

Essentials of Entrepreneurship & Small Business Mgmt., 7e (Scarborough)
Chapter 2 Inside the Entrepreneurial Mind: From Ideas to Reality

1) The ability to develop new ideas and to discover new ways of looking at problems and opportunities is called:

- A) entrepreneurship.
- B) innovation.
- C) creativity.
- D) creative thinking.

Answer: C

Diff: 1 Page Ref: 40

AACSB: Reflective Thinking

Learning Obj.: 1

2) An entrepreneurial "secret" for creating value in the marketplace is:

- A) applying creativity and innovation to solve problems.
- B) creating new products and services.
- C) learning by doing.
- D) applying lessons learned from history.

Answer: A

Diff: 2 Page Ref: 40-41

AACSB: Analytic Skills

Learning Obj.: 1

3) The ability to apply creative solutions to problems and opportunities to enhance or to enrich people's lives is called:

- A) entrepreneurship.
- B) innovation.
- C) creativity.
- D) creative thinking.

Answer: B

Diff: 1 Page Ref: 40

AACSB: Reflective Thinking

Learning Obj.: 1

4) Harvard's Ted Levitt says that creativity is _____ new things, and innovation is _____ new things.

- A) thinking; doing
- B) doing; thinking
- C) seeing; doing
- D) thinking; applying

Answer: A

Diff: 2 Page Ref: 40

AACSB: Reflective Thinking

Learning Obj.: 1

- 5) Entrepreneurship is a constant process that relies on:
- A) creativity, innovation, and profit.
 - B) the ability to win over the consumer.
 - C) creativity, innovation, and application in the marketplace.
 - D) intellectual property rights.

Answer: C

Diff: 3 Page Ref: 40-41

AACSB: Reflective Thinking

Learning Obj.: 1

- 6) _____ is necessary for building a competitive advantage and for business survival.

- A) One single idea
- B) A motivated owner
- C) Creativity
- D) A low-priced product

Answer: C

Diff: 1 Page Ref: 42

AACSB: Reflective Thinking

Learning Obj.: 2

- 7) Creativity often involves creating something from nothing. However, it is more likely to result in:

- A) elaborating on the present.
- B) putting old things together in new ways.
- C) taking something away to create something simpler or better.
- D) All of the above

Answer: D

Diff: 3 Page Ref: 42

AACSB: Reflective Thinking

Learning Obj.: 2

- 8) When developing creative solutions to modern problems, entrepreneurs must:

- A) go beyond merely using whatever has worked in the past.
- B) limit the creative process to only profitable ventures.
- C) remember what has worked in the past.
- D) pay attention to limiting factors.

Answer: A

Diff: 2 Page Ref: 40-41

AACSB: Reflective Thinking

Learning Obj.: 2

- 9) Research shows that anyone can learn to be creative. The problem is:
- A) many organizations fail to foster an environment that encourages creativity.
 - B) most people never tap into their pools of innate creativity.
 - C) most people have never been taught to be creative.
 - D) All of the above

Answer: D

Diff: 2 Page Ref: 42

AACSB: Analytic Skills

Learning Obj.: 2

- 10) Research into the operation of the human brain shows that each hemisphere of the brain:
- A) develops symmetrically.
 - B) controls similar functions.
 - C) does not dominate the other hemisphere.
 - D) processes information differently.

Answer: D

Diff: 2 Page Ref: 44

AACSB: Analytic Skills

Learning Obj.: 3

- 11) The left brain is guided by:
- A) kaleidoscopic, lateral thinking.
 - B) linear, vertical thinking.
 - C) asymmetrical thinking.
 - D) intuitive thinking.

Answer: B

Diff: 2 Page Ref: 44

AACSB: Reflective Thinking

Learning Obj.: 3

- 12) The right brain is guided by:
- A) kaleidoscopic, lateral thinking.
 - B) linear, vertical thinking.
 - C) asymmetrical thinking.
 - D) logical thinking.

Answer: A

Diff: 2 Page Ref: 44

AACSB: Reflective Thinking

Learning Obj.: 3

13) Which hemisphere of the brain is responsible for language, logic, and symbols?

- A) Right hemisphere
- B) Left hemisphere
- C) Lateral hemisphere
- D) Intuitive hemisphere

Answer: B

Diff: 1 Page Ref: 44

AACSB: Analytic Skills

Learning Obj.: 3

14) Which hemisphere of the brain is responsible for the body's emotional, intuitive, and spatial functions?

- A) Right hemisphere
- B) Left hemisphere
- C) Vertical hemisphere
- D) Logical hemisphere

Answer: A

Diff: 1 Page Ref: 44

AACSB: Analytic Skills

Learning Obj.: 3

15) Which hemisphere of the brain processes information in a step-by-step fashion?

- A) Right hemisphere
- B) Left hemisphere
- C) Lateral hemisphere
- D) Intuitive hemisphere

Answer: B

Diff: 2 Page Ref: 44

AACSB: Analytic Skills

Learning Obj.: 2

16) Which hemisphere of the brain processes information all at once and by relying heavily on images?

