

Test Bank

CHAPTER 1: PRACTICING ENTREPRENEURSHIP

Multiple Choice

1. The authors define *entrepreneurship* as _____.
a. a way of thinking, acting, and being that combines the ability to find or create new opportunities with the courage to act on them
b. starting a small business by finding investors and launching a product
c. developing a new market by creating a product that does not currently exist
d. a mindset that compels people to start multiple ventures throughout a lifetime

Ans: A

Learning Objective: 1.1: Explain the importance of action and practice in entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Entrepreneurship Requires Action and Practice

Difficulty Level: Medium

AACSB Standard: Application of knowledge

2. _____ have touched every corner of our lives, affecting every aspect of the way we live.
a. Lifestyles
b. Corporations
c. Entrepreneurs
d. Managers

Ans: C

Learning Objective: 1.1: Explain the importance of action and practice in entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Entrepreneurship Requires Action and Practice

Difficulty Level: Medium

AACSB Standard: Application of knowledge

3. What is the discipline that seeks to understand how opportunities are discovered, created, and exploited, by whom, and with what consequences?
a. imagineering
b. storyboarding
c. social engineering
d. entrepreneurship

Ans: D

Learning Objective: 1.1: Explain the importance of action and practice in entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Entrepreneurship Requires Action and Practice

Difficulty Level: Medium

AACSB Standard: Application of knowledge

4. Which of the following is a truth about entrepreneurship?

- a. Entrepreneurship is not reserved for startups.
- b. Entrepreneurship cannot be taught.
- c. Entrepreneurs compete more than they collaborate.
- d. Entrepreneurs have a special set of personality traits.

Ans: A

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Entrepreneurship May Be Different From What You Think

Difficulty Level: Easy

AACSB Standard: Analytical thinking

5. The media often cover the meteoric rise of entrepreneurs such as Bill Gates (Microsoft) and Travis Kalanick (Uber). According to the text, these stories

_____.

- a. are inspirational, but do little to represent the reality of entrepreneurship
- b. are highly relatable
- c. have not captured the public imagination
- d. are accurate depictions of the reality of entrepreneurship

Ans: A

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Comprehension

Answer Location: Media Images of Entrepreneurs

Difficulty Level: Medium

AACSB Standard: Contexts of organizations in a global society

6. A temporary organization in search of a scalable business model is known as a(n) _____.

- a. startup
- b. corporation
- c. LLC
- d. entrepreneur

Ans: A

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #1: Entrepreneurship Is Not Reserved for Startups

Difficulty Level: Medium

AACSB Standard: Application of knowledge

7. Effectuation is the idea that _____.
a. businesses should have a positive impact on people's lives
b. the effects of ideas can be studied over time
c. the future is unpredictable yet controllable
d. emotions can influence decision making

Ans. C

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #2: Entrepreneurs Do Not Have a Special Set of Personality Traits

Difficulty Level: Medium

AACSB Standard: Financial theories, analysis, reporting, and markets

8. _____ are people who start several businesses, whether at the same time or one after the other.
a. Social entrepreneurs
b. Serial entrepreneurs
c. High-risk entrepreneurs
d. Low-risk entrepreneurs

Ans: B

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #2: Entrepreneurs Do Not Have a Special Set of Personality Traits

Difficulty Level: Easy

AACSB Standard: Group and individual behaviors

9. Which of the following is true about effectual entrepreneurs?
a. They focus on creating a future rather than predicting it.
b. They find markets rather than make them.
c. They do not accept failure.
d. They focus on a single reliable stakeholder.

Ans: A

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #2: Entrepreneurs Do Not Have a Special Set of Personality Traits

Difficulty Level: Easy

AACSB Standard: Analytical thinking

10. According to the authors, what is the precursor to entrepreneurial action?
a. a business process
b. the right mindset

- c. an understanding that failure is probable
- d. the acquisition of resources

Ans: B

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #2: Entrepreneurs Do Not Have a Special Set of Personality Traits

Difficulty Level: Easy

AACSB Standard: Application of knowledge

11. The entrepreneurial method requires consistent practice so that _____ can be continuously developed and applied to future endeavors.

- a. a strong business plan
- b. education and application
- c. business processes
- d. knowledge and expertise

Ans: D

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #3: Entrepreneurship Can Be Taught (It's a Method That Requires Practice)

Difficulty Level: Medium

AACSB Standard: Application of knowledge

12. Successful entrepreneurs tend to follow which approach to collaboration?

- a. They do not collaborate and work in isolation.
- b. They collaborate with potential customers, but not with competitors.
- c. They collaborate with both potential customers and competitors.
- d. They collaborate with competitors, but not with potential customers.

Ans: C

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #5: Entrepreneurs Collaborate More Than They Compete

Difficulty Level: Medium

AACSB Standard: Application of knowledge

13. Research revealed what percentage of Inc. 500 founders wrote formal business plans prior to launching their companies?

