

First Quiz
(75 Points Possible)

Please respond to the following question in a clear and precise manner. Use equations, graphs, and numbers, where appropriate or asked for, to support your answer. Use complete sentences in your responses. Please manage your time wisely.

(10 Points) 1. In each of the following instances, briefly discuss whether horizontal or vertical boundaries have been changed, and whether they were extended or shrunk.

a. General Motors divested Delphi Automotive Systems, which manufactures automotive components, systems, and modules.

b. Online auction service eBay acquired Skype, a provider of Internet telephony services.

c. Following the September 11, 2001 attacks, the U.S. government established the Department of Homeland Security. The new Department took over the Customs and Secret Services from the Department of the Treasury and the Immigration Service from the Department of Justice.

(5 Points) 2. Briefly define each of the following terms and give an example to illustrate your definition:

a. Substitute

b. Complement

c. Normal Product

d. Inferior Product

(15 Points) 3. Most managers want their employees to think like entrepreneurs within their organizations—creating new ideas, products, and markets that will produce value for the business. These intrapreneurs must be creative people. According to Teresa Amabile's recent article in the *Harvard Business Review*:

a. What are the three components of creativity? Discuss each one briefly (one sentence).

b. What are two ways, according to Amabile, to promote creativity within an organization? Please discuss each way briefly.

c. What are two ways, according to Amabile, to kill creativity within an organization? Please discuss each response briefly.

(15 Points) 4. In the article “The Economics of Commercializing New Industrial Crops”, the authors utilize two strategy models to analyze the feasibility of marketing *lesquerella*, a possible substitute for castor oil which is used in lubricants, cosmetics, and waxes. Utilizing one of these models, discuss the basic considerations or forces that must be considered in introducing a new product to the market.

(10 Points) 5. Upon graduation you have been hired by a manufacturing company with an innovative product idea and your supervisor has asked you to develop a marketing plan for this product idea. Part of the marketing plan is a competitor analysis. What would be the key components of a competitor or competitive analysis? Suggestion: provide a list of key questions that need to be answered in your analysis.

(10 Points) 6. Leaders in organizations frequently face principle-agent issues that constrain the leader's ability to accomplish the objectives or reach the goals of the organization. Please briefly define what is meant by a "principle-agent" issue and provide a business example that illustrates your definition.

(10 Points) 7. Your first job after graduation is with the Department of Commerce for the State of Arizona. Your principal responsibility is to assist entrepreneurs in low-income areas in the state to acquire financing for their business ideas. Most days are spent helping these individuals develop business plan proposals that are economically viable. As you assist these individuals, what will be the basic components of the business plan model that you will utilize with your clients?