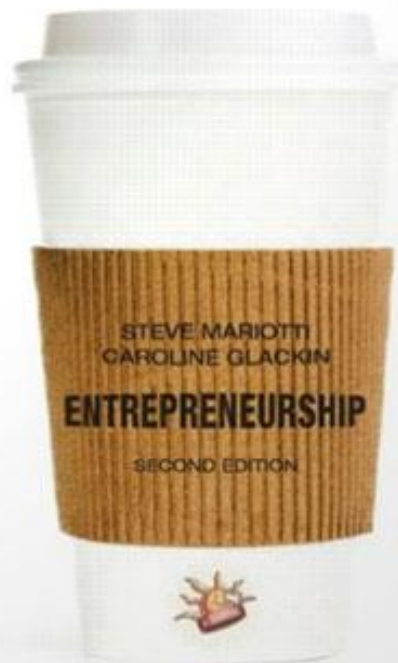


TEST BANK



MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) A(n) _____ is a document that thoroughly explains a business idea and how it will be carried out. 1) _____
A) analysis B) marketing plan C) business plan D) resume
- 2) Bankers and other potential investors will often refuse to see an entrepreneur who does not have a _____. 2) _____
A) complete business plan B) resume
C) marketing plan D) sales forecast
- 3) Writing a business plan can ensure that you _____. 3) _____
A) make a profit
B) figure out how to make your business work
C) achieve your expense projections
D) meet your target revenue goals
- 4) It is best for _____ to write a new venture's business plan. 4) _____
A) the Chief Financial Officer B) a consultant
C) the marketing manager D) the entire team
- 5) Your business plan projections should be _____. 5) _____
A) realistic and attainable B) practical and easy to reach
C) incredible and impossible to reach D) optimistic and a bit of a stretch
- 6) A business plan can help a company _____. 6) _____
A) operate more effectively B) define its core mission
C) raise capital D) All of the above.
- 7) The _____ section of the business plan should be written last. 7) _____
A) Executive Summary B) Mission, Vision, Culture
C) Cover Page D) Financial Statements
- 8) The Executive Summary contains the _____. 8) _____
A) funding request B) story of the business
C) management strengths D) All of the above.
- 9) Making the beliefs, values, and behavioral norms explicit and intentional builds the _____ of an organization. 9) _____
A) culture B) mission
C) vision D) All of the above.
- 10) One section of the business plan that is often neglected is the _____. 10) _____
A) Opportunity Analysis and Research B) Marketing Plan
C) Executive Summary D) Financial Projections
- 11) The _____ addresses the roles of the community, region, nation, and world in a business. 11) _____
A) industry analysis B) business analysis
C) proof of market D) environmental analysis
- 12) Target market segments are defined by common factors such as _____. 12) _____
A) demographics B) psychographics

C) geography

D) All of the above.

- 13) A(n) _____ competitor provides a product or service that a consumer might buy instead of yours even though it is not the same. 13) _____
A) indirect B) direct C) contextual
- 14) The four factors that form competitive advantage are _____. 14) _____
A) product, price, promotion, and place
B) product, place, politics, and price
C) product, packaging, promotion, and price
- 15) Price should reflect the organization's _____. 15) _____
A) policy B) vision
C) strategy D) All of the above
- 16) Advertising is _____ promotion through media outlets. 16) _____
A) free B) discounted C) paid
- 17) Telemarketing is a form of _____. 17) _____
A) direct marketing B) publicity
C) advertising D) None of the above
- 18) Which of the following is not needed in all business management teams? 18) _____
A) accounting B) operations
C) marketing D) outside directors
- 19) Resumes and position descriptions should be included in business plans for _____. 19) _____
A) key managers B) all employees
C) Both of these. D) Neither of these.
- 20) A factor to consider when selecting a physical location is _____. 20) _____
A) nearby university B) work force availability
C) wage rates D) All of the above.
- 21) Cash flow _____ be negative before debt and equity infusions and _____ be negative after them. 21) _____
A) can, cannot B) cannot, cannot C) cannot, can
- 22) Income statement projections realistically _____ in the first few months of operations. 22) _____
A) show losses B) show profits C) breakeven
- 23) Ratio analysis can help business owners _____. 23) _____
A) manage operations
B) understand their performance relative to peers
C) secure funding
D) All of the above.
- 24) An IPO is a _____ exit strategy for entrepreneurial ventures. 24) _____
A) extinct B) rare C) common
- 25) Which of the following is not a best practice? 25) _____
A) Use technical language and jargon.

