2

Student: ____

1. Entrepreneurship can include organizations of all types and in all stages.
   True False

2. Entrepreneurship does not occur in the public sector.
   True False

3. The most effective entrepreneurial leaders of fast-growth companies practice top-down management and administration.
   True False

4. By following the prevailing best-management practices, large corporations have been able to successfully thwart competitive challenges of young entrepreneurial firms.
   True False

5. The highly dynamic, changing character of technology, markets, and competition make it impossible to know all your competitors today, let alone five years from now.
   True False

6. One of the biggest mistakes aspiring entrepreneurs make is that they think too small.
   True False

7. While government data, research, and business mortality statisticians may not agree on the precise failure and survival figures for new businesses, they do agree that moderate success is the rule, not the exception with new ventures.
   True False

8. Many successful entrepreneurs have created their own investment pools, but they do not compete directly with venture capitalists for deals.
   True False

9. By focusing on the needs of their customers, large companies leave themselves vulnerable to attack from start-ups.
   True False

10. Small, simple businesses are more affordable, more manageable, less demanding, and less risky than high-potential ventures.
    True False

11. The Threshold Concept proposes that the odds of success change as a venture reaches a critical mass of over $8 million in sales and 50 employees.
    True False

12. Failure is part of the dynamics of innovation and economic renewal.
    True False

13. Unlike the venture capitalists, private investors are a prime source for less capital-intensive start-ups and early-stage businesses.
    True False

14. Private investors have less stringent investment criteria than venture capitalists and are therefore an easier sell.
    True False

15. "Durability" refers to the market advantage a company can enjoy by developing proprietary barriers to entry.
True False

16. There is often a direct correlation between creativity and innovation and the level of resources available at the start of a venture.
True False

17. It is appropriate for an entrepreneur to ‘think money first' with opportunities that will require venture funding at the seed stage.
True False

18. Bootstrapping can create significant competitive advantages.
True False

19. To achieve market penetration, fast growth firms must initially deliver product and service benefits at below-market prices.
True False

20. Fast growth firms maintain control by selectively granting employee stock ownership.
True False

21. Fast growth firms are careful not to link a defined exit strategy in the business plan with what the lead entrepreneur envisions as his or her long-term objectives.
True False

22. What is at the heart of the entrepreneurial process?
A. Innovation and creativity
B. Opportunity recognition
C. Teamwork
D. Marshalling resources
E. Cash flow

23. Which of the following is not a factor in why big companies fail to respond effectively to entrepreneurial competition?
A. Arrogance
B. Staying close to their customers
C. Bureaucracy
D. Following best-management practices
E. Actually, All of the answers are correct are factors

24. The entrepreneurial process starts with the:
A. Strategy
B. Networks
C. Team
D. Opportunity
E. Money

25. "Durability" of an opportunity relates to:
A. Return on Investment
B. Market demand
C. Barriers to entry
D. Lack of competitors
E. All of the answers are correct

26. A good opportunity will exhibit which of the following:
A. Gaps in available information and knowledge
B. Inconsistencies in existing service and quality
C. High rates of change, discontinuities, and even chaos
D. All of the answers are correct

27. Fast growth firms should strive to create high impact, new product and service improvements with development expenditures that account for no more than approximately ________ percent of revenues?

A. 2
B. 6
C. 10
D. 15
E. 20

28. Nearly ________ percent of the Canadian population is actively working on a new venture.
A. 1
B. 5
C. 10
D. 15
E. 25

29. Start-up failure rates vary by:
A. Industry
B. Province/Territory
C. Age of business (how old the venture is)
D. Time period (market conditions and business cycles differ from year to year)
E. All of the answers are correct

30. From year to year, Canadian venture capital activity:
A. Is relatively consistent.
B. Is consistent in the amount of dollars invested, but the number of deals varies.
C. Is consistent in the number of deals, but the volume of dollars invested varies.
D. Varies in both the amount of dollars invested and in the number of deals.
E. Is steadily increasing.

31. As exemplified with Mitel in the Timmons Model, opportunity, team, and resources ____________.
A. must be equal to one another
B. change in importance from one time period to the next
C. are all held together with communication
D. are all held together by leadership
E. rarely match

32. To make money you first have to ________ money.
A. earn
B. want
C. understand
D. find
E. lose

33. Entrepreneurs with a desire to be with and work with their family may lead them to develop a ________ business.

____

34. Less than ________ percent of ideas presented to investors in the form of a business plan or a proposal attract enough interest to merit a due diligence review.

