

ch01

Student: _____

1. Ewing Kauffman took a risk when he started his company Marion Labs in 1950.
True False
2. How Ewing Kauffman ran his business illustrates corporate entrepreneurship.
True False
3. Entrepreneurial opportunities are those situations in which new goods, services, raw materials and organizing methods can be sold at greater than their production cost.
True False
4. Entrepreneurial action can be defined as those situations in which new goods, services, raw materials and organizing methods can be sold at greater than their production cost.
True False
5. The McMullen-Shepherd Model helps identify the common traits of successful entrepreneurs.
True False
6. The McMullen-Shepherd Model explains how knowledge and motivation influence two stages of entrepreneurial action.
True False
7. Superficial similarities exist when the underlying mechanisms of the technology resemble, or match, the underlying mechanisms of the market.
True False
8. Structural similarities exist when the underlying mechanisms of the technology resemble, or match, the underlying mechanisms of the market.
True False
9. Bricolage is entrepreneurs making do by applying combinations of the resources at hand to new problems and opportunities.
True False
10. The effectuation process starts with what one has and selects among possible outcomes.
True False
11. The casual process of thinking starts with what one has and selects among possible outcomes.
True False
12. Demographics, ethnic origin, and marital status are examples of segmentation variables.
True False
13. Principles of effectuation help entrepreneurs develop their cognitive adaptability.
True False
14. The question "What is this technology all about?" is a comprehension question.
True False
15. Comprehension questions are designed to stimulate entrepreneurs to think about their own understanding.
True False

16. Asking "How is this problem similar to problems I've already solved?" is an example of a connection task.
True False
17. A reflection task would involve thinking about what strategies should be used to solve a problem.
True False
18. Entrepreneurs have stronger intentions to act when taking action is perceived to be impossible and risky.
True False
19. Perceived desirability refers to the degree to which an individual has a favorable or unfavorable evaluation of the potential entrepreneurial outcomes.
True False
20. An entrepreneur is rarely able to start a new business without some form of formal education.
True False
21. Research indicates that male entrepreneurs tend to start their first significant venture in their middle 30s, while women entrepreneurs tend to do so in their early 30s.
True False
22. Previous start-up experience is a good predictor of starting subsequent businesses.
True False
23. Dissatisfaction with various aspects of one's job often motivates the launching of a new venture.
True False
24. Most entrepreneurs indicate that their most significant venture was not their first one.
True False
25. Role models are individuals who give psychological support to the entrepreneur especially during the start-up phase.
True False
26. Role models can include family members as well as industry professionals.
True False
27. In a social network there are two major properties, density and centrality.
True False
28. Entrepreneurial Opportunities are defined as:
 - A. situations in which new goods, services, raw materials and organizing methods can be sold at greater than their production cost.
 - B. new market entry through entrepreneurial action.
 - C. the entrepreneur's mental processes in deciding whether or not to act on a potential opportunity.
 - D. a feasibility assessment.
29. In Stage One of the McMullen-Shepherd Model:
 - A. the entrepreneur decides whether or not there is an opportunity.
 - B. the entrepreneur consults experts in the market area of interest.
 - C. the entrepreneur decides whether the opportunity that exists is a match with their own knowledge and motivation.
 - D. the entrepreneur engages in bricolage.
30. In Stage Two of the McMullen-Shepherd Model:
 - A. the entrepreneur deals with the business failure through counseling.
 - B. the entrepreneur decides whether or not there is an opportunity.
 - C. the entrepreneur goes through the causal process of thinking structurally.
 - D. the entrepreneur consults colleagues from previous jobs.

31. In regards to thinking structurally, superficial similarities:
 - A. exist when the underlying mechanisms of the technology resemble (or match) the underlying mechanisms of the market.
 - B. exist when supply is less than demand.
 - C. exist when entrepreneurs engage in bricolage.
 - D. exist when the basic (relatively easy to observe) elements of the technology resemble the basic elements of the market.
32. Causal process of thinking:
 - A. starts with a desired outcome and focuses on a means to generate that outcome.
 - B. starts with what one has and selects among possible outcomes.
 - C. involves bricolage.
 - D. starts with brainstorming by meeting with industry professionals.
33. Which of the following is NOT a stage in Kolter's procedure in bringing a product/service to market?
 - A. Select target market segments
 - B. Analyze long run opportunities in the market
 - C. Design market strategies
 - D. File for patent protection
34. Questions designed to increase an entrepreneurs' understanding of the nature of the environment are known as:
 - A. Strategic questions
 - B. Connection tasks
 - C. Reflection tasks
 - D. Comprehension questions
35. An entrepreneur considering if what they are doing makes sense is an example of:
 - A. A strategic question
 - B. A connection task
 - C. A reflection task
 - D. A comprehension question
36. _____ are designed to stimulate thought about entrepreneurs' understanding and feelings as they progress through the entrepreneurial process.
 - A. Strategic questions
 - B. Connection tasks
 - C. Reflection tasks
 - D. Comprehension questions
37. An entrepreneur asks if there is a better way to implement a strategy. Identify the category of this question.
 - A. Reflection tasks
 - B. Connection tasks
 - C. Strategic questions
 - D. Comprehension questions
38. Individuals have stronger intentions to act when taking action is perceived to be _____ and desirable.
 - A. elusive
 - B. feasible
 - C. flexible
 - D. risky
39. Which among the following aspects affects an entrepreneur's perception of feasibility?
 - A. Locus of control
 - B. Learning style
 - C. Perceived desirability
 - D. Self-efficacy

