

Read the following case study on Elon Musk and answer questions (01) to (07).

*Elon Musk, the co-founder of Tesla, SpaceX, Neuralink, and The Boring Company, is a prime example of a resilient entrepreneur who continuously pushes the boundaries of technology. Musk embodies several critical entrepreneurial traits, including risk-taking, persistence, and innovation. After selling PayPal, he reinvested nearly all his fortune into Tesla and SpaceX, facing the risk of bankruptcy. His innovative mindset led to the disruption of multiple industries, particularly in electric vehicles, space travel, and artificial intelligence. Despite SpaceX's initial rocket launch failures, he persevered until a successful launch in 2008 secured the company's future.*

*Being an entrepreneur has granted Musk several key advantages. He maintains complete decision-making control, enabling him to pursue long-term goals like interplanetary colonization. His ventures have provided financial independence, making him one of the world's richest individuals. Additionally, entrepreneurship allows him to drive large-scale impact, influencing industries that shape the future of technology, energy, and transportation.*

*Musk's ventures required diverse funding sources to succeed. In Tesla's early years, he attracted venture capital investments, securing backing from firms like Sequoia Capital. SpaceX benefited from government contracts, with NASA awarding it a \$1.6 billion contract for cargo resupply missions. Additionally, Musk invested his personal savings, using over \$100 million of his own money to keep SpaceX afloat. Tesla later went public through an Initial Public Offering (IPO), raising billions to fund its expansion.*

*Each of Musk's companies operates on a distinct Business Model Canvas. Tesla follows a direct-to-consumer model, eliminating dealership costs and controlling the customer experience. SpaceX operates under a B2B model, selling launch services to government agencies and private companies. Neuralink focuses on disruptive healthcare innovation, developing brain-machine interfaces for medical and enhancement purposes. Across all his ventures, Musk emphasizes value propositions such as technological advancement, sustainability, and cost efficiency.*

*Despite significant challenges, Musk's entrepreneurial traits, ability to secure funding, and innovative business models have made him one of the most influential figures in modern technology. His relentless pursuit of ambitious goals continues to push the limits of what is possible, redefining industries and inspiring future entrepreneurs.*

1) Which fundamental entrepreneurial principle aligns most closely with Elon Musk's reinvestment of nearly all his PayPal earnings into Tesla and SpaceX?

- a) Bootstrapping through operational profits
- b) Maximizing short-term liquidity for rapid expansion
- ☒ c) Risk tolerance for long-term disruptive innovation
- d) Ensuring external capital dependence for sustainability
- e) Following a conservative financial strategy to minimize personal losses

2) Which of the following best explains how Musk was able to sustain SpaceX despite initial failures?

- a) He consistently avoided high-risk ventures and followed conventional industry practices.
- b) He secured substantial government contracts, allowing for continued financial backing.
- c) He pivoted SpaceX's business model to focus solely on satellite production.
- ☒ d) He relied exclusively on venture capital funding to mitigate personal financial risk.
- e) He minimized research and development costs by outsourcing critical technological work.

3) In which of the following ways does Tesla's direct-to-consumer model primarily benefit the company?

- a) It eliminates the need for supply chain management and logistics.
- ☒ b) It enables Tesla to maintain full pricing control and improve customer relationships.
- c) It allows Tesla to operate without research and development expenses.
- d) It restricts Tesla's ability to expand into international markets.
- e) It prevents Tesla from forming partnerships with major corporations.

4) Which of the following is the most crucial component enabling Tesla's competitive advantage in the Electric Vehicle market from a Business Model Canvas perspective?

- |                          |   |                   |
|--------------------------|---|-------------------|
| a) Distribution Channels | b) Customer Segments                                  | c) Cost Structure |
| d) Key Partnerships      | <input checked="" type="radio"/> e) Value Proposition |                   |



5) Which funding method did not play a major role in helping Musk grow and sustain his businesses?

- |                         |  |  |
|-------------------------|--|--|
| a) Government Contracts | b) IPOs  | <input checked="" type="radio"/> c) Crowdfunding |
| d) Venture Capital      | <input checked="" type="radio"/> e) Personal Savings |  |

6) Which of the following best describes how Musk benefits from being an entrepreneur?

- |   |   |
|---|---|
| a) He avoids all financial risks.   | ✓ |
| b) He has complete control over government policies.  | ✓ |
| <input checked="" type="radio"/> c) He can execute long-term visions without relying on external decision-makers. |   |
| d) He does not need external funding to scale his businesses.   |   |
| e) He does not face competition in his industries.  | ✓ |

7) Which of the following has been most important in helping Musk's businesses survive and grow despite financial and technical challenges?