- B) Write for your audience.
- C) Show that you are emotionally, intellectually and financially invested in the business.

- 26) An _____ is a 15 to 30 second summary of your business. 26) _____
A) elevator pitch B) story C) advertisement
- 27) When you make an in-person presentation to prospective investors you should _____. 27) _____
A) use clear visual aids B) engage the listeners interest
C) introduce yourself D) All of the above.
- 28) Business plan and venture competitions for students are held worldwide. Virtually all of them 28) _____
include _____.
A) oral presentations B) teams
C) prizes D) All of the above.
- 29) If a company does not have _____ it will fail. 29) _____
A) property B) advertising C) cash

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 30) Explain 3 reasons why a start-up organization would have a written business plan.
- 31) What is the importance of having a professional, polished business plan?
- 32) Discuss the significance of the management section of the business plan and what it should contain.
- 33) Describe mission, vision and culture.
- 34) What are the types of financial information to include in a business plan and why are they important?

- 1) C
- 2) A
- 3) B
- 4) D
- 5) A
- 6) D
- 7) A
- 8) D
- 9) A
- 10) A
- 11) D
- 12) D
- 13) A
- 14) A
- 15) D
- 16) C
- 17) A
- 18) D
- 19) A
- 20) D
- 21) A
- 22) A
- 23) D
- 24) B
- 25) A
- 26) A
- 27) D
- 28) D
- 29) C
- 30)
 1. Writing a business plan early will **save you time and money**.
 2. Your business plan is the key to **raising capital**.
 3. The business plan is an **operations guide**.
- 31) A plan with clear, concise language, current data, a single "voice," and a consistent format is professional. A professional business plan on high-quality paper with a neat, attractive cover and cover page and professional binding will go a long way to impressing the reader. The potential investor or other reader needs to find the plan appealing in order to read it.
- 32) The management team is often the deciding factor for financial support of the business. With all other factors being equal, a strong management team will be successful and a weak one will fail. The team must be composed of an effective balance of members with technical expertise, experience in the field, and life experience. In the plan, you should briefly discuss the current and proposed management team and reference their resumes in the appendices. An organizational chart and descriptions of key roles is helpful, as is a chart of compensation rates.
- 33) The **mission** of a business is expressed in a mission statement which is a concise communication of strategy, including the business definition and competitive advantage. Its function is to clarify what the business is trying to do and it can provide direction and motivation to those who are involved in the business.
The **vision** for a business is broader and more comprehensive, painting the big picture of what you want your organization to become. It is built on the core values and belief systems of the organization. It is typically shorter than the mission statement, with a loftier perspective.
The **culture** of an organization is largely defined by its leadership. Organizational culture has many components, including norms for risk tolerance and innovation, orientation with respect to people, team-formation and outcomes, attention to detail, and communication.
- 34) The financial section of the business plan is the numeric representation of all that is written in it. It should

dem Id be realistic. They are likely to show initial losses. They should match both the general market and the other
onstr information provided throughout the business plan.

ate

orga Specific information to include:

nizat Sources and uses of capital - What funds are needed and how they will be used.

ional Cash flow statements - Need for cash and when it will become positive. Also, when dividends or repayment are
viabi possible.

lity Balance sheets - What is owned and what is owed. Strength of resources.

in Income statements - Is the company profitable? What are its earnings?

finan Ratio analysis - Provide the ability to benchmark and better manage the company

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