____

35. For creativity and innovativeness to prosper, rigour and ________ must accompany the process.

____

36. Entrepreneurship results in the creation, enhancement, realization, and renewal of ________, not just for owners, but for all participants and stakeholders.

____

37. Most entrepreneurs launching businesses, particularly the first time, run out of *what* quicker than they bring in customers and profitable sales?

38. What are the three driving forces of the Timmons Model of the Entrepreneurial Process?

39. The entrepreneurial process is iterative, it is based on what?

40. A successful start-up venture, in addition to the strong leadership from the main entrepreneur, almost always involves building a team with what?

41. Discuss the overall paradoxical conflict inherent in the entrepreneurial process.

42. Discuss the potential advantages and disadvantages of lifestyle ventures.

43. Discuss the *liability of newness* and *liability of smallness* arguments.

44. Most venture capitalists say: There is too much money chasing too few deals. Why is this so? When does this happen? Why and when will it reoccur?

2 Key

1. *(p. 33)* TRUE

2. *(p. 33)* FALSE

3. *(p. 34)* FALSE

4. *(p. 35)* FALSE

5. *(p. 37)* TRUE

6. *(p. 38)* TRUE

7. *(p. 39)* FALSE

8. *(p. 42)* FALSE

9. *(p. 35)* TRUE

10. *(p. 38)* FALSE

11. *(p. 40)* FALSE

12. *(p. 40)* TRUE

13. *(p. 42)* TRUE

14. *(p. 42)* FALSE

15. *(p. 46)* FALSE

16. *(p. 46)* TRUE

17. *(p. 46)* FALSE

18. *(p. 47)* TRUE

19. *(p. 53)* FALSE

20. *(p. 53)* TRUE

21. *(p. 53)* FALSE

22. *(p. 33)* B

23. *(p. 35)* E

24. *(p. 44)* D

25. *(p. 46)* A

26. *(p. 46)* D

27. *(p. 53)* B

28. *(p. 38)* C

29. *(p. 39)* E

30. *(p. 42)* D

31. *(p. 48)* E

32. *(p. 36)* E

33. *(p. 43)* lifestyle

34. *(p. 45)* four

35. *(p. 37)* discipline

36. *(p. 33)* value

37. *(p. 32)* Cash

38. *(p. 45)* Team, Opportunity, Resources

39. *(p. 51)* Both logical and trial and error

40. *(p. 34)* Complementary talents

41. *(p. 37)* To thrive in the entrepreneurial environment, one needs to be very adept at coping with ambiguity, chaos, and uncertainty, and at building management skills and systems that create predictability. It is in the collision of these two opposing forces—spontaneity and discipline—that leads to the creation of sustainable value.

42. *(p. 43)* For many aspiring entrepreneurs, issues of family roots and location take precedence over the time and effort required to develop a high-potential opportunity. Accessibility to a preferred way of life such as access to fishing, music, hunting, a rural setting, and the mountains, can be more important than how large a business one has or the size of one's net worth. While lifestyle ventures can be tremendously rewarding at in some cases lead to lucrative careers, more often they do not produce a sustainable level of income, the work is more difficult, and the hours are usually far longer than the entrepreneur anticipates.

43. *(p. 41)* Being new and small make survival difficult. Essentially these are "strikes against" an aspiring entrepreneur which must be overcome. A new venture will have to educate customers and prove themselves to overcome newness. Smallness may be a burden against firms that are able to more easily gain efficiency (such as from economies of scale). But newness may have benefits—first movers can often set the stage for their product offerings. And smallness may be equated with nimbleness, an ability to quickly react.

Venture capital firms stay away from seed and early-stage investments because those deals tend to require relatively small amounts of capital, and the megafunds like to make larger commitments. They have a large fund of capital which needs to be invested. There are fewer large high-growth, high potential ventures than small high-potential ventures. The venture capital available competes for the bigger superdeals.
44. *(p. 46)* Scarcity of capital leads to high returns, which attracts an overabundance of new capital, which drives returns down. The venture capital investment cycle repeats itself.

2 Summary

Category	*# of Questions*
Difficulty: Easy	24
Difficulty: Hard	1
Difficulty: Moderate	19
Timmons - Chapter 02	44
Type: Knowledge	42
Type: Vocabulary	2