
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 ten (10) 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>

Web Site Resources

- Business Education Links
<http://lessonplans.btskinner.com/>
- Entrepreneurship
<http://www.quickmba.com/entre/>

ENTREPRENEURSHIP SAMPLE QUESTIONS

1. Taxes matched by both employers and employees are:
 - a. unemployment taxes
 - b. Social Security and Medicare taxes
 - c. income taxes
 - d. property taxes
2. Empowerment works best in work environments where:
 - a. managers function as coaches not as bosses
 - b. authority and responsibility are given out incrementally to the most trusted employees
 - c. there is minimal training
 - d. mistakes are quickly identified and punished
3. The choice of advertising medium is primarily determined by:
 - a. what media the industry focuses on
 - b. the target audience and the message
 - c. what media the competition uses
 - d. the unique selling proposition and budget
4. The most meaningful unique selling proposition:
 - a. counters the strengths of the competition
 - b. identifies as many product features as possible
 - c. stresses price
 - d. describes the primary benefit of the product
5. Which form of ownership generally has the least ability to accumulate capital?
 - a. partnership
 - b. S-corporation
 - c. sole proprietorship
 - d. corporation

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6. The most critical disadvantage of the sole proprietorship is:
 - a. limited skills and capacities of the owner
 - b. unlimited personal liability
 - c. lack of continuity
 - d. limited access to capital

 7. _____ are negative external forces that inhibit the firm's ability to achieve its objectives.
 - a. Opportunities
 - b. Threats
 - c. Strengths
 - d. Weaknesses

 8. The form of ownership with the greatest ability to accumulate capital is the:
 - a. corporation
 - b. joint venture
 - c. sole proprietorship
 - d. partnership

 9. The focus of the small company's marketing plan is:
 - a. attracting capital
 - b. an evaluation of key competitors
 - c. the customer
 - d. its product or service

 10. One "natural" advantage small businesses have over large businesses, which can be a significant competitive advantage, is:
 - a. their lower costs
 - b. their ability to conduct market research
 - c. their ability to serve many highly diverse target markets
 - d. relationship marketing

 11. One major advantage of the _____ is that once the owner has paid all of the company's expenses, he/she can keep the remaining profits (less taxes):
 - a. sole proprietorship
 - b. corporation
 - c. limited liability company
 - d. partnership

 12. An online ad that changes the background of the page being viewed is a:
 - a. banner ad
 - b. wallpaper ad
 - c. floating ad
 - d. trick banner

 13. Barker Industries makes an annual donation of \$100,000 to local charities, and allows its top managers leaves of absence to serve charities involved in community service. What area of social responsibility is Barker demonstrating?
 - a. community
 - b. environment
 - c. employees
 - d. customers

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14. Which trade agreement ended trade barriers between the United States, Mexico, and Canada?
 - a. United States Department of Agriculture
 - b. General Agreement on Tariffs and Trade
 - c. South American Trade Agreement
 - d. North American Trade Agreement

 15. Which one of the following generally is not required by a Certificate of Incorporation?
 - a. a statement of how stock proceeds will be used
 - b. the names and the addresses of the incorporators
 - c. a statement of the corporation's purpose
 - d. the corporation's bylaws

 16. The loan proposal portion of the business plan should include:
 - a. a listing of anyone who owns more than 20 percent of the business
 - b. three sets of forecasts: optimistic, realistic, and pessimistic
 - c. a realistic time table for repayment or for investors to exit
 - d. pro forma for two to three years

 17. Discussion of profitability and anticipated profitability of firms in the market segment, along with the entry, exit, and merger of those firms, is all part of the _____ section of the business plan.
 - a. business strategy
 - b. company history
 - c. marketing strategy
 - d. business and industry profile

 18. A significant advantage a franchisee has over the independent small business owner is participation in the franchiser's:
 - a. profits
 - b. policies
 - c. centralized and large-volume buying power
 - d. social gatherings

 19. Which one of the following is **not** a part of the marketing mix?
 - a. product
 - b. potential
 - c. price
 - d. people

 20. Which one of the following would most likely be accepted as collateral for a \$25,000 secured loan?
 - a. home equity of \$12,000
 - b. a \$32,000 automobile that is paid for
 - c. an apartment that you rent
 - d. a \$2,500 computer system

 21. Which one of the following is **not** one of the three most important elements of a company's financial strength?
 - a. liabilities
 - b. assets
 - c. payroll
 - d. owner's equity

