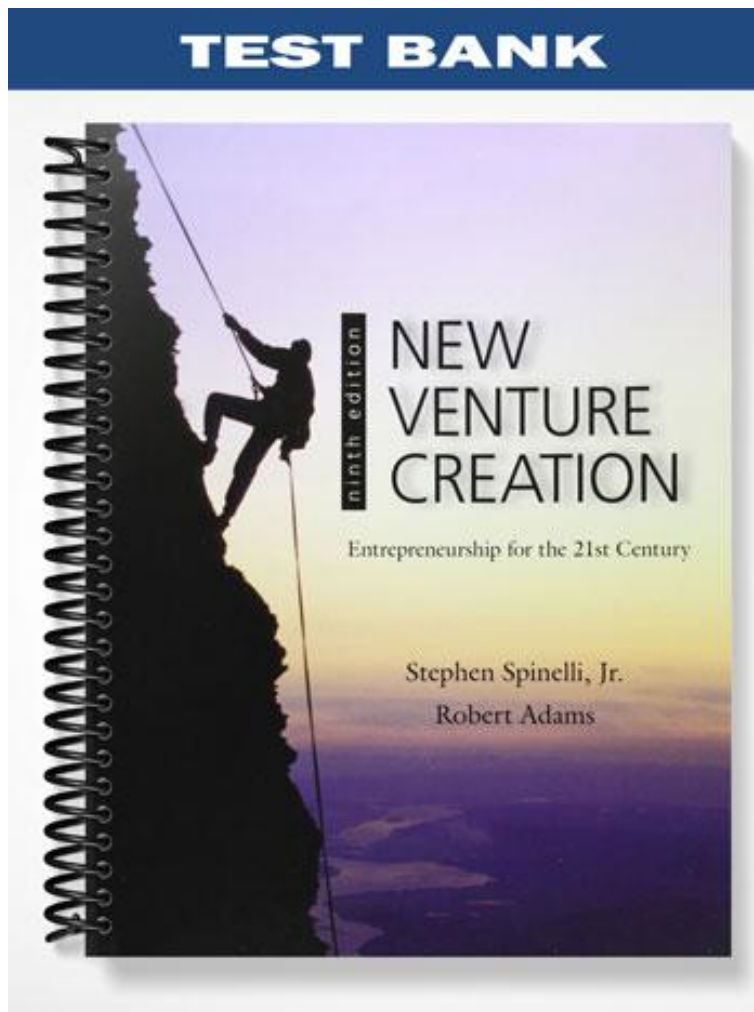


TEST BANK



ninth edition

**NEW
VENTURE
CREATION**

Entrepreneurship for the 21st Century

Stephen Spinelli, Jr.
Robert Adams

The Entrepreneurial Mind: Crafting a Personal Entrepreneurial Strategy

True / False Questions

1. Entrepreneurs personally compete against others with self-imposed standards that are realistic and challenging.

True False

2. In the context of entrepreneurship, the need for power is about achieving influence.

True False

3. In the context of entrepreneurship, the need for affiliation relates to the importance of key circles of influence.

True False

4. Successful entrepreneurs often exhibit a strong need for status, money and power.

True False

5. One somewhat predictable research finding was that entrepreneurial leaders are not patient individuals.

True False

6. Almost without exception, entrepreneurs live under huge, constant pressures until their firms have survived the startup phase; after that, it typically gets easier.

True False

7. Successful entrepreneurs possess a well-developed capacity to exert influence without formal power.

True False

8. Successful entrepreneurs are likely to have accumulated the net worth and/or credibility prior to starting their venture.

True False

9. Evidence suggests that the most durable entrepreneurial careers, those found to last 25 years or more, were begun at an earlier age before the person had made any substantial commitments to a specific career path.

True False

10. Many successful entrepreneurs do not have prior industry experience.

True False

11. Entrepreneurs work longer and harder than managers in big companies.

True False

12. The average age of entrepreneurs starting high-potential businesses is in the mid-40s.

True False

Multiple Choice Questions

13. Research has found that people are motivated by which of the following?

- A. The need for achievement
- B. The need for power
- C. The need for affiliation
- D. All of the above

14. Which of the following is the least characteristic driver of successful entrepreneurs?

- A. Achievement
- B. Control
- C. Power
- D. Patience

15. Which of the following is not one of the three attributes that research has shown underlie the success in a new venture?

