

## CHAPTER



# Entrepreneurship

## Part 1: Content Review

### Matching

*Write the letter of the correct term for each definition on the line provided.*

#### Terms

- |               |                      |
|---------------|----------------------|
| A. trait      | F. business plan     |
| B. leadership | G. venture capital   |
| C. mentor     | H. capital structure |
| D. market     | I. market research   |
| E. cash flow  | J. start-up capital  |

- \_\_\_\_\_ 1. A written statement of goals and objectives for a business with a strategy to achieve them.
- \_\_\_\_\_ 2. The way a business is financed.
- \_\_\_\_\_ 3. The ability to reach others and reach a goal.
- \_\_\_\_\_ 4. The movement of money into and out of a business.
- \_\_\_\_\_ 5. A distinguishing characteristic or quality that makes each person unique.
- \_\_\_\_\_ 6. Gathering and analyzing information about a business.
- \_\_\_\_\_ 7. Someone with experience who can provide advice, suggestions, and ideas.
- \_\_\_\_\_ 8. The money necessary to start up and open a business.
- \_\_\_\_\_ 9. All the people and organizations that might purchase a product.
- \_\_\_\_\_ 10. Money invested in a business by investors who form partnerships or groups to pool investments.

## Multiple Choice

*Place the letter of the correct answer to each question on the line provided.*

- \_\_\_\_\_ 1. Entrepreneurs willingly risk resources to start and run a business in pursuit of \_\_\_\_\_.  
A. planning  
B. profit  
C. pro forma  
D. professional advice
- \_\_\_\_\_ 2. Which of the following is a quality of effective leadership?  
A. Self-confidence  
B. Self-reliability  
C. Self-transferability  
D. Self-mentoring
- \_\_\_\_\_ 3. Which of the following is a basic skill every entrepreneur should master?  
A. Mentoring  
B. Basic math functions  
C. Franchising  
D. Angel investing
- \_\_\_\_\_ 4. Which of the following is a source of professional advice for new entrepreneurs?  
A. Federal Reserve System  
B. Small Business Administration (SBA)  
C. Federal Trade Commission (FTC)  
D. Food and Drug Administration (FDA)
- \_\_\_\_\_ 5. Which of the following is *not* a reason why many new businesses fail?  
A. Poor management skills  
B. Lack of money  
C. Lack of profit motive  
D. Improper budgeting
- \_\_\_\_\_ 6. An entrepreneur can choose to \_\_\_\_\_.  
A. start a new business  
B. purchase an existing business  
C. buy a franchise  
D. Any of the above.
- \_\_\_\_\_ 7. Which of the following is *not* a potential advantage of purchasing an existing business?  
A. History of profitable operations  
B. Proven products and sales strategies  
C. Expensive purchase price  
D. Guidance and advice from previous owner
- \_\_\_\_\_ 8. A business plan includes \_\_\_\_\_.  
A. financial projections  
B. approval from the Small Business Administration (SBA)  
C. approval from the Service Corps of Retired Executives (SCORE)  
D. collateral

Name \_\_\_\_\_

- \_\_\_\_\_ 9. Which pro forma financial statement projects revenue and expenses to show whether or not a business is profitable?
- A. Balance sheet
  - B. Cash flow statement
  - C. Income tax return
  - D. Income statement
- \_\_\_\_\_ 10. Two sources of equity financing are \_\_\_\_.
- A. angel investors and collateral
  - B. venture capital and collateral
  - C. venture capital and angel investors
  - D. collateral and cash flow

## Completion

*In the space provided, write the word(s) that best completes each of the following statements.*

- \_\_\_\_\_ 1. A person who starts a new business or purchases an existing business is a(n) \_\_\_\_.
- \_\_\_\_\_ 2. \_\_\_\_ is something which entrepreneurs believe in or are enthusiastic about.
- \_\_\_\_\_ 3. \_\_\_\_ skills help an individual perform in the workplace or gain success in a career.
- \_\_\_\_\_ 4. An independent agency of the federal government dedicated to helping entrepreneurs start, build, and grow their business is the \_\_\_\_.
- \_\_\_\_\_ 5. A license to sell a company's goods or services within a certain territory or location is a(n) \_\_\_\_.
- \_\_\_\_\_ 6. A description of a business and why it will be successful is a(n) \_\_\_\_.
- \_\_\_\_\_ 7. A sentence describing the purpose of a business is a(n) \_\_\_\_.
- \_\_\_\_\_ 8. The \_\_\_\_ provides an overview of the industry and market that the business will serve.
- \_\_\_\_\_ 9. Property or items of value which a business owns are \_\_\_\_.
- \_\_\_\_\_ 10. Private investors who fund start-up businesses are \_\_\_\_.