- A) Right hemisphere
- B) Left hemisphere
- C) Vertical hemisphere
- D) Logical hemisphere

Answer: A

Diff: 2 Page Ref: 44

AACSB: Analytic Skills

Learning Obj.: 3

17) _____ vertical thinking is narrowly focused and systematic, proceeding in a highly logical fashion from one point to the next.

- A) Left-brained
- B) Right-brained
- C) Unconventional
- D) Intuitive

Answer: A

Diff: 2 Page Ref: 44-46

AACSB: Analytic Skills

Learning Obj.: 3

18) _____ lateral thinking is somewhat unconventional and unstructured.

- A) Left-brained
- B) Right-brained
- C) Systematic
- D) Logical

Answer: B

Diff: 2 Page Ref: 44-46

AACSB: Analytic Skills

Learning Obj.: 3

19) All of the following represent barriers to creativity that entrepreneurs impose upon themselves *except*:

- A) focusing on being too logical.
- B) being too practical.
- C) blindly following rules.
- D) searching for more than one answer.

Answer: D

Diff: 2 Page Ref: 48--51

AACSB: Reflective Thinking

Learning Obj.: 4

20) Entrepreneurs can stimulate their own creativity and encourage it among workers by:

- A) expecting and tolerating failure.
- B) avoiding problems.
- C) limiting rewards.
- D) not taking chances.

Answer: A

Diff: 2 Page Ref: 54

AACSB: Reflective Thinking

Learning Obj.: 5

21) Which of the following is **not** one of the ways entrepreneurs can stimulate their own creativity and encourage it among their workers?

- A) Provide creativity training.
- B) Encourage curiosity.
- C) View challenges as problems.
- D) Develop a corporate culture that both fosters and rewards creativity.

Answer: C

Diff: 3 Page Ref: 53-57

AACSB: Reflective Thinking

Learning Obj.: 5

22) Employees must be given the tools and resources they need to be creative. One of the most valuable set of resources is:

- A) setting limits and providing challenges.
- B) establishing rules and guidelines.
- C) time, support and encouragement.
- D) reinforce traditional problem solving methods.

Answer: C

Diff: 3 Page Ref: 53-55

AACSB: Reflective Thinking

Learning Obj.: 5

23) Hiring a diverse workforce:

- A) helps in enhancing organizational creativity.
- B) allows for different ideas and varying methods of problem solving.
- C) brings in people from different backgrounds, with different cultural experiences, hobbies, and interests.
- D) All of the above

Answer: D

Diff: 1 Page Ref: 53

AACSB: Multicultural & Diversity

Learning Obj.: 5

24) The _____ environment has an impact on the level of people's creativity.

- A) physical
- B) sounds in the
- C) external
- D) internal

Answer: A

Diff: 1 Page Ref: 55

AACSB: Reflective Thinking

Learning Obj.: 5

25) All of the following are enhancements to individual creativity *except*:

- A) keeping a journal to record thoughts and ideas.
- B) limiting your reading sources.
- C) taking time off.
- D) allowing yourself to be creative.

Answer: B

Diff: 1 Page Ref: 53-55

AACSB: Analytic Skills

Learning Obj.: 5

26) Which of the following is *not* an enhancement to individual creativity?

- A) Listening to other people
- B) Recognizing the creative power of mistakes
- C) Keeping a toy box in your office
- D) Working without breaks until the project is complete or the problem is solved

Answer: D

Diff: 2 Page Ref: 53-55

AACSB: Reflective Thinking

Learning Obj.: 5

27) Which stage of the creative process includes on-the-job training?

- A) Implementation
- B) Preparation
- C) Illumination
- D) Verification

Answer: B

Diff: 2 Page Ref: 55

AACSB: Reflective Thinking

Learning Obj.: 5

28) This set of experiences may enhance individual creativity.

- A) Travel and recognize the creative power of mistakes and accidents
- B) Notice what is missing
- C) Journal and listen to people and customers
- D) All the above

Answer: D

Diff: 2 Page Ref: 58-59

AACSB: Reflective Thinking

Learning Obj.: 5

29) Which stage of the creative process requires one to develop a solid understanding of the problem or decision?

- A) Investigation
- B) Preparation
- C) Illumination
- D) Verification

Answer: A

Diff: 2 Page Ref: 63

AACSB: Analytic Skills

Learning Obj.: 6

30) Which stage of the creative process involves viewing the similarities and differences in the information collected?

- A) Transformation
- B) Incubation
- C) Illumination
- D) Verification

Answer: A

Diff: 2 Page Ref: 64

AACSB: Analytic Skills

Learning Obj.: 6

31) The ability to see the similarities and the connections among various data and events is called:

- A) convergent thinking.
- B) divergent thinking.
- C) transformational thinking.
- D) illumination.

Answer: A

Diff: 2 Page Ref: 64

AACSB: Analytic Skills

Learning Obj.: 6

32) The ability to see the differences among various data and events is called:

- A) convergent thinking.
- B) divergent thinking.
- C) transformational thinking.
- D) illumination.

