinking
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Comprehension

119. Refer to Scenario 1-2. With the closing of his business, Franky has experienced

a. Business termination

b. Business failure

c. Business closing

d. Business merger

ANSWER:	b
POINTS:	1
REFERENCES:	p. 19
PREFACE NAME:	Scenario 1-2
LEARNING OBJECTIVES:	Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Reflective Thinking
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Comprehension

120. Refer to Scenario 1-2. Franky joins what percentage of small businesses that have failed?

a. 10 percent

b. 18 percent
c. 50 percent
d. 75 percent

ANSWER: b
POINTS: 1
REFERENCES: p. 20
PREFACE NAME: Scenario 1-2
LEARNING OBJECTIVES: Cognero DB6979802C814BE8AAE5B6D9 - 1.5
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Reflective Thinking
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Comprehension

121. Describe in detail the three primary characteristics of a small business.

ANSWER:
- Generally fewer than 100 employees
- Independently owned, operated, and financed
- Relatively little impact on the industry

POINTS: 1
REFERENCES: p. 4
LEARNING OBJECTIVES: Cognero 33A9A15544774BCCBD920E1D - 1.1
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Comprehension

122. Briefly discuss the value of diversity in business.

ANSWER:
- Diversity in the workplace can provide creative problem-solving ideas.
- A varied workforce is needed at every level of an organization.

POINTS: 1
REFERENCES: p. 11
LEARNING OBJECTIVES: Cognero 172194140FE34343AC925D35 - 1.3
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Diversity
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Comprehension

123. Explain in detail three advantages that contribute to the success of a small business.

ANSWER:
- Competitive advantage
- Innovation
- Flexibility
- Knowledge of the customers

POINTS: 1
REFERENCES: p. 12
LEARNING OBJECTIVES: Cognero 771FAB75FAB449928355016D - 1.4
DISC: Strategy
NATIONAL STANDARDS: United States - AACSB: Analytic
STATE STANDARDS: United States - OH - DISC: Strategy
KEYWORDS: Bloom's Comprehension

124. Describe the four primary types of innovation.

ANSWER:	· Product innovation · Serviced innovation · Process innovation · Management innovation
POINTS:	1
REFERENCES:	p. 14
LEARNING OBJECTIVES:	Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy
NATIONAL STANDARDS:	United States - AACSB: Analytic
STATE STANDARDS:	United States - OH - DISC: Strategy
KEYWORDS:	Bloom's Comprehension