- a. more than 90%
- b. more than 75%
- c. less than 50%
- d. less than 10%

Ans: C

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #6: Entrepreneurs Act More Than They Plan

Difficulty Level: Medium

AACSB Standard: Application of knowledge

14. According to the text, why would some organizations not be enthusiastic about employees acting entrepreneurially inside a company?

- a. fear that workers will recruit other employees to prioritize their entrepreneurial efforts over their essential job duties
- b. fear that trade secrets will be accidentally released to the public
- c. fear that they will leave the company and start their own business
- d. fear that they will not seek approval from senior managers before starting work on their entrepreneurial initiatives

Ans: C

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Comprehension

Answer Location: Corporate Entrepreneurship

Difficulty Level: Medium

AACSB Standard: Application of knowledge

15. What is the process of creating new products, ventures, processes, or renewal within large organizations?

- A. entrepreneurs inside
- B. tech entrepreneurship
- C. social entrepreneurship
- D. intrapreneurship

Ans: D

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Knowledge

Answer Location: Corporate Entrepreneurship

Difficulty Level: Medium

AACSB Standard: Systems and processes in organizations

16. Tony is a manager at a company that builds solar panels. In his position, he used the feedback from his team members as the basis of a plan for the company to start installing the solar panels in order to enhance the company's competitive position and profitability. Tony is an example of a(n) _____.

- a. operational entrepreneur
- b. marketing professional
- c. corporate entrepreneur
- d. strategist

Ans: C

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Comprehension

Answer Location: Corporate Entrepreneurship

Difficulty Level: Medium

AACSB Standard: Interpersonal relations and teamwork

17. Joseph is a sales manager for ETC Corporation, a manufacturer of high-end kitchen appliances for restaurants. Nicole has been lobbying him to allow her to design and sell a range of consumer-grade appliances using ETC's design and manufacturing resources. Nicole is a(n) _____.

A. corporate entrepreneur

B. franchisee

C. entrepreneur inside

D. social entrepreneur

Ans: C

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Analysis

Answer Location: Entrepreneurship Inside

Difficulty Level: Hard

AACSB Standard: Application of knowledge

18. Robert has a business that he wants to pass down to others in his family to run. Robert has _____.

a. an entrepreneurship

b. a family enterprise

c. a role as an entrepreneur inside

d. interest in a benefit corporation

Ans: B

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Application

Answer Location: Family Enterprising

Difficulty Level: Medium

AACSB Standard: Application of knowledge

19. The nonprofit "1001 Fountains for Tomorrow," whose goal is to provide safe drinking water for small rural villages in Cambodia, is an example of _____.

a. corporate entrepreneurship

b. entrepreneurs inside

c. social entrepreneurship

d. serial entrepreneurship

Ans: C

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Comprehension
Answer Location: Social Entrepreneurship
Difficulty Level: Medium
AACSB Standard: Analytical thinking

20. A benefit corporation (or B-Corp) is an organization certified by the nonprofit B Lab to ensure strict standards of social and environmental performance, accountability, and transparency are met. According to the book, which of the following statements is true?

- a. Large nonprofits are leaders in this movement.
- b. To host a telethon to raise money, an organization must be a B-Corp.
- c. The certification protects a company from lawsuits from stakeholders.
- d. All of the answers are correct.

Ans: C

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Application
Answer Location: Social Entrepreneurship
Difficulty Level: Medium
AACSB Standard: Analytical thinking

21. Sam is tired of seeing injustice and mistreatment of children in inner cities and has an innovative idea to help them develop self-esteem. Sam is an example of a _____ entrepreneur.

- a. social
- b. corporate
- c. nascent
- d. benefit

Ans: A

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Application
Answer Location: Social Entrepreneurship
Difficulty Level: Medium
AACSB Standard: Application of knowledge

22. Richard Branson's expansion of his Virgin Group to include railway, music, media, and banking industries is an example of _____ entrepreneurship.

- a. global
- b. nascent
- c. social
- d. serial

Ans: D

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Comprehension

Answer Location: Serial Entrepreneurship
Difficulty Level: Medium
AACSB Standard: Application of knowledge

23. Michael is a franchise restaurant owner. Which of the following best describes his franchising costs?

- a. a franchise fee to start, a monthly royalty as a percentage of sales, and other operational costs
- b. a royalty to the franchisor, calculated as a percentage of net income plus other operational costs
- c. the same as any other restaurant owner
- d. a franchise fee to start, plus other operational costs

Ans: A

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Application

Answer Location: Franchising

Difficulty Level: Medium

AACSB Standard: Application of knowledge

24. ICHOR Restaurant Group was started by Brian Bailey and Tim Hug in 2006 and has since opened three successful restaurant concepts--Old Carolina BBQ, Smoke: The Burger Joint, and Baja West Coast Kitchen--with a dozen corporate-owned locations. They have begun to allow external entrepreneurs to purchase a license to operate their own location(s). Entrepreneurs purchasing such a license are engaging in _____.