Answer: B

Diff: 2 Page Ref: 64

AACSB: Analytic Skills

Learning Obj.: 6

33) _____ thinking is the ability to see similarities and _____ thinking is the ability to see differences among various data and events.

- A) Divergent; convergent
- B) Convergent; divergent
- C) Convergent; transformational
- D) None of the above

Answer: B

Diff: 2 Page Ref: 64

AACSB: Analytic Skills

Learning Obj.: 6

34) During the incubation phase of the creative process, the entrepreneur might do all of the following **EXCEPT** which one to let ideas "marinate" in his mind?

- A) Do something totally unrelated for awhile.
- B) Relax and play regularly.
- C) Work on the problem or opportunity in a different environment.
- D) Don't allow one's self to daydream.

Answer: D

Diff: 2 Page Ref: 65

AACSB: Analytic Skills

Learning Obj.: 6

35) At which stage of the creative process does a spontaneous breakthrough occur, allowing all of the previous stages to come together to produce the "Eureka factor" or the "light bulb goes on"?

- A) Implementation
- B) Preparation
- C) Illumination
- D) Verification

Answer: C

Diff: 2 Page Ref: 66

AACSB: Analytic Skills

Learning Obj.: 6

36) "Verification" refers to:

- A) validating the idea as accurate and useful.
- B) possibly conducting experiments, running simulations, and test marketing a product or service.
- C) possibly asking questions such as "will it work?" and "is it really a better solution?"
- D) All of the above

Answer: D

Diff: 2 Page Ref: 66

AACSB: Analytic Skills

Learning Obj.: 6

37) The focus of this step in the creative process is to transform the idea into reality.

- A) Implementation
- B) Preparation
- C) Illumination
- D) Verification

Answer: A

Diff: 2 Page Ref: 66-67

AACSB: Analytic Skills

Learning Obj.: 6

38) _____ is a process in which a small group of people interacts to produce a large quantity of imaginative ideas.

- A) Groupthink
- B) Mind-mapping
- C) Brainstorming
- D) Prototyping

Answer: C

Diff: 1 Page Ref: 67

AACSB: Communication

Learning Obj.: 7

39) Effective brainstorming involves all of the following *except*:

- A) a small group of people.
- B) an open, uninhibited environment.
- C) an effective method to evaluate ideas.
- D) very little structure.

Answer: C

Diff: 2 Page Ref: 67=68

AACSB: Communication

Learning Obj.: 7

40) _____ is a graphical technique that encourages thinking on both sides of the brain, visually displays the various relationships among the ideas, and improves the ability to view a problem from many sides.

- A) Brainstorming
- B) Mind-mapping
- C) Prototyping
- D) Groupthink

Answer: B

Diff: 1 Page Ref: 69

AACSB: Analytic Skills

Learning Obj.: 7

41) Mind-mapping is a useful tool for jump-starting creativity. It includes all of the following *except*:

- A) sketching a picture to symbolize the problem or area of focus in the center of a sheet of paper.
- B) writing down every idea that comes into your mind, connecting each idea to the central picture.
- C) allowing your mind to rest for a few minutes before integrating the ideas.
- D) forcing creativity when ideas start to trickle.

Answer: D

Diff: 2 Page Ref: 69

AACSB: Analytic Skills

Learning Obj.: 7

42) The technique of _____ uses three columns that allows the entrepreneur to weigh both the advantages and the disadvantages of a particular decision and work to maximize the variables that support it while minimizing those that work against it.

- A) force-field analysis
- B) TRIZ
- C) brainstorming
- D) mind mapping

Answer: A

Diff: 3 Page Ref: 69

AACSB: Reflective Thinking

Learning Obj.: 7

43) The "theory of inventive problem solving" is a left-brained, scientific, systematic process based on innovative patents and is referred to as:

- A) JIT.
- B) RP.
- C) TQM.
- D) TRIZ.

Answer: D

Diff: 2 Page Ref: 70

AACSB: Analytic Skills

Learning Obj.: 7

44) The premise behind _____ is that transforming an idea into an actual model will lead to improvements in its design.

- A) rapid prototyping
- B) mind-mapping
- C) brainstorming
- D) inventions

Answer: A

Diff: 2 Page Ref: 71-72

AACSB: Analytic Skills

Learning Obj.: 7

- 45) The three principles (three Rs) of rapid prototyping are:
- A) develop a rough model, rapidly, and for the right price.
 - B) develop a complete model, rapidly, and for the right problem.
 - C) develop a rough model, rapidly, and for the right problem.
 - D) develop a right model, roughly, for the right price.

