**Entrepreneurship**

**And**

**Small Business Management  
  
Homework 1**

**Chapter 1**

**Following are 20 questions: 16 multiple choice questions worth 4 points each and four open questions worth nine points each. For the Multiple Choice questions, highlight the answer you think most correct.**

**Multiple Choice Questions:**

1) A business plan \_\_\_\_\_\_\_\_.   
A) is a valuable managerial tool that helps an entrepreneur focus on developing a course for the business in the future   
B) is a valuable tool for convincing lenders or investors to put money into the business   
C) forces an entrepreneur to think a business idea through, considering both its positive and its negative aspects   
D) All of the above   
  
2) Business assets are lenders' \_\_\_\_\_\_\_\_ resort for repayment of an outstanding loan.   
A) first   
B) last   
C) primary   
D) only   
  
3) When presenting a business plan to a venture capital forum, the allotted time is rarely more than \_\_\_\_\_\_\_\_ minutes.   
A) 40   
B) 30   
C) 20   
D) 10   
  
3) Which of the following is a basic area that a business plan presentation should cover?   
A) The company and its products   
B) The problem to be solved   
C) The company's business model   
D) All of the above   
  
4) The value proposition that sets a company apart from its competitors and gives it a unique position in the market, superior to its competition, is its \_\_\_\_\_\_\_\_.   
A) mission statement   
B) competitive advantage   
C) competitive profile   
D) strategic plan   
  
5) Which of the following was not identified as a way for the typical small business to establish a competitive advantage?   
A) Lowering prices   
B) Providing higher quality goods or services   
C) Improving customer service   
D) Doing whatever the company does for its customers better than its competitors

6) \_\_\_\_\_\_\_\_ are a unique set of capabilities that a company develops in key operational areas– such as service, innovation, and others that allow it to potentially vault past its competitors.   
A) Core competencies   
B) Opportunities   
C) Key success factors   
D) Mission statements

7) The key to entrepreneurial success over time is to build a \_\_\_\_\_\_\_\_ competitive advantage.   
A) defensible   
B) sustainable   
C) coherent   
D) random

8) A clearly defined vision helps a company in which of the following ways?   
A) Provides direction   
B) Determines decisions   
C) Motivates people   
D) All of the above

9) \_\_\_\_\_\_\_\_ are positive internal factors that contribute toward accomplishing the company's mission, goals, and objectives, while \_\_\_\_\_\_\_\_ are negative internal factors that inhibit the accomplishment of a firm's mission, goals, and objectives.   
A) Strengths; weaknesses   
B) Weaknesses; strengths   
C) Opportunities; threats   
D) Threats; opportunities   
  
10) Strengths and weaknesses are \_\_\_\_\_\_\_\_ to the organization.   
A) internal factors   
B) external factors   
C) internal and/or external factors   
D) factors not belonging

11) Kevin Abt noticed that people were cooking meals in their homes less often but wanted to avoid the hassle of going out to eat. They wanted to "eat in" without cooking. Abt launched a company, Takeout Taxi, that delivers restaurant-prepared food to his customers' homes and businesses. Takeout Taxi is the result of a(n) \_\_\_\_\_\_\_\_.   
A) strength   
B) weakness   
C) opportunity   
D) threat   
  
12) Maria Sanchez is the owner of the Main Street Café and a new restaurant opens a few blocks away. From Maria's perspective, this new restaurant constitutes a(n) \_\_\_\_\_\_\_\_.   
A) strength   
B) weakness  
 C) threat   
D) opportunity   
  
13) A(n) \_\_\_\_\_\_\_\_ competitor offers the same or similar products or services only in a small number of areas, and their target customers seldom overlap yours.   
A) indirect competitor   
B) direct   
C) parallel   
D) divergent   
  
14) Which of the following is true about the information-gathering process in competitive analysis? A) It is an expensive process that only large companies can afford.  
 B) It can be relatively inexpensive and easy for the small business owner to conduct.   
C) It is a process closely regulated by various federal laws that prohibit doing things like purchasing competitive products and analyzing them.   
D) It is a process that requires expert help and is relatively expensive.   
  
15) \_\_\_\_\_\_\_\_ are the broad, long-range attributes the small business seeks to accomplish; \_\_\_\_\_\_\_\_ are the more specific targets for performance.   
A) Goals; objectives   
B) Goals; strategies   
C) Objectives; goals   
D) Strategies; goals   
  
  
  
  
  
  
  
  
  
16) A competitive profile matrix \_\_\_\_\_\_\_\_.   
A) identifies a firm's core competencies   
B) permits the small business owner to divide a mass market into smaller, more manageable segments   
C) allows the small business owner to evaluate her/his firm against competitors on the key success factors for the industry   
D) creates a road map of action for the entrepreneur to fulfill her/his company's mission, goals, and objectives

**Open Questions:**

1) What is "collateral" and why is it one of the "Cs" of credit?

2) Why is covering the company's business model one of the basic areas in a business plan presentation?

3) Assume you own a small shoe store. Discuss the three different types of competition you might face and give examples of each.

4) What is strategy? Describe the three basic strategies small companies can choose from: cost-leadership, differentiation, and focus. Explain the conditions under which each works, its benefits, and its pitfalls.