Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

***Entrepreneurship: Successfully Launching New Ventures, 5e* (Barringer/Ireland)**
Chapter 2 Recognizing Opportunities and Generating Ideas

1) iCracked, the company profiled in the opening feature of Chapter 2, was started by AJ Forsythe and Anthony Martin, two California college students. Through personal experiences, the two discovered that an opportunity existed to start a company that would _____.
A) repair computer printers inexpensively and conveniently
B) repair used automobiles inexpensively and conveniently
C) repair broken items (e.g., furniture and appliances) in college dorm rooms and apartments inexpensively and conveniently
D) repair laptop computers inexpensively and conveniently
E) repair iPhones inexpensively and conveniently
Answer: E
Diff: 2 Page Ref: 41
LO: 2.1: Explain the difference between opportunities and ideas.
AACSB: Analytical Thinking

2) A(n) _____ is a favorable set of circumstances that creates a need for a new product, service, or business.
A) idea
B) scheme
C) design
D) proposal
E) opportunity
Answer: E
Diff: 1 Page Ref: 43
LO: 2.1: Explain the difference between opportunities and ideas.
AACSB: Reflective Thinking

3) According to the textbook, opportunities are _____.
A) easy to spot
B) easy to spot in fast growing industries, but tough to spot in slow growing industries
C) easy to spot in the manufacturing sector, but tough to spot in the service sector
D) tough to spot
E) neither easy nor tough to spot
Answer: D
Diff: 2 Page Ref: 43
LO: 2.1: Explain the difference between opportunities and ideas.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

4) An opportunity has the following four essential qualities _____.
A) attractive; timely; durable; and anchored in a product, service, or business that creates or adds value for its buyer or end user
B) practical; opportune; appropriate; and anchored in a product, service, or business that is efficient and effective
C) realistic; striking; timely; and anchored in a product, service, or business that is timely
D) attention-getting; attractive; timely; and anchored in a product, service, or business that creates or adds value for its buyer or end user
E) attractive, durable, resilient, and opportune
Answer: A
Diff: 2 Page Ref: 43
LO: 2.1: Explain the difference between opportunities and ideas.
AACSB: Reflective Thinking

5) Brad Johnson is starting an upscale men's clothing store in a mall near Seattle. He wants to open his store during the time period in which a business like his can realistically enter the new market. Brad is trying to open his business while the _____ is open.
A) safe harbor
B) window of opportunity
C) portal of entry
D) doorway of opportunity
E) safety zone
Answer: B
Diff: 2 Page Ref: 43
LO: 2.1: Explain the difference between opportunities and ideas.
AACSB: Reflective Thinking

6) The term "window of opportunity," as discussed in Chapter 2, is a metaphor that describes the time period in which a firm can _____.
A) obtain funding or financing
B) hire new employees
C) complete a financial analysis
D) realistically enter a new market
E) write a business plan
Answer: D
Diff: 2 Page Ref: 43
LO: 2.1: Explain the difference between opportunities and ideas.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

7) Which of the following is correct regarding opportunities and ideas?
A) An opportunity and an idea are essentially the same thing.
B) An idea almost always meets the criteria of an opportunity.
C) An opportunity is a thought, an impression, or a notion.
D) An idea is a favorable set of circumstances that creates a need for a new product, service, or business.
E) It's important to discern whether a particular idea meets the criteria for an opportunity.
Answer: E
Diff: 2 Page Ref: 44
LO: 2.1: Explain the difference between opportunities and ideas.
AACSB: Analytical Thinking

8) A(n) _____ is a favorable set of circumstances that creates the need for a new product, service, or business. A(n) _____ is a thought, an impression or a notion.
A) scheme, notion
B) opportunity, idea
C) idea, design
D) idea, opportunity
E) notion, scheme
Answer: B
Diff: 1 Page Ref: 44
LO: 2.1: Explain the difference between opportunities and ideas.
AACSB: Reflective Thinking