Answer: C

Diff: 2 Page Ref: 71-72

AACSB: Analytic Skills

Learning Obj.: 7

- 46) Steps in the patent process include:
- A) establishing whether it is a novelty.
 - B) documenting and verifying the date the idea was first conceived.
 - C) searching existing patents.
 - D) All of the above

Answer: D

Diff: 2 Page Ref: 72

AACSB: Analytic Skills

Learning Obj.: 8

- 47) To which governmental office must applications for patents be submitted?
- A) The U.S. Patent and Trademark Office
 - B) The individual State Offices of Patent Development
 - C) The Federal Trade Commission
 - D) The Securities and Exchange Commission

Answer: A

Diff: 2 Page Ref: 72

AACSB: Analytic Skills

Learning Obj.: 8

- 48) To protect patent claims, an inventor should be able to verify and document the:
- A) research conducted to create the invention.
 - B) fact that the invention was created in another country.
 - C) date on which the idea was first conceived.
 - D) initial sales of the invention.

Answer: C

Diff: 2 Page Ref: 72-73

AACSB: Analytic Skills

Learning Obj.: 8

49) More than _____ percent of those holding patents win their infringement suits.

- A) 15
- B) 30
- C) 45
- D) 60

Answer: D

Diff: 2 Page Ref: 74

AACSB: Analytic Skills

Learning Obj.: 8

50) Any distinctive word, phrase, symbol, name, or logo a firm uses to distinguish itself or its products is called a:

- A) trademark.
- B) patent.
- C) copyright.
- D) service mark.

Answer: A

Diff: 1 Page Ref: 75

AACSB: Analytic Skills

Learning Obj.: 8

51) Which of the following questions should you consider before entering a lawsuit to protect intellectual property?

- A) Can you afford the loss of time, money, and privacy the lawsuit will bring?
- B) Can the opponent afford to pay if you win?
- C) Do you expect to get enough from the suit to pay for the costs of hiring an attorney?
- D) All of the above

Answer: D

Diff: 2 Page Ref: 79

AACSB: Analytic Skills

Learning Obj.: 8

52) A _____ is an exclusive right that protects the creators of original works such as literary, dramatic, musical, and artistic works.

- A) trademark
- B) patent
- C) copyright
- D) service mark

Answer: C

Diff: 1 Page Ref: 78

AACSB: Analytic Skills

Learning Obj.: 8

53) Copyrights protect the creator of original works such as:

- A) software, choreography, and motion pictures.
- B) symbols, names, and designs.
- C) text and verbiage of any kind.
- D) slogans and designs.

Answer: A

Diff: 2 Page Ref: 78

AACSB: Use of IT

Learning Obj.: 8

54) Creativity is the ability to apply creative solutions to problems and opportunities to enhance or enrich people's lives.

Answer: FALSE

Diff: 1 Page Ref: 40

AACSB: Reflective Thinking

Learning Obj.: 1

55) Innovation is the ability to develop new ideas and to discover new ways of looking at problems and opportunities.

Answer: FALSE

Diff: 1 Page Ref: 40

AACSB: Reflective Thinking

Learning Obj.: 1

56) Creativity is the ability to develop new ideas and to discover new ways of looking at problems and opportunities.

Answer: TRUE

Diff: 1 Page Ref: 40

AACSB: Reflective Thinking

Learning Obj.: 1

57) Innovation is the ability to apply creative solutions to problems and opportunities to enhance or enrich people's lives.

Answer: TRUE

Diff: 1 Page Ref: 40

AACSB: Reflective Thinking

Learning Obj.: 1

58) Successful entrepreneurs come up with ideas and then find ways to make them work to solve a problem or fill a need.

Answer: TRUE

Diff: 2 Page Ref: 41-42

AACSB: Reflective Thinking

Learning Obj.: 1

59) Creativity and innovation are the signature of large, entrepreneurial businesses.

Answer: FALSE

Diff: 1 Page Ref: 41-42

AACSB: Reflective Thinking

Learning Obj.: 1

60) Creativity and innovation are the signature of small, entrepreneurial businesses.

Answer: TRUE

Diff: 1 Page Ref: 41-42

AACSB: Reflective Thinking

Learning Obj.: 1

61) Innovation must be a constant process because most ideas do not work and most innovations fail.

Answer: TRUE

Diff: 3 Page Ref: 42

AACSB: Reflective Thinking

Learning Obj.: 1

62) For every 3,000 new product ideas, four make it to the development stage, two are actually launched, and only one becomes successful in the market.

Answer: TRUE

Diff: 3 Page Ref: 42

AACSB: Analytic Skills

Learning Obj.: 1

63) Although creativity sometimes involves generating something from nothing, it more likely results in elaborating on the present, putting old things together in new ways, or taking something away to create something simpler or better.

Answer: TRUE

Diff: 2 Page Ref: 42

AACSB: Reflective Thinking

Learning Obj.: 2

64) Creativity is not only an important source for building a competitive advantage, but it also is necessary for survival.

Answer: TRUE

Diff: 2 Page Ref: 44

AACSB: Reflective Thinking

Learning Obj.: 3

65) History is always a reliable predictor of the future of business.

Answer: FALSE

Diff: 2 Page Ref: 42

AACSB: Reflective Thinking

Learning Obj.: 2

66) Entrepreneurs must embrace traditional assumptions and perspectives about how things ought to be because they support creativity.