- A. The ability to respond positively to challenges and learn from mistakes
- B. The ability to attract and motivate an effective team
- C. Personal initiative
- D. Perseverance

16. According to the authors, which of the seven dominant themes of entrepreneurship is the most important?

- A. Leadership
- B. Opportunity Obsession
- C. Courage
- D. Commitment and Determination
- E. Tolerance of Risk, Ambiguity and Uncertainty
- F. Creativity, Self-Reliance, and Adaptability
- G. Motivation to Excel

17. Which of the following attributes are not entrepreneurial?

- A. Invulnerability
- B. Perfectionist
- C. Outer control
- D. All of the above

18. An organization's needs are satisfied _____ those of the other constituents the enterprise serves.

- A. in parallel with
- B. before
- C. after
- D. None of the above; depends on the situation

19. Successful entrepreneurs consistently focus on what?

- A. Market-based opportunity
- B. Attracting resources
- C. Networking
- D. Making money

20. Successful entrepreneurs are likely to be older and have at least how many years of experience?

- A. 3
- B. 5
- C. 8
- D. 12

21. In general, how long will venture capitalists work with a start-up before declaring the company a 'lemon'?

- A. Up to a year
- B. About two and half years
- C. At least three years
- D. Three to five years

22. According to venture investors, what is a realistic time frame for growing a higher potential business to the point where a capital gain can be realized?

- A. 1-3 years
- B. 2-5 years
- C. 5-7 years
- D. 7-8 years

23. Which of the following is not a paradox of entrepreneurship?

- A. Flexibility vs. opportunity focus
- B. Resource requirements vs. ownership
- C. Age vs. experience
- D. Drive and ambition vs. wisdom and judgment

24. Increasingly, research studies on the career paths of entrepreneurs and the self-employed suggest that which of the following is the central factor in successful venture creation?

- A. Networking
- B. The ability to marshal resources
- C. Experience and know-how
- D. The ability to attract and motivate an effective team

25. According to research, which of the following statements is false?

- A. Many successful entrepreneurs do not have prior industry experience
- B. Most successful entrepreneurs start companies by their late 20s
- C. Most successful entrepreneurs follow a pattern of apprenticeship
- D. Family firms spawn entrepreneurs

26. Crafting a Personal Entrepreneurial Strategy can

- A. Create tension and pressure
- B. Heighten the fear of failure
- C. Spark action towards achievable goals
- D. All of the above

27. Which is not true about self-assessment feedback?

- A. It's hard to obtain
- B. It's hard to receive
- C. It's hard to benefit from
- D. All are true

28. Which of the following is not a persistent myth about entrepreneurs?

- A. Leaders are born, not made
- B. Entrepreneurs are gamblers
- C. Solo entrepreneurs limit their potential for growth
- D. Entrepreneurs should be young and energetic

Fill in the Blank Questions

29. The _____ is the need to excel and for measurable personal accomplishment.

30. The _____ is the need to build a warm relationship with someone else and/or to enjoy mutual friendship.

31. Successful entrepreneurs are not gamblers; they take _____.

32. Since entrepreneurs frequently evolve from an entrepreneurial heritage or are shaped and nurtured by their closeness to entrepreneurs and others, the concept of _____ can be a useful one.

33. Numerous studies show a strong connection between the presence of _____ in their lives and the emergence of successful entrepreneurs.

34. Entrepreneurs can recognize the difference between a good idea and a viable _____.

35. Most successful entrepreneurs have had a _____ to help them achieve their dreams and goals, both implicitly and explicitly.

36. Crafting a personal entrepreneurial strategy can be viewed as the personal equivalent of developing a _____.

37. For a successful entrepreneur, seeking and using _____ is central to the habit of learning from mistakes and setbacks, and of responding to the unexpected.

Short Answer Questions

38. Name the conceptual scheme for thinking about the self-assessment process where there are two sources of information about the self: the individual, and others.

39. What plays a significant role in influencing an entrepreneur's values, motivations, attitudes, and behaviors?

Essay Questions

40. Discuss the concept of 'hero maker' with regard to entrepreneurial leadership.

41. In what ways is having Courage an important part of being an entrepreneur?

Chapter 02 The Entrepreneurial Mind: Crafting a Personal Entrepreneurial Strategy **Answer Key**

True / False Questions

1. Entrepreneurs personally compete against others with self-imposed standards
(p. 35) that are realistic and challenging.

FALSE

*Blooms: Remember
Difficulty: 2 Medium*

2. In the context of entrepreneurship, the need for power is about achieving
(p. 35) influence.

TRUE

*Blooms: Remember
Difficulty: 2 Medium*

3. In the context of entrepreneurship, the need for affiliation relates to the
(p. 35) importance of key circles of influence.

