



Educational Correspondence Training School, LLC

Licensed by the Pennsylvania State Board of Private Licensed Schools

ELECTIVE INSTRUCTIONAL UNIT 22

Study Guide **Introduction to Entrepreneurship**

Lessons 495 - 516

3520 West 26th Street, Erie, PA 16506
(814) 833-1911 Fax (814) 833 - 9341 Toll Free
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General Information

Using this Study Guide

Included within this guide is an extensive procedure for preparing yourself “how to study.”

This **Study Guide** was assembled for use in any type of learning environment, which you may pursue in later years. We purposely included materials for traditional classroom courses and lectures so that you will always have these guides as a reference, regardless of the type of training or education that you may attend.

Before you begin you should:

Find a quiet place to conduct your studies. Avoid distractions from:

- Family members
- Friends
- Telephones
- Radios
- Television, etc.

Gather the supplies that you will need, such as:

- Paper
- Pens and Pencils
- Dictionary and Thesaurus
- Notebook paper (three hole binders will work best)
- Calculator
- Ruler

Review this Study Guide in detail.

Advisors

Upon enrollment, you will be assigned an advisor. Their purpose is to guide you through the enrollment process, answer any questions that you may have, and monitor your progress. You may also contact your student representative at admin@ectschool.com.

Instructors

Each course or lesson has an instructor. The instructor is here to help you with any questions or problems that you may be experiencing with the course material. Prior to contacting the instructor, be sure to have the lesson which you are having a problem with, the page number, or other information that they may need to determine precisely where you are within the textbook. Instructors are available between 8:30 a.m. and 4:00 p.m. EST Monday through Friday. You may also contact the instructors via e-mail at dean@ectschool.com.

During the weekend, call the offices of the ECTS and leave a message, including your phone number. Many instructors check their messages during this time and they will return your call.

Students may use the toll free number of 866-833-1911 to contact the school.

Course Completion Procedures

You should have already received your book for this group of lessons.

- If you opted not to purchase the textbooks on your own, your textbook should have arrived by now. If not call us and we will check on the textbook status.

Review the course description, objectives, and other course materials found in Part 2 of this guide.

The chapters for study throughout the text have been selected and assigned for study in order to accomplish the author's and the Educational Correspondence Training School's intent to provide the student with a "book that teaches".

Each of your tests indicate the lessons and corresponding chapters of the textbook. After you complete a test, move onto the next set of chapters and complete the corresponding tests.

For all essays or writing assignments, use separate piece of paper, restating each question on the paper. Type written writing assignments and essay tests are preferred, but hand written materials are acceptable, if neat and legible. Multiple Choice and True/False questions - circle the appropriate answer on the test.

Test Submission

Make sure that your name and date are on each page of the test. We have already included the appropriate lesson information for you.

You may submit the tests in one of the following methods:

- By mail to - Educational Correspondence Training School, 3520 West 26th Street, Erie PA 16506
- By fax to us at 814-833-9341

Grades

Your grade for each lesson will be mailed within two weeks after we receive the test(s). You are being supplied with a "program matrix" which you should record your grades as you receive them. This is to aid you in tracking your progress as you progress through the program. As you move from one grade level to the next, you will receive a transcript from the school indicating your final grades.

Sample Grade Matrix

Paralegal Diploma Program Student Grade Report						
Student Name:	Jana Lyn Stroud			Student ID#	Jls-par 001	
			Instructor's Initials	Date Completed	Lesson Grade	Course Grade
Lessons 1 - 4						
LA101 Fundamentals of Paralegal Assisting						
	Lesson 1	Chapters 1-3				
	Lesson 2	Chapters 4-6				
	Lesson 3	Chapters 7-9				
	Lesson 4	Chapters 10-13				
Lessons 5-9						
LA103 Introduction to Legal Concept						
	Lesson 5	Chapters 1-4				
	Lesson 6	Chapters 5-8				

Grading System & Graduation Requirements

Course will be evaluated through a series of section tests or quizzes. Writing assignments will be graded as to content, structure, continuity, grammar, punctuation, etc. These assignments will enhance the overall objectives of the course in that attention to detail is critical in nature. Grading policies are established as follows:

<i>Grade</i>		<i>Pt. Value grade:</i>
A	92 - 100%	4.0
B	81 - 91%	3.0
C	75 - 80%	2.0
D	70 - 74%	1.0
F	Below 70%	0

When the course work is completed, a grade will be issued. The student's record will be reviewed by their advisor, to determine whether he / she is making satisfactory progress when the course work has been completed.