- A. corporate entrepreneurship
- B. franchising
- C. entrepreneurship inside
- D. social entrepreneurship

Ans: B

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Application

Answer Location: Franchising

Difficulty Level: Hard

AACSB Standard: Application of knowledge

25. Social entrepreneurs _____.

- a. must rely on fundraising to keep their company economically stable
- b. can only be found in the nonprofit sector
- c. must choose between making either a social or an economic impact
- d. seek innovative solutions to social and environmental problems

Ans: D

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Comprehension
Answer Location: Social Entrepreneurship
Difficulty Level: Medium
AACSB Standard: Application of knowledge

26. To be certified as a benefit corporation (or B-Corp), an organization is rated on which of the following?

- a. how its employees are treated
- b. how multicultural its board and employees are
- c. minimum profitability
- d. stakeholder commitment

Ans: A

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Comprehension
Answer Location: Social Entrepreneurship
Difficulty Level: Medium
AACSB Standard: Application of knowledge

27. What is the survival rate of family businesses transitioning from the first to the second generation?

- a. less than 30%
- b. 40%
- c. 50%
- d. more than 75%

Ans: A

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Comprehension
Answer Location: Family Enterprising
Difficulty Level: Medium
AACSB Standard: Application of knowledge

28. Family-owned businesses account for _____ of new jobs in the U.S. economy.

- a. 50%
- b. 13%
- c. 25%
- d. 78%

Ans: D

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Comprehension
Answer Location: Family Enterprising
Difficulty Level: Medium
AACSB Standard: Application of knowledge

29. Bill is the paternal head of his family as well as the family enterprise. He is concerned about the business and wants to ensure its survival for the long run. You, as a consultant, advise him to focus on _____.

- a. selling the company
- b. passing on an entrepreneurial mindset to his family members
- c. writing a detailed business plan
- d. establishing a trust to administer the business

Ans: B

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Comprehension

Answer Location: Family Enterprising

Difficulty Level: Medium

AACSB Standard: Analytical thinking

30. By definition, a _____ is a systematic way of approaching a task.

- a. process
- b. method
- c. straight-line
- d. collaborative

Ans: B

Learning Objective: 1.4: Distinguish between entrepreneurship as a method and as a process.

Cognitive Domain: Knowledge

Answer Location: Entrepreneurship Is a Method, Not a Process

Difficulty Level: Medium

AACSB Standard: Application of knowledge

31. According to the textbook, entrepreneurship has traditionally been viewed as _____.

- a. a process of sequential steps
- b. a marketing task
- c. the only way to succeed
- d. a financial failure

Ans: A

Learning Objective: 1.4: Distinguish between entrepreneurship as a method and as a process.

Cognitive Domain: Comprehension

Answer Location: Entrepreneurship Is a Method, Not a Process

Difficulty Level: Medium

AACSB Standard: Application of knowledge

32. The process approach to entrepreneurship emphasizes _____.

- a. reaction
- b. innovation

- c. fluidity
- d. prediction

Ans: D

Learning Objective: 1.4: Distinguish between entrepreneurship as a method and as a process.

Cognitive Domain: Comprehension

Answer Location: Entrepreneurship Is a Method, Not a Process

Difficulty Level: Medium

AACSB Standard: Application of knowledge

33. Approaching entrepreneurship as a _____ caters to its unpredictable and uncertain nature.

- a. management challenge
- b. startup
- c. process
- d. method

Ans: C

Learning Objective: 1.4: Distinguish between entrepreneurship as a method and as a process.

Cognitive Domain: Knowledge

Answer Location: Entrepreneurship Is a Method, Not a Process

Difficulty Level: Medium

AACSB Standard: Application of knowledge

34. Why is the 10-step process not enough for entrepreneurial ventures?

- a. It relies too much on past history to predict the future.
- b. It only works for small businesses.
- c. It's too fluid.
- d. It's too complex.

Ans: A

Learning Objective: 1.4: Distinguish between entrepreneurship as a method and as a process.

Cognitive Domain: Comprehension

Answer Location: Entrepreneurship Is a Method, Not a Process

Difficulty Level: Medium

AACSB Standard: Systems and processes in organizations

35. Rafael is struggling with next steps for his startup. He asks his friends for feedback on his idea. What part of the entrepreneurship method is he using?

- a. collaboration
- b. phases of learning
- c. planning
- d. creating

Ans: A

Learning Objective: 1.6: Illustrate the key components of the Entrepreneurship Method.

Cognitive Domain: Analysis

Answer Location: Eight Components of the Entrepreneurship Method

Difficulty Level: Easy

AACSB Standard: Analytical thinking

36. Your professor gives you a project with little direction or planning. This is an example of _____.

- a. managerial thinking
- b. entrepreneurial thinking
- c. the effectuation theory
- d. the entrepreneur inside

Ans: B

Learning Objective: 1.5: Compare and contrast the prediction and creation approaches to entrepreneurship.

