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| 1. The Small Business Administration (SBA) estimates that there are over 220 million small businesses in the United States.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 3 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 2. The Small Business Administration (SBA) estimates that there are 25.8 million small businesses in the United States.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 3 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 3. According to the Small Business Administration, 52 percent of all small businesses are home based.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 4 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 4. Of all U.S. companies exporting goods, few are classified as small businesses.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 3 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 5. Over 99 percent of all businesses are classified as small.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 3 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 6. Small businesses create more than 50 percent of all private U.S. gross domestic product (GDP).   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 4 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 7. According to Figure 1.1, almost all businesses are small businesses.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 4 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 8. There are several definitions for small business; however, the most common criterion is the number of employees working for that business.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 4 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 9. A manufacturer with fewer than 500 employees is classified as a small business.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 5 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 10. The industry that employs the largest number of people in small business is the finance and insurance industry.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 6 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 11. The manufacturing industry employs the greatest number of people in small business.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 6 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 12. In the construction industry 90 percent of the companies are classified as small businesses.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 6 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 13. The common size standard for a service or retail business to be classified as a small business is $6 million in average annual sales.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 5 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 14. According to Figure 1.2, a majority of businesses in the education service sector are small.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 6 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 15. Economy of scale is the lowering of costs through production of larger quantities.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 7 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 16. Until the early 1800s, much of the U.S. economy was based on agriculture.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 7 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 17. The marketing concept was a paradigm shift that focused on new advertising media.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 7 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 18. In the late 1950s and early 1960s, a major paradigm shift occurred in business. This paradigm shift was called the management concept.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 7 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 19. Interest in entrepreneurship on campuses is high, with almost 2,000 colleges offering courses on the subject.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 8 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 20. According to SBA reports, Hispanic-owned businesses generate the most annual revenue of all U.S. minority-owned businesses.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 11 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's: Knowledge | |