To be eligible for graduation, a student must successfully complete all courses and lessons designated in his / her curriculum, having maintained a passing grade in all course work.

Academic Progress/Program Completion Requirements

A student must attain a passing grade in all course to receive a diploma or certificate.

Maximum time for individual course completion is 8 weeks. **It is expected that you should be able to complete an entire course in 120 hours from the time you receive your materials. This equates to just 15 hours of studying per week!!!** Review the Time Scheduling on page 2 of the General Study Guide to help you keep on schedule.

MODULE: **ELECTIVE INSTRUCTIONAL UNIT 22**

COURSE TITLE: **Introduction to Entrepreneurship**

GRADUATION CREDIT HOURS: 1 credit hour = 120 instructional hours

LESSONS: **1 through 22**

INSTRUCTOR: **Dennis Cerami**

PREREQUISITES: **INSTRUCTIONAL UNITS 1 - 17**

TEXTBOOK - INSTRUCTIONAL MATERIALS:

Effective Small Business Management: An Entrepreneurial Approach, 6/e, Norman M. Scarborough, Thomas W. Zimmerer June 1999 ISBN 0130807087

Study Guide
Time Sheet
Course Evaluation Sheet

EVALUATION:

Each lesson will be evaluated using a series of Questions: T/F, Completion, short essay and Multiple Choice relating to the individual chapters.

LESSON OUTLINE:

Lessons consists of Chapters 1 through 22 of the textbook.. Read each chapter and then take the appropriate test before moving on to the next chapter. Submit the tests when each lesson is completed as explained in the front of this Study Guide.

Areas of this study guide are "shaded". They are specific instructions as to when to complete and submit assignments.

If you have any trouble during the course tests, please contact the instructor at 866-833-1911

Be sure to include your Name - Date - Course # and Title - Chapter Number of Test on all submissions, regardless of the method you choose to send them to the school.

Carefully review the Objectives and Key Concepts found at the beginning of each Chapter in your Textbook.

ELECTIVE INSTRUCTIONAL UNIT 22

Lessons 1 - 22 Introduction to Entrepreneurship

Lesson 1	Chapter 1 Entrepreneurs: The Driving Force Behind Small Business
Lesson 2	Chapter 2 Strategic Management and the Entrepreneur
Lesson 3	Chapter 3 Choosing a Form of Ownership
Lesson 4	Chapter 4: Franchising and the Entrepreneur
Lesson 5	Chapter 5 Buying an Existing Business
Lesson 6	Chapter 6 Creating the Marketing Plan
Lesson 7	Chapter 7 Creating the Financial Plan
Lesson 8	Chapter 8 Managing Cash Flow
Lesson 9	Chapter 9 Crafting a Winning Business Plan
Lesson 10	Chapter 10 Pricing for Profit
Lesson 11	Chapter 11 Creative Use of Advertising and Promotion
Lesson 12	Chapter 12 International Opportunities for Small Business
Lesson 13	Chapter 13 Sources of Equity Financing
Lesson 14	Chapter 14 Sources of Debt Financing
Lesson 15	Chapter 15 Location, Layout, and Physical Facilities
Lesson 16	Chapter 16 Purchasing, Quality Control, and Vendor Analysis
Lesson 17	Chapter 17 Managing Inventory
Lesson 18	Chapter 18 Using Technology to Gain a Competitive Edge
Lesson 19	Chapter 19 Staffing and Leading a Growing Company
Lesson 20	Chapter 20 Management Succession and Risk Management Strategies in the Family Business
Lesson 21	Chapter 21 Ethics, Social Responsibility, and the Entrepreneur
Lesson 22	Chapter 22 The Legal Environment: Business Law and Government Regulation

Lesson 1 Chapter 1 Entrepreneurs: The Driving Force Behind Small Business

- Define the role of the entrepreneur in business-in the United States and across the globe. Describe the entrepreneurial profile.
- Describe the benefits and opportunities of owning a small business.
- Describe the potential drawbacks of owning a small I business.
- Explain the forces that are driving the growth in entrepreneurship.
- Discuss the role of diversity in small business and entrepreneurship.
- Describe the contributions small businesses make to the U.S. economy.
- Put business failure into the proper perspective.

What Is an Entrepreneur?