Cognitive Domain: Analysis

Answer Location: Managerial Versus Entrepreneurial Thinking

Difficulty Level: Hard

AACSB Standard: Application of knowledge

37. As babies, we learned by trial and error. Through traditional education, we think more like _____.

- a. franchisees
- b. managers
- c. entrepreneurs
- d. collaborators

Ans: B

Learning Objective: 1.5: Compare and contrast the prediction and creation approaches to entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Managerial Versus Entrepreneurial Thinking

Difficulty Level: Easy

AACSB Standard: Group and individual behaviors

38. Why has traditional education inhibited our entrepreneurial nature?

- a. It fosters a constant need for measurement and assessment.
- b. It introduces uncertainty in learning new tasks.
- c. It reinforces trial and error to continue as we learn.
- d. Honing skills only helps us as managers.

Ans: A

Learning Objective: 1.5: Compare and contrast the prediction and creation approaches to entrepreneurship.

Cognitive Domain: Analysis

Answer Location: Managerial Versus Entrepreneurial Thinking

Difficulty Level: Hard

AACSB Standard: Reflective thinking

39. Which social entrepreneur and Nobel Prize Winner said, “All human beings are entrepreneurs. When we were in the caves, we were all self-employed... finding our food, feeding ourselves”?

- a. Gandhi
- b. Elon Musk
- c. Muhammad Yunus
- d. Al Gore

Ans: C

Learning Objective: 1.5: Compare and contrast the prediction and creation approaches to entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Managerial Versus Entrepreneurial Thinking

Difficulty Level: Medium

AACSB Standard: Application of knowledge

40. Your classmate is planning a new venture. He has spent a lot of time on planning and analysis, taking a managerial approach as he attempts to predict the future. This type of path is typically taken by what type of entrepreneur?

- a. social entrepreneur
- b. novice entrepreneur
- c. corporate entrepreneur
- d. family entrepreneur

Ans: B

Learning Objective: 1.5: Compare and contrast the prediction and creation approaches to entrepreneurship.

Cognitive Domain: Comprehension

Answer Location: Entrepreneurial and Managerial Thinking in Action

Difficulty Level: Medium

AACSB Standard: Application of knowledge

41. Your professor has asked you to implement the entrepreneurial approach on your final project without much further instruction. What do you do first?

- a. Look at what means you have to start the process.
- b. Ask your classmates for ideas.
- c. Ask your professor for help.
- d. Make the project a priority, even if it means skipping class.

Ans: A

Learning Objective: 1.5: Compare and contrast the prediction and creation approaches to entrepreneurship.

Cognitive Domain: Application

Answer Location: Entrepreneurial and Managerial Thinking in Action

Difficulty Level: Hard

AACSB Standard: Analytical thinking

42. What method emphasizes moving quickly from the initial plan to reality?

- a. The Process Method

- b. The Franchise Method
- c. The Entrepreneurship Method
- d. The Startup Method

Ans: C

Learning Objective: 1.6: Illustrate the key components of the Entrepreneurship Method.

Cognitive Domain: Comprehension

Answer Location: The Key Components of the Entrepreneurship Method

Difficulty Level: Medium

AACSB Standard: Application of knowledge

43. In the Entrepreneurship Method, _____ requires thinking about and analyzing existing information.

- a. prediction
- b. planning
- c. creating
- d. processing

Ans: A

Learning Objective: 1.6: Illustrate the key components of the Entrepreneurship Method.

Cognitive Domain: Comprehension

Answer Location: The Key Components of the Entrepreneurship Method

Difficulty Level: Medium

AACSB Standard: Application of knowledge

44. When practicing entrepreneurship, starting with means at hand involves _____.

- a. analyzing who you are
- b. using your available resources to fund your venture
- c. asking friends to contribute to your venture
- d. sharing your ideas

Ans: A

Learning Objective: 1.6: Illustrate the key components of the Entrepreneurship Method.

Cognitive Domain: Comprehension

Answer Location: Eight Components of the Entrepreneurship Method

Difficulty Level: Medium

AACSB Standard: Application of knowledge

45. Gina wants to develop an app to match animal shelters to adopters. She has crafted the following statement: "I am developing this app so that more pets will be adopted." What component of the practice of entrepreneurship is she implementing?

- a. Describe your idea today.
- b. Identify your desired impact on the world.
- c. Start with means at hand.

d. Take small action.

Ans: B

Learning Objective: 1.6: Illustrate the key components of the Entrepreneurship Method.

Cognitive Domain: Application

Answer Location: Eight Components of the Entrepreneurship Method

Difficulty Level: Medium

AACSB Standard: Analytical thinking

46. After months of sharing his fitness venture with his high school football team and receiving feedback, Jarod decided to start promoting it on Facebook. This illustrates what concept?

