

Chapter 1 - Your Great Adventure: Exploring Your Options

1. Which of the following is a storage place in which to organize your personal and business ideas?
 - a. 7/11 Adventure Notebook
 - b. networking book
 - c. day planner
 - d. 24/7 Adventure Notebook

ANSWER: d

2. Which of the following is one source for new-eyes research information?
 - a. *The Globe and Mail*
 - b. a local drugstore
 - c. *Profit* magazine
 - d. trade journals

ANSWER: b

3. According to the author, which tool is most important in ensuring a successful start for a new business?
 - a. good location
 - b. business plan
 - c. enough capitalization
 - d. secondary research

ANSWER: b

4. What term is used for a businessperson making a difference in the environment?
 - a. risk-taker
 - b. entrepreneur
 - c. green change agent
 - d. green innovator

ANSWER: c

5. Which of the following describes most entrepreneurs?
 - a. agents of change
 - b. made not born
 - c. born not made
 - d. risk takers

ANSWER: b

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6. Which of the following describes a visionary self-starter who will take moderate risks?
- a. intrapreneur
 - b. entrepreneur
 - c. stockholder
 - d. stakeholder

ANSWER: b

7. Which tool would you use if you wanted a blueprint to help operate and measure the progress of a business?
- a. business plan
 - b. start-up plan
 - c. operations and management (OM) plan
 - d. strategic plan

ANSWER: a

8. Which of the following is an example of primary research?
- a. Canadian Census report
 - b. Industry Canada website
 - c. networking
 - d. newspaper article

ANSWER: c

9. Which type of research is published by Statistics Canada, Nielsen, and the Conference Board of Canada?
- a. new-eyes research
 - b. secondary research
 - c. quantitative research
 - d. primary research

ANSWER: b

10. Among the following, which is likely to be most common for a small-business owner?
- a. a consistent 40-hour work week
 - b. profit
 - c. guaranteed vacations
 - d. taking work home with you

ANSWER: d

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11. According to Industry Canada, what number of employees does a micro business hold?
- a. fewer than 5
 - b. fewer than 50
 - c. fewer than 250
 - d. fewer than 500

ANSWER: a

12. According to the CFIB, how many entrepreneurs work more than 50 hours a week?
- a. 1/4
 - b. 1/3
 - c. 1/2
 - d. 3/4

ANSWER: b

13. According to Statistics Canada, how many people are employed in a typical Canadian small business?
- a. 250–500
 - b. 50–250
 - c. 25–50
 - d. 1–20

ANSWER: d

14. What is the first stage in the entrepreneurial road map?
- a. start a 24/7 Adventure Notebook
 - b. look at what's hot in the marketplace
 - c. assess your skills and abilities
 - d. create a target market profile

ANSWER: c

15. Most entrepreneurs are visionaries. Which one of the following tools is often used by entrepreneurs to help them picture what they want to become?
- a. mind map
 - b. PERT chart
 - c. concept map
 - d. SWOT diagram

ANSWER: a

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16. What percentage of Canadian small businesses survive for at least five years?
- a. 45
 - b. 51
 - c. 62
 - d. 70

ANSWER: b

17. What approximate percentage of Canadian small business owners are serial entrepreneurs?
- a. 25
 - b. 33
 - c. 60
 - d. 65

ANSWER: b

18. According to the text, which of the following is the first step in building your personal road map to small business success?
- a. creating a business plan
 - b. conducting secondary research
 - c. creating a mind map
 - d. identifying what you like to do

ANSWER: d

19. According to the textbook, what approximate percentage of self-employed Canadians holds a postsecondary education?
- a. 40
 - b. 50
 - c. 60
 - d. 70

ANSWER: c

20. According to Statistics Canada, what is the percentage breakdown of self-employed men versus self-employed women for 2011?
- a. 64/36
 - b. 65/35
 - c. 36/64
 - d. 25/75

ANSWER: a

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21. According to the Statistics Canada Business Register as of December 2011, which province/territory had the largest GDP per business establishment?
- Ontario
 - Newfoundland
 - Northwest Territories
 - Nunavut

ANSWER: d

22. According to Industry Canada, what number of employees does an SME typically employ?
- fewer than 500
 - fewer than 250
 - fewer than 100
 - fewer than 50

ANSWER: b

23. According to the Canadian Federation of Independent Business, which of the following factors ranks highly among entrepreneurs?
- stressors
 - income
 - POP
 - life satisfaction

ANSWER: d

24. What is the term for agents of change who work in medium-sized or large organizations?
- serial entrepreneurs
 - managerial entrepreneurs
 - intrapreneurs
 - interpreneurs

ANSWER: c

25. According to Industry Canada, the term *micro business* usually refers to a business that has how many employees?
- fewer than 5
 - fewer than 10
 - fewer than 25
 - fewer than 50

ANSWER: a

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26. According to the text, why is Canada an entrepreneurial hotbed?
- a. It has twice the percentage of self-employed people than the United States.
 - b. It has twice the percentage of self-employed people than the world.
 - c. It has triple the percentage of self-employed people than the United States.
 - d. It has triple the percentage of self-employed people than the world.