Answer: FALSE

Diff: 2 Page Ref: 42

AACSB: Reflective Thinking

Learning Obj.: 2

67) Creative thinking involves research into the operation of the human brain and the roles each hemisphere of the brain plays.

Answer: TRUE

Diff: 1 Page Ref: 44

AACSB: Analytic Skills

Learning Obj.: 3

68) Successful entrepreneurship requires left-brain thinking.

Answer: FALSE

Diff: 2 Page Ref: 44

AACSB: Analytic Skills

Learning Obj.: 3

69) The left brain is guided by linear, vertical thinking.

Answer: TRUE

Diff: 1 Page Ref: 44

AACSB: Analytic Skills

Learning Obj.: 3

70) The left brain relies on kaleidoscopic, lateral thinking.

Answer: FALSE

Diff: 1 Page Ref: 44

AACSB: Analytic Skills

Learning Obj.: 3

71) The right brain is guided by linear, vertical thinking.

Answer: FALSE

Diff: 1 Page Ref: 44

AACSB: Analytic Skills

Learning Obj.: 3

72) The right brain relies on kaleidoscopic, lateral thinking.

Answer: TRUE

Diff: 1 Page Ref: 44

AACSB: Analytic Skills

Learning Obj.: 3

73) While most people see what they have always seen, creative entrepreneurs are able to see beyond preconceptions.

Answer: TRUE

Diff: 2 Page Ref: 44

AACSB: Analytic Skills

Learning Obj.: 3

74) Research shows that each hemisphere of the human brain processes information differently and that one side of the brain tends to be dominant over the other.

Answer: TRUE

Diff: 1 Page Ref: 45

AACSB: Analytic Skills

Learning Obj.: 3

75) The left brain handles language, logic, and symbols.

Answer: TRUE

Diff: 1 Page Ref: 44

AACSB: Analytic Skills

Learning Obj.: 3

76) The right brain takes care of the body's emotional, intuitive, and spatial functions.

Answer: TRUE

Diff: 1 Page Ref: 44-45

AACSB: Analytic Skills

Learning Obj.: 3

77) The right brain processes information intuitively-all at once, relying heavily on images.

Answer: TRUE

Diff: 1 Page Ref: 46

AACSB: Analytic Skills

Learning Obj.: 3

78) Right-brain thinking draws on the power of divergent reasoning, which is the ability to create a multitude of original, diverse ideas, while left-brain thinking counts on convergent reasoning, the ability to evaluate multiple ideas and choose the best solution to a given problem.

Answer: TRUE

Diff: 3 Page Ref: 46

AACSB: Analytic Skills

Learning Obj.: 3

79) Entrepreneurship requires both left- and right-brained thinking.

Answer: TRUE

Diff: 1 Page Ref: 46

AACSB: Analytic Skills

Learning Obj.: 3

80) The left brain processes information in a step-by-step fashion.

Answer: TRUE

Diff: 1 Page Ref: 37-38

AACSB: Analytic Skills

Learning Obj.: 3

81) Entrepreneurs need to rely on left-brain thinking to generate innovative product, service, or business ideas and use right-brain thinking to judge the market potential of the ideas they generate.

Answer: FALSE

Diff: 3 Page Ref: 46

AACSB: Analytic Skills

Learning Obj.: 3

82) A paradigm is a preconceived idea of what the world is, what it should be like, and how it should operate and this can influence creativity.

Answer: TRUE

Diff: 3 Page Ref: 44-46

AACSB: Analytic Skills

Learning Obj.: 3

83) The left brain processes information intuitively-all at once, relying heavily on images.

Answer: FALSE

Diff: 1 Page Ref: 44-45

AACSB: Analytic Skills

Learning Obj.: 3

84) The right brain processes information in a step-by-step fashion.

Answer: FALSE

Diff: 1 Page Ref: 44-45

AACSB: Analytic Skills

Learning Obj.: 3

85) Right-brained individuals tend to challenge tradition, custom, and routine.

Answer: TRUE

Diff: 2 Page Ref: 44-45

AACSB: Analytic Skills

Learning Obj.: 3

86) Left-brained individuals realize that there may be more than one right answer.

Answer: FALSE

Diff: 2 Page Ref: 44-45

AACSB: Analytic Skills

Learning Obj.: 3

87) Successful entrepreneurs push technological and economic boundaries forward in creative ways and sometimes make unconventional decisions.

Answer: TRUE

Diff: 2 Page Ref: 39

AACSB: Use of IT

Learning Obj.: 3

88) The rapidly accelerating rate of change has created an environment in which staying in a leadership position requires constant creativity, innovation, and entrepreneurship.

Answer: TRUE

Diff: 2 Page Ref: 46-47

AACSB: Analytic Skills

Learning Obj.: 3

89) Viewing play as frivolous is a mental block that stifles creativity.

Answer: TRUE

Diff: 2 Page Ref: 49-50

AACSB: Analytic Skills

Learning Obj.: 4

90) "Constantly being practical" is a mental block that can stifle creativity.

