
ENTREPRENEURSHIP

Overview

Owning and managing a business is the goal of many Americans. This event recognizes FBLA members who demonstrate the knowledge and skills needed to establish and manage a business.

This is a team event composed of two or three members. This event consists of two parts: an objective test and a performance. The objective test is taken collaboratively by the team members, and the top fifteen teams scoring the highest on the objective test will advance to the final round and participate in the performance component.

Competencies

<http://www.fbla-pbl.org/docs/ct/FBLA/entrepreneurship.pdf>

Website Resources

- A Closer Look: Definition of Entrepreneur
<http://reference.yourdictionary.com/word-definitions/Define-Entrepreneur.html>
- A Definition of Entrepreneurship
<http://www.quickmba.com/entre/definition/>
- Introduction to Entrepreneurship
<http://www.hbs.edu/entrepreneurship/resources/>
- The Entrepreneur's Guide - Resource Center
<http://www.entrepreneurship.org/en/Resource-Center.aspx>

ENTREPRENEURSHIP SAMPLE QUESTIONS

1. The statement of purpose in a business plan should be:
 - a. however long it takes to explain the business thoroughly
 - b. no longer than one or two pages
 - c. exactly one sentence
 - d. no more than one or two paragraphs

Competency: Business Plan

2. The appendix to a business plan would likely include:
 - a. the statement of purpose
 - b. demographics about the location for the new business
 - c. a copy of the owner's résumé
 - d. preform a financial statements

Competency: Business Plan

3. What type of business is the plant that manufactures polo clothing?
 - a. manufacturing business
 - b. retailing business
 - c. service business
 - d. wholesaling business

Competency: Business Plan

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4. Lexi decides to open a shoe store. She is operating a ____ business.
- a. retailing
 - b. service
 - c. wholesaling
 - d. manufacturing

Competency: Business Plan

5. Things that a person owns are called:
- a. liabilities
 - b. net worth
 - c. equity
 - d. assets

Competency: Financial Management

6. The list of people who receive salary or wage payments from a business is called a(n):
- a. payroll
 - b. workforce
 - c. account payable
 - d. liability

Competency: Financial Management

7. The ____ is a financial statement that shows how much money is available to pay bills.
- a. balance sheet
 - b. pro forma financial statement
 - c. income statement
 - d. cash flow statement

Competency: Financial Management

8. Cash sales and cash payments received from customers on their credit accounts are recorded in the:
- a. cash receipts journal
 - b. subsidiary ledger
 - c. table of aging accounts
 - d. purchases journal

Competency: Financial Management

9. Credit card fraud is an example of:
- a. artificial risk
 - b. human risk
 - c. natural risk
 - d. economic risk

Competency: Initial Capital and Credit

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10. ____ is **not** one of the basic strategies for dealing with risk.
- a. Transferring the risk to another party
 - b. Assuming the risk
 - c. Avoiding the risk
 - d. Denying the risk exists

Competency: Initial Capital and Credit

11. An insurance agent may **not**:
- a. earn a commission of the amount of coverage he/she sells to customers
 - b. work for a single insurance company
 - c. represent many different insurance companies
 - d. earn greater commissions for less claims on policies sold

Competency: Initial Capital and Credit

12. ____ is **not** a risk associated with doing business in another country.
- a. High travel and shipping costs
 - b. Language barriers
 - c. Different laws, customs, and cultures
 - d. Insurance

Competency: Initial Capital and Credit

13. Product characteristics that will satisfy consumer needs are called:
- a. branding
 - b. labeling
 - c. features
 - d. packaging

Competency: Marketing Management

14. Establishing informal ties with people who can help your business grow is called:
- a. promoting
 - b. brainstorming
 - c. selling
 - d. networking

Competency: Marketing Management

15. Conducting a risk assessment does **not** involve:
- a. learning the risks faced by the business
 - b. designing a plan to cover risks
 - c. deciding how risks will affect the business
 - d. prioritizing the risks by the impact they will have on the business

Competency: Marketing Management

16. An entrepreneur would **not** use _____ for recruiting.

- a. employment agencies
- b. Facebook
- c. in-store advertisements
- d. classified advertisements

Competency: Personnel Management

17. Freelancers provide specialty services to businesses:

- a. on a salary
- b. per diem
- c. on commission
- d. on an hourly or by the job basis

Competency: Personnel Management

18. The Family Medical Leave Act of 1993 requires businesses with more than fifty employees to provide employees up to ____ months of unpaid leave if a serious health condition affects the employee, the employee's child, or the employee's parent or spouse.

- a. four
- b. three
- c. two
- d. six

Competency: Personnel Management

19. Payroll income taxes must be paid ____ by the employer.

- a. monthly
- b. semi-annually
- c. annually
- d. quarterly

Competency: Taxes

20. Every month businesses must pay sales taxes to the:

- a. local and state government
- b. county government
- c. assessor's office
- d. federal government

Competency: Taxes

21. Income tax in the United States is a _____ tax.

- a. proportional
- b. regressive
- c. flat
- d. progressive

Competency: Taxes

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22. ____ state that a worker at a union company does **not** have to join the union or pay union dues to keep his or her job.
- a. Right-to-work laws
 - b. Freedom to choose laws
 - c. Individual commitment laws
 - d. Independent contractor laws

Competency: Community/Business Relations

23. Union efforts to force employers to hire more workers than demanded for the task is referred to as:
- a. mediation
 - b. a wildcat strike
 - c. a strike
 - d. featherbedding