FALSE

Blooms: Remember

Difficulty: 2 Medium

4. Successful entrepreneurs often exhibit a strong need for status, money and
(p. 38) power.

FALSE

Blooms: Remember

Difficulty: 1 Easy

5. One somewhat predictable research finding was that entrepreneurial leaders
(p. 38) are not patient individuals.

FALSE

Blooms: Remember

Difficulty: 3 Hard

6. Almost without exception, entrepreneurs live under huge, constant pressures
(p. 39) until their firms have survived the startup phase; after that, it typically gets
easier.

FALSE

Blooms: Remember

Difficulty: 2 Medium

7. Successful entrepreneurs possess a well-developed capacity to exert influence
(p. 40) without formal power.

TRUE

Blooms: Remember

Difficulty: 2 Medium

8. Successful entrepreneurs are likely to have accumulated the net worth and/or
(p. 43) credibility prior to starting their venture.

TRUE

Blooms: Remember

Difficulty: 2 Medium

9. Evidence suggests that the most durable entrepreneurial careers, those found
(p. 44) to last 25 years or more, were begun at an earlier age before the person had made any substantial commitments to a specific career path.

FALSE

Blooms: Remember

Difficulty: 2 Medium

10. Many successful entrepreneurs do not have prior industry experience.

(p. 45)

TRUE

Blooms: Remember

Difficulty: 2 Medium

11. Entrepreneurs work longer and harder than managers in big companies.

(p. 46)

FALSE

Blooms: Remember

Difficulty: 2 Medium

12. The average age of entrepreneurs starting high-potential businesses is in the

(p. 46) mid-40s.

FALSE

Blooms: Remember

Difficulty: 2 Medium

Multiple Choice Questions

13. Research has found that people are motivated by which of the following?

(p. 35)

- A. The need for achievement
- B. The need for power
- C. The need for affiliation
- D.** All of the above

Blooms: Remember

Difficulty: 1 Easy

14. Which of the following is the least characteristic driver of successful entrepreneurs?

(p. 36)

- A. Achievement
- B.** Control
- C. Power
- D. Patience

Blooms: Remember

Difficulty: 1 Easy

15. Which of the following is not one of the three attributes that research has
(p. 37) shown underlie the success in a new venture?

- A. The ability to respond positively to challenges and learn from mistakes
- B.** The ability to attract and motivate an effective team
- C. Personal initiative
- D. Perseverance

Blooms: Remember

Difficulty: 2 Medium

16. According to the authors, which of the seven dominant themes of
(p. 37) entrepreneurship is the most important?

- A. Leadership
- B. Opportunity Obsession
- C. Courage
- D.** Commitment and Determination
- E. Tolerance of Risk, Ambiguity and Uncertainty
- F. Creativity, Self-Reliance, and Adaptability
- G. Motivation to Excel

Blooms: Remember

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17. Which of the following attributes are not entrepreneurial?

(p. 39)

- A. Invulnerability
- B. Perfectionist
- C. Outer control
- D. All of the above

Blooms: Remember

Difficulty: 1 Easy

18. An organization's needs are satisfied _____ those of the other constituents

(p. 40) the enterprise serves.

- A. in parallel with
- B. before
- C. after
- D. None of the above; depends on the situation

Blooms: Remember

Difficulty: 2 Medium

19. Successful entrepreneurs consistently focus on what?

(p. 41)

- A. Market-based opportunity
- B. Attracting resources
- C. Networking
- D. Making money

Blooms: Remember

Difficulty: 1 Easy

20. Successful entrepreneurs are likely to be older and have at least how many
(p. 43) years of experience?

- A. 3
- B. 5
- C. 8
- D. 12

Blooms: Remember

Difficulty: 1 Easy

21. In general, how long will venture capitalists work with a start-up before
(p. 44) declaring the company a 'lemon'?

- A. Up to a year
- B.** About two and half years
- C. At least three years
- D. Three to five years

Blooms: Remember

Difficulty: 2 Medium

22. According to venture investors, what is a realistic time frame for growing a
(p. 44) higher potential business to the point where a capital gain can be realized?

- A. 1-3 years
- B. 2-5 years
- C. 5-7 years
- D.** 7-8 years

Blooms: Remember

Difficulty: 2 Medium

23. Which of the following is not a paradox of entrepreneurship?

(p. 45)

- A. Flexibility vs. opportunity focus
- B.** Resource requirements vs. ownership
- C. Age vs. experience
- D. Drive and ambition vs. wisdom and judgment

Blooms: Remember

Difficulty: 2 Medium

24. Increasingly, research studies on the career paths of entrepreneurs and the self-

(p. 45) employed suggest that which of the following is the central factor in successful venture creation?