The Benefits of Owning a Small Business

Opportunity to Gain Control over Your Own Destiny
Opportunity to Make a Difference
Opportunity to Reach Your Full Potential
Opportunity to Reap Unlimited Profits
Opportunity to Contribute to Society and to Be Recognized for Your Efforts
Opportunity to Do What You Enjoy Doing

The Potential Drawbacks of Entrepreneurship

Uncertainty of Income
Risk of Losing Your Entire Invested Capital
Long Hours and Hard Work
Lower Quality of Life Until the Business Gets Established
High Levels of Stress
Complete Responsibility

Why the Boom: The Fuel Feeding the Entrepreneurial Fire

Entrepreneurs as Heroes
Entrepreneurial Education
Demographic and Economic Factors
Shift to a Service Economy
Technological Advancements
Independent Lifestyle
The World Wide Web (WWW)
International Opportunities

The Cultural Diversity of Entrepreneurship

Women Entrepreneurs
Minority Enterprises
Immigrant Entrepreneurs
Part-Time Entrepreneurs
Home-Based Business Owners
Family Business Owners
Copreneurs
Corporate Castoffs
Corporate Dropouts

The Contributions of Small Businesses The Business Failure Record: Can

Carefully review the objectives and opening points for each chapter.

At the end of this chapter are

“Discussion Questions”.

Answer the questions and return with your chapter test.

Graded

Complete the test for each chapter found in the back of this Study Guide.

Return the test to the school and continue with the next chapter.

Number of hours it took you to complete this lesson _____

You Beat the Odds?

- Management Incompetence*
- Lack of Experience*
- Poor Financial Control*
- Lack of Strategic Management*
- Uncontrolled Growth*
- Inappropriate Location*
- Lack of Inventory Control*
- Inability to Make the "Entrepreneurial Transition"*

Putting Failure into Perspective

How to Avoid the Pitfalls

- Know Your Business in Depth*
- Prepare a Business Plan*
- Manage Financial Resources*
- Understand Financial Statements*
- Learn to Manage People Effectively*
- Set Your Business*
- Apartment the Competition*
- Keep in Tune with Yourself* Chapter Summary

Discussion Questions

Step into the Real World

Carefully review the objectives and opening points for each chapter.

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Lesson 2 Chapter 2 Strategic Management and the Entrepreneur

- Understand the importance of strategic management to a small business.
- Explain why and how a small business must create a competitive advantage in the market.
- Understand the Entrepreneurial Strategy Matrix and how to apply it.
- Understand the importance of controls such as the balanced scorecard in the planning process.

Building a Competitive Advantage**The Strategic Management Process**

Step : Develop a Clear Vision and Translate It into a Meaningful Mission Statement

Step : Define the Firm's Core Competence and Its Target Market Segment, and Position the Business to Compete Effectively

Step : Assess the Company's Strengths and Weaknesses

Step : Scan the Environment for Significant Opportunities and Threats

Step . Identify the Key Success Factors

Step :Analyze the Competition

Step : Create Company Goals and Objectives Step : Formulate Strategic Options and Select the Appropriate Strategies

Step : Translate Strategic Plans into Action Plans Step : Establish Accurate Controls

Conclusion and Beginning**Chapter Summary****Discussion Questions****Step into the Real World**

Carefully review the objectives and opening points for each chapter.

At the end of this chapter are

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Lesson 3 Chapter 3 Choosing a Form of Ownership

- Describe the advantages and disadvantages of the sole proprietorship.
- Describe the advantages and disadvantages of the partnership.
- Describe the advantages and disadvantages of the corporation.
- Describe the features of the alternative forms of ownership such as the S corporation, the limited liability company, and the joint venture.

The Sole Proprietorship*Advantages of a Sole Proprietorship**Disadvantages of a Sole Proprietorship***The Partnership***The Uniform Partnership Act ‘**Advantages of the Partnership**Disadvantages of the Partnership**Dissolution and Termination of Partnership**Limited Partnerships**Master Limited Partnerships**Limited Liability Partnerships***The Corporation***Requirements for Incorporation**Advantages of the Corporation ‘ Disadvantages of the Corporation**The Professional Corporation***Alternative Forms of Ownership***The S Corporation**The Limited Liability Company (LLC)**The Joint Venture***Summary of the Major Forms of Ownership****Chapter Summary****Discussion Questions****Step into the Real World**

Carefully review the objectives and opening points for each chapter.

