**Entrepreneurship Final Test**

**Students may use a calculator**

**Mark the choice that is the best answer.**

1. The process of getting into and operating one’s own business.

A. Demand

B. Scarcity

C. Investment

D. Entrepreneurship

2. The primary reason individuals start a business.

A. Scarcity

B. Profit motive

C. Competition

D. Better prices

3. The amount or quantity of goods or services consumers are willing and able to buy:

A. Demand

B. Supply

C. Equilibrium

D. Scarcity

4. Scarcity allows businesses to:

A. Increase prices.

B. Decrease prices.

C. Create jobs.

D. Create equilibrium.

5. What does this graph represent?

$500

$0

1. 300 units

A. Demand curve

B. Supply curve

C. Equilibrium

D. Scarcity

6. Which entities benefit MOST from the graph in question #5?

A. Consumers

B. Suppliers

C. Both A and B

D. Neither A or B

7. Equilibrium is:

A. When demand is higher than supply.

B. Point at which supply equals demand, neither leaving a surplus or a shortage.

C. The money left over after all the expenses of a business have been deducted from the income.

D. A market that only has one producer, and has no competition.

8. Entrepreneurs contribute to society in all the following ways EXCEPT:

A. Turning demand into supply.

B. Charging taxes to the government.

C. Providing more jobs.

D. Creating and using improved technology.

9. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is when several businesses strive for the same customer dollar.

A. Demand

B. Exporting

C. Monopoly

D. Competition

10. When a company can charge high prices because consumers have nowhere else to go.

A. Scarcity

B. Monopoly

C. Profit motive

D. Rivalry

11. Government’s role in business encompasses all the following EXCEPT:

A. Provides subsidies to select groups.

B. Collects retail sales and other taxes on goods.

C. Is a large purchaser of goods and services.

D. Determines supply and demand.

12. All the following are entrepreneurial characteristics, EXCEPT for:

A. Goal-oriented

B. Dependent

C. Responsible

D. Creative

13. All the following are skills an entrepreneur should have, EXCEPT for:

A. Speed

B. Communication

C. Math

D. Human Relations

14. Which one is a risk of owning your own business?

A. Being your own boss

B. Being fully responsible

C. Freedom to set your own schedule

D. Contributing to the community

15. A successful entrepreneur should:

A. Know his financial and non-financial goals before starting a business.

B. Create broad, far-reaching goals that are extremely challenging to meet.

C. Begin any type of business, as long as it pertains to her interests.

D. Always find someone else to operate and manage the business.

16. What type of business gives you the legal rights to market a company’s products in a particular area?

A. Franchise

B. Monopoly

C. Non-profit

D. Private

17. What is a disadvantage of owning your own business?

A. Being your own boss

B. Doing something you enjoy

C. Control own salary

D. Work long hours

18. You want to start a business. Which type of business is right for you, if you want to be independent and make all decisions about everything, keep all the profits, and allows you to

hire all-new employees?

A. Franchise

B. Buy existing business

C. Family business

D. Start own business

19. All the following are idea-generation methods, EXCEPT for:

A. People watching

B. Read, read, and read some more

C. Attend Trade shows

D. Ignore government agencies

20. Which idea is NOT good for a home-based business?

A. Selling cosmetics

B. Personal fitness trainer

C. Managing a doctor’s office

D. Outsourcing your skills to others

21. All the following are laws to protect ideas and intellectual property, EXCEPT for:

A. Scarcity

B. Patent

C. Copyright

D. Trademark

22. Gov’t agencies that assist entrepreneurs in starting their own businesses include all the following, EXCEPT:

A. SCORE

B. Chamber of Commerce

C. State Governments

D. SBA

23. Sally wants to invest $20,000 into a business and make a 20% return on her investment in

the first year. How much can she profit if she meets her investment goal?

A. $1000

B. $24,000

C. $21,000

D. $4,000

24. What is the first step in conducting market research?

A. Obtain primary research

B. Design your trademark

C. Analyze your data

D. Identify your information needs

25. All the following are steps in conducting market research, EXCEPT:

A. Obtain primary research

B. Design your trademark

C. Analyze your data

D. Identify your information needs

26. To research your competitors, you should do all the following, EXCEPT:

A. Identify your indirect competitors

B. Describe the primary market segments your competitor’s serve

C. Hire your competitor’s employees to provide you insider information

D. Describe the primary products/services your customer sells

27. “Hot Topic Vacations” focuses all their sells efforts to singles, ages 25 to 45-years old. This

company uses what type of market segmentation?