- a. serial entrepreneurship
- b. the practice of entrepreneurship
- c. franchising
- d. managerial thinking

Ans: B

Learning Objective: 1.6: Illustrate the key components of the Entrepreneurship Method.

Cognitive Domain: Application

Answer Location: Eight Components of the Entrepreneurship Method

Difficulty Level: Medium

AACSB Standard: Application of knowledge

47. High performers use _____ to carry out carefully focused efforts to improve performance.

- a. deliberate practice
- b. practical practice
- c. all-day practice
- d. 15-minutes-a-day practice

Ans: A

Learning Objective: 1.7: Assess the role of deliberate practice in achieving mastery.

Cognitive Domain: Comprehension

Answer Location: Entrepreneurship Requires Deliberate Practice

Difficulty Level: Medium

AACSB Standard: Application of knowledge

48. When studying medical students and the way in which they learn clinical skills, researchers found the students who used deliberate practice were _____.

- a. learning how to learn
- b. too focused to really improve their skills
- c. missing some key “big picture” aspects of their training
- d. becoming more knowledgeable but less proficient

Ans: A

Learning Objective: 1.7: Assess the role of deliberate practice in achieving mastery.

Cognitive Domain: Knowledge

Answer Location: Entrepreneurship Requires Deliberate Practice

Difficulty Level: Easy

AACSB Standard: Application of knowledge

49. Chef Jiro has used _____ to master the art of making sushi.

- a. deliberate practice
- b. effectuation
- c. lifestyle practice
- d. mindshift

Ans: A

Learning Objective: 1.7: Assess the role of deliberate practice in achieving mastery.

Cognitive Domain: Knowledge

Answer Location: Entrepreneurship Requires Deliberate Practice

Difficulty Level: Medium

AACSB Standard: Application of knowledge

50. The fatty white tissue created in your brain through focused repeated activity is _____.

- a. cerebrum
- b. myelin
- c. neuron
- d. sheath

Ans: B

Learning Objective: 1.7: Assess the role of deliberate practice in achieving mastery.

Cognitive Domain: Knowledge

Answer Location: Deliberate Practice Shapes the Brain

Difficulty Level: Medium

AACSB Standard: Application of knowledge

51. What was violinist Nathan Milstein concerned about with deliberate practice?

- a. practicing without an audience
- b. practicing too much
- c. practicing less than his competition
- d. practicing without supervision

Ans: C

Learning Objective: 1.7: Assess the role of deliberate practice in achieving mastery.

Cognitive Domain: Application

Answer Location: Deliberate Practice Shapes the Brain

Difficulty Level: Hard

AACSB Standard: Application of knowledge

52. Entrepreneurs who have engaged in years of deliberate practice tend to have _____.

- a. a “blind spot” concerning innovation
- b. big egos
- c. a higher sense of intuition
- d. difficulty transmitting their knowledge to others

Ans: C

Learning Objective: 1.7: Assess the role of deliberate practice in achieving mastery.

Cognitive Domain: Application

Answer Location: Deliberate Practice and Entrepreneurs

Difficulty Level: Hard

AACSB Standard: Application of knowledge

53. According to the authors, anything you do that requires deliberate practice helps develop _____, which is/are transferable to entrepreneurship.

- a. cognitive skills
- b. empathy
- c. managerial thinking
- d. discipline

Ans: A

Learning Objective: 1.7: Assess the role of deliberate practice in achieving mastery.

Cognitive Domain: Application

Answer Location: Deliberate Practice and Entrepreneurs

Difficulty Level: Medium

AACSB Standard: Reflective thinking

54. According to the authors, a student should take action and practice entrepreneurship _____.

- a. at every opportunity
- b. immediately after graduation
- c. once they are financially self-supporting
- d. once they have a steady job

Ans: A

Learning Objective: 1.8: Propose different ways in which this book can help you practice entrepreneurship.

Cognitive Domain: Comprehension

Answer Location: How This Book Will Help You Practice Entrepreneurship

Difficulty Level: Medium

AACSB Standard: Reflective thinking

55. According to the text, what is the key to entrepreneurship?

- a. connections
- b. practice

- c. innovative thinking
- d. risk-taking

Ans: B

Learning Objective: 1.8: Propose different ways in which this book can help you practice entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: How This Book Will Help You Practice Entrepreneurship

Difficulty Level: Easy

AACSB Standard: Application of knowledge

True/False

1. College courses on entrepreneurship are standard parts of the curriculum.

Ans: T

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #3: Entrepreneurship Can Be Taught (It's a Method That Requires Practice)

Difficulty Level: Easy

AACSB Standard: Application of knowledge

2. Entrepreneurship is reserved for startups.

Ans: F

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #1: Entrepreneurship Is Not Reserved for Startups

Difficulty Level: Medium

AACSB Standard: Application of knowledge

3. Bill Gates and Mark Zuckerberg are shining examples of overnight success.

Ans: F

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Media Images of Entrepreneurs

Difficulty Level: Easy

AACSB Standard: Application of knowledge

4. Scientific evidence has proven that a specific set of traits distinguishes entrepreneurs from non-entrepreneurs.

Ans: F

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #2: Entrepreneurs Do Not Have a Special Set of Personality Traits

Difficulty Level: Easy

AACSB Standard: Application of knowledge

5. According to the authors, entrepreneurship is best taught as a linear process that will lead to a specific destination.