40. On the education background, entrepreneurs:
- A. are less educated than the general population.
 - B. cite an educational need in the areas of finance, strategic planning, marketing, and management.
 - C. who lack a formal education, fail to create new businesses and exploit discovered opportunities.
 - D. cite formal education to be indispensable in starting a new business.
41. Motivation to launch a new venture can arise from all of the following *except*:
- A. lack of prior experience.
 - B. boredom.
 - C. a lack of challenge.
 - D. frustration.
42. As the venture becomes established and starts growing, which of the following types of experience becomes increasingly important?
- A. Technical
 - B. Financing
 - C. Managerial
 - D. Marketing
43. Density, in regards to a social network, refers to:
- A. the extensiveness of ties between two individuals.
 - B. the total number of individuals in the network.
 - C. the distance of connection between the entrepreneur and contact.
 - D. the fact that most networks are informal and not well organized.
44. The moral support network is different from the professional support network in that:
- A. a professional support network includes finding a mentor.
 - B. moral support is less important than professional support.
 - C. only the "cheering squad" provides moral support.
 - D. a moral support network comprises only of personal contacts.
45. Within the moral-support network, most entrepreneurs indicate that their _____ are their biggest supporters.
- A. mentors
 - B. friends
 - C. parents
 - D. spouses
46. Which group in a professional network helps keep a new venture competitive?
- A. Clients or buyers
 - B. Mentors
 - C. Trade associations
 - D. Suppliers
47. Explain the McMullen-Shepherd Model.

48. Define superficial similarities and structural similarities. Which was noted as the more challenging for entrepreneurs?

49. Describe the difference between the causal process and the effectuation process.

50. Identify and define the 4 types of questions/tasks related to increasing cognitive ability.

51. Describe the difference between a moral and professional support network and give examples of who might fit into each network. Who do entrepreneurs typically cite as their biggest supporters?

ch01 Key

1. (p. 4) TRUE
2. (p. 5) TRUE
3. (p. 6) TRUE
4. (p. 6) FALSE
5. (p. 6) FALSE
6. (p. 6) TRUE
7. (p. 7) FALSE
8. (p. 7) TRUE
9. (p. 8) TRUE
10. (p. 9) TRUE
11. (p. 9) FALSE
12. (p. 10) TRUE
13. (p. 11) FALSE
14. (p. 16) TRUE
15. (p. 16) FALSE
16. (p. 16) TRUE
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18. (p. 17) FALSE
19. (p. 17) TRUE
20. (p. 18) FALSE
21. (p. 18) FALSE
22. (p. 19) TRUE
23. (p. 19) TRUE
24. (p. 19) TRUE
25. (p. 19) FALSE
26. (p. 19-20) TRUE
27. (p. 19) TRUE
28. (p. 6) A
29. (p. 6-7) C
30. (p. 6-7) B
31. (p. 7) D
32. (p. 9) A
33. (p. 9) D
34. (p. 16) D
35. (p. 16) C
36. (p. 16) C

- 37. (p. 16) A
- 38. (p. 17) B
- 39. (p. 17) D
- 40. (p. 18) B
- 41. (p. 19) A
- 42. (p. 19) C
- 43. (p. 19) A
- 44. (p. 20) A
- 45. (p. 20) D
- 46. (p. 20) C

3. Stage Two is when the potential entrepreneur decides whether or not the opportunity is right for them personally in terms of their skill, knowledge and motivation.

2. Stage One is when the potential entrepreneur realizes an opportunity exists for someone.

47. (p. 6-7) 1. Model explains how knowledge and motivation influence two stages of entrepreneurial action.

Structural was identified as the most challenging.

2. Structural similarities exist when the underlying mechanisms of the technology resemble (or match) the underlying mechanisms of the market.

48. (p. 7) 1. Superficial similarities exist when the basic (relatively easy to observe) elements of the technology resemble (match) the basic (relatively easy to observe) elements of the market.

49. (p. 9) Effectuation is the process that starts with what one has (who they are, what they know, and whom they know) and selects among possible outcomes. Basically identifying resources and THEN finding an opportunity to fit whereas the casual process starts with a desired outcome and focuses on the means (what resources are needed) to generate that outcome.

4. Reflection tasks are designed to stimulate entrepreneurs to think about their understanding and feelings as they progress through the entrepreneurial process.

3. Strategic tasks are designed to stimulate entrepreneurs to think about which strategies are appropriate for solving the problem (and why) or pursuing the opportunity (and how)

2. Connection tasks are designed to stimulate entrepreneurs to think about the current situation in terms of similarities to and differences from situations previously faced and solved

50. (p. 16) 1. Comprehension questions are designed to increase entrepreneurs' understanding of the nature of the environment

Spouses were cited by the text as the biggest supporters.

A professional's support network is a source of information and help for an entrepreneur's business activities and can be professionals from trade associations, former business associates, suppliers, accountants, lawyers.

51. (p. 20) A moral support network is for emotional support and usually includes family and friends.

ch01 Summary

<u>Category</u>	<u># of Questions</u>
Difficulty: 1 Easy	13
Difficulty: 2 Medium	32
Difficulty: 3 Hard	6
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