

Session 14a: Post Class tests

1. The first step in telling a story is assessing the landscape. It is important to do this because
 - a. It provides the basis for the story
 - b. It puts constraints on the story and provides the template for differentiating between the possible, plausible and the probable.
 - c. It forces you to think about the competitors and what they might do in response to your company's actions
 - d. It gives you a foundation for assessing the risk in your story
 - e. All of the above
2. In telling a business story, i.e., the story that is the basis for your valuation, the first priority is to
 - a. Be creative
 - b. Have lots of interesting characters and to introduce twists
 - c. Keep it simple and focused
 - d. Fashion a happy ending
 - e. Have a hero
3. Once you have a story for a company, you have to measure it on whether it is possible, plausible and probable. In your story, your start-up company get an 80% market share of a splintered, very large and very competitive market without any significant competitive advantages of its own. Which of the following best describes your story.
 - a. The story is possible, plausible and probable
 - b. The story is possible and plausible but not probable
 - c. The story is possible but neither plausible nor probable
 - d. The story is not possible, plausible or probable
 - e. None of the above
4. If the story that you are telling is about a large basic goods company with a strong brand name in a mature market, which of the following inputs would you expect to see in your valuation:
 - a. Low revenue growth, low profit margins and low risk
 - b. Low revenue growth, high profit margins and low risk
 - c. High revenue growth, high profit margins and low risk
 - d. High revenue growth, high profit margins and low risk
 - e. Low revenue growth, high profit margins and high risk
 - f. Low revenue growth, high profit margins and high risk
5. Your story about a company and the value that emerges from that story can change over time because
 - a. The company releases new information about its products and operations.
 - b. The company gets a new CEO
 - c. A competitor changes its business strategy and/or product offerings
 - d. An activist investor takes a position in a company, with the intent of pushing for change
 - e. All of the above.