Ans: F

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #3: Entrepreneurship Can Be Taught (It's a Method That Requires Practice)

Difficulty Level: Medium

AACSB Standard: Application of knowledge

6. Entrepreneurs are traditionally extreme risk-takers.

Ans: F

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #4: Entrepreneurs Are Not Extreme Risk Takers

Difficulty Level: Easy

AACSB Standard: Group and individual behaviors

7. Successful entrepreneurs are essentially gamblers at heart.

Ans: F

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Comprehension

Answer Location: Truth #4: Entrepreneurs Are Not Extreme Risk Takers

Difficulty Level: Medium

AACSB Standard: Group and individual behaviors

8. The cycle of act–learn–build encourages entrepreneurs to take small actions in order to learn and build that learning into the next action.

Ans: T

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #4: Entrepreneurs Are Not Extreme Risk Takers

Difficulty Level: Easy

AACSB Standard: Group and individual behaviors

9. Successful entrepreneurs have a tendency to collaborate with competitors.

Ans: T

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #5: Entrepreneurs Collaborate More Than They Compete

Difficulty Level: Easy

AACSB Standard: Group and individual behaviors

10. Research has proven that successful entrepreneurs are planners and most insist on having a formal business plan in place before launching a new venture.

Ans: F

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Knowledge

Answer Location: Truth #6: Entrepreneurs Act More Than They Plan

Difficulty Level: Medium

AACSB Standard: Group and individual behaviors

11. As an entrepreneur, if you have to choose between *planning* an action and *taking* an action, you should opt for taking the action.

Ans: T

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Comprehension

Answer Location: Truth #6: Entrepreneurs Act More Than They Plan

Difficulty Level: Medium

AACSB Standard: Application of knowledge

12. Entrepreneurship can provide us with skills we can apply to other aspects of our lives.

Ans: T

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Comprehension

Answer Location: Truth #7: Entrepreneurship Is a Life Skill

Difficulty Level: Medium

AACSB Standard: Application of knowledge

13. Approximately 70% of family businesses fail or are sold before the second generation reaches a position to take over.

Ans: T

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Knowledge

Answer Location: Types of Entrepreneurship

Difficulty Level: Easy

AACSB Standard: Application of knowledge

14. Corporate entrepreneurship and intrapreneurship are different processes.

Ans: F

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Comprehension

Answer Location: Corporate Entrepreneurship

Difficulty Level: Medium

AACSB Standard: Analytical thinking

15. Corporate entrepreneurs work within only large organizations whereas entrepreneurs inside can exist in any type of organization, big or small.

Ans: T

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Knowledge

Answer Location: Entrepreneurship Inside

Difficulty Level: Medium

AACSB Standard: Systems and processes in organizations

16. An entrepreneur can own his or her own business or work in a corporation with an entrepreneurial spirit.

Ans: T

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Comprehension

Answer Location: Entrepreneurship Inside

Difficulty Level: Medium

AACSB Standard: Analytical thinking

17. A franchise is a type of license purchased by a franchisee from a franchisor to allow them to trade under the name of that business.

Ans: T

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Knowledge

Answer Location: Franchising

Difficulty Level: Easy

AACSB Standard: Application of knowledge

18. Franchising can be a beneficial way for entrepreneurs to get a head start in launching their own businesses since they do not have to pay the franchisor royalties after buying the franchise.

Ans: F

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Knowledge

Answer Location: Franchising

Difficulty Level: Easy

AACSB Standard: Analytical thinking

19. Paulina bought a small print shop and is very successful, but because she purchased an existing business, she is not considered an entrepreneur.

Ans: F

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Application

Answer Location: Buying a Small Business

Difficulty Level: Medium

AACSB Standard: Application of knowledge

20. Social entrepreneurship is a term used only to describe not-for-profit ventures.

Ans: F

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Comprehension

Answer Location: Social Entrepreneurship

Difficulty Level: Medium

AACSB Standard: Application of knowledge

21. Social entrepreneurship is defined as the process of innovating new social media business opportunities.

Ans: F

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Comprehension

Answer Location: Social Entrepreneurship

Difficulty Level: Medium

AACSB Standard: Application of knowledge

22. Joan has pursued seven money-making ventures over the past 10 years, ranging from retail storefronts to mobile app development. Joan is a “serial entrepreneur.”