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Graded

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Return the test to the school and continue with the next chapter.

Number of hours it took you to complete this lesson _____

Lesson 4 Chapter 4: Franchising and the Entrepreneur

- Explain the importance of franchising in the U.S. economy.
- Define the concept of franchising.
- Describe the different types of franchises.
- Explain the forces behind franchising popularity.
- Describe the benefits of franchising for the franchisor.
- Discuss what franchisors look for in a franchisee.
- Explain the right way to buy a franchise.

What Is Franchising?**Types of Franchising****What's Behind Franchising's Popularity?****The Franchisor****The Franchisee**

Benefits
Limitations

What Do Franchisors Look for in a**Franchisee?****Franchising and the Law****How to Buy a Franchise****Franchise Contracts**

Termination ‘
Renewal ‘
Transfer and Buybacks

Trends in Franchising

International Opportunities
Smaller Nontraditional Locations
Conversion Franchising ‘
Multiple-Unit Franchising ‘
Master Franchising
Piggybacking
Serving Aging Baby Boomers ‘
Conclusion

Chapter Summary**Discussion Questions****Step into the Real World**

Carefully review the objectives and opening points for each chapter.

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Number of hours it took you to complete this lesson _____

Lesson 5 Chapter 5 Buying an Existing Business

- Understand the advantages and disadvantages of buying an existing business.
- Define the steps involved in the right way to buy a business.
- Explain the process of evaluating an existing business.
- Understand the seller's side of the buyout decision and how to structure the deal.

Buying an Existing Business

Advantages of Buying an Existing Business
Disadvantages of Buying an Existing Business

How to Buy a Business

Analyze Your Skills, Abilities, and Interests
Develop a List of Criteria ‘
Prepare a List of Potential Candidates
Investigate and Evaluate Candidate Businesses and Determine the Value of the Best Ones
Negotiate the Deal
Explore Financing Options
Ensure a Smooth Transition

Evaluating an Existing Business

Why Does the Owner Want to Sell?
What Is the Physical Condition of the Business?
What Is the Potential for the Company's Products or Services? ‘
What Legal Aspects Are Important? ‘
Is the Business Financially Sound?

Methods for Determining the Value of a Business

Balance Sheet Method: Net Worth = Assets — Liabilities
Earnings Approach
Market Approach
The Best Method

Understanding the Seller's Side

Pick the Right Time
Plot an Exit Strategy and Structure the Deal

Negotiating the Deal

Factors Affecting the Negotiation Process
The Negotiation Process

Chapter Summary

Discussion Questions
Step into the Real World

Carefully review the objectives and opening points for each chapter.

At the end of this chapter are

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Lesson 6 Chapter 6 Creating the Marketing Plan

- Describe the components of a marketing plan and explain the benefits of preparing one.
- Discuss the role of market research.
- Outline the market research process.
- Explain how small businesses can pinpoint their target markets.

Market-Driven Companies and the Marketing Plan**The Value of Market Research****How to Conduct Market Research**

- Step : Define the Problem ‘*
- Step : Collect the Data*
- Step : Analyze and Interpret the Data ‘*
- Step : Act on the Data*

Market Diversity: Pinpointing the Target Market**Plotting a Marketing Strategy: Building a Competitive Edge**

- Focus on the Customer*
- Devotion to Quality*
- Attention to Convenience ‘*
- Concentration on Innovation*
- Dedication to Service and Customer Satisfaction*
- Emphasis on Speed*

Marketing on the World Wide Web**The Marketing Mix**

- Product*
- Place*
- Price*
- Promotion*

Chapter Summary ‘**Discussion Questions****Step into the Real World**

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Lesson 7 Chapter 7 Creating the Financial Plan

- Understand the importance of preparing a financial plan.
- Describe how to prepare financial statements
- Create pro forma financial statements.
- Understand the basic financial statements through ratio analysis.
- Explain how to interpret financial ratios.

Basic Financial Reports*The Balance Sheet**The Income Statement**The Statement of Cash Flows***Creating Projected (Pro Forma) Financial Statements***The Pro Forma Income Statement**The Pro Forma Balance Sheet***Ratio Analysis***Twelve Key Ratios**Liquidity Ratios**Leverage**Ratios**Operating Ratios**Profitability Ratios***Interpreting Business Ratios***What Do All of These Numbers Mean?***Break-Even Analysis***Calculating the Break-Even Point**Adding in a Profit Break-Even Point in Units**Constructing a Break-Even**Chart**Using Break-Even Analysis***Chapter Summary****Discussion Questions****Step into the Real World**

Carefully review the objectives and opening points for each chapter.

