

Entrepreneurship: Successfully Launching New Ventures, 3e (Barringer/Ireland)

Chapter 2 Recognizing Opportunities and Generating Ideas

1) Kathryn Kerrigan, the company profiled in the opening feature for Chapter 2, sells shoes. Kerrigan's original idea for the company stemmed from her recognition that:

- A) there were no athletic shoes specifically designed for older women
- B) there were no fashionable shoes available for young girls
- C) there were no low cost women's shoes available in the Chicago area
- D) there were no small shoes available for petite women
- E) there were no fashionable shoes available for tall women

Answer: E

Diff: 2 Page Ref: 40

Topic: Identifying and Recognizing Opportunities

AACSB: Reflective 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: 42

Topic: Identifying and Recognizing Opportunities

3) According to the textbook, opportunities are:

- A) tough to spot
- B) easy to spot in the service sector but tough to spot in the manufacturing sector
- C) easy to spot in the manufacturing sector but tough to spot in the service sector
- D) easy to spot
- E) neither easy nor tough to spot

Answer: A

Diff: 2 Page Ref: 42

Topic: Identifying and Recognizing Opportunities

4) An opportunity has 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

Topic: Identifying and Recognizing Opportunities

5) Kate Williams is starting a fashion boutique in an upscale mall near Kansas City. She wants to open her store during the time period in which a business like hers can realistically enter the new market. Kate is trying to open her 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

Topic: Identifying and Recognizing Opportunities

AACSB: Reflective Thinking

6) The term "window of opportunity," as discussed in Chapter 2, describes the time period in which a firm can:

A) obtain funding or financing

B) hire new employees

C) obtain patent protection for a new product

D) realistically enter a new market

E) get government approval for a regulated product or service

Answer: D

Diff: 2 Page Ref: 43

Topic: Identifying and Recognizing Opportunities

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 tests of an opportunity.

Answer: E

Diff: 2 Page Ref: 43

Topic: Identifying and Recognizing Opportunities

8) A(n) _____ is a thought, impression, or notion. A(n) _____ is a favorable set of circumstances that creates the need for a new product, service, or business.

- A) scheme, notion
- B) opportunity, idea
- C) idea, design
- D) idea, opportunity
- E) notion, scheme

Answer: D

Diff: 1 Page Ref: 43

Topic: Identifying and Recognizing Opportunities

9) Jason Carroll is thinking about starting a chain of fitness centers for people who are 50 years old or older. Which of the following is not an appropriate criteria for Jason to test his idea against?

- A) Determine whether the "window of opportunity" is open.
- B) Determine whether a fitness center for people who are 50 years or older 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 people 50 years old or older is timely.
- E) Determine whether opening a fitness center for people 50 years old or older is a concept that creates value for its buyer or end user.

Answer: B

Diff: 3 Page Ref: 43

Topic: Identifying and Recognizing Opportunities

AACSB: Reflective Thinking

10) 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: 43

Topic: Identifying and Recognizing Opportunities

11) 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) social forces
- D) technological advances
- E) economic forces

Answer: E

Diff: 2 Page Ref: 44

Topic: Identifying and Recognizing Opportunities

AACSB: Reflective Thinking

12) 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) level of disposable income, consumer spending patterns, and level of interest rates
- 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: 44

Topic: Identifying and Recognizing Opportunities

13) Which of the following is not an example of a social force?

- A) changes in interest rates
- B) increased interest in healthy foods
- C) retirement of baby boomers
- D) increased diversity of the workforce
- E) increased interest in green products

Answer: A

Diff: 2 Page Ref: 46

Topic: Identifying and Recognizing Opportunities

14) The aging of the U.S. population has resulted in several new firms that have been founded to help older Americans stay in their homes longer, as an alternative to assisted living or moving into nursing homes. The aging of the U.S. population 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: 46

Topic: Identifying and Recognizing Opportunities

AACSB: Reflective Thinking

15) The increasing number of spas opening in the United States is attributed to a jump in the number of people trying to deal more effectively with mental health and wellness issues. The increased emphasis on mental health and wellness in the United States is an important:

- A) political trend
- B) economic trend
- C) legal trend
- D) social trend
- E) technological advances

Answer: D

Diff: 2 Page Ref: 46

Topic: Identifying and Recognizing Opportunities

AACSB: Reflective Thinking

16) 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: 46

Topic: Identifying and Recognizing Opportunities

AACSB: Reflective Thinking

17) If a new firm was launched to help other firms comply with The Patriot 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: 47

Topic: Identifying and Recognizing Opportunities

AACSB: Reflective Thinking

18) GreatCall is a company that was started to produce cell phones for older people. Many cell phones are too complicated and the buttons are too small for older people to effectively use. Which of the following approaches to identifying an opportunity was most likely the impetus for GreatCall?

- A) observing trends
- B) studying industry reports
- C) solving a problem
- D) talking to consumers
- E) finding gaps in the marketplace

Answer: C

Diff: 2 Page Ref: 49

Topic: Identifying and Recognizing Opportunities

AACSB: Reflective Thinking

19) Hank Simms is a very capable computer programmer. Recently, he noticed a problem that many programmers have, and thought of a solution to the problem that might represent an opportunity for a new software product. Hank's idea for a new software product is an example of a _____ discovery.

- A) serendipitous
- B) knowable
- C) traditional
- D) conventional
- E) predictable

Answer: A

Diff: 3 Page Ref: 49

Topic: Identifying and Recognizing Opportunities

20) The Savvy Entrepreneurial Firm feature in Chapter 2 focuses on iHearSafe, ZUCA, and J.J. Creations, three entrepreneurial startups. While each firm is different and is successful in its own right, the main point of the feature is to illustrate that:

- A) companies are often started by everyday people solving problems in their everyday lives
- B) closely monitoring environmental trends is an effective way to identify business opportunities
- C) one of the most important points to consider before launching a business is to determine if its window of opportunity is open
- D) finding gaps in the marketplace is an effective way of identifying business opportunities
- E) both economic and social forces impact the opportunities available to entrepreneurs

Answer: A

Diff: 2 Page Ref: 50

Topic: Identifying and Recognizing Opportunities

AACSB: Reflective Thinking

21) Small clothing boutiques and specialty shops often start because there is a need for a particular product but large retailers like Target, JC Penny, and Kohl's 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: 52

Topic: Finding Gaps in the Marketplace

AACSB: Reflective Thinking

22) Curves International, which was founded in 1992 by Gary Heavin, is a fitness center just for women. At the time Curves was founded, most fitness centers targeted fitness enthusiasts and included a number of amenities, ranging from showers and towel service to swimming pools. Rather than competing head-to-head against these centers, Heavin opened a fitness center targeted towards what he felt was an ignored part of the marketplace: women who wanted to lose weight. The best way to describe how Heavin'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: 52

Topic: Finding Gaps in the Marketplace

AACSB: Reflective Thinking

23) The process of perceiving the possibility of a profitable new business, product or service idea is referred to as:

- A) inspired detection
- B) creative recognition
- C) idea confirmation
- D) opportunity recognition
- E) inspired discovery

Answer: D

Diff: 1 Page Ref: 53

Topic: Personal Characteristics of the Entrepreneur

24) 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: 53

Topic: Personal Characteristics of the Entrepreneur

25) Frank Patterson started a firm in 2008 that creates and manufactures accessories for Harley-Davidson motorcycles. He started with four accessories, and after several months added three new accessories that have been very successful. The fact that Frank recognized the opportunity for the three new accessories only after he started his firm and become immersed in the motorcycle industry is an example of the _____ at work.

- A) opportunity tenet
- B) opportunity rule
- C) chance rule
- D) access principle
- E) corridor principle

Answer: E

Diff: 2 Page Ref: 54

Topic: Personal Characteristics of the Entrepreneur

AACSB: Reflective Thinking

26) 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: 54

Topic: Personal Characteristics of the Entrepreneur

27) Melanie Meyers, who has launched several successful entrepreneurial firms, seems to have a "sixth sense" that allows her to see opportunities that others miss. Melanie'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: 54

Topic: Personal Characteristics of the Entrepreneur

28) 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 allows 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: 54

Topic: Personal Characteristics of the Entrepreneur

29) According to the textbook, in a survey of 65 start-ups, _____ of the founders reported that they got their business ideas through social contacts.