Answer: TRUE

Diff: 2 Page Ref: 49

AACSB: Analytic Skills

Learning Obj.: 4

91) Businesses typically foster an environment that encourages creativity.

Answer: FALSE

Diff: 3 Page Ref: 49-50

AACSB: Reflective Thinking

Learning Obj.: 4

92) Ambiguity tends to destroy creativity.

Answer: FALSE

Diff: 3 Page Ref: 50

AACSB: Analytic Skills

Learning Obj.: 4

93) Failure is an important part of the creative process, as it provides a chance to learn how to succeed.

Answer: TRUE

Diff: 2 Page Ref: 51

AACSB: Analytic Skills

Learning Obj.: 4

94) Employees tend to rise-or fall-to the level of expectations entrepreneurs have of them.

Answer: TRUE

Diff: 2 Page Ref: 51

AACSB: Communication

Learning Obj.: 4

95) Research shows that not everyone can be creative.

Answer: FALSE

Diff: 2 Page Ref: 53

AACSB: Analytic Skills

Learning Obj.: 5

96) Hiring a diverse workforce makes it more difficult to achieve creativity in the workplace.

Answer: FALSE

Diff: 2 Page Ref: 53

AACSB: Multicultural & Diversity

Learning Obj.: 5

97) Entrepreneurs can encourage creative thinking in their employees by setting examples of creative behavior and rewarding creative behavior when exhibited by their employees.

Answer: TRUE

Diff: 2 Page Ref: 53-54

AACSB: Reflective Thinking

Learning Obj.: 5

98) Enhancing individual creativity may be cultivated through such activities as modeling, encouragement, recognition, allowing failure, listening, talking to children, and taking time off.

Answer: TRUE

Diff: 2 Page Ref: 54-58

AACSB: Reflective Thinking

Learning Obj.: 5

99) The creative process involves seven distinct steps including preparation, investigation, transformation, incubation, illumination, verification, and implementation.

Answer: TRUE

Diff: 3 Page Ref: 62

AACSB: Analytic Skills

Learning Obj.: 6

100) "Convergent thinking" is the ability to see the differences among data and events.

Answer: FALSE

Diff: 1 Page Ref: 64

AACSB: Analytic Skills

Learning Obj.: 6

101) "Divergent thinking" is the ability to see similarities and connections among various data and events.

Answer: FALSE

Diff: 1 Page Ref: 64

AACSB: Reflective Thinking

Learning Obj.: 6

102) It may appear in the incubation stage of the creative process that the entrepreneur is loafing, as he is taking time to reflect on the information collected.

Answer: TRUE

Diff: 2 Page Ref: 65

AACSB: Reflective Thinking

Learning Obj.: 6

103) The illumination stage of the creative process is often called the "Eureka factor" and is characterized by a spontaneous breakthrough.

Answer: TRUE

Diff: 2 Page Ref: 66

AACSB: Reflective Thinking

Learning Obj.: 6

104) The typical entrepreneurial philosophy for implementation is "Ready, aim, aim, aim..."

Answer: FALSE

Diff: 2 Page Ref: 66

AACSB: Analytic Skills

Learning Obj.: 6

105) When "brainstorming," individuals should be encouraged to use "idea hitchhiking," or building new ideas on those already suggested.

Answer: TRUE

Diff: 2 Page Ref: 67

AACSB: Analytic Skills

Learning Obj.: 7

106) During a brainstorming session, company rank and department affiliation are irrelevant.

Answer: TRUE

Diff: 2 Page Ref: 67-68

AACSB: Analytic Skills

Learning Obj.: 7

107) Mind-mapping is a graphical technique that encourages thinking on both sides of the brain, visually displays the various relationships among ideas, and improves the ability to view a problem from many sides.

Answer: TRUE

Diff: 2 Page Ref: 69

AACSB: Analytic Skills

Learning Obj.: 7

108) Force-field analysis is a useful technique for evaluating the forces that support and oppose a proposed change.

Answer: TRUE

Diff: 2 Page Ref: 69

AACSB: Reflective Thinking

Learning Obj.: 7

109) TRIZ is an acronym for a systematic approach to help solve technical problems based on the study of hundreds of the most innovative patents.

Answer: TRUE

Diff: 2 Page Ref: 70

AACSB: Analytic Skills

Learning Obj.: 7

110) Rapid prototyping, transforming an idea into an actual model, typically does not lead to improvements in design.

Answer: FALSE

Diff: 2 Page Ref: 71-72

AACSB: Analytic Skills

Learning Obj.: 7

111) A patent protects the creator of original works of authorship such as for software.

Answer: FALSE

Diff: 2 Page Ref: 72-73

AACSB: Analytic Skills

Learning Obj.: 8

112) A patent gives the inventor the exclusive right to make, use, or sell an invention for 50 years.

Answer: FALSE

Diff: 2 Page Ref: 72

AACSB: Analytic Skills

Learning Obj.: 8

113) Trademarks are distinctive words, symbols, designs, names, or logos used for company identification.

