

Chapter 6

Entrepreneurship

Answer Key

Part 1: Content Review

Matching

1. F
2. H
3. B
4. E
5. A
6. I
7. C
8. J
9. D
10. G

Multiple Choice

1. B
2. A
3. B
4. B
5. C
6. D
7. C
8. A
9. D
10. C

Completion

1. entrepreneur
2. Passion
3. Transferrable or Foundation
4. US Small Business Administration (SBA)
5. franchise
6. executive summary
7. mission statement
8. market analysis
9. assets
10. Angel investors

Part 2: Concept Review

Open Response

1. No. There are no boundaries in becoming an entrepreneur. As long as the activity is legal, any person is free to pursue it. However, a college degree might help in becoming more successful by improving some of the basic skills every entrepreneur should master, such as math functions, reading and writing, and knowledge of technology.
2. Entrepreneurs can count on the fact that problems will always arise. To keep a business running smoothly, they must be able to take charge of situations and quickly make decisions. Postponing a decision often makes a situation worse.
3. The franchisee gets a proven business system and business name that is already known in the market.
4. With debt financing, you must repay the borrowed money or lose the business. Collateral is also required to back up the loan. If the loan is not repaid, the bank or financial institution will take ownership of the collateral. With equity financing, capital is brought into the business in exchange for a percent of ownership. The business owner must share the profits with investors.
5. The five Ps of entrepreneurship are purpose, passion, persistence, people, and profit. Entrepreneurs have a **purpose**. They are driven to be independent and successful. They set goals and work hard to achieve them. Entrepreneurs follow their passion, which is something they believe in or that they are enthusiastic about. Most successful entrepreneurs combine what they are good at with what they enjoy. Entrepreneurs are **persistent** in achieving success. Determination to work through obstacles is key in becoming a successful entrepreneur. Entrepreneurs need a support system of **people**. Professional connections and business associations can offer helpful resources and shared experiences. The central focus of all businesses is **profit**. Successful entrepreneurs must manage all of the finances of a business and keep the business profitable.

Part 3: Math Skills

Measurement of Area

1. $22 \text{ feet} \times 22 \text{ feet} = 484 \text{ square feet}$
2. $\text{Area of display} = 48 \text{ feet} \times 80 \text{ feet} = 3,840 \text{ square feet}$
The video display does not meet the ordinance requirements—it is too big.
3. $\text{Store area} = 70 \text{ feet} \times 60 \text{ feet} = 4,200 \text{ square feet}$
 $\text{Area for office and reception} = 4,200 \text{ square feet} \times .15 = 630 \text{ square feet}$
4. $\text{Area of vacant land} = 200 \text{ feet} \times 70 \text{ feet} = 14,000 \text{ square feet}$
 $\text{Number of parking spots} = 14,000 \text{ square feet} \div 350 \text{ square feet} = 40 \text{ parking spots}$
Yes, the land is large enough.
5. $120 \text{ yards} \times 53.33 \text{ yards} = 6,399.60 \text{ square yards}$

Part 4: Communication Skills

Reading Questions

1. A veteran professional who takes on the responsibility of serving as a role model for a younger person or for a new employee. A mentor is an older, wiser advisor serving as a role model and guide in the growth and development of the younger persons.
2. If it is to be, it is up to me.
3. Younger or newer employees should set obtainable goals, plan their programs of work, document their career and life objectives, and associate with winners, not losers.