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22. The Equal Employment Opportunity Act means that:
- there is a maximum number of hours employees can work each week
 - employers must maintain safe working conditions for their employees
 - business with 15 or more employees must accommodate the needs of employees with disabilities
 - a person cannot be turned down for a job based on age, race, color, national origin, religion, or gender
23. When the employment relationship between a company and an employee is ended it is known as a:
- new hire
 - transfer
 - termination
 - promotion
24. Which one of the following is **not** an organizational benefit of diversity?
- Individuals will feel they are respected and supported despite their differences.
 - The company will have a broader base of knowledge and understanding when making decisions.
 - Prospective employees and managers are drawn from the broadest possible employment pool.
 - Prospective customers will have a more positive image of the company.
25. On the first day of business for your candy store, Rocky Mountain Fudge, a five-year-old girl comes in with \$1 and wants to purchase a package of chocolate candy that costs \$1. You explain to her that she does not have enough money to buy the fudge because she must pay:
- sales tax
 - property tax
 - income tax
 - payroll tax
26. As the owner of a business, you will be responsible for collecting and paying taxes on the wages you pay your employees. This tax is:
- property tax
 - payroll tax
 - income tax
 - sales tax
27. The promotion of human welfare through giving is:
- norms
 - philanthropy
 - ethics
 - social responsibility
28. Which one of the following determines if an idea for a new business is practical?
- capitalism
 - marketing plan
 - business plan
 - feasibility analysis
29. What information should be included in a business plan?
- financial plans
 - marketing ideas
 - all topics should be include
 - business management and personal goals

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30. Joni's Jellies has offered to sell Andy's Eatery two cases of homemade jelly for \$100 each month for an entire year. Andy's Eatery responds by signing the offer and returning it to Joni's Jellies. Which of the following is **true**?
- An agreement has been reached.
 - Capacity does not exist.
 - Legality does not exist.
 - Consideration has been exchanged.
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ENTREPRENEURSHIP SAMPLE CASE STUDY

PARTICIPANT INSTRUCTIONS

- You have 20 minutes to review the case and may take notes on the two note cards that were provided. The note cards will be collected following the presentation.
- Presentation time is seven minutes. At six and seven minutes the timekeeper will stand. Five points are deducted if presentation goes over seven minutes.
- The judges will have a three-minute question and answer period following the presentation.
- All members of the team must participate in the presentation, as well as answer the questions.

CASE STUDY SITUATION

Sharon and Fred have owned Rev Coffee, a coffee shop in their neighborhood for the past two years. They opened Rev Coffee in a vacant shop adjacent to Fred's auto repair shop. Sharon manages Rev Coffee while Fred manages the auto repair shop. Rev Coffee is open from 6 a.m.- 6 p.m. seven days a week. In its first year, Rev Coffee did not make a profit, but was able to meet all its financial obligations. At the end of the second year, Sharon met with her accountant to review the balance sheet and income statements for Rev Coffee. Progress is being made in paying off the renovation of the building and all of the purchased equipment, and all debts should be paid off by the end of the third year. Although Rev Coffee did not make a profit in the second year either, it is not losing money. Sharon would like to increase revenue during the third year so that a profit can be realized.

Sharon manages Rev Coffee and is finding that she spends 70–80 hours a week at the coffee shop. She and Fred have two children ages 8 and 11, and Sharon would like to be able to spend more time with them. Other employees at Rev include the assistant manager, Andy, who has worked at Rev since it opened. He works Tuesday–Friday from 5:30 a.m.–5:30 p.m. Martha is another assistant manager and works Saturday–Monday from 5:30 a.m.–5:30 p.m. Although she does not stay at Rev all day, Sharon does open and close the shop every day. Two other full-time employees work the counter and cash register. Four other employees work part-time serving as cashiers and assist with clean up.

Rev is beginning to have problems with their inventory. Several times in recent months they have run out of Styrofoam coffee cups and the coffee beans for their house coffee. Sharon thought that she had ordered the supplies but could find no record of placing the order. She realizes that she needs a better system for tracking inventory and reordering when supplies are low.

Several customers have inquired recently about the Styrofoam cups that Rev uses. They have complained that these are not environmentally friendly and would like to see a change in the cups to a recycled paper cup. Sharon does not have any knowledge about environmentally friendly products but is interested in learning more about them.

Sharon and Fred have hired you to advise them about their business. What advice will you give Rev Coffee?