Answer: TRUE

Diff: 1 Page Ref: 75

AACSB: Analytic Skills

Learning Obj.: 8

114) A service mark offers a different kind of protection but distinguishes the source of a product rather than a service.

Answer: FALSE

Diff: 1 Page Ref: 75

AACSB: Reflective Thinking

Learning Obj.: 8

115) Trade dress is the unique combination of elements that a company uses to create a products image and to promote it.

Answer: TRUE

Diff: 1 Page Ref: 76

AACSB: Reflective Thinking

Learning Obj.: 8

116) The major problem with relying on the legal system to enforce ownership rights is the cost of infringement lawsuits, which can quickly exceed the budget of most small businesses.

Answer: TRUE

Diff: 2 Page Ref: 79

AACSB: Analytic Skills

Learning Obj.: 8

117) The U.S. Copyright Office does not require registering the creative work because registering it does not give creators greater protection over their work.

Answer: FALSE

Diff: 2 Page Ref: 78

AACSB: Analytic Skills

Learning Obj.: 8

118) What is the entrepreneurial "secret" for creating value in the marketplace?

Answer: Creativity and innovation should be used in combination to allow the entrepreneur to solve real-world problems and to exploit opportunities and the profits that come with them. Creativity should always be directed and complement the business plan. Creativity is the ability to **develop** new ideas and to discover new ways of looking at problems and to exploit opportunities that people face every day. Innovation is the ability to **apply** creative solutions to those problems and opportunities to enhance and enrich people's lives.

Diff: 3 Page Ref: 40-42

AACSB: Reflective Thinking

Learning Obj.: 1

119) Explain the differences between the left and right sides of the brain.

Answer: The left brain is guided by linear, vertical thinking, whereas the right brain relies on kaleidoscopic, lateral thinking. The left brain handles language, logic, and symbols, whereas the right brain takes care of the body's emotional, intuitive, and spatial functions. The left brain processes information in a step-by-step fashion, whereas the right brain processes it intuitively-all at once, relying heavily on images. Left-brained vertical thinking is narrowly focused and systematic, whereas right-brained lateral thinking is somewhat unconventional, unsystematic, and unstructured.

Diff: 2 Page Ref: 44-46

AACSB: Analytic Skills

Learning Obj.: 3

120) List five of the barriers that limit creativity.

Answer: The five barriers are a subset of the following list:

1. Search for the one "right" answer
2. Focus on "being logical"
3. Blindly follow the rules
4. Constantly be practical
5. View play as frivolous
6. Become overly specialized
7. Avoid ambiguity
8. Fear looking foolish
9. Fear mistakes and failure
10. Believe that "I'm not creative"

Diff: 3 Page Ref: 48-51

AACSB: Analytic Skills

Learning Obj.: 4

121) List five ways entrepreneurs can stimulate their own creativity and encourage it among workers.

Answer: The five ways entrepreneurs can stimulate their own creativity and encourage it is a subset of the following list:

- Include creativity as a core company value
- Hire for creativity
- Establish an organizational structure that nourishes creativity
- Embrace diversity
- Expect creativity
- Expect and tolerate failure
- Incorporate fun into the work environment
- Encourage curiosity
- Design a work space that encourages creativity
- View problems as opportunities
- Provide creativity training
- Provide support
- Develop a procedure for capturing ideas
- Talk and interact with customers
- Monitor emerging trends and identify ways your company can capitalize on them
- Look for uses for your company's products or services in other markets
- Reward creativity
- Model creative behavior

Diff: 3 Page Ref: 53-57

AACSB: Analytic Skills

Learning Obj.: 5

122) List five ways individuals can enhance their own creativity.

Answer: The five ways individual creativity can be enhanced should come from the following list:

- Allow yourself to be creative.
- Forget the rules.
- Travel and observe.
- Observe products of other companies, especially in completely different markets.
- Recognize the creative power of mistakes and accidents.
- Notice what is missing.
- Keep a journal handy to record your thoughts and ideas.
- Listen to other people.
- Listen to customers.
- Watch a movie.
- Talk to a child.
- Do something ordinary in an unusual way.
- Keep a toy box in your office.
- Take note of your "pain points."
- Do not throw away seemingly "bad" ideas.
- Read books on stimulating creativity or take a class on creativity.
- Take some time off.
- Be persistent!

Diff: 3 Page Ref: 58-61

AACSB: Reflective Thinking

Learning Obj.: 5

123) List and briefly explain the seven steps in the creative process and discuss the step that you consider to be the most critical.

Answer:

1. **Preparation**-Get your mind ready for creative thinking through formal education, OJT, work experience, etc. This helps to build creativity and innovation.
2. **Investigation**-Develop a solid understanding of the problem or decision.
3. **Transformation**-View the similarities and differences in the information collected.
4. **Incubation**-Take time to reflect on the information collected.
5. **Illumination**-A spontaneous breakthrough occurs, causing the "light bulb to go on." All of the previous stages come together to produce the "Eureka factor."
6. **Verification**-Validate the idea as accurate and useful. May include conducting experiments, running simulations, test marketing a product or service, etc.-to verify that the new idea will work and is practical.
7. **Implementation**-Transform the idea into reality.