9) Jessica Smith is thinking about starting a chain of fitness centers for young adults ages 18-30. Which of the following is not an appropriate criterion for Jessica to test her idea against?
A) Determine whether the "window of opportunity" is open.
B) Determine whether a fitness center for young adults ages 18-30 meets the threshold of being a good idea.
C) Determine the extent to which the notion takes advantage of an environmental trend, solves a problem, or fills a gap in the marketplace.
D) Determine whether opening a fitness center for young adults ages 18-30 is timely.
E) Determine whether opening a fitness center for young adults ages 18-30 is a concept that creates value for its buyer or end user.
Answer: B
Diff: 2 Page Ref: 44
LO: 2.1: Explain the difference between opportunities and ideas.
AACSB: Reflective Thinking

10) An idea is a favorable set of circumstances that creates a need for a new product, service, or business.
Answer: FALSE
Diff: 1 Page Ref: 43
LO: 2.1: Explain the difference between opportunities and ideas.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

11) An opportunity has four essential qualities. It is (1) rare, (2) attractive, (3) timely, and (4) anchored in a product, service, or business that creates or adds value for its buyer or end user.
Answer: TRUE
Diff: 2 Page Ref: 43
LO: 2.1: Explain the difference between opportunities and ideas.
AACSB: Analytical Thinking

12) The term "window of opportunity" is a metaphor describing the time period in which a firm can realistically raise money.
Answer: FALSE
Diff: 2 Page Ref: 43
LO: 2.1: Explain the difference between opportunities and ideas.
AACSB: Reflective Thinking

13) An idea is a thought, impression, or notion. It may or may not meet the criteria of an opportunity.
Answer: TRUE
Diff: 1 Page Ref: 43
LO: 2.1: Explain the difference between opportunities and ideas.
AACSB: Reflective Thinking

14) Describe the difference between an idea and an opportunity. Why is the distinction important?
Answer: An opportunity is a favorable set of circumstances that creates a need for a new product, service, or business. An opportunity has four essential qualities. It is (1) attractive, (2) durable, (3) timely, and (4) is anchored in a product, service, or business that creates or adds value for its buyer or end user. In contrast, an idea is a thought, impression, or notion. It may or may not meet the criteria of an opportunity. This distinction between an idea and an opportunity is important because many entrepreneurial ventures fail not because the entrepreneurs that launched them didn't work hard, but rather because there was no real opportunity to begin with.
Diff: 1 Page Ref: 43
LO: 2.1: Explain the difference between opportunities and ideas.
AACSB: Analytical Thinking

15) The three ways to identify an opportunity include _____.
A) observing trends, solving a problem, and finding gaps in the marketplace
B) studying industry trade journals, talking to consumers, and solving a problem
C) observing trends, conducting brainstorming sessions, and studying industry trade journals
D) observing trends, talking to consumers, and finding gaps in the marketplace
E) reading books, solving a problem, and findings gaps in the marketplace
Answer: A
Diff: 2 Page Ref: 44
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

16) GasBuddy and GasPriceWatch.com are companies started to help consumers save money on gas. Which environmental trend is most likely to have provided the impetus for the creation of these companies?
A) Regulatory changes
B) Political changes
C) Economic forces
D) Technological advances
E) Social forces
Answer: C
Diff: 2 Page Ref: 46
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Analytical Thinking

17) Economic forces impact the opportunities available to entrepreneurs. Which of the following alternatives reflects a set of economic forces that would be of interest to entrepreneurs?
A) Level of disposable income, new uses of old technologies, and new laws and regulations
B) New technologies, consumer spending patterns, and new laws
C) Interest rates, consumer spending patterns, and level of disposable income
D) Social and cultural trends, level of interest rates, and what people think is "in"
E) New changes in political areas, new laws, and level of disposable income
Answer: C
Diff: 2 Page Ref: 46
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

18) Which of the following is not an example of a social force?
A) Changes in interest rates
B) Increasing participation in social networks
C) Increasing diversity of the workplace
D) Aging of the population
E) Continual migration of people from small towns and rural areas to cities
Answer: A
Diff: 2 Page Ref: 47
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

19) An increased focus on health and wellness has resulted in a number of new business ideas including healthier foods and beverages, yoga instruction and training centers, and nutrition consulting. An increased focus on health and wellness is an important _____ that is creating opportunities in many areas for entrepreneurial firms.
A) economic force
B) regulatory force
C) legal force
D) technological advances
E) social force
Answer: E
Diff: 2 Page Ref: 47
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

