

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 ten (10) teams scoring the highest on the objective test will advance to the final round and participate in the performance component.

Competencies*Objective Test Competencies*

- Business plans
- Community/business relations
- Legal issues
- Initial capital and credit
- Personnel management
- Financial management
- Marketing management
- Taxes
- Government regulations

Performance Competencies

- Topic presented in a logical manner
- Communication skills evident through voice projection and diction
- Critical thinking/problem solving used to resolve case
- Presentation includes positive and negative aspects of implementation
- All team members contribute to presentation
- Questions answered effectively

Procedures/Tips

- Review the event guidelines in the *CMH* since guidelines may change.
- Review the Competitive Events Tips in the front of the book.
- Teams will be sequestered.
- Teams have twenty (20) minutes to review the case study.
- Teams have seven (7) minutes to present the case and the judges have three (3) minutes for a Q&A.

Web Site Resources

- http://edgenet.edgewood.edu/LSS/study_skills/speaking_anxiety.htm
- <http://jefmenguin.wordpress.com/tag/public-speaking/>
- <http://www.quickmba.com/entre/>

Entrepreneurship Sample Questions

1. Carla Danielson had a great recipe for sweet bell pepper sauce. Her friend Sharon Hall convinced her that they should go into business together and sell the sauce. They now ship Palouse red sauce to stores in 35 states. Danielson and Hall are examples of:
 - a. entrepreneurs
 - b. intrapreneuers
 - c. venture capitalist
 - d. franchisees
2. The overall purpose of a business plan is to
 - a. determine the most appropriate form of ownership.
 - b. identify all actions required up to the point when the firm opens its doors.
 - c. determine potential demand for the firm's product or service.
 - d. provide prospective lenders a blueprint for action.
3. Which activity in developing a business plan is the most important?
 - a. developing an organizational chart
 - b. researching the market
 - c. choosing a business location
 - d. developing a production plan
4. TP Publishing Company offers several correspondence courses. It recently purchased Sylvan Learning Centers so that it would have a place and people to administer the examinations for the courses. This use of the learning centers to support the correspondence courses reflects the use of which component of the organization's strategy?
 - a. scope
 - b. resource deployment
 - c. alignment
 - d. entropy
5. After so many people complimented Robin Hoder's honey mustard, she decided to start a small business called Naples Valley Products to manufacture and market her mustard. At this juncture, Hoder was engaged in
 - a. competitive response.
 - b. corporate strategy.
 - c. strategic marketing.
 - d. strategic formulation.
6. In their book *In Search of Excellence*, Peters and Waterman found that successful companies "stuck to their knitting." In other words, they concentrated on those things they did well. To which component of organizational strategy does this idea most directly relate?
 - a. distinctive competence
 - b. organizational opportunity
 - c. scope
 - d. common strengths
7. Fort Howard Paper Company has a cost-saving manufacturing process that its competitors cannot imitate. Fort Howard Paper enjoys a(n)
 - a. product integration.
 - b. organizational opportunity.
 - c. sustained competitive advantage.
 - d. organizational threat.

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8. Research has shown that manufacturing costs fall as the number of units produced increases. This relationship between cost and production is called
 - a. synergy.
 - b. economy of scale.
 - c. the scalar principle.
 - d. the 80/20 principle.
 9. What is the most common source of funds for entrepreneurs?
 - a. personal financial resources
 - b. money from venture capitalist
 - c. loans from banks
 - d. issuing stock in the business
 10. Which of the following is **not** a method used by entrepreneurs to finance their new business?
 - a. strategic alliances
 - b. sale of stocks
 - c. small Business Investment Companies (SBICs)
 - d. personal resources
 11. Four general factors contribute to the failure rate of small businesses. They include
 - a. cash flow problems.
 - b. the lack of innovative spirit.
 - c. managerial incompetence or inexperience.
 - d. too many customers.

Use the following items for the next 3 questions.