Ans: T

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Application

Answer Location: Serial Entrepreneurship
Difficulty Level: Medium
AACSB Standard: Analytical thinking

23. Family-owned businesses account for 65% of total wages in the U.S. economy.

Ans. T

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Knowledge

Answer Location: Family Enterprising

Difficulty Level: Easy

AACSB Standard: Application of knowledge

24. B-Corp certification recognizes organizations that achieve five or more years of consistent profitable growth.

Ans: F

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Comprehension

Answer Location: Social Entrepreneurship

Difficulty Level: Medium

AACSB Standard: Application of knowledge

25. Managerial thinking works best in times of certainty.

Ans: T

Learning Objective: 1.4: Distinguish between entrepreneurship as a method and as a process.

Cognitive Domain: Comprehension

Answer Location: Managerial Versus Entrepreneurial Thinking

Difficulty Level: Easy

AACSB Standard: Application of knowledge

Essay

1. Analyze the importance of action and practice in entrepreneurship.

Ans: With the right mindset, or mental attitude, you are able to start practicing.

The text authors define *entrepreneurship* as actions taken by an individual or a group to create something new—a new idea, a new item or product, a new institution, a new market, a new set of possibilities.

Learning Objective: 1.1: Explain the importance of action and practice in entrepreneurship.

Cognitive Domain: Analysis

Answer Location: Entrepreneurship Requires Action and Practice

Difficulty Level: Hard

AACSB Standard: Group and individual behaviors

2. Compare and contrast three truths about entrepreneurship and your own experience with entrepreneurs.

Ans: This answer will be different for each student depending on his or her experience with entrepreneurs.

Truth #1: Entrepreneurship is not reserved for startups.

Truth #2: Entrepreneurs do not have a special set of personality traits.

Truth #3: Entrepreneurship can be taught (it's a method that requires practice).

Truth #4: Entrepreneurs are not extreme risk takers.

Truth #5: Entrepreneurs collaborate more than they compete.

Truth #6: Entrepreneurs act more than they plan.

Truth #7: Entrepreneurship is a life skill.

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Analysis

Answer Location: Entrepreneurship May Be Different From What You Think

Difficulty Level: Hard

AACSB Standard: Analytical thinking

3. Compare entrepreneurship with startup.

Ans: The term *startup* came into vogue during the 1990s dot-com bubble when a plethora of web-based companies were born. While the term has various meanings, we subscribe to Steve Blank's definition of *startup*: a temporary organization in search of a scalable business model. In the traditional view of startups, anyone who starts a business is called an *entrepreneur*. The entrepreneur creates a business based on research to assess the validity of an idea or business model. The business may be funded by seed money from family members or investors, but usually it is funded by the entrepreneurs themselves. If the business is successful, the startup does not remain a startup. It can develop into an organization in its own right, be merged with another organization, or be bought or acquired by another company. In our parody example, lone-wolf Bob created a technology startup in his parents' garage and sold it to a hugely successful organization. This traditional view of the startup, however, is not the only path for entrepreneurs. The truth is that entrepreneurs are everywhere, from corporations to franchises, to for-profit and nonprofit organizations, to family enterprises.

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Analysis

Answer Location: Truth #1: Entrepreneurship Is Not Reserved for Startups

Difficulty Level: Hard

AACSB Standard: Application of knowledge

4. Discuss the statement “Entrepreneurship can be taught (it’s a method that requires practice.)” Do you agree? Why or why not?

Ans: Many entrepreneurship courses are taught as a process, which involves identifying an opportunity, understanding resource requirements, acquiring resources, planning, implementing, and harvesting (exiting a business). But the word *process* assumes known inputs and known outputs, as in a manufacturing process. A process implies you will get to a specific destination. For example, building a car on an assembly line is a manufacturing process. You know all the parts, you know how they fit together, and you know the type of car you will have at the end. A process is quite predictable.

Entrepreneurship is not predictable and, therefore, cannot adequately be taught as a process. Instead, a method or practice approach represents a body of skills or practices that together constitute a toolkit for entrepreneurial action. The entrepreneurial method requires consistent practice so that knowledge and expertise can be continuously developed and applied to future endeavors.

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Analysis

Answer Location: Truth #3: Entrepreneurship Can Be Taught

Difficulty Level: Hard

AACSB Standard: Analytical thinking

5. Discuss the Act–Learn–Build model as it relates to risk takers.

Ans: Risk is very personal and relative. Things always seem riskier from the outside looking in because we really don’t know what calculations were made to take the next step. In fact, most entrepreneurs are very calculated risk takers and gauge what they are willing to lose with every step taken. They practice a cycle of act–learn–build that encourages taking small actions in order to learn and build that learning into the next action (see Figure 1.1). Entrepreneurship should never be a zero-sum game—never an all-or-nothing decision. It’s not about ascending the summit without ropes or oxygen. It just looks that way from the outside.

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Analysis

Answer Location: Truth #4: Entrepreneurs Are Not Extreme Risk Takers

Difficulty Level: Medium

AACSB Standard: Analytical thinking

6. Why are collaboration and information sharing more important entrepreneurial skills than determination or opportunity recognition?

