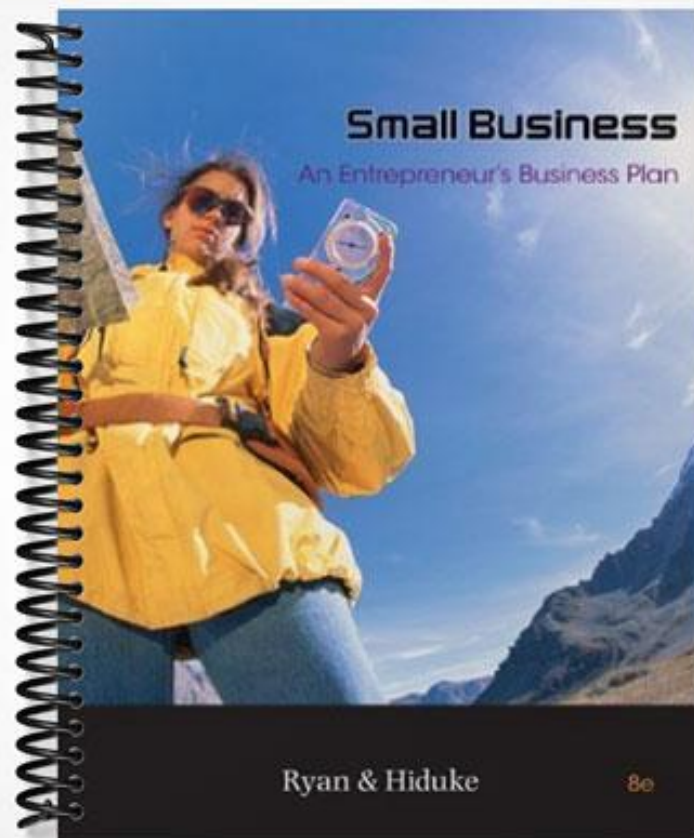


# TEST BANK



Ryan & Hiduke

8e



13. The pace of change is slowing in the business world.  
ANS: F                    PTS: 1                    REF: p. 8
14. Small business is often the most secure and rewarding career option.  
ANS: T                    PTS: 1                    REF: p. 10
15. Companies with fewer than 100 employees employ ten percent of the workers in the United States.  
ANS: F                    PTS: 1                    REF: p. 10
16. For some, becoming an entrepreneur is buying a job.  
ANS: T                    PTS: 1                    REF: p. 11
17. Assessing your current situation is important to the business plan process.  
ANS: T                    PTS: 1                    REF: p. 13
18. Family support is not important to the entrepreneurial lifestyle.  
ANS: F                    PTS: 1                    REF: p. 13
19. Success is personal and measurable.  
ANS: F                    PTS: 1                    REF: p. 17
20. Social entrepreneurship is the act of solving problems in groups.  
ANS: F                    PTS: 1                    REF: p. 20
21. Personal observation is a good way to become aware of what is happening to small firms in your industry.  
ANS: T                    PTS: 1                    REF: p. 21
22. Cost of goods sold is a key number in determining a businesses profit profile.  
ANS: T                    PTS: 1                    REF: p. 21

### **MULTIPLE CHOICE**

1. According to Small Business Administration, approximately how many small businesses are out there?  
a. 1 million  
b. 2 million  
c. 30 million  
d. 7 million  
ANS: C                    PTS: 1                    REF: p. 2
2. Most new jobs in the private sector are created by firms with how many employees?  
a. 1,000 or more

- b. between 500 and 999
- c. between 20 and 499
- d. fewer than 20

ANS: D                    PTS: 1                    REF: p. 2

3. Each year:
- a. 10 new businesses are started
  - b. 100 new businesses are started
  - c. 1,000 new businesses are started
  - d. 1,000,000 new businesses are started

ANS: D                    PTS: 1                    REF: p. 2

4. Taking a careful look at yourself will tell you:
- a. What's happening in the marketplace.
  - b. Who your target customer is.
  - c. How secure your present job is.
  - d. Who your competition is.

