Session 12: 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.