- |  |   |
|--|---|
| a) Focusing on quick profits instead of innovation   | ✓ |
| b) Expanding only into safe and proven industries  | ✓ |
| <input checked="" type="radio"/> c) Putting money back into risky but high-reward projects |   |
| d) Sticking to traditional business models for stability                                   |   |
| e) Avoiding outside funding to keep full control   |   |

8) Which of the following best represents the key challenge businesses face in achieving long-term success through value creation?

- |   |   |
|---|---|
| <input checked="" type="radio"/> a) Balancing value for customers, owners, and employees without compromising any group |   |
| b) Prioritizing customer satisfaction over profitability and employee well-being  |   |
| c) Maximizing owner profits by minimizing employee costs and product investments  | ✓ |
| d) Ensuring employees receive the highest salaries to enhance productivity  |   |
| e) Expanding business operations rapidly to increase overall market value   | ✓ |

9) Which of the following is NOT a component of the Customer Profile in the Value Proposition Canvas?

- |                   |                      |   |
|-------------------|----------------------|---|
| a) Customer Pains | b) Customer Gains    | <input checked="" type="radio"/> c) Gain Creators |
| d) Customer Jobs  | e) None of the Above |   |

10) Which of the following best explains why Corporate Entrepreneurship is different from other forms of entrepreneurship?

- a) It requires external funding from venture capital firms to sustain growth.
- ☒ b) It involves creating new businesses or products within an existing organization.
- c) It focuses solely on developing high-risk, innovative startups.
- d) It does not require extensive planning since resources are readily available.
- e) It eliminates competition by relying on government-backed initiatives.

11) A software company develops a data analytics platform for small businesses. During customer research, they find that many small business owners lack technical expertise and struggle to interpret complex reports, leading to poor decision-making. Which of the following best describes how this insight should be used within the Value Proposition Canvas?

- ☒ a) This is a Gain, and the company should focus on making reporting more detailed and complex.
- b) This is part of Customer Jobs, and the company should offer training sessions on data analytics.
- c) This is a Customer Pain, and the company should create a Pain Reliever such as AI-driven automated insights.
- d) This is a Pain Reliever, and the company should reduce the number of features in the software.
- e) This is a Gain Creator, and the company should increase the pricing to reflect the added value.

12) A sustainable fashion brand is launching a new product line made from 100% biodegradable materials. They identify that eco-conscious consumers feel guilty about their fashion choices but also want stylish and trendy clothing. Which of the following best describes the Gain Creator in this scenario?

- a) Offering customers discounts for recycling their old clothes.
- b) Designing trendy, stylish clothes that are also biodegradable.
- c) Educating customers on the harmful effects of synthetic fabrics.
- ☒ d) Providing a detailed report on the environmental impact of each purchase.
- e) Ensuring that the clothing is durable enough to last for years.



13) Sanju is a sales executive who struggles with procrastination. She often delays making client calls due to fear of rejection. To break through this limitation, she follows a three-step approach:

- She identifies that her fear of rejection stems from past experiences (Leverage).
- She starts recognizing and stopping her avoidance behaviour whenever she notices it (Interrupt the Limiting Pattern).
- She replaces hesitation with a new habit—calling at least one client first thing in the morning (Introduce an Alternative Habit).

Which of the following best describes why the third step (introducing an alternative habit) is essential for Sanju's breakthrough?

- ☒ a) It prevents her from reverting to old habits by establishing a new, productive behavior.
- b) It helps her eliminate the fear of rejection completely so that she never hesitates again.
- c) It allows her to control the outcome of every sales call, ensuring success.
- d) It ensures she never needs motivation again, as habits replace effort.
- e) It makes her appear more confident to clients, which guarantees increased sales.

14) Which of the following best describes the primary objective of the Spirallation program by ICTA?

- a) Supporting early-stage technology startups by providing funding and mentorship.
- b) Helping corporate organizations restructure their business models.
- c) Eliminating regulatory barriers for international market expansion.
- ☒ d) Offering free entrepreneurship courses for all aspiring business owners.
- e) Encouraging small businesses to adopt blockchain technology exclusively.

15) Which of the following factors is most critical in ensuring an entrepreneur successfully transitions from ideation to execution?

- a) Access to high-risk investment opportunities
- b) Strong focus on financial rewards over customer value
- c) Prioritizing personal development over business strategy
- d) Expanding the business internationally before market validation
- ☒ e) Developing a structured business plan with clear goals

16) What is the primary focus of entrepreneurial marketing?

- a) Maximizing profits through traditional methods ✓
- ☒ b) Establishing and promoting market ideas while developing new ones
- c) Focusing solely on digital marketing strategies
- d) Reducing risks through formal data collection ✓
- e) Avoiding innovation to maintain stability ✓

17) Which of the following is a technique used in entrepreneurial marketing?

- ☒ a) Traditional Advertising
- b) Guerilla Marketing
- c) Static Marketing
- d) Formal market research
- e) Hierarchical communication

18) What does the phrase "When the going gets tough, the tough get going" imply?