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| 21. Self employment in all nonwhite categories rose by large percentage gains since 2002.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 9 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 22. Asian-owned businesses totaled over 1.1 million, generating over $326 billion of annual revenue.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 11 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 23. Of all U.S. businesses, almost 50 percent are Hispanic-owned.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 11 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 24. Businesses owned by women increased 20% since 2001.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 10 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 25.  Resources exist to specifically assist women and minority-owned businesses.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 11 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 26. Although small businesses tend to enjoy a higher profit margin due to their economies of scale, large businesses are often better at distribution.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 12 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 27. Diversity in the workplace is changing the way our nation and our businesses operate.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 12 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 28. Big businesses need small businesses.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 12 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 29. A symbiotic relationship exists between small business and big business.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 12 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 30. The stronger and more sustainable the competitive advantage, the better the chance of winning and consequently keeping customers.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 13 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 31. Small business is able to react less quickly to new and changing markets than is large business with its increased economies of scale.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 13 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 32. The ability to remain flexible and innovative is an inherent factor in the favor of small businesses.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 13 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 33. Computers are an invention that small business has contributed to society.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 13 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Technology | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 34. Service innovation involves offering a new or altered service for sale.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 14 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 35. Most small businesses use market research as the primary means of learning about customers.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 14 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 36. Creative destruction refers to the failure of small businesses due to fault of their own.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 13 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 37. Economist Joseph Schumpeter called the replacement of existing products, processes, ideas, and businesses with new and better ones creative destruction.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 13 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 38. The lifeblood of any new business is cash/sufficient startup capital.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 14 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 39. Most new businesses do not survive past their first year.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 16 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 40. The most common cause of business failure is inadequate management and financing.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | p. 17 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 41. Lack of marketing experience is one of the major problems faced by small business owners.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 18 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 42. External factors beyond a small business owner's control are to blame for most business failures.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | p. 19 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 43. According to the opening Vignette, Elon Musk is an example of a   |  |  |  | | --- | --- | --- | |  | a. | Franchiser | |  | b. | Serial entrepreneur | |  | c. | Corporate business owner | |  | d. | First-time entrepreneur |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 10 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 44. What percentage of net new jobs do small businesses create annually?   |  |  |  | | --- | --- | --- | |  | a. | From 10 to 25 percent | |  | b. | From 40 to 50 percent | |  | c. | From 60 to 80 percent | |  | d. | From 85 to 100 percent |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 3 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 45. What percentage of businesses had a payroll with fewer than 500 people?   |  |  |  | | --- | --- | --- | |  | a. | 10 percent | |  | b. | 25 percent | |  | c. | 75 percent | |  | d. | 99 percent |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 4 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 46. The number of people who make small business their primary occupation is which of the following?   |  |  |  | | --- | --- | --- | |  | a. | 2 million | |  | b. | 6 million | |  | c. | 12 million | |  | d. | 25 million |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 4 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 47. Ronald Meese is the owner and operator of Meese Mining. To be considered a small business for crediting purposes, what is the maximum number of employees that Ronald can employ?   |  |  |  | | --- | --- | --- | |  | a. | 50 | |  | b. | 100 | |  | c. | 200 | |  | d. | 500 |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 5 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 48. Industry classification codes that are based on annual sales revenue or number of employers are abbreviated as   |  |  |  | | --- | --- | --- | |  | a. | NAICS | |  | b. | SIC2 | |  | c. | NAIA | |  | d. | NCAA |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 4 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 49. Which of the following NAICS industry categories has the lowest percentage of small businesses?   |  |  |  | | --- | --- | --- | |  | a. | Finance/insurance | |  | b. | Health/social services | |  | c. | Real estate/rental/leasing | |  | d. | Construction |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 6 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 50. The importance of classifying a business as small **does not** lie in which of the following areas?   |  |  |  | | --- | --- | --- | |  | a. | Determining whether or not the business qualifies for a bank loan | |  | b. | Determining whether or not the business qualifies for a government set-aside program | |  | c. | Determining whether or not the business qualifies for Small Business Administration assistance | |  | d. | Determining whether or not the business qualifies for a government agency purchase |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 5 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 51. The industry that employs the greatest number of people in small business is which of the following?   |  |  |  | | --- | --- | --- | |  | a. | Construction | |  | b. | Manufacturing | |  | c. | Retail businesses | |  | d. | Services |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 6 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 52. The text defines a business as small if it has any of the following characteristics **except** which of the following?   |  |  |  | | --- | --- | --- | |  | a. | Less than 100 employees | |  | b. | Little impact on the industry | |  | c. | Independent operations, financing, and ownership | |  | d. | A major impact on the industry |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 6 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 53. What percentage of businesses in the service sector are small?   |  |  |  | | --- | --- | --- | |  | a. | 71 percent | |  | b. | 51 percent | |  | c. | 31 percent | |  | d. | 11 percent |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 6 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 54. William Smith works for an automobile company that generates an annual revenue exceeding $200 million, but accounts for less than one percent of the global automobile market. Based on this information, the company that William works for would be considered a   |  |  |  | | --- | --- | --- | |  | a. | Conglomerate | |  | b. | Corporation | |  | c. | Small business | |  | d. | Franchise |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 6 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 55. The \_\_\_\_ sector of the U.S. economy makes up about 71 percent of total U.S. jobs.   |  |  |  | | --- | --- | --- | |  | a. | Manufacturing | |  | b. | Agricultural | |  | c. | IT | |  | d. | Service |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 7 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 56. Although Small Business Administration (SBA) standards allow up to 500 employees in some types of businesses, the most common limit is   |  |  |  | | --- | --- | --- | |  | a. | 10 | |  | b. | 50 | |  | c. | 100 | |  | d. | 200 |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 6 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 57. Until the early 1800s, most goods were produced   |  |  |  | | --- | --- | --- | |  | a. | By small manufacturers | |  | b. | By workers in their cottages | |  | c. | By large factories | |  | d. | By large groups of workers in the town hall |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 7 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 58. The term *economy of scale* refers to which of the following?   |  |  |  | | --- | --- | --- | |  | a. | Increasing costs through the production of larger quantities | |  | b. | Decreasing costs through the production of larger quantities | |  | c. | Decreasing costs through the production of smaller quantities | |  | d. | Increasing costs through the production of smaller quantities |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 7 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 59. The *marketing concept* was a paradigm shift that involved   |  |  |  | | --- | --- | --- | |  | a. | A focus on production | |  | b. | A focus on quality | |  | c. | A focus on consumer wants and needs | |  | d. | A focus on marketing |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 7 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 60. What startup business of the 1960s used flatter organizational structure, improved customer service, and more flexibility to knock Sears out of its role of world's largest retailer?   |  |  |  | | --- | --- | --- | |  | a. | K-Mart | |  | b. | Woolco | |  | c. | Wal-Mart | |  | d. | Target |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 8 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 61. To avoid business failure, Terri Holt, a small business owner, has reduced the size of her company's workforce by ten percent. This action is referred to as   |  |  |  | | --- | --- | --- | |  | a. | Downsizing | |  | b. | Outsourcing | |  | c. | Innovating | |  | d. | Networking |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 8 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 62. Which of the following is a valid tactic for weathering an economic storm?   |  |  |  | | --- | --- | --- | |  | a. | Jettisoning the best customers | |  | b. | Reducing cooperation with suppliers | |  | c. | Finding recession-resistant opportunities | |  | d. | Hiding cash |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 8 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 63. The impact downsizing has on small business is which of the following?   |  |  |  | | --- | --- | --- | |  | a. | No labor force to work in small businesses | |  | b. | Opportunity to perform the work large businesses no longer perform | |  | c. | An availability of workers with no skills | |  | d. | Lack of financial backing for small businesses |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 8 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 64. Why has the number of students studying entrepreneurship increased so dramatically since the early 1970s?   |  |  |  | | --- | --- | --- | |  | a. | More students wanted to buy this book and take this professor's course. | |  | b. | The economy has been bad so no other jobs have been available. | |  | c. | Marketplace desires change quickly. | |  | d. | More small businesses are being formed and the cost of mistakes is higher. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 9 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 65. How many new U.S. businesses were formed in 2005?   |  |  |  | | --- | --- | --- | |  | a. | About 670,000 | |  | b. | About 25 million | |  | c. | About 265,000 | |  | d. | About 6.7 million |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 8 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 66. For every one business that closes, how many new businesses are formed?   |  |  |  | | --- | --- | --- | |  | a. | Two hundred | |  | b. | Five | |  | c. | One | |  | d. | Twenty |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 8 | | *LEARNING OBJECTIVES:* | Cognero 4111882A6BC74B5685EB59F5 - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 67. Outsourcing is a method by which larger businesses   |  |  |  | | --- | --- | --- | |  | a. | Hire more employees | |  | b. | Hire other businesses to provide goods/services instead of doing it themselves | |  | c. | Hire more management specialists | |  | d. | Work fewer hours |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 8 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 68. According to the Census Bureau Survey of Business Owners, \_\_\_\_ constitute 88.53 percent of the U.S. self-employed population.   |  |  |  | | --- | --- | --- | |  | a. | Women | |  | b. | White Americans | |  | c. | White Non-Americans | |  | d. | Minorities |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 9 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 69. According to the report "Dynamics of Minority-owned Employer Establishments 1997-2001," of all U.S. businesses, what percent are owned by Hispanic Americans?   |  |  |  | | --- | --- | --- | |  | a. | 2.8 percent | |  | b. | 5.8 percent | |  | c. | 15.5 percent | |  | d. | 25.2 percent |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 11 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 70. Businesses owned by which two groups of people are growing faster than all other businesses combined?   |  |  |  | | --- | --- | --- | |  | a. | Hispanic and Asians | |  | b. | Blacks and Hispanics | |  | c. | Asians and Blacks | |  | d. | Women and Minorities |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 12 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 71. According to the Census Bureau Survey of Business Owners and the Bureau of Labor Statistics, which category constituted most of the self-employed in 2014?   |  |  |  | | --- | --- | --- | |  | a. | American Indian/Native Alaskan-owned business owners | |  | b. | Hispanic-owned business owners | |  | c. | Asian/Pacific Islander-owned business owners | |  | d. | White Americans |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 10 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 72. SBA 8(a) certification provides preference in bidding on federal and state contracts to   |  |  |  | | --- | --- | --- | |  | a. | Women only | |  | b. | Minorities only | |  | c. | Women and minorities | |  | d. | First-generation Americans |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 11 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 73. According to the report "Dynamics of Minority-Owned Employer Establishments" what is true regarding minority owned businesses?   |  |  |  | | --- | --- | --- | |  | a. | They are not vital to the growth of the U.S. economy. | |  | b. | Significant issues continue to hamper their growth. | |  | c. | Both of the above. | |  | d. | They now dominate the business sector. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 11 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 74. Since 2002, the share of women owning their own business increased by what percent?   |  |  |  | | --- | --- | --- | |  | a. | 10 | |  | b. | 20 | |  | c. | 33 | |  | d. | 50 |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 10 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 75. John Deere relies on hundreds of vendors to produce component parts for its farm equipment. This illustrates which secret of small business success?   |  |  |  | | --- | --- | --- | |  | a. | Small businesses have competitive advantage over large businesses | |  | b. | A symbiotic relationship exists between small and large businesses | |  | c. | Small businesses perform more efficiently than larger ones | |  | d. | Small business are able to innovate more easily than larger ones |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 12 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 76. The chemical producer, Hoechst Celanese, found that diversity in the work force was particularly beneficial in which area?   |  |  |  | | --- | --- | --- | |  | a. | Problem solving | |  | b. | Reaching a consensus | |  | c. | Exploring one point of view | |  | d. | Downsizing |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 12 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 77. Small businesses are more able than big businesses to perform efficiently in which of the following areas?   |  |  |  | | --- | --- | --- | |  | a. | Management | |  | b. | Higher profit margins | |  | c. | Fewer expenses | |  | d. | Distribution |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 12 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 78. Which of the following are the inherent factors that work in favor of small businesses?   |  |  |  | | --- | --- | --- | |  | a. | Ability to remain flexible and innovative | |  | b. | Management expertise | |  | c. | Emphasis on variety | |  | d. | Emphasis on quantity |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 13 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 79. The ability to offer greater value than one's competitors is called which of the following?   |  |  |  | | --- | --- | --- | |  | a. | Quality | |  | b. | Reduction in the price charged | |  | c. | Competitive advantage | |  | d. | Qualitative advantage |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 12 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 80. The stronger and more sustainable the competitive advantage a small business maintains, the better the chances of   |  |  |  | | --- | --- | --- | |  | a. | Guaranteeing a profit | |  | b. | Winning and keeping customers | |  | c. | Obtaining a loan from a bank | |  | d. | Entering the international market |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 13 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 81. You have a small business that offers printing services. One of the services you offer is a high-speed color copier. You are currently the only printing service in a tristate area that offers such a service. You currently have   |  |  |  | | --- | --- | --- | |  | a. | Creative destruction | |  | b. | A competitive advantage | |  | c. | A qualitative advantage | |  | d. | A capital advantage |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 12 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 82. Large telecommunications companies have an incentive to improve existing lines of products and services to better serve their customers, rather than invent new products. This best demonstrates what aspect of innovation in business?   |  |  |  | | --- | --- | --- | |  | a. | Research and development departments in large companies fuel innovation | |  | b. | Compared to larger companies, small businesses are not financially equipped to innovate | |  | c. | Real innovation tends to come from independent inventors and small businesses | |  | d. | Large companies are too inflexible to handle real innovation |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 13 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 83. Who is credited with the quote "Even if you're on the right track, you'll get run over if you just sit there"?   |  |  |  | | --- | --- | --- | |  | a. | Will Rogers | |  | b. | Robert Kennedy | |  | c. | Joseph Schumpeter | |  | d. | Lance Armstrong |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 13 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 84. According to the highlight box of inspiring quotes, what did Robert Kennedy say one must dare do in order to achieve greatly?   |  |  |  | | --- | --- | --- | |  | a. | Serve society | |  | b. | Seek security | |  | c. | Fail miserably | |  | d. | Go fast |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 13 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 85. In order to take advantage of economies of scale, large businesses usually   |  |  |  | | --- | --- | --- | |  | a. | Devote resources to produce selected quantities of products | |  | b. | Devote resources to produce large quantities of products | |  | c. | Devote resources that are committed for only short time periods | |  | d. | Devote resources that are able to quickly respond to a changing market |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 13 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 86. The incentive for innovation of new ideas and products is generally strongest for   |  |  |  | | --- | --- | --- | |  | a. | Research and development divisions of large companies | |  | b. | Small businesses | |  | c. | Government-funded research laboratories | |  | d. | Colleges and universities |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 13 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 87. Inventing a new way to organize physical inputs to produce a product or service refers to   |  |  |  | | --- | --- | --- | |  | a. | Process innovation | |  | b. | Product innovation | |  | c. | Service innovation | |  | d. | Management innovation |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 14 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 88. Linda Waters, a chemical engineer at a large pharmaceutical company, has lead a team to develop a new drug that effectively treats the common flu faster than any other drug on the market. This is an example of what type of innovation?   |  |  |  | | --- | --- | --- | |  | a. | Process innovation | |  | b. | Product innovation | |  | c. | Service innovation | |  | d. | Management innovation |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 14 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 89. Creating a new way to organize a business's resources involves   |  |  |  | | --- | --- | --- | |  | a. | Process innovation | |  | b. | Product innovation | |  | c. | Service innovation | |  | d. | Management innovation |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 14 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 90. The most common types of innovations produced by small business relate to   |  |  |  | | --- | --- | --- | |  | a. | Service and products | |  | b. | Manufacturing | |  | c. | Management techniques | |  | d. | New resources offered by financial institutions |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 14 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 91. The process of creative destruction involves which of the following?   |  |  |  | | --- | --- | --- | |  | a. | The destruction of current products | |  | b. | The replacement of current products | |  | c. | The innovation of new products | |  | d. | The replacement of existing products with new and better products |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 14 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 92. Big business competes based on mass production and, thus, lower prices. Small business can compete based on   |  |  |  | | --- | --- | --- | |  | a. | Personalized services and products | |  | b. | Lower prices than big business can offer | |  | c. | Quality | |  | d. | Accessibility to large amounts of capital |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 14 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 93. Which of the following was not cited as necessary for getting a business off on the right foot?   |  |  |  | | --- | --- | --- | |  | a. | A market large enough to generate profit | |  | b. | Sufficient capital | |  | c. | A global perspective | |  | d. | Accurate information |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 14 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 94. Allen Campbell's small tire business has recently closed due to credit foreclosure. This is an example of   |  |  |  | | --- | --- | --- | |  | a. | Voluntary withdrawal | |  | b. | Bankruptcy | |  | c. | Business failure | |  | d. | Adequate management |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 19 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 95. The valuable skills and knowledge that employees of a business possess are collectively called   |  |  |  | | --- | --- | --- | |  | a. | Business assets | |  | b. | Tangible inventory | |  | c. | Outsourcing | |  | d. | Intellectual capital |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 15 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 96. The lifeblood of any new small business is which of the following?   |  |  |  | | --- | --- | --- | |  | a. | Cash | |  | b. | A large target market | |  | c. | A customer base | |  | d. | A quality product/service |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 14 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 97. The most valuable asset a small business owner has is   |  |  |  | | --- | --- | --- | |  | a. | A quality product | |  | b. | Buildings and equipment | |  | c. | A good relationship with his/her banker | |  | d. | Employees |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 15 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 98. Intellectual capital is the skill and knowledge possessed by   |  |  |  | | --- | --- | --- | |  | a. | The small business owner | |  | b. | The small business consultant | |  | c. | The small business employees | |  | d. | The banker for a small business |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 15 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 99. A business failure occurs when a business closes for any of the following reasons **except**   |  |  |  | | --- | --- | --- | |  | a. | Bankruptcy | |  | b. | A reorganization | |  | c. | A receivership | |  | d. | A merger |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 16 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 100. In the Entrepreneurial Snapshot, Samuel Adams Brewery can attribute its incredible growth and success to all but which of the following?   |  |  |  | | --- | --- | --- | |  | a. | Fanatical attention to quality | |  | b. | The use of marketing tools never before used in the microbrewery industry | |  | c. | The perseverance of the founder, Jim Koch | |  | d. | A Madison Avenue advertising campaign |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 16 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 101. In the Entrepreneurial Snapshot, Jim Koch, the founder of Boston Beer, spent the majority of his time, even after the microbrewery was successful, doing which of the following?   |  |  |  | | --- | --- | --- | |  | a. | Managing | |  | b. | Finding sources of finance | |  | c. | Selling the product | |  | d. | Improving the product |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 16 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 102. In the Entrepreneurial Snapshot, what has allowed Boston Beer to become the first to enter the chasm between microbrewery and major brewery?   |  |  |  | | --- | --- | --- | |  | a. | sexy commercials | |  | b. | different sized bottles | |  | c. | lowest prices for beer | |  | d. | passion for quality |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 16 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 103. \_\_\_\_ is the efficient and effective use of resources.   |  |  |  | | --- | --- | --- | |  | a. | Innovation | |  | b. | Competitive advantage | |  | c. | Entrepreneurship | |  | d. | Business management |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 18 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 104. The most common cause of business failure is   |  |  |  | | --- | --- | --- | |  | a. | Choosing the wrong type of business ownership | |  | b. | Starting a business that is too large | |  | c. | Lack of marketing expertise by the small business owner | |  | d. | Lack of management experience |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 18 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 105. A common cause of business failure is   |  |  |  | | --- | --- | --- | |  | a. | Choosing the wrong type of business ownership | |  | b. | Starting a business that is too large | |  | c. | Industry weakness | |  | d. | Specialized management knowledge |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 17 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 106. Internal factors are the cause of what percentage of failure in business?   |  |  |  | | --- | --- | --- | |  | a. | 12 percent | |  | b. | 34 percent | |  | c. | 67 percent | |  | d. | 89 percent |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 18 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 107. Sam closed the doors to her home-based consulting company only two years after opening because she was tired of working 80-hour weeks. This is an example of which mistake leading to business failure?   |  |  |  | | --- | --- | --- | |  | a. | Failing to understand the level of commitment required | |  | b. | Neglecting to plan | |  | c. | Not using employees effectively | |  | d. | Mishandling finances |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 19 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 108. A business failure occurs when a business   |  |  |  | | --- | --- | --- | |  | a. | Closes because of retirement by the owner | |  | b. | Is sold | |  | c. | Closes because of lack of demand for the product | |  | d. | Closes with financial losses to creditors |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 19 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 109. A partnership that is restructured or a business that moves to a new location is considered to be which of the following?   |  |  |  | | --- | --- | --- | |  | a. | Business failure | |  | b. | Business termination | |  | c. | Business success | |  | d. | Business venture |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 19 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 110. Which of the following can lead to business failure?   |  |  |  | | --- | --- | --- | |  | a. | Failing to look forward to the future | |  | b. | Failing to understand the commitment and hard work required | |  | c. | Inaccurate estimate of cash flow | |  | d. | All of the above |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 17 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 111. According to the U.S. Census Bureau, approximately \_\_\_\_ of closed businesses were successful at the time of their closure.   |  |  |  | | --- | --- | --- | |  | a. | One-quarter | |  | b. | One-third | |  | c. | Two-thirds | |  | d. | Three-quarters |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 20 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| 112. Which percentage of small businesses are actually forced out of business with financial loss to creditors?   |  |  |  | | --- | --- | --- | |  | a. | 10 percent | |  | b. | 18 percent | |  | c. | 50 percent | |  | d. | 75 percent |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 20 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Knowledge | |

