

## Chapter 1-Your Great Adventure: Exploring Your Options

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### MULTIPLE CHOICE

1. Which of the following terms is used in the text to describe a storage place in which to organize your personal and business ideas?
- 7/11 adventure notebook
  - networking book
  - day planner
  - 24/7 adventure notebook

ANS: D

PTS: 1

REF: p. 23

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

ANS: B

PTS: 1

REF: p. 19

3. Which of the following is the most important factor or tool for assuring a successful start for your new business, according to the author?
- good location
  - business plan
  - enough capitalization
  - secondary research

ANS: B

PTS: 1

REF: p. 17–18

4. Which of the following does **NOT** describe most entrepreneurs?
- moderate risk-taker
  - goal-oriented
  - needs security
  - desires to share

ANS: C

PTS: 1

REF: p. 9

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

ANS: B

PTS: 1

REF: p. 9

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

ANS: B

PTS: 1

REF: p. 7

7. Which of the following describes a blueprint or a tool 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

ANS: A

PTS: 1

REF: p. 17-18

8. Which of the following types of research involves interviewing prospective target customers?
- a. secondary research
  - b. new-eyes research
  - c. primary research
  - d. qualitative research

ANS: C

PTS: 1

REF: p. 19

9. Which of the following types of research is characterized by the use of intuition and observation to learn about the marketplace?
- a. new-eyes research
  - b. secondary research
  - c. quantitative research
  - d. primary research

ANS: A

PTS: 1

REF: p. 19

10. Which of the following is most likely involved in small-business ownership?
- a. a consistent 40-hour work week
  - b. a guaranteed paycheck
  - c. guaranteed vacations
  - d. taking work home with you

ANS: D

PTS: 1

REF: p. 7

11. A small business is usually one that is independently owned and managed. According to Industry Canada, in most cases, small businesses have fewer than which of the following number of employees?
- a! 20
  - b! 50
  - c! 100
  - d! 200

ANS: A

PTS: 1

REF: p. 16

12. A list of which of the following will help you to expand your self-assessment?
- a. potential customers
  - b. your achievements and failures
  - c. target customers
  - d. primary and secondary competitors

ANS: B

PTS: 1

REF: p. 17

13. According to Statistics Canada, which of the following represents how many people are employed by 57% of businesses in Canada?
- a! 1–4
  - b! 5–9
  - c! 10–14
  - d! 50–74

ANS: A

PTS: 1

REF: p. 7

14. Which of the following best describes the **POP** characteristics?
- a. driven, determined, creative
  - b. innovative, determined, focused
  - c. introverted, pessimistic, problematic
  - d. pessimistic, creative, driven

ANS: C

PTS: 1

REF: p. 7

15. Most entrepreneurs are visionaries. Which of the following is often used by entrepreneurs to help them picture what they want to become?
- a. mind maps
  - b. PERT charts
  - c. business charts
  - d. SWOT diagrams

ANS: A

PTS: 1

REF: p. 14

16. Which of the following best represents the percentage of Canadian small businesses that survive over 10 years?
- a! 40
  - b! 50
  - c! 70
  - d! 80

ANS: D

PTS: 1

REF: p. 17

17. Which of the following would most likely be a source of new-eyes research information?
- a. observing what is going on at a local mall
  - b. interviews with potential customers
  - c. reading about somebody else's primary research
  - d. interviews with business owners

ANS: A

PTS: 1

REF: p. 19

18. Which of the following would be a source of secondary research information?
- a. interviews with successful entrepreneurs
  - b. trade magazines
  - c. networking
  - d. mind-mapping

ANS: B

PTS: 1

REF: p. 20

19. 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 your personal strengths and weaknesses

ANS: D

PTS: 1

REF: p. 4

20. According to the textbook, which of the following best represents the percentage of self-employed Canadians that hold a post-secondary education?
- a. 40
  - b! 50
  - c! 60
  - d! 70

ANS: C

PTS: 1

REF: p. 7

21. According to Statistics Canada, which of the following best represents the percentage breakdown of self-employed men versus women?
- a! 75/25
  - b! 65/35
  - c! 35/65
  - d! 25/75

ANS: B

PTS: 1

REF: p. 6

22. According to the Statistics Canada Business Register as of June 2009, which province/territory had the largest GDP?
- a. Ontario
  - b. Newfoundland
  - c. Northwest Territories
  - d. Nunavut

ANS: C

PTS: 1

REF: p. 6

23. According to Industry Canada, which of the following best identifies the number of employees that a SME employs?
- a. 100
  - b. 500
  - c. 250
  - d. 50

ANS: B

PTS: 1

REF: p. 16

24. Which of the following statements is endorsed by the Canadian Federation of Independent Business?
- a. Entrepreneurs have similar personalities.
  - b. Entrepreneurs are born, not made.
  - c. The most successful entrepreneurs start out by buying or franchising a business.
  - d. The hours for business entrepreneurs are often long and lonely.