- A) 90 percent
- B) 50 percent
- C) 66 percent
- D) 12 percent
- E) 33 percent

Answer: B

Diff: 3 Page Ref: 55

Topic: Personal Characteristics of the Entrepreneur

30) An individual who identifies a business idea on his or her own is referred to as a:

- A) separate entrepreneur
- B) functional entrepreneur
- C) lone entrepreneur
- D) individual entrepreneur
- E) solo entrepreneur

Answer: E

Diff: 2 Page Ref: 55

Topic: Personal Characteristics of the Entrepreneur

31) 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: 55

Topic: Personal Characteristics of the Entrepreneur

32) 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: 55

Topic: Personal Characteristics of the Entrepreneur

33) _____ are characterized by frequent interactions that form between coworkers, friends, and spouses.

- A) Balanced relationships
- B) Weak-tie relationships
- C) Lateral-tie relationships
- D) Moderate-tie relationships
- E) Strong-tie relationships

Answer: E

Diff: 2 Page Ref: 55

Topic: Personal Characteristics of the Entrepreneur

34) Most of Karen's ideas come from interacting with coworkers, friends, her spouse, her parents, and other people that share the same beliefs that she does. Karen is getting most of her ideas through _____ relationships.

- A) weak-tie relationships
- B) social-tie relationships
- C) strong-tie relationships
- D) multiple-tie relationships
- E) vertical-tie relationships

Answer: C

Diff: 2 Page Ref: 49

Topic: Personal Characteristics of the Entrepreneur

AACSB: Reflective Thinking

35) Alex has a number of casual acquaintances that he interacts with infrequently. The relationships that Alex has with these people are referred to as: _____.

- A) strong-tie relationships
- B) moderate-tie relationships
- C) lateral-tie relationships
- D) weak-tie relationships
- E) multiple-tie relationships

Answer: D

Diff: 2 Page Ref: 55

Topic: Personal Characteristics of the Entrepreneur

AACSB: Reflective Thinking

36) 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: 55

Topic: Personal Characteristics of the Entrepreneur

37) _____ 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: 55

Topic: Personal Characteristics of the Entrepreneur

38) 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: 56

Topic: Personal Characteristics of the Entrepreneur

39) Marie 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 Marie 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: 56

Topic: Personal Characteristics of the Entrepreneur

AACSB: Reflective Thinking

40) In the five-stage creative process, the flash of recognition, or what is sometimes referred to as the "eureka" experience, occurs in the:

- A) insight stage
- B) preparation stage
- C) incubation stage
- D) elaboration stage
- E) evaluation stage

Answer: A

Diff: 2 Page Ref: 57

Topic: Personal Characteristics of the Entrepreneur

41) _____ 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: 58

Topic: Personal Characteristics of the Entrepreneur

42) 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: 3 Page Ref: 58

Topic: Personal Characteristics of the Entrepreneur

43) The number one rule for a brainstorming sessions 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: 58

Topic: Personal Characteristics of the Entrepreneur

44) 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 pool 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: 3 Page Ref: 59

Topic: Personal Characteristics of the Entrepreneur

45) 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: 60

Topic: Personal Characteristics of the Entrepreneur

46) An example of a valuable library resources is IBISWorld, which is a:

- 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: 60

Topic: Encouraging and Protecting New Ideas

47) 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: 61

Topic: Personal Characteristics of the Entrepreneur

AACSB: Reflective Thinking

48) 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: 61

Topic: Encouraging and Protecting New Ideas

49) 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: 61

Topic: Encouraging and Protecting New Ideas

50) Which of the following selections is an example of how to discourage creativity at the individual level?

- A) Protect people who make honest mistakes and are willing to learn from them.
- B) Speculate, be open, and build on others' ideas.
- C) Punish mistakes or failed ideas.
- D) Deal with employees as equals to show that status isn't very important.
- E) Listen attentively in order to acknowledge and provide early support to ideas.

