**Homework Assignment**

**Course Number: 210211.10**

**Course Name: Entrepreneurship**

**Chapters 5-6**

**PART II: DEVELOPING SUCCESSFUL BUSINESS IDEAS**

Following are 33 questions each worth five points. Circle or highlight the answer you think most correct.

**Chapter 5 Industry and Competitor Analysis**

1) WriteLab, the company profiled in the opening feature of Chapter 5, believes it has created a barrier to entry to enable it to maintain a leadership position in the education industry. Its barrier to entry is \_\_\_\_\_\_\_\_.

A) the price-point of its product

B) the strength of its brand

C) its social mission

D) its economies of scale

E) that Donald McQuade, one of its co-founders, is well-established in the writing community

2) Terry Washington recently started a new firm in the financial services industry. Prior to starting his firm, he spent considerable time doing research on the potential of the industry. The research that Terry was doing is called \_\_\_\_\_\_\_\_ analysis.

A) industry

B) sector

C) commercial

D) business

E) target market

3) A(n) \_\_\_\_\_\_\_\_ is a group of firms producing a similar product or service, such as soft drinks, airlines, or smartphone apps.

A) cluster

B) division

C) sector

D) industry

E) network

4) Once a firm decides to enter an industry and chooses a market in which to compete, it must gain an understanding of its competitive environment. This challenge can be undertaken by completing a(n) \_\_\_\_\_\_\_\_ analysis.

A) business

B) industry

C) competitor

D) strategic

E) market

5) Each quarter, Craig Anderson, who owns a chain of auto repair shops, does a detailed analysis of his firm's competitors. This analysis is called \_\_\_\_\_\_\_\_ analysis.

A) competitor

B) challenger

C) strategic

D) participant

E) industry

6) In various studies, researchers have found that from \_\_\_\_\_\_\_\_ percent of the variation in firm profitability is directly attributable to the industry in which a firm competes.

A) 4 to 12

B) 8 to 30

C) 18 to 42

D) 22 to 56

E) 34 to 70

7) Industries that sell products to seniors, such as the eyeglass industry and the hearing aid industry, are benefiting from the aging of the population, which is an important \_\_\_\_\_\_\_\_ trend.

A) environmental

B) business

C) commerce

D) statutory

E) competitive

8) Many firms benefit from an increasing ability to outsource manufacturing or service functions to lower-cost foreign countries. This trend is referred to in the textbook as a(n) \_\_\_\_\_\_\_\_ trend.

A) business

B) environmental

C) commerce

D) statutory

E) economic

9) The Partnering for Success feature in Chapter 5 focuses on three things that are important for startups to become active in to learn the ins and outs of their industries. The three items focused on in the feature are \_\_\_\_\_\_\_\_.

A) local Chambers of Commerce, trade journals, and networking events

B) Facebook, industry-related e-mail listservs, and trade shows

C) trade associations, trade shows, and trade journals

D) networking events, blogs, and Facebook

E) local Chambers of Commerce, city or university-sponsored incubators, and trade associations

10) According to the textbook, the five competitive forces included in the Five Forces model determine the average \_\_\_\_\_\_\_\_.

A) rate of new business starts in an industry

B) growth rate for the firms in an industry

C) rate of return for the firms in an industry

D) sales for the firms in an industry

E) failure rate for the firms in an industry

11) According to the textbook, how do well-managed firms respond to the five forces that determine industry profitability?

A) They switch industries if the forces are too compelling.

B) They focus on one force intently and excel by overcoming that force.

C) They overcome each of the forces.

D) They ignore the forces.

E) They try to position their firms in a way that avoids or diminishes the forces.

12) In general, industries are more attractive when the \_\_\_\_\_\_\_\_.

A) majority of the threats are high

B) majority of the threats are low

C) threat of each of the forces is neutral-neither low nor high

D) threat of each of the five forces is high

E) threat of each of the five forces is low

13) Generally, industries are more attractive when the threat of substitutes is \_\_\_\_\_\_\_\_.

A) high

B) low

C) neutral (neither high or low)

D) high for manufacturing firms and low for service firms

E) high for service firms and low for manufacturing firms

14) The price of prescription medicine is high, partly because when someone is sick there is no real alternative to buying medicine if they want to get better. Which of Porter's five forces explains how this aspect of the prescription medicine industry helps keep profitability high?

A) Rivalry Among Existing Firms

B) Threat of New Entrants

C) Threat of Substitutes

D) Bargaining Power of Buyers

E) Bargaining Power of Suppliers

15) Which of Porter's five forces is most closely associated with the concept "barrier to entry"?

A) Bargaining Power of Suppliers

B) Rivalry Among Existing Firms

C) Threat of New Entrants

D) Bargaining Power of Buyers

E) Threat of Substitutes

16) Which of the following is **NOT** one of the major sources of barriers to entry?

A) Product Differentiation

B) Capital Requirements

C) Buyer Group Concentration

D) Access to Distribution Channels

E) Government and Legal Barriers

**Chapter 6 Writing a Business Plan**

1) Athletic Propulsion Labs, the company profiled in the opening feature of Chapter 6, makes athletic shoes that give the wearer extra bounce. One of factors that made the founders' initial business plan seemingly unrealistic was the price point. The price point in the original business plan was $\_\_\_\_\_\_\_\_.