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| **Scenario 1-1.** Larry Linsuine is thinking of marketing a new idea he has been using. After years of experience as a deer hunter, he has perfected a tree stand that gives him an added advantage in deer hunting. He calls his new tree stand The Tree Hugger. He has now begun the process of manufacturing his tree stands with 20 employees working out of his garage. His life savings have provided the equity for his operation. |

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| 113. Refer to Scenario 1-1. What type of business is Larry beginning?   |  |  |  | | --- | --- | --- | |  | a. | Large business | |  | b. | Joint venture | |  | c. | Small business | |  | d. | None of these choices |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | p. 4 | | *PREFACE NAME:* | Scenario 1-1 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Comprehension | |

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| 114. Refer to Scenario 1-1. What advantage will Larry have over his competition with his new product?   |  |  |  | | --- | --- | --- | |  | a. | Competitive advantage | |  | b. | Comparative advantage | |  | c. | Qualitative advantage | |  | d. | Financial advantage |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 12 | | *PREFACE NAME:* | Scenario 1-1 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Comprehension | |

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| 115. Refer to Scenario 1-1. What will be the most difficult problem that Larry will encounter?   |  |  |  | | --- | --- | --- | |  | a. | Obtaining sufficient cash | |  | b. | Finding a target market | |  | c. | Obtaining accurate information | |  | d. | Deciding upon appropriate advertising media |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 18 | | *PREFACE NAME:* | Scenario 1-1 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Comprehension | |

