

Chapter 3: Culture and Climate Considerations in High-Tech Companies
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Test Bank

- 3-1. What is the role of organizational culture?
- a. Provide norms for individual and organizational behavior.
 - b. Create a sense of community.
 - c. Guide strategy development.
 - d. Enable employees to “unlearn” obsolete information and practices.
 - e. Focus the firm’s attention externally.

Answer: A **Page 83** **moderate**

- 3-2. Organizational climate is:
- a. another term for culture.
 - b. the environment in which the business competes.
 - c. the observable manifestation of culture.
 - d. most valuable when it is outward looking.
 - e. the foundation for innovation.

Answer: C **Page 83** **moderate**

- 3-3. The boom and bust nature of business cycles:
- a. often leads to cyclical funding cuts and spurts in R&D.
 - b. encourages most businesses to conserve cash during good times so that they can continue to invest when times are tough.
 - c. is not as common in markets for high-tech products as it is in markets for low-tech products.
 - d. is not as common in markets for low-tech products as it is in markets for high-tech products.
 - e. has less impact on businesses with a strong climate.

Answer: A **Page 84** **moderate**

- 3-4. Which of the following conditions **does not** facilitate a culture of innovativeness?
- a. Top management attention.
 - b. Bureaucratic mindset.
 - c. Willingness to cannibalize.
 - d. Product champions.
 - e. Learning orientation.

Answer: B **Page 84** **moderate**

- 3-5. _____ is the foundation for innovation.
- a. Propensity for risk
 - b. Experimentation
 - c. Creativity
 - d. Organizational architecture
 - e. Product leadership

Answer: C **Page 84** **easy**

- 3-6. Creative ideas _____ :
- a. are novel and meaningful
 - b. are most likely to occur in bureaucratic organizations.
 - c. are most likely to be based on the firm's core competencies.
 - d. rarely result in the cannibalization of sales from current products.
 - e. are rarely generated through interactions with customers.

Answer: A **Page 85** **easy**

- 3-7. The most valuable creativity is:
- a. very free-wheeling.
 - b. technology driven.
 - c. often the result of the lone genius.
 - d. stimulated by the desire to stay ahead of competition.
 - e. disciplined by the organization's culture and climate.

Answer: E **Page 85** **moderate.**

- 3-8. Top managers positively drive innovation when they:
- a. have a future focus.
 - b. have an external focus.
 - c. view innovation is more than product development.
 - d. both a & b above.
 - e. all of the above

Answer: E **Page 85** **easy.**

- 3-9. The process of developing new technologies that may make current products obsolete and may even alienate customers is known as:
- a. competence killing.
 - b. unlearning.
 - c. competence exploration.
 - d. creative destruction.
 - e. technological orientation.

Answer: D **Page 86** **moderate.**

- 3-9. The people who create, define, or adopt an idea for an innovation and are willing to assume significant risk to make it happen are referred to as
- a. product champions.
 - b. investment bankers.
 - c. angels.
 - d. entrepreneurs.
 - e. leaders.

Answer: A **Page: 87** **easy**

- 3-11. A unit that senior managers isolate from normal corporate operations in order to protect creative individuals and corporate orthodoxy is known as:
- a. an R&D center.
 - b. a skunk works.
 - c. a new venture division.
 - d. an innovation engine.
 - e. a heavyweight organization.

Answer: B **Page 87** **easy**

- 3-12. Skunk works are thought by some to be an important way to foster innovativeness within large corporations, yet others argue that they are a sign that the corporation lacks innovativeness. Which of the following statements best summarizes arguments *in favor of* using skunk works to promote innovation?
- a. They protect imaginative individuals from corporate bureaucracy that might hamper innovativeness.
 - b. They allow individual creativity to flourish *within* the normal operating climate.
 - c. They are “orphanages” that separate creativity from the corporate hierarchy.
 - d. They address the underlying, systemic reasons that large corporations lack innovativeness.
 - e. Skunk works are the best way to allow a brick-and-mortar company to compete in an on-line world.

Answer: A **Page 88** **moderate**

- 3-13. Firms that invest resources to acquire entirely new knowledge, skills, and processes, that have the potential to influence the firm’s direction practice
- a. market pioneering.
 - b. expeditionary marketing.
 - c. learning orientation.
 - d. competence exploration.
 - e. value creation.

Answer: C **Page 88** **moderate**

- 3-14. Unlearning is important primarily because
- a. it rejuvenates the organization.
 - b. it facilitates expeditionary marketing.
 - c. it reduces risk.
 - d. it enhances speed to market .
 - e. knowledge can become obsolete.

Answer: E **Page 89** **easy**

- 3-15. Which of the following is not an element of corporate imagination?
- a. Overturn price–performance assumptions
 - b. Escape the tyranny of the served market
 - c. Use new sources of ideas for innovative product concepts
 - d. Get out in front of customers
 - e. Identify a network of “Angels”

Answer: E **Page: 89** **easy**

- 3-16. All of the following are characteristics or advantages of expeditionary marketing except that it
- a. maximizes the odds that the product delivered to the market meets the customers’ needs.
 - b. speeds time to market.
 - c. allows company to learn quickly and modify product offerings based on marketplace experience.
 - d. exists in an internal environment that fosters an innovative climate.
 - e. improves the overall “hit” rate of success with a given new product idea.

Answer: E **Page: 90** **challenging**

- 3-17. People who perform complex jobs such as R&D are most creative when they are
- a. highly paid.
 - b. given stock options.
 - c. given opportunity to do challenging work.
 - d. under pressure.
 - e. have large budgets.

Answer: C **Page 91** **moderate**

- 3-18. Core competencies may become a hindrance to innovation when
- a. they are not competitively unique.
 - b. they become rigidities.
 - c. they are easily imitated.
 - d. they enhance the process of creative destruction.
 - e. All of the above

Answer: B **Page: 93** **easy**

- 3-19. Well-established skills and competencies that are so entrenched, they prevent a firm from seeing new ways of doing things are known as
- a. marketing myopia.
 - b. competence lock-in.
 - c. innovation killers.
 - d. core rigidities.
 - e. knowledge obsolescence.

Answer: D **Page: 93** **easy**

- 3-20. Which of the following is **not** usually an effective strategy for overcoming core rigidities?
- a. Creative destruction
 - b. Unlearning
 - c. Corporate imagination
 - d. Deep pockets
 - e. Experimentation

Answer: D **Page: 94** **moderate**

- 3-21. The innovator's dilemma is concerned with:
- a. which new products to introduce.
 - b. which new technologies to pursue.
 - c. which new markets to enter.
 - d. focusing too heavily on current customers and products.
 - e. overcoming core rigidities.

Answer: D **Page: 94** **moderate**