ANS: D

PTS: 1

REF: p. 7

25. Which of the following terms is used to describe agents of change who work in medium-sized or large organizations?
- a. serial entrepreneurs
  - b. managerial entrepreneurs
  - c. intrapreneurs
  - d. interpreneurs

ANS: C

PTS: 1

REF: p. 14

26. According to Industry Canada, the term *micro-business* usually refers to a business having fewer than which of the following number of employees?
- a! 5
  - b! 10
  - c! 25
  - d! 50

ANS: A

PTS: 1

REF: p. 14

27. According to the text:
- a. Canada is an entrepreneurial hotbed, with twice the percentage of self-employed people than the United States.
  - b. United States is an entrepreneurial hotbed, with twice the percentage of self-employed people than the Canada.
  - c. United States is an entrepreneurial hotbed, with triple the percentage of self-employed people than the Canada.
  - d. Canada is an entrepreneurial hotbed, with triple the percentage of self-employed people than the United States.

ANS: A

PTS: 1

REF: p. 5

28. According to the Canadian Federation of Independent Business (CFIB), which of the following best identifies the number of hours 30% of entrepreneurs work per week?
- a! 15–20
  - b! 25–35
  - c! 40–50
  - d! 50–59

ANS: D

PTS: 1

REF: p. 7

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

ANS: A

PTS: 1

REF: p. 6

30. Which of the following statements is **NOT** true?
- a. Entrepreneurs are usually independent thinkers who work on their own.
  - b. An intrapreneur would likely look for opportunities arising out of failure.
  - c. About one third of Canada's small-business owners are serial entrepreneurs—they own or have owned more than one business.
  - d. A mind map is also known as a spoke diagram or thought web.

ANS: A

PTS: 1

REF: p. 8

## TRUE/FALSE

1. One way to expand your business knowledge is to interview small-business owners.

ANS: T  
PTS: 1  
REF: p. 18, 24

2. Industry Canada's definition of a small business is any business having fewer than 50 employees.

ANS: F  
PTS: 1  
REF: p. 16

3. The first step to starting a small business is writing a business plan.

ANS: F  
PTS: 1  
REF: p. 4

4. 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.

ANS: F  
PTS: 1  
REF: p. 10

5. According to Statistics Canada, most small businesses are located in the service sector.

ANS: T  
PTS: 1  
REF: p. 16

6. The three kinds of research that are important to the entrepreneur are primary, secondary, and tertiary research.

ANS: F  
PTS: 1  
REF: p. 19

7. When you read about what someone else has discovered, you are carrying out secondary research.

ANS: T  
PTS: 1  
REF: p. 20



8. 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.

ANS: F

PTS: 1

REF: p. 11

9. Getting organized stifles creativity.

ANS: F

PTS: 1

REF: p. 11

10. New Eyes Research is using your intuition and observation skills to observe your competition.

ANS: T

PTS: 1

REF: p. 19

11. Most people, like Chris Griffiths (Chapter 1 case study) start a small business to give them the opportunity to become wealthy.

ANS: F

PTS: 1

REF: p. 1-2

12. According to Statistics Canada, 15.4% of Canadians are small business owners.

ANS: T

PTS: 1

REF: p. 5

13. According to Statistics Canada's December 2008 Business Register, Alberta had the most number of businesses registered.

ANS: F

PTS: 1

REF: p. 7

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

ANS: F

PTS: 1

REF: p. 7

15. According to PROFIT Magazine, entrepreneurial traits can be learned.

ANS: T

PTS: 1

REF: p. 9

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

ANS: F

PTS: 1

REF: p. 20

17. Successful small-business entrepreneurs are moderate risk-takers.

ANS: T

PTS: 1

REF: p. 9

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

ANS: T

PTS: 1

REF: p. 17

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

ANS: T

PTS: 1

REF: p. 17

20. Chris Griffiths of Garrison Guitars (Chapter 1 case study) did not need a comprehensive business plan since he was financing the business himself.