Competency: Community/Business Relations

24. The biggest disadvantage of public relations is the:
- a. difficult to predict and control
 - b. speed
 - c. limited impact
 - d. cost

Competency: Community/Business Relations

25. ADA was enacted to prevent discrimination when hired based upon:
- a. level of education
 - b. age
 - c. disabilities
 - d. race

Competency: Government Regulations

26. ____ is the process of growing more ethically mature.
- a. Ethical motivation
 - b. Moral sensitivity
 - c. Ethical character
 - d. Moral development

Competency: Government Regulations

27. ____ is the practice of advertising a product at a low price while intentionally stocking only a limited number in hopes of luring shoppers to buy more expensive items.
- a. Bait and switch
 - b. False advertising
 - c. Puffery
 - d. Substantiation

Competency: Government Regulations

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28. Immediate transfer of ownership of goods from a seller to a buyer for a price is called a:
- a. business transaction
 - b. vendor
 - c. sale
 - d. contract agreement

Competency: Legal Issues

29. ____ permits a party to a contract to recover money or property given to the other party.
- a. Punitive damages
 - b. Restitution
 - c. Disclaimer
 - d. Encumbrance

Competency: Legal Issues

30. Co-ownership of property without the right of survivorship is called:
- a. tenancy in common
 - b. right of partition
 - c. limited partnership
 - d. partnership

Competency: Legal Issues

ENTREPRENEURSHIP SAMPLE CASE STUDY

PARTICIPANT INSTRUCTIONS

1. You have 20 minutes to review the case.
2. Presentation time is seven minutes. At six minutes the timekeeper will stand and hold up a colored card indicating one minute is left and at seven minutes the timekeeper will stand and hold up a colored card indicating time is up.
3. You are entrepreneurs (management team) proposing a new healthy fast-food restaurant for your community. The judges are loan officers from First Financial.
4. Your team has seven minutes to present a plan to loan officers from First Financial (judges). After your seven-minute presentation, the judges have three minutes to ask questions about your plan. Each team member will be given two note cards.
5. Cover all the points described in the case and be prepared to answer questions posed by the judges.
6. All team members must participate in the presentation as well as answer the questions.

PERFORMANCE INDICATORS

- Describe economic resources available to entrepreneurs
- Identify sources of equity and debt capital for a business
- Explain how demographics influence decisions for a business

CASE STUDY SITUATION

You have earned a Hospitality Degree from a highly recognized university. Your experience includes working in the family-owned grocery store for eight years. Working in the family business has helped you to acquire knowledge about purchasing, inventory control, human resources, and customer service.

You now have decided to open a healthy alternative fast-food restaurant in your community that has a population of 30,000 people. The community already has twelve nationally recognized fast-food restaurants. Your proposed restaurant is part of a franchise that operates throughout the United States. You have conducted research about the franchise, community, and projected profits for your proposed franchise restaurant. You now must convince the First Financial representative (judge) that your idea is worthy of the \$110,000 loan that you are requesting. You are personally investing \$90,000 from your savings and contributions from other family members.

You must explain the demographics of the city where you plan to locate your restaurant. Your presentation must describe the research that you have conducted to determine the need for a restaurant. The financial representative wants to know about your advertising campaign and how you will develop a customer base. You must describe the franchise and explain why it is a safe investment. The First Financial's representative wants assurance that you will be able to pay back the \$110,000 loan plus interest. You must explain your level of expertise in the industry and convince the investor about your willingness to put forth the required hours to be a successful entrepreneur. Your team must be prepared to explain how the restaurant will survive during uncertain economic conditions. First Financial wants to know when your restaurant will first experience real profit.

Possible Questions to Address:

- Why are you proposing a franchise instead of a sole proprietorship for your restaurant?
- Since family members are contributing funds for the initial investment, what are their expectations from the restaurant?
- Why will your restaurant concept be successful in a community that has 30,000 people?
- What is the advantage for our financial institution to invest in your business?
- What are the demographics of the community that make you believe the restaurant will be successful?
- What economic trends should be considered when opening a new restaurant?

Database Design & Applications Answer Key

1) C	11) B	21) A
2) C	12) C	22) C
3) B	13) D	23) C
4) D	14) C	24) A
5) D	15) D	25) C
6) A	16) D	26) B
7) B	17) A	27) C
8) C	18) A	28) D
9) B	19) B	29) D
10) A	20) C	30) A

Desktop Publishing Answer Key

1) B	11) D	21) A
2) C	12) B	22) C
3) B	13) A	23) B
4) B	14) D	24) B
5) D	15) D	25) C
6) A	16) C	26) A
7) A	17) D	27) B
8) A	18) C	28) A
9) A	19) D	29) D
10) B	20) B	30) D

Economics Answer Key

1) A	11) C	21) A
2) C	12) C	22) A
3) A	13) D	23) D
4) A	14) B	24) C
5) B	15) A	25) A
6) B	16) A	26) A
7) C	17) D	27) B
8) B	18) C	28) B
9) A	19) A	29) A
10) C	20) A	30) C

Entrepreneurship Answer Key

1) D	11) D	21) D
2) C	12) D	22) A
3) A	13) C	23) D
4) A	14) D	24) A
5) D	15) B	25) C
6) A	16) B	26) D
7) D	17) D	27) A
8) A	18) B	28) C
9) B	19) D	29) B
10) D	20) A	30) A