- a) Challenges are to be avoided
- ☒ b) Challenges are opportunities for growth
- c) Toughness is irrelevant in entrepreneurship
- d) Success comes without effort
- e) Entrepreneurship is easy ✓

19) Which of the following is NOT a type of business structure in Sri Lanka?

- a) Partnership
- b) Sole Proprietorship
- c) Limited Liability Company
- d) Public Limited Company
- ☒ e) State-Owned Partnership

20) What is the primary goal of social entrepreneurship?

- a) Maximizing shareholder wealth
- ☒ b) Solving cultural, or societal problems with innovative approach
- c) Avoiding social and cultural issues ✓
- d) Focusing only on short-term gains to the society
- e) Reducing community involvement to the society



21) Which of the following is a key component of Human-Centered Design (HCD)?

- a) Ignoring user needs
- b) Focusing only on profit
- ☒ c) Designing solutions based on user needs
- d) Avoiding innovation
- e) Reducing community involvement

22) Which of the following is a mandatory requirement for a Limited Liability Company (LLC) in Sri Lanka?

- a) A company must operate for at least two year before registration
- b) A local resident company secretary
- c) A physical office in a metropolitan area
- d) A minimum capital of \$1 million
- ☒ e) Approval from the Securities and Exchange Commission (SEC)

23) What is the purpose of obtaining a TIN number for a startup?

- a) To obtain a license for advertising
- ☒ b) To comply with tax obligations
- c) To apply for BOI approval
- d) To hire employees
- e) To register intellectual property

24) What does it mean to "challenge the status quo" in entrepreneurship?

- a) To follow existing business models without change
- ☒ b) To innovate and create new solutions
- c) To avoid taking risks
- d) To focus only on short-term profits
- e) To ignore customer needs

25) What is the purpose of obtaining an EPF (Employees' Provident Fund) number for a startup?

- a) To avoid paying taxes and reduce marketing costs
- b) To increase employee salaries
- c) To gain access to government grants
- d) To avoid compliance with intellectual property laws
- ☒ e) To comply with labor laws and provide employee benefits

Answer questions 26 – 30 based on the paragraph below:

Mr. Aravinda, a young and ambitious software engineer from Colombo, Sri Lanka, has developed an innovative AI-powered platform that helps small businesses automate their operations. His platform has already gained significant attention from investors, and Mr. Aravinda is now preparing to scale his business globally. He plans to raise capital by selling shares to the public and wants to ensure his business structure supports this growth.

Mr. Aravinda is unsure about the legal requirements for registering his business, protecting his intellectual property, and ensuring compliance with regulations. He also wants to adopt a Lean Entrepreneurship approach to minimize waste and maximize customer feedback. Inspired by the entrepreneurial mindset of challenging the status quo, Mr. Aravinda wants to ensure his business model is innovative and sustainable.

26) Which type of business structure would be most suitable for Mr. Aravinda, if he wants to raise capital by selling shares to the public?

- a) Partnership
- ☒ b) Sole Proprietorship
- c) Limited Liability Company (LLC)
- d) Public Limited Company (PLC)
- e) Cooperative Society

27) If Mr. Aravinda's quarterly revenue exceeds 20 million LKR, what tax obligation must he comply with?

- a) Register for VAT
- b) Avoid paying taxes
- c) Obtain a trademark
- d) Reduce marketing costs
- ☒ e) Register for TIN



28) What should Mr. Aravinda do to protect his AI-powered platform and brand name?

- a) Rebrand his platform to reduce the risk of imitation
- b) Avoid registering intellectual property to save time and money, even though it may leave his innovations and brand vulnerable to copying or misuse.
- ☒ c) Apply for a patent to protect his AI-powered platform and a trademark to safeguard his brand name through the National Intellectual Property Office (NIPO).
- d) Ignore compliance with labor laws, which is unrelated to protecting intellectual property or brand identity.
- e) Reduce marketing costs to save money, which does not address the need to protect intellectual property or brand identity.

29) What is the primary advantage of adopting a Lean Entrepreneurship approach for Mr. Aravinda's business?

- a) Higher upfront investment
- b) Slower time-to-market
- ☒ c) Lower risk through early validation
- d) Less focus on customer needs
- e) More rigid business plans

30) Which of the following is a key benefit of obtaining BOI approval for Mr. Aravinda's business?

- ☒ a) To avoid paying taxes and reduce the financial burden on the business by evading tax obligations.
- b) To reduce employee salaries and cut down on operational costs by minimizing labor expenses.
- c) To avoid compliance with labor laws and regulations, thereby simplifying the hiring and management of employees.
- d) To increase marketing costs and allocate more resources toward advertising and promotional activities.
- e) To access tax incentives, duty exemptions, and other benefits designed to support business growth.

\*\*\*\*\* End of the Paper \*\*\*\*\*