ANS: C                    PTS: 1                    REF: p. 2

5. A blueprint or a tool to help build a business is called a:
- a. showcase.
  - b. Business plan.
  - c. Marketing plan.
  - d. Computer.

ANS: B                    PTS: 1                    REF: p. 2

6. Which of the following is not a doorway to small-business ownership?
- a. buying a franchise
  - b. starting a new business
  - c. buying stock in a fortune 500 company
  - d. buying an ongoing business

ANS: C                    PTS: 1                    REF: p. 8

7. The document that stands between you and small-business failure is your:
- a. SBA management leaflet 6602.03
  - b. First year's ROI
  - c. Business Plan
  - d. Skills dossier

ANS: C                    PTS: 1                    REF: p. 8

8. As you start to analyze business ideas, it is not a good idea to:
- a. figure out who you are and what you want from life.
  - b. apply for a bank loan.
  - c. upgrade your computer.
  - d. surf the Internet for opportunities.

ANS: B                    PTS: 1                    REF: p. 10

9. Your Adventure Notebook should include:
- a. a twelve-month calendar.

- b. an appointment calendar.
- c. an idea list.
- d. all of the above.

ANS: D                      PTS: 1                      REF: p. 2

10. Which one of the following is not an important financial statement?
- a. Balance Sheet
  - b. Checkbook register
  - c. Budget
  - d. Income statement

ANS: B                      PTS: 1                      REF: p. 11

11. A self assessment would not include:
- a. A list of assets.
  - b. A list of things you love to do.
  - c. A list of things you're good at.
  - d. A list of skills you have acquired through the years.

ANS: A                      PTS: 1                      REF: p. 15

12. Which of the following is not important to a profit profile?
- a. cost of goods sold.
  - b. Customer list
  - c. Salaries
  - d. Gross sales

ANS: B                      PTS: 1                      REF: p. 21

13. Which of the following is not one of the Ten Killer Factors?
- a. No Marketing Strategy
  - b. Weak Personality
  - c. The Business Plan
  - d. The Wrong People

ANS: C                      PTS: 1                      REF: p. 18

14. Which of the following is not one of the Ten Success Factors?
- a. No Controlling
  - b. Cooperation
  - c. Clear Company Structure
  - d. Targeted Marketing

ANS: A                      PTS: 1                      REF: p. 18

15. Expenses directly attributable to production include which of the following?
- a. Gross sales
  - b. Cost of goods sold
  - c. Marketing expenses
  - d. Business estimates

ANS: B                      PTS: 1                      REF: p. 21

16. According to Jim Collins' book *Built to Last*, what is not important to developing a business?
- a. what your good at

- b. what you currently do
- c. what you stand for
- d. what people will pay you for

ANS: B

PTS: 1

REF: p. 22

## SHORT ANSWER

1. Describe the doorways to small business ownership.

ANS:

There are three doorways to small business ownership. The first is buying an ongoing business. This would involve finding an existing business that is for sale and striking a deal with the current owner for price and terms. The second is buying a franchise. This would require you to find a franchise that fits your small business idea. This would be a new business to your area, but with a familiar name and logo. The third would be starting a small business from scratch. This involves all aspects of starting including finding a location and supplies. This business would be completely new to your marketplace.

PTS: 1

REF: p. 8

2. What is the age of the entrepreneur?

ANS:

The business world is changing at record speeds and this change is creating more and more opportunities for entrepreneurs. Big business is downsizing and most new jobs are being created by small business. To take advantage of these trends, a person needs to have a good understanding of what they and their family want from life, and is willing to create a plan and stick to it.

PTS: 1

REF: p. 10

3. Explain the Adventure Notebook.

ANS:

The adventure notebook is a tool for the new entrepreneur to stay organized. It should include a calendar, a to do list, a list of advisors and a place to keep business related items during the investigation stage.

PTS: 1

REF: p. 2

4. Define entrepreneur.

ANS:

A visionary self-starter who loves the adventure of a new enterprise and is willing to risk his/her own money.

PTS: 1

REF: p. 2

5. Define Business Plan.

ANS:

A blueprint for your business start-up or expansion.

PTS: 1

REF: p. 2