Name \_\_\_\_\_

# Part 2: Concept Review

## Open Response

*Write your response to each of the following statements or questions in the space provided.  
Use complete sentences.*

1. Is a college degree needed to become an entrepreneur? Briefly explain your answer.

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2. Why are problem-solving and decision-making skills essential to an entrepreneur?

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3. What is the advantage of becoming an entrepreneur by buying a franchise?

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Name \_\_\_\_\_

4. Compare the advantages and disadvantages of debt financing and equity financing.

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5. List and describe the five Ps of entrepreneurship.

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## Part 3: Math Skills

### Measurement of Area

The geometric principle of *area* is often applied when operating a business. Examples include planning for a store interior, advertising signage, or the layout for a work area. *Area* is a measure of the amount of surface within the perimeter of a flat figure. Area is measured in square units, such as square inches, square feet, or square miles. The following are formulas to calculate the area of a square and rectangular shaped surface:

Square: Side  $\times$  Side

Rectangle: Length  $\times$  Width

*Answer the following questions involving area.*

1. Trout Master Outdoors is a retailer that sells fishing and other outdoor recreation products. The owner wants to install wood flooring in a new section of the store that will display a new line of kayaks. This section is a square with 22 feet sides. How many square feet of wood flooring will be needed?

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2. A sports and concert arena wants to install a giant LED billboard on a nearby highway to advertise upcoming events. The billboard is 48 feet high and 80 feet long. The general manager of the arena discovers there is a local ordinance that limits the area of any outdoor signage to 3,000 square feet. Will this video display meet the ordinance requirements?

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3. Premier Design Company is leasing a building for a new engineering research department. The space is 70 feet long and 60 feet wide. The office and reception area will use 15 percent of the space. How many square feet will be used for the office and reception area?

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4. Argosy Corporation needs 30 more parking spots for its employees. Next to its headquarters building, there is vacant land that is 200 feet long and 70 feet wide. When building a parking lot, 350 square feet is needed for each parking spot. Will this land be large enough for 30 more parking spots?

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5. A high school wants to install new turf on its football field. The football field is regulation size at 120 yards long and 53.33 yards wide. How many square yards of turf are needed?

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## Part 4: Communication Skills

### Reading

Reading for information is much different than reading for pleasure. When reading for information, be sure to ask yourself questions about what you have read to ensure understanding. Read the passage below and focus on the content. After you have read the passage, answer the questions that follow in the space provided.

#### Developing a Mentoring Relationship

In life and in business, mentoring relationships develop when a veteran professional takes on the responsibility of serving as a role model for a younger person or for a new employee. Veteran professionals may not realize the leadership skills they pass on to young people or the influence they have by serving as mentors. Barnes, Mendleson, and Horn (1989) defined mentoring as “an older, wiser advisor serving as a role model and guide in the growth and development of the younger persons.”

#### Thinking Positively

Expectations of young people are important in their growth and success. Veteran employees communicate both high and low expectations to young or newer employees and do so through both verbal and nonverbal behaviors. Young people learn to think positively and use these ten winning two-letter words: “if it is to be, it is up to me.” Veteran employees or managers should encourage young or newer employees to set obtainable goals, plan their programs of work, document their career and life objectives, and associate with winners, not losers. Young people should write their ‘wins’ down for future reference. Many attorneys have special files of all of their ‘win’ cases and their ‘lost’ cases and use these files to guide their future endeavors. Others can develop a similar filing agenda.

#### Listening and Observing

An employer may tell new employees, “Keep your eyes and ears open and your mouths shut for the first few weeks you are here. You will learn a great deal more about us that way.” Mentoring in business has been rediscovered, so to speak, as more workshops and seminars are being offered for training (Hannah 2009).

Leaders should not be expected to have all the answers; thus, they must listen to their followers and other advisors to learn new directions and solutions to problems.

#### Sources:

Hannah, Daryl C. “How to Build a Successful Mentorship,” *DiversityInc*, February 13, 2009.

Mendleson, Jack L., A. Keith Barnes, and Gregory Horn. “The Guiding Light to Corporate Culture,” *Personnel Administrator*, July 1989: 70+. *General OneFile*, accessed December 16, 2010.

Name \_\_\_\_\_

# Reading Questions

1. What is a mentor?

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2. What are the ten winning two-letter words?

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3. What should veteran employees and managers encourage younger employees to do.

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