A. Psychographics

B. Niche

C. Loyalty

D. Value

28. By evaluating your competitors’ product selection, quality, promotional activities, and

pricing policies, you can learn much about their:

A. Strengths and weaknesses

B. Intent to sell

C. Income Statement

D. Buying Characteristics

29. A target market should include all the following characteristics, EXCEPT:

A. Measurable

B. Neglectful

C. Profitable

D. Reachable

30. The specific market segment toward which all of a business’s activities are directed.

A. Target market

B. Focus Group

C. Demographics

D. Prime market

31. Data collected by someone else for their own purposes. You can make assumptions about

your target market based on this information.

A. Competitive research

B. Collective research

C. Primary research

D. Secondary research

32. A group of people whose opinions are studied to determine the opinions/buying preferences

of a larger population is a:

A. Niche group

B. Focus group

C. Target group

D. Study group

33. Which one contains only examples of secondary research sources?

A. Internet, observations, phone interviews

B. Website of U.S. Census Bureau, trade associations, marketing research agencies (e.g.,

Nielsen Media Research)

C. Chamber of Commerce, focus groups, personal interviews

D. Surveys you create, government organizations, interviews by mail

34. Which of the following is NOT an industry force that can affect your business?

A. Availability of substitute products

B. Improved technology–or–use of technology

C. Primary research data

D. Bargaining power

35. Facts that describe the target market and include; gender, income, occupation, and age.

A. Psychographics

B. Buying characteristics

C. Niche

D. Demographics

36. Rate of use, loyalty, having former experience with a company, and buying products for prestige are all examples of a target market’s:

A. Demographics

B. Psychographics

C. Buying characteristics

D. Geographics

37. Which of the following is NOT a good management skill?

A. Conceptual

B. Networking

C. Commuting

D. Technical

38. When determining where to locate a business, you need to assess all the following,

EXCEPT for?

A. Traffic counts

B. Zoning & parking

C. Type of legal ownership

D. Nearby businesses

39. Which of the following is considered a critical factor in success of a business, especially retail?

A. Accountants

B. Shareholders

C. Shipping

D. Location

40. If you own a company with about 18 employees and $3 million in gross sales, which form of legal ownership would you choose?

A. Subchapter S Corporation

B. C-Corporation

C. Limited Liability Company

D. Profit Corporation

41. What is the advantage of being a Subchapter S Corporation?

A. Provides liability protection, and utilizes pass-through taxation

B. Structured to accommodate employee benefits; e.g., profit sharing and retirement

C. It’s the most common form of ownership for large businesses like Federal Express

D. It’s inexpensive and easy to create

42. Which inventory system is continually updated on a daily basis?

A. Physical inventory

B. Perpetual Inventory

C. Just-in-Time Inventory

D. Tracking Inventory

43. A discount pricing method that is often used when ordering t-shirts for the school—the larger the order, the cheaper the per-unit price.

A. Quantity discounts

B. Multiple-unit pricing

C. Cash discounts

D. Price lining

44. Which of the following is NOT part of the promotional mix?

A. Advertising

B. Price

C. Promotion

D. Personal Selling

45. Which is an example of a product brand?

A. Cereal

B. “Just Do It”

C. Ford

D. Retailers

46. Why do businesses use indirect distribution?

A. It’s a ready-made network for wider distribution

B. Creates goodwill for business

C. To more quickly reach customers

D. To receive prompt payment

47. Channels of distribution include all the following components EXCEPT:

A. Advertising

B. Transportation

C. Storage

D. Product Handling

48. The tool used to: 1.) obtain financing, and 2.) plan objectives for the business is called a:

A. Financial Statement

B. Mission Statement

C. Business Plan

D. Competitive Analysis

49. Which of the following are ALL common sections of a business plan?

A. Management and staffing, marketing plan, and financial statements

B. Forms of ownership, marketing plan, and press releases

C. Mission Statement, checking account numbers, and competition analysis

D. E-mail accounts, market analysis, and a section describing products and services

50. Which is a FREE source of information for people who want to start a small business?

A. Accountants

B. Attorneys

C. SCORE

D. U.S. Business Authority

51. “To obtain 20 business clients who will contract to have their windows washed monthly

within the first 6 months of business.” This is an example of a(n):

A. Executive Summary

B. Business Plan

C. Mission Statement

D. Income Analysis

52. On a Balance Sheet, Assets = Liabilities + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_:

A. Credit

B. Expenses

C. Owner’s Equity (or Net Worth)

D. Total Revenues (Losses)

53. If a product costs $5 to purchase from your supplier and your mark-up is 25%, what is your

retail price?

A. $2.50

B. $3.75

C. $1.25

D. $6.25

54. Which pricing strategy is Burger King using when it runs a sales promotion on Whoppers

for 99¢ because McDonalds is running a special on Big Macs priced at $1.00?

A. Demand-based

B. Competition-based

C. Income-based

D. Price-lining

55. The component of the promotional mix that focuses on creating goodwill or an image for a

company is:

A. Public Relations

B. Promotions

C. Advertising

D. Personal Selling

56. Which of the components of the marketing mix deals with planning the features you will

design into a new computer software program?