- A. Networking
- B. The ability to marshal resources
- C.** Experience and know-how
- D. The ability to attract and motivate an effective team

Blooms: Remember

Difficulty: 2 Medium

25. According to research, which of the following statements is false?

(p. 45,
47)

- A. Many successful entrepreneurs do not have prior industry experience
- B.** Most successful entrepreneurs start companies by their late 20s
- C. Most successful entrepreneurs follow a pattern of apprenticeship
- D. Family firms spawn entrepreneurs

Blooms: Remember

Difficulty: 3 Hard

26. Crafting a Personal Entrepreneurial Strategy can

(p. 49,
50)

- A. Create tension and pressure
- B. Heighten the fear of failure
- C. Spark action towards achievable goals
- D.** All of the above

Blooms: Remember

Difficulty: 1 Easy

27. Which is not true about self-assessment feedback?

(p. 50)

- A. It's hard to obtain
- B. It's hard to receive
- C. It's hard to benefit from
- D. All are true

Blooms: Remember

Difficulty: 1 Easy

28. Which of the following is not a persistent myth about entrepreneurs?

(p. 46)

- A. Leaders are born, not made
- B. Entrepreneurs are gamblers
- C. Solo entrepreneurs limit their potential for growth
- D. Entrepreneurs should be young and energetic

Blooms: Remember

Difficulty: 2 Medium

Fill in the Blank Questions

29. The _____ is the need to excel and for measurable personal accomplishment.
(p. 35)

need for achievement

Blooms: Remember

Difficulty: 1 Easy

30. The _____ is the need to build a warm relationship with someone else and/or
(p. 35) to enjoy mutual friendship.

need for affiliation

Blooms: Remember

Difficulty: 1 Easy

31. Successful entrepreneurs are not gamblers; they take _____.
(p. 37)

calculated risks

Blooms: Remember

Difficulty: 1 Easy

32. Since entrepreneurs frequently evolve from an entrepreneurial heritage or are
(p. 44) shaped and nurtured by their closeness to entrepreneurs and others, the
concept of _____ can be a useful one.

an apprenticeship

Blooms: Remember

Difficulty: 1 Easy

33. Numerous studies show a strong connection between the presence of _____
(p. 45) in their lives and the emergence of successful entrepreneurs.

role models

Blooms: Remember

Difficulty: 1 Easy

34. Entrepreneurs can recognize the difference between a good idea and a viable
(p. 46) _____.

opportunity

Blooms: Remember

Difficulty: 1 Easy

35. Most successful entrepreneurs have had a _____ to help them achieve their
(p. 48) dreams and goals, both implicitly and explicitly.

personal strategy

Blooms: Remember

Difficulty: 1 Easy

36. Crafting a personal entrepreneurial strategy can be viewed as the personal
(p. 49) equivalent of developing a _____.

business plan

Blooms: Remember

Difficulty: 1 Easy

37. For a successful entrepreneur, seeking and using _____ is central to the habit
(p. 50) of learning from mistakes and setbacks, and of responding to the unexpected.

feedback

Blooms: Remember

Difficulty: 2 Medium

Short Answer Questions

38. Name the conceptual scheme for thinking about the self-assessment process
(p. 50) where there are two sources of information about the self: the individual, and others.

The Johari Window.

Blooms: Remember

Difficulty: 3 Hard

39. What plays a significant role in influencing an entrepreneur's values,
(p. 50) motivations, attitudes, and behaviors?

Personal history

Blooms: Remember

Difficulty: 1 Easy

Essay Questions

40. Discuss the concept of 'hero maker' with regard to entrepreneurial leadership.

(p. 41)

Entrepreneurs who create and build substantial enterprises are not lone wolves and super-independent. They do not need to collect all the credit for the effort. They not only recognize the reality that it is rarely possible to build a substantial business working all alone, but also actively build a team. They have an uncanny ability to make heroes out of the people they attract to the venture by giving responsibility and sharing credit for accomplishments. Hero makers try to make the pie bigger and better, rather than jealously clutching and hoarding a tiny pie that is all theirs. They have a capacity for objective interpersonal relationships as well, which enables them to smooth out individual differences of opinion by keeping attention focused on the common goal to be achieved.

Blooms: Remember

Difficulty: 3 Hard

41. In what ways is having Courage an important part of being an entrepreneur?

(p. 39,
40)

Courage has at least three important aspects in entrepreneurship. First, moral strength and principles: the character and the personal integrity to know right from wrong, and the will and commitment to act accordingly (to do the right thing). The second is being a fearless experimenter: a restlessness with convention and a rejection of the status quo. This relentless experimentation is enhanced by a third aspect of courage: a lack of fear of failing at the experiment—and most undertakings for that matter—and a lack of fear of conflicts that may arise. In other words, there is a mental toughness that is quite impervious to fears but is not ignorant or oblivious to possible consequences.

Blooms: Remember

Difficulty: 3 Hard