ANSWER: a

27. According to the Canadian Federation of Independent Business (CFIB), 25 percent of entrepreneurs work how many hours per week?
- a. 25–30 hours
 - b. 31–45 hours
 - c. 46–60 hours
 - d. 60+ hours

ANSWER: d

28. According to the textbook, most small businesses are located in which industry sector?
- a. service-providing
 - b. goods-producing
 - c. B2C
 - d. B2B

ANSWER: a

29. According to 90 percent of entrepreneurs, which of the following is a major characteristic of running a business?
- a. it is typical for vacations to be taken once a year
 - b. it is likely that profits will be shown in the first year
 - c. it is stressful
 - d. it is difficult to imagine working for someone else

ANSWER: c

30. One way to expand your business knowledge is to interview small-business owners.
- a. True
 - b. False

ANSWER: True

31. Industry Canada's definition of a small business is any business having fewer than 50 employees.
- a. True
 - b. False

ANSWER: False

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32. The first step to starting a small business is writing a business plan.
- a. True
 - b. False

ANSWER: False

33. The 24/7 Adventure Notebook is an invaluable tool that only captures personal goals of where you want to travel to and what you want to do.
- a. True
 - b. False

ANSWER: False

34. According to Statistics Canada, most small businesses are located in the service sector.
- a. True
 - b. False

ANSWER: True

35. The three kinds of research that are important to the entrepreneur are primary, secondary, and tertiary research.
- a. True
 - b. False

ANSWER: False

36. When you read about what someone else has discovered, you are carrying out secondary research.
- a. True
 - b. False

ANSWER: True

37. Most successful entrepreneurs, like Adrienne Armstrong of Arbour Environmental Shoppe, first start a business and then write a comprehensive business plan later on when capital funding is required.
- a. True
 - b. False

ANSWER: False

38. Getting organized stifles creativity.
- a. True
 - b. False

ANSWER: False

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39. New-eyes research is using your intuition and observation skills to observe your competition.

- a. True
- b. False

ANSWER: True

40. Most people, like Matt Turner (Chapter 1 vignette), start a small business to give them the opportunity to become wealthy.

- a. True
- b. False

ANSWER: False

41. According to Statistics Canada, 2.6 million Canadians are self-employed.

- a. True
- b. False

ANSWER: True

42. According to Statistics Canada's December 2011 Business Register, Alberta had the most number of businesses registered.

- a. True
- b. False

ANSWER: False

43. According to the textbook, POP represents People Persistent on Opportunity.

- a. True
- b. False

ANSWER: False

44. According to *PROFIT Magazine*, entrepreneurial traits can be learned.

- a. True
- b. False

ANSWER: True

45. Secondary research involves interacting with the world by talking to people.

- a. True
- b. False

ANSWER: False

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46. Serial entrepreneurs own more than one business.

- a. True
- b. False

ANSWER: True

47. Business plans help owners measure the progress of their businesses.

- a. True
- b. False

ANSWER: True

48. Business plans have differing formats and content depending on a number of factors.

- a. True
- b. False

ANSWER: True

49. Matt Turner of Mechanic To You (Chapter 1 vignette) did not take no for an answer from the City of Ottawa.

- a. True
- b. False

ANSWER: True

50. Sixty-four percent of small-business owners in Canada are women.

- a. True
- b. False

ANSWER: False

51. According to Statistics Canada's July 2012 *Business Register*, there are about 1.1 million employer businesses in Canada.

- a. True
- b. False

ANSWER: True

52. Entrepreneurs have similar personalities and temperaments.

- a. True
- b. False

ANSWER: False

53. Studies have shown that only about 10 percent of small businesses survive their first year.

- a. True
- b. False

ANSWER: False

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54. Reading articles related to your business operation is primary research.

- a. True
- b. False

ANSWER: False

55. Most entrepreneurs stay informed and keep on top of their businesses through primary research.

- a. True
- b. False

ANSWER: True

56. Small business entrepreneurs are doers who see a market need and satisfy that need by translating it into a successful business.

- a. True
- b. False

ANSWER: True

57. Those businesses or people with the highest probability of buying your product or service are called *target customers*.

- a. True
- b. False

ANSWER: True

58. Forty percent of those who are self-employed in Canada have a postsecondary education.

- a. True
- b. False

ANSWER: False

59. Innovation is the process of creating, changing, modifying, or improving a product, service, or business process with the purpose of creating value.

- a. True
- b. False

ANSWER: True

60. A *mind map* is often used by entrepreneurs to generate ideas.

- a. True
- b. False

ANSWER: True

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61. Intrapreneurs are agents of change who only work in large-sized organizations.