20) The increasing number of social networks on the Internet is attributed to a jump in the number of people who are wanting to connect with one another online. The increasing number of social networks is an important _____ trend.
A) political
B) economic
C) legal
D) social
E) demographic
Answer: D
Diff: 2 Page Ref: 47
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

21) Hulu.com allows people to watch television shows and movies on the Internet. Hulu.com's business opportunity was made possible by _____ that enhanced the ability of television shows and movies to be uploaded to the Internet and played by anyone with a suitable computer and an Internet connection.
A) social forces
B) technological advances
C) legal changes
D) regulatory changes
E) economic forces
Answer: B
Diff: 2 Page Ref: 47
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

22) If a new firm was launched to help businesses comply with The Affordable Care Act, that opportunity was created by _____.
A) changes in economic forces
B) demographic changes
C) changes in social forces
D) changes in technological forces
E) political actions and regulatory changes
Answer: E
Diff: 2 Page Ref: 48
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

23) SafetyWeb is a Web-based service that helps parents protect their children's online reputation, privacy, and safety. Which of the following approaches to identifying an opportunity was most likely the impetus for SafetyWeb?
A) Observing trends
B) Studying government reports
C) Finding gaps in the marketplace
D) Talking to consumers
E) Solving a problem
Answer: E
Diff: 2 Page Ref: 50
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

24) The Savvy Entrepreneurial Firm feature in Chapter 2 focuses on a technique through which entrepreneurs can learn about emerging trends. The technique focused on in the chapter is _____.
A) online databases
B) newspapers and magazines
C) targeted Internet searches
D) social media
E) radio and television
Answer: D
Diff: 2 Page Ref: 50
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Analytical Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

25) Casey Griggs is a very capable computer engineer. Recently, he noticed a problem that computer engineers have, and thought of a solution to the problem that might represent an opportunity for a new software product. Casey's idea for a new software product is an example of a(n) _____ discovery.
A) chance
B) serendipitous
C) traditional
D) conventional
E) opportune
Answer: B
Diff: 2 Page Ref: 50
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

26) Clothing boutiques and specialty shops often start because there is a need for a particular product, but large retailers like Wal-Mart and Costco can't sell enough of the item to stock it on their shelves. If a clothing boutique started to sell designer clothes or clothing for hard-to-fit people because the clothing wasn't being offered by a larger retailer, the best way to describe how that idea was recognized is _____.
A) finding a gap in the marketplace
B) brainstorming
C) observing trends
D) solving a problem
E) talking to consumers
Answer: A
Diff: 3 Page Ref: 53
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

27) In 2000, Tish Cirovolo realized that there were no guitars on the market made specifically for women. As a result, she started Daisy Rock Guitars, a company that makes guitars just for women. Daisy Rock Guitars are stylish and come in feminine colors, and incorporate design features that accommodate a woman's smaller hand and build. The best way to describe how Cirovolo's business idea was recognized is _____.
A) brainstorming
B) talking to consumers
C) reading industry reports
D) observing trends
E) finding a gap in the marketplace
Answer: E
Diff: 3 Page Ref: 53
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

28) A common way that gaps in the marketplace are recognized is _____.
A) by observing changing environmental trends
B) by recognizing problems that need to be solved
C) via studying industry reports
D) when people become frustrated because they can't find a product or service that they need and recognize that other people feel the same way
E) via combined focus groups and brainstorming sessions
Answer: D
Diff: 1 Page Ref: 53
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

29) The three ways to identify an opportunity include observing trends, solving a problem, and finding gaps in the marketplace.
Answer: TRUE
Diff: 2 Page Ref: 44
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

30) Economic factors, social factors, technological advances, and political action and regulatory changes are the most important trends to follow in trying to identify opportunities.
Answer: TRUE
Diff: 2 Page Ref: 44
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

31) Many new businesses are successful by taking advantage of fads.
Answer: FALSE
Diff: 2 Page Ref: 44
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

32) Aging of the population, the increasing diversity of the workplace, and the continual migration of people from small towns and rural areas to cities are important economic trends.
Answer: FALSE
Diff: 1 Page Ref: 45
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

