

Preparation for Midterm Exam

The mid-term exam consists of five essay questions. You will be given six essay questions to choose from, and so you are able to choose the five with which you feel most comfortable. Your responses should cover the material in the text book, the reader, the lecture notes, and the cases. The midterm is worth 25% of your final grade, and thus each question is worth 5%. In other words, please make sure that you get try to get maximal points on all of the questions. That means using proper time management!

Below are 15 practice questions. You will be given six of these during the midterm. You may not bring notes or laptops to class. Make sure that you answer all the parts of the question in their entirety. Clearly explain what you mean and provide examples!!!

1. You are trying to do a feasibility analysis for your business model assignment. You realize that the “economic model” is pretty important, and also reflects the true nature of the opportunity you are evaluating. Explain, in moderate detail, the four components of the economic model. Discuss also how they need to be informed by and satisfy: 1) the needs of the target market, 2) your entrepreneurial aspirations, and 3) your differentiation from competitors. Summarize by explaining how the economic model informs the true feasibility of your opportunity.
2. Compare and contrast Sarasvathy’s effectuation and causation. Include discussion of the starting points and principles for each. When might you prefer causation over effectuation?
3. Describe segmenting. What is it? How does one do it? Why is it important? How does the term segmenting and targeting fit into a discussion of opportunities?
4. New firms are frequently started by teams. What are the advantages of working in a team in the context of a new, startup firm? What are the disadvantages? If you were to start building a team for your startup, what types of things would you look for in other team members? Why? Don’t forget to include what should be heterogeneous and homogeneous.
5. Describe in moderate detail the four environmental trends that are most instrumental in creating business opportunities. Provide an example of each environmental trend and the type of business opportunity that it might help create.
6. What is a feasibility analysis and what are the main components? What are the main benefits? What are primary and secondary research and how do they help in carrying out feasibility analysis?
7. What is Entrepreneurship? Why is it important for society, businesses, and for you?

8. All entrepreneurs need money in order to operate their firms. However, there are different methods for entrepreneurs to acquire money, including bank loans, venture capital, and family/friends. Explain these three types of financing and specifically compare and contrast them in terms of the demands placed on the entrepreneur, the entrepreneur's need for control, financial returns, and the amount of money needed.
9. Why do people become entrepreneurs? In what way might these differ depending on 1) the "type" of entrepreneur, and 2) the background (ethnicity, gender, employment and financial situation, etc.)? Why?
10. Different geographic areas (countries, regions, cities) differ in terms of their level and type of entrepreneurship. Why? If you were in a position of power to create a new entrepreneurial 'environment' encouraging high-potential/growth startups, what three specific things would you prioritize in order to get the largest number of high-potential firms?
11. Explain contribution margin. How does the contribution margin fit in with other vital aspects of the financial performance of the firm, such as breakeven and profit? Why is the contribution margin important for understanding the economic model and strategy of the firm?
12. What is bootstrapping? Explain its fundamental principles and what it (practically) involves. Relate it to cash flow. Provide examples from the course about how bootstrapping could be used.
13. After having earned an "A" in EEE370, your friends and family see you as being very knowledgeable about entrepreneurship. One of your friends has a "great idea" and wants you to carry out an industry analysis for her. What industry factors are you going to look at in doing this? In an ideal world and in support of this really being a "great idea", what specifically (!) would your analysis of these factors show? Make sure to refer to Porter's five forces as well as other factors.
14. A business concept is different from both an opportunity and a business model. Explain what a business concept consists of and its components. What are the differences between features and benefits? In what ways can the firm create value for its customers?
15. What are the six distinctive parts of the entrepreneurial process? What is the relationship among the parts?