- a. True
- b. False

ANSWER: False

62. The term *micro business* usually refers to a one-person business with no employees.

- a. True
- b. False

ANSWER: False

63. Small and medium-sized enterprises (SMEs) range in size from 1–50 employees.

- a. True
- b. False

ANSWER: False

64. Action Step 5 is known as “_____ yourself.”

ANSWER: Inc.

65. The speed at which a product moves from storage to a shelf to a customer is _____.

ANSWER: shelf velocity

66. The best person to measure your own business success is _____.

ANSWER: you

67. The person who is most likely to buy your product or service is called a _____.

ANSWER: target customer

68. A form of doodling for the purpose of generating ideas is known as _____.

ANSWER: Mind mapping

69. A business with 1–4 employees is usually referred to as a _____.

ANSWER: micro business

70. Agents of change who own or work in small, medium, or large organizations are referred to as _____.

ANSWER: intrapreneurs

71. Goal-setting, business organization, and investment acquisition are facilitated by a _____.

ANSWER: business plan

72. _____ are entrepreneurs who want to provide environmental change.

ANSWER: Green change agents

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73. _____ is used when improving a product, service, or business process with the purpose of creating value.

ANSWER: innovation

74. Briefly explain the three approaches to conducting research, as discussed in the textbook.

ANSWER:

- **Primary research** is carried out by talking to people (for example, bankers, accountants, and business owners). See Action Step 6, page 20, for an example.
- **New-eyes research** is the process of investigating the marketplace using your intuition and observation. Completing Action Step 7, pages 21, is a good way to get started on this type of research.
- **Secondary research** involves referring to someone else's primary research. See Action Step 8, page 24, for an example.

75. List three sources of secondary research and three sources of primary research.

ANSWER: **Secondary research** is referring to someone else's primary research. Potential sources of secondary research include

- the Internet
- trade association studies
- newspapers
- trade publications
- Chamber of Commerce studies
- consumer magazines
- county and city planning departments
- public utilities
- motor vehicle registrations
- real estate surveys
- private research groups
- college and university studies
- government departments and agencies

Primary research is interacting with the world directly by talking to people. Sources of primary research include

- bankers
- accountants
- business owners
- suppliers
- vendors
- competitors
- customers

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76. What is a business plan? Why is a business plan important?

ANSWER: A business plan is a blueprint or road map for operating your business and measuring its progress. It will help you to

- set goals and decide on ways to achieve these goals
- organize your operation
- obtain advice as required
- make informed financial decisions
- acquire investment

77. What are the broad components of a business plan?

ANSWER: The broad components of a typical plan are:

Cover Sheet

Table of Contents

Executive Summary or Statement of Purpose

Description of the Business:

- The product or service
- The market and the target customer
- The competition
- Promotion strategy
- Location
- Management and form of ownership
- Personnel

Financial Section:

- Projected cash flow (monthly, first year)
- Projected income statement
- Projected balance sheet

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78. What is a small-business entrepreneur? Although all entrepreneurs are not the same, what are five typical characteristics of an entrepreneur?

ANSWER: According to the textbook, a small-business entrepreneur is an agent of change—a doer who sees a market need and satisfies that need by translating it into a successful business. The textbook covers the following characteristics of entrepreneurs:

- passionate
- persistent
- opportunity-seeking
- visionary
- goal-oriented
- independent
- idea-generating
- people-oriented
- has a desire to share
- has the ability to get things done
- willing to take moderate risks
- enjoy the work they do
- sales-focused
- hard working, smart working
- competitive

79. The Chapter 1 opening case study describes the Mechanic To You success story. According to the text, what major factors contributed to the success of this business?

ANSWER: · **Passion.** Like most successful entrepreneurs, Matt Turner had the passion to pursue an idea he truly loved.

· **Opportunity-seeking.** Matt Turner sought out guidance from Chris Castillo and had the ability to recognize a market opportunity and do something about it.

· **Persistence.** Turner had the persistence to pursue the path he really loved.

· **Business plan.** Turner prepared a comprehensive business plan so that his passion, opportunity recognition, and persistence would translate into a financial benefit.

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80. Briefly describe the meaning of the term *intrapreneur*. Give three examples of the types of functions an intrapreneur might perform.

ANSWER: An intrapreneur is an agent of change who owns or works in a medium-sized or large organization. The main objective of an intrapreneur, as a corporate agent of change, is to take a new idea and translate it into a profitable product or service.

An intrapreneur would likely perform the following functions:

- Encourage and reward individual and team risk taking.
- Look for opportunities arising out of failure.
- Disseminate to everyone the vision and goals of the company.
- Reward employees who make positive change.
- Encourage brainstorming and new idea generation.
- Empower teams to make decisions and reward them for their efforts.
- Encourage teams to take ownership and work together as if in their own small business.
- Encourage employees to set goals and share their future vision of the company.
- Encourage employees to take ownership of their ideas.
- Strongly encourage innovation and new ideas.