Diff: 3 Page Ref: 62-67

AACSB: Reflective Thinking

Learning Obj.: 6

124) Explain "brainstorming" and list at least five of the guidelines for a successful brainstorming session.

Answer: Brainstorming is a process in which a small group of people interact, with very little structure, with the goal of producing a large quantity of novel and imaginative ideas. The goal is to create an open, uninhibited atmosphere that allows members of the group to "freewheel" ideas. Five guidelines should come from the following list:

- Keep the group small-five to eight members.
- Make the group as diverse as possible.
- Encourage members to engage in some type of aerobic exercise first.
- Communicate that every member of the group is on equal ground - company rank and department affiliation are irrelevant.
- Give the group a well-defined problem for the group to address, but do not reveal it ahead of time.
- Provide relevant information and invite members before the session to provide three ideas.
- Limit the session to 40-60 minutes.
- Take a field trip.
- Appoint someone to be the recorder and write every idea on a flip chart.
- Use a seating pattern that encourages communication and interaction.
- Throw logic out the window.
- Encourage all ideas from the team, even wild and extreme ones.
- Establish a goal of quantity of ideas rather than quality.
- Forbid evaluation or criticism of any idea during the session.
- Encourage participants to use "idea hitchhiking" or to "piggyback"/build new ideas on those already suggested.
- Dare to imagine the unreasonable.

Diff: 2 Page Ref: 67-68

AACSB: Reflective Thinking

Learning Obj.: 7

125) Why is it important for an entrepreneur to use techniques like mind-mapping, which uses both sides of the brain?

Answer: Mind-mapping, a graphical technique that encourages thinking on both sides of the brain, visually displays the various relationships among ideas, and improves the ability to view a problem from many sides. Since entrepreneurs themselves tend to be left- or right-brained thinkers, techniques like mind-mapping encourage them to look at problems and opportunities in a different way. Mind-mapping is also a useful tool that includes: sketching a picture symbolizing the problem, connecting each idea to the central picture or words with a line, and allowing your mind to rest for a few minutes before beginning to integrate the ideas.

Diff: 2 Page Ref: 69

AACSB: Reflective Thinking

Learning Obj.: 7

126) List the steps an entrepreneur should follow in order to enhance his/her chances of receiving a patent.

Answer: An entrepreneur should follow these six steps to enhance his/her success in receiving a patent:

1. Establish the invention's novelty.
2. Document the device.
3. Search existing patents.
4. Study search results.
5. Submit the patent application.
6. Prosecute the patent application.

Diff: 2 Page Ref: 72-73

AACSB: Analytic Skills

Learning Obj.: 8

Mini Case 2-1: Protecting Your Intellectual Property

Devo, Anthony, and Spencer were childhood friends who had always talked about starting a business together after college graduation. Devo had the financial background and startup capital to contribute and Spencer and Anthony had the technical knowledge they believed would give them the competitive advantage needed to become an industry leader.

During their early college years, Anthony and Spencer developed a new and innovative way to manufacture computer components. When they shared their idea with Devo, he was able to draw up a detailed business plan to present to potential investors when the three were ready to launch their venture. They had been very careful not to disclose anything about their innovative idea to other colleagues or any of their friends and were anxious to get started.

After selecting the company name "Millennium Computers" the three friends come to you for advice on intellectual property rights.

127) To protect their innovative process for manufacturing computer components from unauthorized use, which type of intellectual property should the threesome apply for? Identify the office to which they should apply and outline the steps involved in the process.

Answer: They should apply for a patent through the Patents and Trademark Office (PTO). To receive a patent, the inventor must follow these steps:

1. Establish the invention's novelty.
2. Document the device or process.
3. Search existing patents.
4. Study search results.
5. Submit the patent application.
6. Prosecute the patent application.

Diff: 3 Page Ref: 72-79

AACSB: Reflective Thinking

Learning Obj.: 8

128) Should they consider protecting or registering their company name? Which intellectual property would cover this concern? Could they use the name without registering it?

Answer: Entrepreneurs do not have to register trademarks to establish their rights to use those marks; however, registering a mark with the (PTO) does give entrepreneurs greater power in protecting their marks.

Diff: 2 Page Ref: 75-76

AACSB: Analytic Skills

Learning Obj.: 8

129) Since the primary weapon to protect intellectual property is the legal system, what would you advise the friends if they have to protect intellectual property sometime in the future by threatening a lawsuit?

Answer: The major problem with relying on the legal system to enforce ownership rights is the cost of infringement lawsuits, which can quickly exceed the budget of most small firms. Before bringing a lawsuit, the entrepreneurs must consider the following issues:

- Can the opponent afford to pay them if they win?
- Will they expect to get enough from the suit to cover the costs of hiring an attorney and preparing a case?
- Can they afford the loss of time, money, and privacy from the ensuing lawsuit?

Diff: 2 Page Ref: 77,79

AACSB: Analytic Skills

Learning Obj.: 8