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| **Scenario 1-2.** Franky Ferguson has just reached a turning point in his business. He can no longer retain quality employees because he cannot meet his payroll, he does not have an adequate cash flow to pay his current bills, and he is three months behind in his loan payment to the bank. He must close the doors of this business. |

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| 116. Refer to Scenario 1-2. The valuable skills and knowledge that Franky's employees possessed is known as   |  |  |  | | --- | --- | --- | |  | a. | Financial capital | |  | b. | Intellectual capital | |  | c. | Monetary capital | |  | d. | Knowledge capital |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 15 | | *PREFACE NAME:* | Scenario 1-2 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Comprehension | |

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| 117. Refer to Scenario 1-2. What is the primary reason Franky has failed?   |  |  |  | | --- | --- | --- | |  | a. | Inadequate management | |  | b. | Lack of a quality product | |  | c. | No target market | |  | d. | Inadequate advertising |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | p. 18 | | *PREFACE NAME:* | Scenario 1-2 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Comprehension | |

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| 118. Refer to Scenario 1-2. All but which of the following are areas Franky should have worked upon in order to help ensure the success of his business?   |  |  |  | | --- | --- | --- | |  | a. | Plan for the future | |  | b. | Understand that commitment and hard work are required for business success | |  | c. | Managing finances | |  | d. | Increased his advertising budget |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | p. 19 | | *PREFACE NAME:* | Scenario 1-2 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Comprehension | |

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| 119. Refer to Scenario 1-2. With the closing of his business, Franky has experienced   |  |  |  | | --- | --- | --- | |  | a. | Business termination | |  | b. | Business failure | |  | c. | Business closing | |  | d. | Business merger |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 19 | | *PREFACE NAME:* | Scenario 1-2 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Comprehension | |

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| 120. Refer to Scenario 1-2. Franky joins what percentage of small businesses that have failed?   |  |  |  | | --- | --- | --- | |  | a. | 10 percent | |  | b. | 18 percent | |  | c. | 50 percent | |  | d. | 75 percent |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | p. 20 | | *PREFACE NAME:* | Scenario 1-2 | | *LEARNING OBJECTIVES:* | Cognero DB6979802C814BE8AAE5B6D9 - 1.5 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Reflective Thinking | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Comprehension | |

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| 121. Describe in detail the three primary characteristics of a small business.   |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | ∙ | Generally fewer than 100 employees | | ∙ | Independently owned, operated, and financed | | ∙ | Relatively little impact on the industry | | | *POINTS:* | 1 | | *REFERENCES:* | p. 4 | | *LEARNING OBJECTIVES:* | Cognero 33A9A15544774BCCBD920E1D - 1.1 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Comprehension | |

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| 122. Briefly discuss the value of diversity in business.   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | ∙ | Diversity in the workplace can provide creative problem-solving ideas. | | ∙ | A varied workforce is needed at every level of an organization. | | | *POINTS:* | 1 | | *REFERENCES:* | p. 11 | | *LEARNING OBJECTIVES:* | Cognero 172194140FE34343AC925D35 - 1.3 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Diversity | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Comprehension | |

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| 123. Explain in detail three advantages that contribute to the success of a small business.   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | ∙ | Competitive advantage | | ∙ | Innovation | | ∙ | Flexibility | | ∙ | Knowledge of the customers | | | *POINTS:* | 1 | | *REFERENCES:* | p. 12 | | *LEARNING OBJECTIVES:* | Cognero 771FAB75FAB449928355016D - 1.4 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Comprehension | |

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| 124. Describe the four primary types of innovation.   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | ∙ | Product innovation | | ∙ | Serviced innovation | | ∙ | Process innovation | | ∙ | Management innovation | | | *POINTS:* | 1 | | *REFERENCES:* | p. 14 | | *LEARNING OBJECTIVES:* | Cognero 551948FB65A5482C8E0FC373 - 1.2 DISC: Strategy | | *NATIONAL STANDARDS:* | United States - AACSB: Analytic | | *STATE STANDARDS:* | United States - OH - DISC: Strategy | | *KEYWORDS:* | Bloom's Comprehension | |