- (a) Starting a business from scratch*
- (b) Buying an existing business*
- (c) Buying a franchise*

12. Historical records answer questions about cash flow problems.
 - a. a
 - b. c
 - c. b
13. May not be able to negotiate favorable credit terms with suppliers
 - a. b
 - b. a
 - c. c
14. Obtains ongoing access to advice from experts
 - a. c
 - b. b
 - c. a
15. If an entrepreneur is considering a new business, which of the following would be a desirable characteristic of the industry being considered?
 - a. Several companies are engaged in highly competitive advertising, which indicates that the product is desirable.
 - b. The new company will be able to sell to only selected buyers.
 - c. Start-up costs are high.
 - d. The new company will sell a newly patented invention that is not yet well known but is expected to dominate the market.

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16. Service businesses are the fastest growing segment of all small-business enterprises primarily because of
- favorable tax treatment.
 - high market demand.
 - size of initial capital investment.
 - low labor requirements.
17. The first step for the entrepreneur in planning his or her business is to:
- forecast sales revenue
 - engage in self-analysis
 - choose a location
 - develop an organizational chart
18. What is the most common source of funds for entrepreneurs?
- personal financial resources
 - loans from banks
 - money from venture capitalist
 - issuing stock in the business
19. Which of the following is **not** generally considered to be a role performed by small businesses?
- the creation of new jobs
 - the provision of capital to large businesses
 - the manufacture of materials for large businesses
 - the development of new products
20. While watching her Dad cook bacon in the microwave, 10-year-old Abby Fleck asked, "Wouldn't it be less messy if you hung the bacon to cook?" After breakfast, she and her Dad went to the basement and created the Makin Bacon, a gadget for making bacon cooking less messy. Abby and her family operate a business that makes and sells Makin Bacon trays to large companies like Armour Bacon. This is a small company that has contributed to the economy with its
- job creation and innovation.
 - innovation and its impact on the internal environment of Armour.
 - innovation and its importance to a big company.
 - financial performance and impact on its external environment.
21. Which of the following statements explain why small businesses are generally more effective than large companies in specialty retailing?
- Large companies generally lack the specialties that are needed to make a retail store profitable.
 - The dollar size of the specialty market is too small for large companies.
 - Specialty retailing requires a different organizational structure than is usually found in large companies.
 - None of these statements explain why small businesses are generally more effective than large companies in specialty retailing.
22. Which of the following is an example of identifying a new niche in an established market?
- expanding the distribution channels for Meadow Gold ice cream
 - developing a meat product that looks and tastes like ham but has a shelf life of twenty years
 - introducing a strawberry jam at a price 20% lower than what is currently on market
 - offering a free package of Hormel wieners if you buy one at full price
23. Which of the following is not a source of management advice for an entrepreneur?
- Service Corps of Retired Executives (SCORE)
 - Federal Trade Commission (FTC)
 - Small Business Administration (SBA)
 - Active Corps of Executives (ACE)

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24. The systematic collection and recording of information about jobs in the organization is known as
 - a. job analysis.
 - b. the selection process.
 - c. job specification.
 - d. job evaluation.
 25. When looking to hire a new employee, once the firm has developed a pool of applicants, the next step is
 - a. making a job offer to a candidate.
 - b. interviewing job applicants.
 - c. advertising the position.
 - d. screening job applicants
 26. The typical first step in the hiring process is to have prospective employees
 - a. participate in an interview.
 - b. take a skills test.
 - c. complete a job application.
 - d. attend an assessment center.
 27. Darin, the human resource manager of a local firm, makes sure that the firm is paying men and women the same if they are doing the same job. The legal constraint that he is abiding by is the
 - a. Equal Pay Act.
 - b. National Labor Relations Act.
 - c. Female Discrimination Act.
 - d. Civil Rights Act.
 28. Which of the following is not an objective measure of performance appraisal?
 - a. the ranking of coworkers by their superior
 - b. quality index based on the number of rejects
 - c. the number of sales dollars generated
 - d. the number of sales calls made
 29. The final and often the most difficult part of performance appraisal is
 - a. management by objectives.
 - b. job evaluation.
 - c. rating actual performance.
 - d. providing feedback to the employee in a face-to-face meeting.
 30. One of the factors that contribute to the failure rate of small businesses include:
 - a. too many customers
 - b. cash flow problems
 - c. managerial incompetence or inexperience
 - d. the lack of innovative spirit