33) Describe the three separate ways that entrepreneurs identify new business, product, and service opportunities?
Answer: The three ways that entrepreneurs identify new business, product, and service opportunities are through observing trends, solving a problem, and finding gaps in the marketplace. The first approach to identifying opportunities is to observe trends and study how they create opportunities to pursue. Economic forces, social factors, technological advances, and political action and regulatory changes are the most important trends to follow. The second approach to identifying opportunities is solving a problem. Sometimes identifying opportunities simply involves noticing a problem and finding a way to solve it. These problems can be pinpointed through observing trends and through more simple means (e.g., intuition, serendipity, or chance). The third approach is finding gaps in the marketplace. This approach is accomplished by finding a need that customers have that is not being satisfied-by either large, established firms or entrepreneurial ventures. Large retailers like Wal-Mart, Costco, and Home Depot compete primarily on price by serving large groups of customers with similar needs. They do this by offering the most popular items targeted towards mainstream consumers. While this approach allows the large retailers to achieve economies of scale, it leaves gaps in the marketplace. Entrepreneurs step in to start businesses to fill these gaps. There are also gaps in the marketplace that represent consumer needs that aren't being met by anyone.
Diff: 2 Page Ref: 44
LO: 2.2: Describe the three general approaches entrepreneurs use to identify opportunities.
AACSB: Reflective Thinking

34) The What Wrong feature in Chapter 2 focuses on Everpix, a company that enabled users to organize and store photos online in an innovative manner. Regrettably, Everpix failed. According to the feature, Everpix's failure resulted from that fact that it's founders _____.
A) spent too much time and energy perfecting their service at the expense of building a business
B) spent too much time and energy raising money at the expense of perfecting their service
C) spent too much time networking at the expense of building a business
D) spent too much time marketing their product at the expense of perfecting their service
E) spent too much time analyzing their market at the expense of networking
Answer: A
Diff: 2 Page Ref: 55
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

35) Which of the following statements is incorrect regarding the personal characteristics of entrepreneurs?
A) Some people think that entrepreneurs have a "sixth sense" that allows them to see opportunities that others miss.
B) The extent and depth of an individual's social network affects opportunity recognition.
C) Several studies show that prior experience in an industry actually blinds an entrepreneur to the recognition of new opportunities in the same industry.
D) Creativity is the process of generating novel or useful ideas.
E) The corridor principle states that once an entrepreneur starts a firm, he or she begins a journey down a path where "corridors" leading to new venture opportunities become apparent.
Answer: C
Diff: 3 Page Ref: 55
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Analytical Thinking

36) The ability to notice things without engaging in deliberate search is referred to as _____.
A) cognitive alertness
B) cognitive awareness
C) managerial alertness
D) entrepreneurial alertness
E) individual awareness
Answer: D
Diff: 2 Page Ref: 56
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

37) Kelly Pryor, who has launched several successful entrepreneurial firms, seems to have a "sixth sense" that allows him to see opportunities that others miss. Kelly's ability is referred to as _____.
A) individual awareness
B) cognitive alertness
C) entrepreneurial alertness
D) individual readiness
E) cognitive readiness
Answer: C
Diff: 2 Page Ref: 56
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

38) Which of the following statements is incorrect in regard to entrepreneurial alertness?
A) The research findings on entrepreneurial alertness are conclusive.
B) Alertness is largely a learned skill.
C) People who have more knowledge of an area tend to be more alert to opportunities in that area than others.
D) The term "entrepreneurial alertness" is often associated with a "sixth sense" that seems to allow some people to see opportunities that others miss.
E) Entrepreneurial alertness is defined as the ability to notice things without engaging in deliberate search.
Answer: A
Diff: 3 Page Ref: 56
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

39) According to the textbook, research results over time consistently suggest that somewhere between _____ percent of those who start businesses got their ideas through social contacts.
A) 10 and 20
B) 20 and 30
C) 30 and 40
D) 40 and 50
E) 50 and 60
Answer: D
Diff: 3 Page Ref: 57
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

40) An individual who identifies a business idea on his or her own is referred to as a(n) _____ entrepreneur.
A) separate
B) functional
C) lone
D) individual
E) solo
Answer: E
Diff: 2 Page Ref: 57
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