Ans: Entrepreneurship is all around us, which is something that may not be immediately apparent until you engage in it. By networking and collaborating with other entrepreneurs, you expose yourself to new ideas, new problems to solve, and probably new solutions. By collaborating with target customers, you can better understand and test solutions. Working with potential investors can help build trust, and even collaborating with family and friends can provide needed

support. Being determined or good at spotting opportunities are great traits, but without collaboration, you're unlikely to realize your entrepreneurial goals.

Learning Objective: 1.2: List the seven lesser-known truths about entrepreneurship.

Cognitive Domain: Analysis

Answer Location: Truth #5: Entrepreneurs Collaborate More Than They Compete

Difficulty Level: Medium

AACSB Standard: Analytical thinking

7. Compare and contrast the pros and cons of owning a franchise.

Ans:

Pros and Cons

Ready-made business systems to help the franchise to become operational right away Franchise fee to be paid up front

Formal training program (online modules, formal training class) after franchise agreement signed Royalties (percentage of sales) to be paid to franchisor every month

Technology designed to help manage customers, and administrative tasks Strict franchisors' rules with no wiggle room

Marketing/advertising already in place to help launch your franchise Requirement to pay a percentage of gross sales into the franchisor's marketing fund

Excellent support systems (in-house personnel, field reps, etc.) Most products and supplies need to be purchased from the franchisor

Real-estate resources to help source best location for franchise. Sale of franchise requires approval from the franchisor

A whole franchisee network to reach out for help and advice Potential competition from other franchisees in the network

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Application

Answer Location: Franchising

Difficulty Level: Hard

AACSB Standard: Analytical thinking

8. Discuss social entrepreneurship and describe the differences between social entrepreneurial ventures and nonprofit organizations.

Ans: There has been some debate as to how to define *social entrepreneurship*. Some argue that all types of entrepreneurship are social, while others define it as purely an activity of the nonprofit sector. These blurred lines imply that entrepreneurs are forced to choose between making a social or an economic impact. We contend that social entrepreneurs can do both. It is possible to address a social issue and make a profit--keeping a company economically stable ensures its capability consistently meets the needs of its customers without relying on fundraising or other methods to keep it afloat. We therefore define *social entrepreneurship* as the process of sourcing innovative solutions for particular problems.

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Analysis

Answer Location: Social Entrepreneurship

Difficulty Level: Medium

AACSB Standard: Social responsibility

9. Analyze the benefit corporation (B-Corp) and describe its purpose and role for entrepreneurs.

Ans: A sub-category of social entrepreneurship is the Benefit Corporation, or B-Corp. This is a form of organization certified by the nonprofit B Lab, which ensures that strict standards of social and environmental performance, accountability, and transparency are met. The voluntary certification is designed for for-profit companies aiming to achieve social goals alongside business ones. To be certified as a B-Corp, the organization is rated on how its employees are treated, its impact on the environment, and how it benefits the community in which it operates. B-Corp certification ensures that the for-profit company fulfills its social mission as well as protecting it from lawsuits from stakeholders that may claim that the company is spending more time or resources on social issues rather than maximizing profit.

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Analysis

Answer Location: Social Entrepreneurship

Difficulty Level: Hard

AACSB Standard: Social responsibility

10. Describe family enterprising and apply the concept to your business concept.

Ans: This essay will have different answers depending on the student's business concept. Here is the information on family enterprise: A *family enterprise* is a business that is owned and managed by multiple family members. What makes family enterprising part of the portfolio of entrepreneurship types is that each generation has an opportunity to bring the organization forward in new, innovative ways. An entrepreneurial agenda to move the family business forward is essential to business survival, as demonstrated by low survival rate: for instance, approximately 70% of family businesses fail or are sold before the second generation reaches a position to take over. This may be because the family owners become stuck in the old ways of doing things and are unwilling to change their business structure as a result.

Many leading organizations that are family businesses are generally considered to be more stable, not only because of their past history and experience, but because of their ability to take a long-term view, which inspires commitment and loyalty from their employees. Yet, a long-term view that becomes stagnant is detrimental and can lead the company into a downward spiral.

Family-owned businesses are hugely important for the U.S. economy, and account for 60% of employment, 78% of new jobs, and 65% of total wages (see

Figure 1.3). Widely known businesses such as Wal-Mart in the United States, Auto Company Volkswagen in Germany, and healthcare company Roche in Switzerland are all long-standing family businesses that continue to go from strength to strength. To continue their cycle of growth and continuity, family members must pass on their entrepreneurial mindsets as well as their business ethos. It is this mindset that ensures the survival of the family business for many years to come.

Learning Objective: 1.3: Compare and contrast the different forms of entrepreneurship in practice today.

Cognitive Domain: Analysis

Answer Location: Family Enterprising

Difficulty Level: Hard

AACSB Standard: Reflective thinking