

Module 3: Quiz

1. What is NOT a primary purpose of a business plan:

- A. Charts course for business owner
- B. Gets out there and sells for the business owner
- C. Provides introduction document for fundraising
- D. Drives action

Answer: B

2. What is the executive summary component of a business plan?

- A. A summary of resumes of executives advising the business.
- B. A plan for how executives will be compensated.
- C. A one page description of the business.
- D. None of the above.

Answer: C

3. What is NOT a term associated with marketing or promotion:

- A. The 4 Ps
- B. Advertising
- C. Personal selling
- D. Publicity
- E. Sidewalk creeping
- F. Guerilla marketing

Answer: E

4. What are common types of expenses in a business?

- A. Salaries
- B. Rent
- C. Utilities
- D. Telephone
- E. Equipment
- F. Sports tickets
- G. A, B, D, & F only.
- H. A, B, C, D, & E only.

Answer: H

5. What is income?

- A. Revenues - Expenses
- B. Revenues + Sales - Expenses
- C. Expenses + Profit
- D. None of the above

Answer: A

6. What is a major difference between debt and equity financing?

- A. Debt is from a bank and equity investors are never from a bank.
- B. Debt must be paid back with interest and equity is when someone takes an ownership stake in your company.
- C. Debt is bad and equity is good.
- D. None of the above.

Answer: B

7. What is NOT one of the four primary sources of funding?

- A. Financial institutions
- B. Founder, friends and family
- C. Credit cards
- D. Angel investors
- E. Private Equity/Venture Capital Funds

Answer: C – credit cards are a form of debt offered by financial institutions.

8. A “con” of borrowing money from friends or family is the risk of damaging personal relationships.

- A. True
- B. False

Answer: A, True

9. Different laws apply to different business sizes. True or false?

- A. True
- B. False

Answer: A, True

10. Which of the following agencies might a business owner interact?

- A. A local zoning office
- B. The Internal Revenue Service
- C. The Department of Labor
- D. All of the above.
- E. B and C only

Answer: D

Extra credit:

Name an organization in which future entrepreneur students can become involved to learn more about business.

Answer: One of the following (discussed in class...Overhead 3-D, or another group offered by the student which can be verified by instructor.

- **Distributive Education Clubs of America (DECA)**
- **National Foundation for Teaching Entrepreneurship (NFTE)**
- **Junior Achievement**
- **Future Business Leaders of America (FBLA)**
- **Students in Free Enterprise (SIFE)**