41) A network entrepreneur is an individual who identifies his or her business idea _____.
A) on their own
B) through the assistance of a paid consultant
C) through social contacts
D) with one or more partners
E) through a business incubator program
Answer: C
Diff: 2 Page Ref: 57
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

42) A solo entrepreneur is an individual who identified his or her business idea _____. A network entrepreneur is an individual who identified his or her business idea _____.
A) through social contacts; on their own
B) through a business incubator program; through social contacts
C) on their own; through social contacts
D) through the assistance of a paid consultant; through social contacts
E) with one or more partners; on their own
Answer: C
Diff: 3 Page Ref: 57
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

43) _____ relationships are characterized by frequent interactions that form between coworkers, friends, and spouses.
A) Balanced
B) Weak-tie
C) Lateral-tie
D) Moderate-tie
E) Strong-tie
Answer: E
Diff: 2 Page Ref: 57
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

44) Most of Sarah's ideas come from interacting with coworkers, friends, her spouse, her parents, and other people that share the same beliefs that she does. Sarah is getting most of her ideas through _____ relationships.
A) weak-tie
B) horizontal-tie
C) strong-tie
D) multiple-tie
E) vertical-tie
Answer: C
Diff: 2 Page Ref: 57
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

45) Alex has a number of casual acquaintances that he interacts with infrequently. The relationships that Alex has with these people are referred to as _____ relationships.
A) strong-tie
B) moderate-tie
C) lateral-tie
D) weak-tie
E) multiple-tie
Answer: D
Diff: 2 Page Ref: 57
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

46) According to research in this area, it is more likely that an entrepreneur will get a new business idea through a _____ relationship than the alternatives.
A) weak-tie
B) moderate-tie
C) vertical-tie
D) lateral-tie
E) strong-tie
Answer: A
Diff: 2 Page Ref: 57
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

47) _____ is the process of generating a novel or useful idea.
A) Innovation
B) Imagining
C) Creativity
D) Visualization
E) Envisioning
Answer: C
Diff: 1 Page Ref: 57
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

48) Which of the following represents the correct order of the five stages of the creative process?
A) Preparation, incubation, elaboration, insight, evaluation
B) Insight, preparation, incubation, elaboration, insight
C) Preparation, incubation, insight, evaluation, elaboration
D) Incubation, evaluation, insight, preparation, elaboration
E) Incubation, preparation, evaluation, elaboration, insight
Answer: C
Diff: 3 Page Ref: 57
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

49) Macy is a very creative person. Often, when trying to generate a novel or useful idea, she spends several days "mulling over" the idea, which is her way of thinking it through, at both the conscious and unconscious level. The stage of the creative process that Macy is in while she is mulling over an idea is referred to as _____.
A) preparation
B) insight
C) evaluation
D) elaboration
E) incubation
Answer: E
Diff: 2 Page Ref: 58
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

50) In the five-stage creative process, the flash of recognition, or what is sometimes referred to as the "eureka" experience, occurs in the _____ stage.
A) insight
B) preparation
C) incubation
D) elaboration
E) evaluation
Answer: A
Diff: 2 Page Ref: 58
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

51) In the five-stage creative process, the stage in which the creative idea is put into final form is referred to as the _____ stage.
A) insight
B) preparation
C) incubation
D) elaboration
E) evaluation
Answer: D
Diff: 2 Page Ref: 58
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

52) Several studies have shown that prior experience in an industry helps entrepreneurs recognize business opportunities.
Answer: TRUE
Diff: 2 Page Ref: 56
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

53) Opportunity recognition may be an innate skill or cognitive process.
Answer: TRUE
Diff: 2 Page Ref: 56
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

54) Weak-tie relationships are characterized by infrequent interaction and ties between casual acquaintances.
Answer: TRUE
Diff: 2 Page Ref: 57
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

55) It is more likely that an entrepreneur will get a new business idea through a strong-tie than a weak-tie relationship.
Answer: FALSE
Diff: 3 Page Ref: 57
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

56) The five stages of the creative process include preparation, incubation, insight, evaluation, and elaboration.
Answer: TRUE
Diff: 3 Page Ref: 57
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

57) Incubation is the stage of the creative process during which an idea is subjected to scrutiny and analyzed for its viability.
Answer: FALSE
Diff: 2 Page Ref: 58
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