Entrepreneurship Sample Case Study

Performance Indicators

- Problem is understood and well-defined
- Alternatives are recognized with pros and cons stated and evaluated
- Logical solution is selected with positive and negative aspects of its implementation given
- Anticipated results are based on correct reasoning
- Thoughts and statements are well organized and clearly stated; appropriate business language is used
- Team members demonstrated self-confidence, poise, and good voice projection
- All team members participated actively during the presentation
- Demonstrated ability to effectively answer questions

Background Information

Entrepreneur Williams Grace started a small business that provides consulting in human resource development. The organization that Williams started, was a family-owned business located in Pittsburgh, PA in 1991. The organization (HRDLeaders) specializes in technology-based online training. HRDLeaders has one main office that houses 5 employees on-site (family members) and in addition to those about 3 that telecommute at least 50% of the time. They are currently operating at capacity of the office. However, with that said, they are still are not able to meet the demands of all the requests they receive for services.

Within the last few years, many companies have started to use online or blended training to meet their needs for learning in a continuously changing workplace. Also factoring into the increase in the new demand is a new online training system that HRD Leaders created that trains employees for security issues and was recently selected by a large Fortune 500 company. In the current economy, many Fortune 500 businesses have inquired about this product, making the potential for market growth even greater.

Williams is trying to develop a strategy to capitalize off of the current demand for his product. Williams feels that it is necessary to go outside of his family in his hiring if his company is going to expand in an effort to keep pace with demand. In the past, Williams has had no qualms hiring instructional designers and trainers from outside the family; however, he favored keeping the management positions for family members. Two new full-time project managers are needed. Essentially, the company does not currently have the production staff or resources to keep pace with the demand and lacks the financial resources to expand the operation. To maintain high levels of output, the current staff has been required to work extended hours. The members of the staff who are not family members feel as though their extra work is not being noticed or appreciated and if the company grows they only envision more work. Members of the staff have suggested hiring other to take some of the pressure off of the current workforce. Williams feels that new equipment and more office space is warranted and believes that hiring more people and creating an additional shift is only a temporary solution to the problem.

Williams is considering giving up some equity in his business to get the necessary funding to expand the business. However, someone else has suggested borrowing the money from a local financial institution in order to maintain family control. Williams sees the potential for growth with this increase in demand but is worried about losing control and the family-orientation of his business.

Working with large Fortune 500 companies is challenging to ensure rules and regulations regarding HR and training practices are followed. In the past, Williams has been able to outsource for his legal needs. However, with the new opportunities and the rapid changes in laws impacting technology, such as intellectual property laws, Williams has been forced to look into hiring a full-time attorney, as he is not fortunate enough to have an attorney in his immediate family. He has also thought about hiring an accountant that is licensed to practice in Pennsylvania.

Adding to the problems Williams is facing is the fact that he promised his daughter, Amber, a project management position upon her graduation from college with a degree in engineering. Williams was hoping that Amber would take some of the pressure off of him and provide new insight into the company as it expands. Amber has worked with the company ever since she was 12 and understands almost all of

the organization; however, Ambers' leadership skills are lacking and there are two more deserving candidates currently on the staff.

Case Study Scenario

HRD Leaders has several issues to deal with and important decisions to make. The company realizes that it needs advice on these decisions and has hired your team as consultants. You have a meeting later this week with Williams to present your finding and recommendations. Generate your own analysis of the situation from the data presented in this case. Go through the problem-solving process and present your findings with anticipated results and benefits.

Cyber Security Answer Key

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

Database Design & Application Answer Key

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

Desktop Publishing Answer Key

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

Economics Answer Key

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

Entrepreneurship Answer Key

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