Answer: C

Diff: 2 Page Ref: 62

Topic: Encouraging and Protecting New Ideas

51) An opportunity is a favorable set of circumstances that creates a need for a new product, service, or business.

Answer: TRUE

Diff: 1 Page Ref: 42

Topic: Identifying and Recognizing Opportunities

52) An opportunity has four essential qualities: it is (1) rare, (2) attractive, (3) timely, and (4) resilient.

Answer: FALSE

Diff: 2 Page Ref: 43

Topic: Identifying and Recognizing Opportunities

53) The term "window of opportunity" is a metaphor describing the time period in which a firm can realistically enter a new market.

Answer: TRUE

Diff: 2 Page Ref: 43

Topic: Identifying and Recognizing Opportunities

54) An opportunity is a thought, impression, or notion.

Answer: FALSE

Diff: 1 Page Ref: 43

Topic: Identifying and Recognizing Opportunities

55) 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: 43

Topic: Identifying and Recognizing Opportunities

56) 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

Topic: Identifying and Recognizing Opportunities

57) Many specialty shops and boutiques exist because an entrepreneur recognized a gap in the marketplace and started a firm to fill the gap.

Answer: TRUE

Diff: 2 Page Ref: 52

Topic: Identifying and Recognizing Opportunities

58) The term "opportunity recognition" refers to the process of perceiving the possibility of a profitable new business or a new product or service.

Answer: TRUE

Diff: 1 Page Ref: 53

Topic: Personal Characteristics of the Entrepreneur

59) Several studies have shown that prior experience in an industry blinds an entrepreneur to potential business opportunities in the same industry.

Answer: FALSE

Diff: 2 Page Ref: 53

Topic: Personal Characteristics of the Entrepreneur

60) Most entrepreneurs believe they are more "alert" than others.

Answer: TRUE

Diff: 3 Page Ref: 54

Topic: Personal Characteristics of the Entrepreneur

61) Strong-tie relationships are characterized by infrequent interaction and ties between casual acquaintances.

Answer: FALSE

Diff: 2 Page Ref: 55

Topic: Personal Characteristics of the Entrepreneur

62) It is more likely that an entrepreneur will get a new business idea through a weak-tie than a strong-tie relationship.

Answer: TRUE

Diff: 2 Page Ref: 55

Topic: Personal Characteristics of the Entrepreneur

63) The five stages of the creative process include preparation, incubation, insight, evaluation, and elaboration.

Answer: TRUE

Diff: 3 Page Ref: 55

Topic: Personal Characteristics of the Entrepreneur

64) Evaluation is the stage of the creative process during which an idea is subjected to scrutiny and analyzed for its viability.

Answer: TRUE

Diff: 3 Page Ref: 57

Topic: Personal Characteristics of the Entrepreneur

65) Elaboration is the stage of the creative process when the solution to a problem is seen or an idea is born.

Answer: FALSE

Diff: 3 Page Ref: 57

Topic: Personal Characteristics of the Entrepreneur

66) Brainstorming is used to generate a number of ideas quickly.

Answer: TRUE

Diff: 2 Page Ref: 58

Topic: Personal Characteristics of the Entrepreneur

67) Brainstorming sessions are designed to move slowly, so ideas can be presented and evaluated.

Answer: FALSE

Diff: 3 Page Ref: 58

Topic: Personal Characteristics of the Entrepreneur

68) A focus group is a gathering of 5 to 10 people who are selected because of their relationship to the issue being discussed.

Answer: TRUE

Diff: 2 Page Ref: 59

Topic: Personal Characteristics of the Entrepreneur

69) An idea bank is a physical or digital repository for storing ideas.

Answer: TRUE

Diff: 1 Page Ref: 61

Topic: Encouraging and Protecting New Ideas

70) Creativity and innovation are almost identical concepts.

Answer: FALSE

Diff: 2 Page Ref: 61

Topic: Encouraging and Protecting New Ideas

71) 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

AACSB: Reflective Thinking

72) 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, such as 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

AACSB: Reflective Thinking

73) 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: 55

AACSB: Reflective Thinking

74) 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, is 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: 58

AACSB: Reflective Thinking

75) 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 or Yahoo! 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.

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