58) Evaluation is the stage of the creative process during which the idea is put into its final form.
Answer: FALSE
Diff: 2 Page Ref: 58
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

59) Describe the difference between strong-tie and weak-tie relationships. Is it more likely that an entrepreneur will get new ideas through strong-tie or weak-tie relationships?
Answer: Strong-tie relationships are characterized by frequent interaction and form between coworkers, friends, and spouses. Weak-tie relationships are characterized by infrequent interaction and form between casual acquaintances. According to research in this area, it is more likely that an entrepreneur will get a new business idea through a weak-tie than a strong-tie relationship because strong-tie relationships, which typically form between like-minded individuals, tend to reinforce insights and ideas the individuals already have. Weak-tie relationships, on the other hand, which form between casual acquaintances, are not as apt to be between like-minded individuals, so one person may say something to another that sparks a completely new idea.
Diff: 3 Page Ref: 57
LO: 2.3: Discuss the personal characteristics of entrepreneurs that contribute to their ability to recognize business opportunities.
AACSB: Reflective Thinking

60) _____ is (are) used to generate a number of ideas quickly.
A) Insight groups
B) Competitive intelligence gatherings
C) Examination groups
D) Survey groups
E) Brainstorming
Answer: E
Diff: 1 Page Ref: 59
LO: 2.4: Identity and describe techniques entrepreneurs use to generate ideas.
AACSB: Reflective Thinking

61) Which of the following is not one of the rules for a formal brainstorming session?
A) No criticism is allowed.
B) The session moves quickly.
C) Freewheeling is encouraged.
D) Leapfrogging is encouraged.
E) The session is used for decision making.
Answer: E
Diff: 2 Page Ref: 59
LO: 2.4: Identity and describe techniques entrepreneurs use to generate ideas.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

62) The number one rule for a brainstorming session is _____.
A) no criticism is allowed
B) no freewheeling is allowed
C) no leapfrogging is allowed
D) no more than 10 people are allowed to participate
E) no wild or unrealistic ideas are allowed
Answer: A
Diff: 2 Page Ref: 59
LO: 2.4: Identity and describe techniques entrepreneurs use to generate ideas.
AACSB: Reflective Thinking

63) According to the textbook, a focus group is a gathering of 5 to 10 people who are selected because _____.
A) they are most likely to purchase large amounts of the product or service being discussed
B) they responded to a self-selected opinion poll about the topic being discussed
C) of their relationship to the issue being discussed
D) they responded to a mail survey about the topic being discussed
E) they are spokespersons for the topic being discussed
Answer: C
Diff: 2 Page Ref: 60
LO: 2.4: Identity and describe techniques entrepreneurs use to generate ideas.
AACSB: Reflective Thinking

64) According to the textbook, the best approach to utilizing a library for entrepreneurship-related research is to _____.
A) discuss your general area of interest with a reference librarian
B) focus your efforts on studying newspapers and periodicals
C) focus your efforts on browsing through industry-related materials
D) discuss your general area of interest with other library patrons
E) focus your efforts on academic journals
Answer: A
Diff: 2 Page Ref: 61
LO: 2.4: Identity and describe techniques entrepreneurs use to generate ideas.
AACSB: Reflective Thinking

65) An example of a valuable library resource is IBISWorld, which is a(n) _____.
A) business publication
B) academic journal
C) Census Bureau publication
D) trade journal
E) database of industry-related information
Answer: E
Diff: 2 Page Ref: 61
LO: 2.4: Identity and describe techniques entrepreneurs use to generate ideas.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

66) To make sure that its customers are satisfied and to probe for new product ideas, Intuit routinely sends employees to the facilities of their customers. This technique for generating new business ideas is called _____.
A) brainstorming
B) day-in-the-life research
C) focus group
D) survey
E) customer advisory board
Answer: B
Diff: 2 Page Ref: 62
LO: 2.4: Identity and describe techniques entrepreneurs use to generate ideas.
AACSB: Reflective Thinking

67) Brainstorming is used to generate a number of ideas quickly.
Answer: TRUE
Diff: 2 Page Ref: 59
LO: 2.4: Identity and describe techniques entrepreneurs use to generate ideas.
AACSB: Reflective Thinking