ANS: F

PTS: 1

REF: p. 2

21. 35% of small-business owners in Canada are women.

ANS: T

PTS: 1

REF: p. 6

22. According to Statistics Canada's December 2008 Business Register there are over 2 million businesses in Canada.

ANS: T

PTS: 1

REF: p. 6

23. Surveys show that people with the highest life satisfaction levels are people who own their own businesses.

ANS: T

PTS: 1

REF: p. 7

24. Entrepreneurs have similar personalities and temperaments.
- ANS: F  
PTS: 1  
REF: p. 7
25. Studies have shown that only about 10% of small businesses survive their first year.
- ANS: F  
PTS: 1  
REF: p. 17
26. Reading articles related to your business operation is primary research.
- ANS: F  
PTS: 1  
REF: p. 19
27. A strategic plan is a blueprint for operating your business and measuring its progress.
- ANS: F  
PTS: 1  
REF: p. 17
28. Most entrepreneurs stay informed and keep on top of their businesses through primary research.
- ANS: T  
PTS: 1  
REF: p. 17
29. Most successful entrepreneurs like to work alone.
- ANS: F  
PTS: 1  
REF: p. 6
30. Those businesses or people with the highest probability of buying your product or service are called *target customers*.
- ANS: T  
PTS: 1  
REF: p. 20
31. 60% of those who are self-employed in Canada have a post-secondary education.
- ANS: T  
PTS: 1  
REF: p. 7

32. A *Mind Map* is often used by entrepreneurs to generate ideas.

ANS: T

PTS: 1

REF: p. 14

33. Intrapreneurs are agents of change who work in medium-sized or large organizations.

ANS: F

PTS: 1

REF: p. 13

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

ANS: F

PTS: 1

REF: p. 16

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

ANS: F

PTS: 1

REF: p. 16

## COMPLETION

1. Action Step #5 is known as “\_\_\_\_\_ yourself”

ANS: ink

PTS: 1

REF: p. 17

2. The speed at which a product moves from storage to a shelf to a customer is \_\_\_\_\_.

ANS: shelf velocity

PTS: 1

REF: p. 20

3. The best person to measure your own business success is \_\_\_\_\_.

ANS: yourself

PTS: 1

REF: p. 11–12

4. The person who is most likely to buy your product or service is called a \_\_\_\_\_.

ANS: target customer

PTS: 1

REF: p. 20

5. A form of doodling for the purpose of generating ideas is known as \_\_\_\_\_.
- ANS: Mind-mapping  
PTS: 1  
REF: p. 14-16
6. A business with 1–4 employees is usually referred to as a \_\_\_\_\_.
- ANS: micro-business  
PTS: 1  
REF: p. 16
7. Agents of change who own or work in medium-sized or large organizations are referred to as \_\_\_\_\_.
- ANS: intrapreneurs  
PTS: 1  
REF: p. 14
8. Goal-setting, business organization, and investment acquisition are facilitated by a \_\_\_\_\_.
- ANS: business plan  
PTS: 1  
REF: p. 17

## SHORT ANSWER

1. Briefly explain the three approaches to conducting research, as discussed in the textbook.
- ANS:
- **Primary research** is carried out by talking to people (for example, bankers, accountants, and business owners). See Action Step 6, page 19, for an example.
  - **New-eyes research** is the process of investigating the marketplace using your intuition and observation. Completing Action Step 7, page 20–21, 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 23, for an example.
- PTS: 1  
REF: p. 19–22

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

ANS: **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

PTS: 1

REF: p. 19–22

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

ANS: A business plan is a blueprint or roadmap 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

PTS: 1

REF: p. 17

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

ANS: 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

PTS: 1

REF: p. 16-17 (See Box 1.3)

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

ANS: 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 isolates 11 major 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

PTS: 1

REF: p. 7–8

6. The Chapter 1 opening case study describes the Garrison Guitars success story. According to the text, what four major factors contributed to the success of this business?

ANS:

- **Passion.** Like most successful entrepreneurs, Chris Griffiths had the passion to pursue an idea he truly loved.
- **Opportunity-seeking.** Griffiths had the ability to recognize a market opportunity and do something about it.
- **Persistence.** Griffiths had the persistence to pursue the path he really loved.
- **Business plan.** Griffiths prepared a comprehensive business plan, so that his passion, opportunity recognition, and persistence would translate into a financial benefit.

PTS: 1

REF: p. 2–3

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

ANS: 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.

PTS: 1

REF: p. 14