A) 300

B) 200

C) 100

D) 25

E) 40

2) Peter Watson is thinking about launching a small business consulting company. To get advice on how to proceed, he stopped by his local Small Business Administration (SBA) office. The SBA advisor told Peter that one of the first things he needs to do is to sit down and write a 25 to 35 page narrative that describes what his new business plans to accomplish and how it plans to accomplish it. The SBA advisor is telling Peter to write a(n) \_\_\_\_\_\_\_\_.

A) tactical plan

B) marketing plan

C) operations plan

D) business plan

E) feasibility analysis

3) Which of the following is the main purpose for writing a business plan?

A) The plan helps the company develop a "road map" to follow.

B) The plan introduces potential investors and other stakeholders to the business opportunity.

C) Both A and B are equally important.

D) Neither A nor B captures the true purpose of a business plan.

E) Reason A is the most important for experienced entrepreneurs and reason B is the most important for inexperienced entrepreneurs.

4) According to the textbook, a business plan is best described as a(n) \_\_\_\_\_\_\_\_.

A) narrative description of a new business

B) contract

C) budget

D) agreement

E) marketing initiative

5) A 2015 Wells Fargo/Gallup Small Business Index Survey found that only \_\_\_\_\_\_\_\_ percent of business owners have a formal business plan.

A) 10

B) 15

C) 27

D) 33

E) 42

6) A business plan is important as it forces the founding team to systematically think through every aspect of their new venture, and it \_\_\_\_\_\_\_\_.

A) is a budget

B) is a public relations document that can be used to promote the firm

C) is a contract that is signed by the founders of the firm

D) is a financial analysis

E) communicates the merits of a new venture to outsiders, such as investors and bankers

7) Which of the following statements is incorrect about business plans?

A) Writing a business plan forces a firm's founders to systematically think through each aspect of their new venture.

B) For most new ventures, the business plan is a dual-purpose document used both inside and outside the firm.

C) A business plan is typically 25 to 35 pages long.

D) A large percentage of entrepreneurs do not write business plans for their new ventures.

E) The business plan should be written while the feasibility analysis is being completed.

8) The document that does the best job of introducing potential investors and other stakeholders with the business opportunity the firm is pursuing and how it plans to pursue it is the \_\_\_\_\_\_\_\_.

A) business plan

B) feasibility analysis

C) opportunity analysis

D) industry analysis

E) marketing plan

9) The two primary audiences for a business plan are \_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_.

A) a firm's employees; officials with the SEC

B) a firm's customers; its competitors

C) investors; other external stakeholders and public relations firms

D) officials with the SEC; public relations firms

E) a firm's employees and investors; other external stakeholders

10) The two primary audiences for a business plan are investors and other external stakeholders and \_\_\_\_\_\_\_\_.

A) officials with the SEC

B) a firm's employees

C) a firm's competitors

D) a firm's customers

E) public relations firms

11) Which of the following is **NOT** an individual, group or institution that normally reads a company's business plan?

A) Board of directors

B) Potential alliance partners and major customers

C) State and local government officials

D) Key recruits for jobs with the new firm

E) Rank-and-file employees

12) Which of the following is **NOT** a recommended guideline for writing a business plan?

A) To make the best impression, a business plan should follow an unconventional structure and stand out in some dramatic way.

B) A business plan needs to project a sense of anticipation and excitement about the possibilities that surround a new venture.

C) For most plans, 25 to 35 pages is sufficient.

D) A business plan should look sharp, but not a lot of money should be spent on the physical appearance of the plan.

E) Shy away from using a lot of boldfaced type, italics, clip art, and different font sizes and colors when preparing a business plan.

13) The three types of business plans are \_\_\_\_\_\_\_\_.

A) functional business plan, full business plan, feasibility plan

B) summary business plan, contingency plan, full business plan

C) functional business plan, contingency plan, full business plan

D) opportunity plan, feasibility plan, full business plan

E) summary business plan, full business plan, operational business plan

14) Sarah Parks is in the very early stages of putting together a business startup, and is thinking about writing a business plan to request funds to conduct a feasibility analysis and write a more complete business plan. What type of business plan should Sarah write at this point?

A) Full business plan

B) Tactical business plan

C) Summary business plan

D) Operational business plan

E) Strategic business plan

15) Which of the following is **NOT** one of the "red flags" listed in the textbook that raises questions about one or more aspects of a company's business plan?

A) Founders with none of their own money at risk

B) Defining the market size too narrowly

C) A poorly cited plan

D) Sloppiness in any area

E) Overly aggressive financials

16) Which of the following is one of the "red flags" listed in the textbook that raises questions about one or more aspects of a company's business plan?

A) Takes several days or weeks to complete

B) Founders that have their own money at risk

C) Defining the market size too broadly

D) Less than 50 pages long

E) Directed towards both an external and an internal audience

17) To make the best impression, a business plan should follow a \_\_\_\_\_\_\_\_.

A) conventional structure for companies with standard business models and a nonconventional structure for firms with disruptive business models

B) conventional structure for manufacturing firms and a nonconventional structure for service firms

C) conventional structure

D) nonconventional structure

E) nonconventional structure for manufacturing firms and a conventional structure for service firms