68) Brainstorming sessions are designed to move slowly, so ideas can be presented and evaluated.
Answer: FALSE
Diff: 3 Page Ref: 59
LO: 2.4: Identity and describe techniques entrepreneurs use to generate ideas.
AACSB: Reflective Thinking

69) Focus groups typically involve a group of people who are unfamiliar with a topic and are brought together to respond to questions.
Answer: FALSE
Diff: 2 Page Ref: 60
LO: 2.4: Identity and describe techniques entrepreneurs use to generate ideas.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

70) Describe how brainstorming can help facilitate the generation of ideas, and outline the four rules for conducting a brainstorming session.
Answer: Brainstorming is a technique that is used to generate a number of ideas quickly. Among the purposes a brainstorming session could be used for include the generation of new business, product, or service ideas. In a brainstorming session, the leader of the group of people is instructed to come up with ideas-one person shares an idea, another person reacts to it, another person reacts to the reaction, and so on. A flip chart is typically used to record all the ideas. A productive session is freewheeling and lively. The main objective is to create an atmosphere of enthusiasm and originality where lots of ideas are generated. The four strict rules of brainstorming are as follows:
1. No criticism is allowed.
2. Freewheeling is encouraged—the more ideas, the better.
3. The session moves quickly, and nothing is permitted to slow down the pace.
4. Leapfrogging is encouraged. This means using one idea as a means of jumping forward quickly to other ideas.
Diff: 2 Page Ref: 59
LO: 2.4: Identity and describe techniques entrepreneurs use to generate ideas.
AACSB: Reflective Thinking

71) Describe how library and Internet research can be used to generate new business ideas.
Answer: Library and Internet research are important tools for generating business ideas. A natural tendency is to think that an idea should be chosen, the process of researching the idea should then begin. This approach is too linear. Often, the best ideas emerge when the general notion of an idea, like creating casual electronic games for adults, is merged with extensive library and Internet research, which might provide insights into the best types of casual games to create. The best approach to utilizing a library is to discuss your general area of interest with a reference librarian, who can point you to useful resources, such as industry-specific magazines, trade journals, and industry reports. Simply browsing through several issues of a trade journal can spark new ideas. Internet research is also important. If you are starting from scratch, simply typing "new business ideas" into Google or Yahoo! will produce links to newspaper and magazine articles about the "hottest" and "latest" new business ideas. If you have a specific idea in mind, a useful technique is to set up a Google e-mail alert using keywords that pertain to your topic of interest The Internet can also be used for specific searches and to access blogs that provide insightful information on almost any topic.
Diff: 2 Page Ref: 61
LO: 2.4: Identity and describe techniques entrepreneurs use to generate ideas.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer

72) A(n) _____ is a physical or digital repository for storing ideas.
A) suggestion bank
B) idea depository
C) suggestion pool
D) idea bank
E) proposition pool
Answer: D
Diff: 1 Page Ref: 62
LO: 2.5: Discuss actions to take to encourage continuous development of new ideas in entrepreneurial firms.
AACSB: Reflective Thinking

73) Which of the following is an example of how to encourage creativity at the organizational level?
A) Maintain a "stiff" organizational culture with no room for different behaviors.
B) Elevate creativity's importance throughout the organization.
C) Pigeonhole employees; keep them in the same job for years.
D) Make no attempt to hire creative people.
E) Promote a mentality suggesting that the best solutions to all problems have already been found.
Answer: B
Diff: 2 Page Ref: 62
LO: 2.5: Discuss actions to take to encourage continuous development of new ideas in entrepreneurial firms.
AACSB: Reflective Thinking

74) An idea bank is a physical or digital repository for storing ideas.
Answer: TRUE
Diff: 1 Page Ref: 63
LO: 2.5: Discuss actions to take to encourage continuous development of new ideas in entrepreneurial firms.
AACSB: Reflective Thinking

75) Creativity and innovation are almost identical concepts.
Answer: FALSE
Diff: 2 Page Ref: 63
LO: 2.5: Discuss actions to take to encourage continuous development of new ideas in entrepreneurial firms.
AACSB: Reflective Thinking

Copyright © 2016 Pearson Education, Inc.

Access Complete Test Bank for Entrepreneurship Successfully Launching New Ventures 5th Barringer