# Test Bank for Small Business An Entrepreneurs Business Plan 9th Edition Hiduke and Ryan 1285169956 9781285169958

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#### Solution Manual

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## Test Bank

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### **Chapter 2—Spotting Trends and Opportunities**

## TRUE/FALSE 1. It is impossible to start a successful business with only a small capital investment. ANS: F PTS: 1 REF: p. 27 2. Once you have developed a successful business formula you don't need to worry about revising your plan. ANS: F PTS: 1 REF: p. 27 3. Reading magazines and bestsellers in a good way to gather helpful information for starting your business. ANS: T PTS: 1 REF: p. 28 4. Technology is an environmental variable. ANS: T PTS: 1 REF: p. 29 5. Futurist magazine predicts that textbooks may be replaced with online social gaming. ANS: T PTS: 1 REF: p. 31

6.	In terms of number of households, the number of traditional married with children families is increasing.				
	ANS: F	PTS:	1	REF:	p. 32
7.	In 2011, 75% of our GDP was generated through service businesses.				
	ANS: F	PTS:	1	REF:	p. 33
8.	Generation Y individuals will have 2 -3 different careers in their lives.				eareers in their lives.
	ANS: F	PTS:	1	REF:	p. 34
9.	Most of the population increase expected in the U.S. over the next 40 years will be due to immigration				S. over the next 40 years will be due to immigration.
	ANS: T	PTS:	1	REF:	p. 34
10.	Baby boomers are redefining aging and retirement.				
	ANS: T	PTS:	1	REF:	p. 36
11.	Past generations acc	urately 1	reflect the buyi	ng habi	ts of the baby boomer generation.
	ANS: F	PTS:	1	REF:	p. 37
12.	The fastest growing	segmen	t of the populat	ion is tl	hose under 15.
	ANS: F	PTS:	1	REF:	p. 38
13.	The iGeneration doe	esn't hav	e much influen	ice ovei	the purchasing that occurs in the United States.
	ANS: F	PTS:	1	REF:	p. 41
14.	Patti Moir's Build Y	our Futi	ure, Inc. office	is a con	nputer and Internet free zone.
	ANS: T	PTS:	1	REF:	p. 41
15.	The middle class is expanding in America today.				
	ANS: F	PTS:	1	REF:	p. 42
16.	Ethnic diversity is rapidly expanding throughout the United States.				
	ANS: T	PTS:	1	REF:	p. 43
17.	The number of multi	igenerat	ional household	ds in the	e United States is declining.
	ANS: F	PTS:	1	REF:	p. 43
18.	When looking for opportunities, a good question to ask your friends is, "What frustrates you most about your daily life?"				
	ANS: T	PTS:	1	REF:	p. 45

19.	American's spend a lower percentage of our income on health care now than in 1950.			
	ANS: F	PTS: 1	REF: p. 45	
20.	In the United States t	here is some bac	klash against technology and social media stirring.	
	ANS: T	PTS: 1	REF: p. 48	
21.	The MIT Media Lab	Research Group	studies how to give computers human-like intuition.	
	ANS: T	PTS: 1	REF: p. 48	
22.	Secondary research is	s conducted by p	ersonal interview.	
	ANS: F	PTS: 1	REF: p. 50	
23.	Trade associations ar	e a good source	of industry data.	
	ANS: T	PTS: 1	REF: p. 51	
24.	Magazine media kits	provide statistic	s about their readers.	
	ANS: T	PTS: 1	REF: p. 51	
25.	Media kits will not gi	ive you demogra	phic or psychographic information.	
	ANS: F	PTS: 1	REF: p. 51	
26.	The Directory of Peri	odicals is a good	l place to start primary research.	
	ANS: F	PTS: 1	REF: p. 54	
27.	Primary research inve	olves interacting	with the world directly.	
	ANS: T	PTS: 1	REF: p. 54	
28.	New Eyes research p	rovides a variety	of fresh ways to look at a business.	
	ANS: T	PTS: 1	REF: p. 55	
29.	A Business Plan begins with the industry overview.			
	ANS: T	PTS: 1	REF: p. 55	
30.	Brainstorming involv	es setting strict	rules on content.	
	ANS: F	PTS: 1	REF: p. 57	
31.	If entering a market i	n the embryo sta	ge, be ready to meet and beat the competition head on.	
	ANS: F	PTS: 1	REF: p. 58	