A. Place

B. Product

C. Promotions

D. Programs

57. The component of the promotional mix that is placed in the mass media and paid for by your

business as the identified sponsor.

A. Promotions

B. Sponsorship

C. Public Relations

D. Advertising

58. This form of ownership operates apart from is owners, and lives-on after the owner dies.

A. Partnership

B. Sole Proprietorship

C. Limited Liability Company

D. Corporation

59. Allows the customers to obtain products or services with the promise to pay later.

A. Credit

B. Price-lining

C. Publicity

D. Corporation

60. Which of these items is NEVER found on an Income Statement?

A. Gross Income

B. Break-even Point

C. Start-up Costs

D. Operating Expenses

61. Your lease payment, salaries, and insurance, are usually what type of expenses?

A. Fixed

B. Variable

C. COGS

D. Gross

62. The expenses in the question above are also considered what type of expenses?

A. Expensive

B. Collateral

C. Equity

D. Operating

63. On a Profit and Loss Statement, what shows you the “profit” you made in your business?

A. Revenues

B. Equity Capital

C. Net Income

D. Collateral

64. The financial statement that reports the final balances of all assets, liabilities, and owner’s equity.

A. Balance Sheet

B. Income Statement

C. Profit and Loss Statement

D. Annual Report

65. Which of the following can NOT be used as collateral?

A. Vehicles owned

B. Homes or Condos

C. Personal belongings that have value

D. Lease (if you’re the Leasee)

66. Which of the following is NOT one of the “5 C’s of Credit” required to obtain a loan?

A. Capacity

B. Collateral

C. Character

D. Corporation

67. Which of the following credit requirements deals with; your potential for growth, amount

of competition, location, and form of ownership?

A. Capacity

B. Condition

C. Character

D. Capital

68. Your ability to repay a loan based on incoming and outgoing cash flow.

A. Corporation

B. Capital

C. Capacity

D. Collateral

69. An Income Statement is also known as a:

A. Balance Sheet

B. Cash Flow Analysis

C. Feasibility Analysis

D. Profit and Loss Statement

70. The cost of inventory to be sold in a business.

A. Income

B. Just-in-Time Inventory

C. Cost of Goods Sold

D. Fixed expense

71. Calculate the amount of interest you will pay on a $30,000 at 5% interest for 10 years.

A. $1,500

B. $3,000

C. $45,000

D. $15,000

72. What is your monthly payment for a $10,000 loan at 6.25% interest for 3 years?

A. $1,875.00

B. $329.86

C. $625.00

D. $208.33

73. You invest $80,000 into a business and expect a 16% ROI. How much should you receive annually off this investment to meet your objectives?

A. $5,000

B. $92,800

C. $12,800

D. $67,200

74. You sell Widgets for $80 each. Your COGS are $20 per unit. Your Fixed Expenses are

$15,000. What is your break-even point?

A. 250 units

B. 150 units

C. 900 units

D. 9.37 units

75. Your Sales Revenues minus your Cost of Goods Sold equals:

A. Income Statement

B. Gross Income

C. Operating Expenses

D. Net Income

76. One way to start a business is to obtain cash from an investor. If the investor want an ownership stake in the business in return for his investment, it is called:

A. Return on Investment

B. Collateral

C. Equity capital

D. Fixed expense

77. Gross income - operating expenses = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. Sales Revenues

B. Net Income/Loss

C. COGS

D. Break-even point

78. Using the following information, calculate the Gross Income.

Sales Revenue: $40,000

COGS: $22,000

Operating Expenses: $15,000

A. $3,000

B. $62,000

C. $25,000

D. $18,000

79. Using the following information, calculate the Net Income.

Sales Revenue: $40,000

COGS: $22,000

Operating Expenses: $15,000

A. $3,000

B. $62,000

C. $25,000

80. If question #79 was a service-only business, determine what the Net Income would be.

A. $3,000

B. $62,000

C. $25,000

D. $18,000

D. $18,000

Entrepreneurship

Final Test–KEY

1.D

2.B

3.A

4.A

5.B

6.B

7.B

8.B

9.D

10.B

11.D

12.B

13.A

14.B

15.A

16.A

17.D

18.D

19.D

20.C

21.A

22.A

23.D

24.D

25.B

26.C

27.B

28.A

29.B

30.A

31.D

32.B

33.B

34.C

35.D

36.C

37.C

38.C

39.D

40.A

41.A

42.B

43.A

44.B

45.C

46.A

47.A

48.C

49.A

50.C

51.C

52.C

53.D

54.B

55.A

56.B

57.D

58.D

59.A

60.B

61.A

62.D

63.C

64.A

65.D

66.D

67.B

68.C

69.D

70.C

71.D

72.B

73.C

74.A

75.B

76.C

77.B

78.D

79.A

80.C