	ANS: F	PTS: 1	REF:	p. 60		
MUL	TIPLE CHOICE					
1.	Which of the following is false?  a. Apple Computer started with \$13,500.00  b. Dell Computers started with \$1,000.00  c. Nike started with \$1,000.00  d. Walt Disney started in his garage					
	ANS: A	PTS: 1	REF:	p. 27		
2.	Which of the following a. Price b. Competition c. Social/Cultural d. Legal/Political	ng is not one of	the five major	environmental variables?		
	ANS: A	PTS: 1	REF:	p. 30		
3.	<ul> <li>a. Which of the following characteristics describe today's changing family?</li> <li>a. More households headed by women</li> <li>b. People having children later in life</li> <li>c. More people remarrying and forming blended families</li> <li>d. All of the above</li> </ul>					
	ANS: D	PTS: 1	REF:	p. 32		
4.	Which statement accurately reflects the baby boomer generation?  a. They control over 70% of the financial assets in the United States  b. On average 1,000 baby boomers a day turn 65  c. They control less than half of the nation's discretionary income  d. All of the above.					
5.	ANS: A are entering	PTS: 1 g entrepreneurs	REF:	p. 36 est rate of any age group.		
	<ul><li>a. Millenials</li><li>b. Generation Y</li><li>c. Baby Boomers</li><li>d. Echo Boomers</li></ul>					
	ANS: C	PTS: 1	REF:	p. 39		
6.	The middle class:  a. Has average deb  b. Have incomes sta  c. Has seen their ne  d. All of the above	ignated at the 1	977 level			

32. Trends usually develop overnight.

	ANS: B	PTS:	1	REF:	p. 42
7.	Approximately wha relatives? a. 9.5% b. 2.5% c. 4.4% d. 6%	t percent	tage of children	in this	country are being raised by grandparents or other
	ANS: A	PTS:	1	REF:	p. 43
8.	A major growing se a. Healthy, active b. Middle class Hi c. Both of the about d. None of the about	90 year o spanics ve		ates pop	oulation is:
	ANS: C	PTS:	1	REF:	p. 43
9.	Which of the follow a. Dunkin' Donuts b. Yogurtland c. CPR-Cell Phone d. Smashburger		ot an example o	f Entre	preneur Magazine's top 10 new Franchises for 2012?
	ANS: A	PTS:	1	REF:	p. 44
10.	When compared to a. About the same b. Approximately c. Approximately d. Approximately	percenta 15% mo 22% mo	age of their incorre of the incomre of the incomre	ome on me on he	nealthcare althcare
	ANS: B	PTS:	1	REF:	p. 45
11.	In Sherry Turkle's new book she explores the growing human tendency to: a. Rely more and more on each other b. Depend upon ourselves instead of other people c. Depend upon ourselves instead of technology d. Rely on technology above human interactions				
	ANS: D	PTS:	1	REF:	p. 48
12.	<ul><li>a. Should be comp</li><li>b. Is another term</li></ul>	leted aft for "new g what so	eyes" research	ì	vered and published
	ANS: C	PTS:	1	REF:	p. 50
13.	<ul><li>a. Only contact tra</li><li>b. Contact trade as</li></ul>	de assoc sociation	ciations for you ns for your indu	ıstry an	cry d those your customers might belong to d those your customers and suppliers might

he	long	to

d. Do not contact trade associations

ANS: C PTS: 1 REF: p. 51

- 14. Primary research would include:
  - a. Reading Business Week
  - b. Conducting interviews
  - c. Being a mystery shopper
  - d. All of the above

ANS: C PTS: 1 REF: p. 54

- 15. Which of the following is not a life-cycle stage:
  - a. Niche
  - b. Embryo
  - c. Growth
  - d. Decline

ANS: A PTS: 1 REF: p. 58

#### **SHORT ANSWER**

1. Define Target Market.

ANS:

Segment of market most likely to purchase your product or service. Possess desire, dollars, and decision makers.

PTS: 1 REF: p. 26

2. Explain the concept of the environmental variable.

ANS:

Changes within the business and social world occur within five major environmental variables. Each change in the environmental variables and subsequent trends affect how products are manufactured, marketed and delivered to the customer.

PTS: 1 REF: p. 29

3. What are the three key factors that have splintered the mass market for the consumer?

ANS:

- (1) A shrinking middle class (2) ethnic groups shifting and growing throughout the United States and (3) living arrangements are changing and evolving
- PTS: 1 REF: p. 42

4. Who should you invite to a brainstorming session?

#### ANS:

Invite people who bring different ideas, backgrounds and experience to the table. Don't be afraid to ask some people who are "wild cards".

PTS: 1 REF: p. 57

5. Explain new eyes research.

#### ANS:

New eyes research provides a variety of fresh ways to look at a business. It is done when based on your existing knowledge, experience and intuition you play detective.

PTS: 1 REF: p. 55