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Lesson 8 Chapter 8 Managing Cash Flow

- Differentiate between cash and profits.
- Understand the five steps in creating a cash budget and use them to create a cash budget.
- Explain the techniques for avoiding a cash crunch in a small company.

Cash Management**Cash and Profits Are Not the Same****The Cash Budget****Preparing the Cash Budget**

Step : Determine an Adequate Minimum Cash Balance

Step : Forecast Sales

Step : Forecast Cash Receipts

Step : Forecast Cash Disbursements

Step : Determine the End-of-Month Cash Balance

The “Big Three” of Cash Management

Accounts Receivable

Accounts Payable

Inventory

Avoiding the Cash Crunch

Bartering

Trimming Overhead Costs

Investing

Surplus Cash

Conclusion**Chapter Summary****Discussion Questions****Step into the Real World**

Carefully review the objectives and opening points for each chapter.

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Lesson 9 Chapter 9 Crafting a Winning Business Plan

- Explain the two essential functions and the value of a business plan.
- Describe the elements of a solid business plan.
- 'Explain the three tests that a business plan must pass.
- Understand the keys to making an effective business plan presentation.
- Explain the five Cs of credit and why they are important to potential lenders and investors reading business plans.

Why Develop a Business Plan?**The Elements of a Business Plan**

The Executive Summary
Mission Statement
Company History
Business and Industry Profile
Business Strategy
Description of Firm's Product/Service
Marketing Strategy *Competitor Analysis* '
Officers' and Owners'
Résumés
Plan of Operation
Financial Data
The Request for Funds
Appearance

Testing the Plan

Reality Test
Competitive Test '
Value Test

Making the Business Plan Presentation**Lenders, and What They Look for in a Loan****Application**

Capital
Capacity
Collateral
Character
Conditions

Business Plan Format**Chapter Summary****Discussion Questions****Step into the Real World**

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Number of hours it took you to complete this lesson _____

Lesson 10 Chapter 10 Pricing for Profit

- Discuss the links among pricing, image, and competition.
- Explain the pricing techniques used by retailers.
- Explain the pricing techniques used by manufacturers.
- Explain the pricing techniques used by service firms.
- Describe the impact of credit on pricing.

Pricing Strategies and Tactics

New Products: Penetration, Skimming, or Sliding
Established Goods and Services

Two Potent Pricing Forces: Image and Competition

Price Conveys Image
Competition and Prices

Pricing Techniques for Retailers

Markup ‘
Follow-the-Leader Pricing
Below- Market Pricing

Pricing Techniques for Manufacturers

Direct Costing and Price Formulation ‘
Computing a Break-Even Selling Price

Pricing Techniques for Service Firms**The Impact of Credit on Pricing**

Credit Cards
Installment Credit
Trade Credit

Chapter Summary**Discussion Questions****Step into the Real World**

Carefully review the objectives and opening points for each chapter.

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Lesson 11 Chapter 11 Creative Use of Advertising and Promotion

- Describe the steps in developing an advertising strategy
- Explain the differences among promotion, publicity, personal selling, and advertising.
- Describe the advantages and disadvantages of the various advertising media.
- Identify four basic methods for preparing an advertising budget.

Developing an Advertising Strategy

Advertising versus Promotion

Publicity
Personal Selling
Advertising

Selecting Advertising Media

Media Options

Preparing an Advertising Budget

How to Advertise Big on a Small Budget

Cooperative Advertising
Shared Advertising
Publicity
Other Ways to Save

Chapter Summary

Discussion Questions

Step into the Real World

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Lesson 12 Chapter 12 International Opportunities for Small Business

- Explain why going global" has become an integral part of many small companies' strategies.
- Describe the eight principal strategies small businesses have for going global.
- Explain how to build a thriving export program.

Why Go Global?

Going Global: Strategies for Small Businesses

The World Wide Web

Trade Intermediaries

Joint Ventures

Foreign Licensing

International Franchising

Countertrading and Bartering

Exporting Establishing International Locations

Barriers to International Trade

Domestic Barriers

International Barriers

Political Barriers

Business Barriers

Cultural Barriers

International Trade Agreements

GAIT

NAFTA

Conclusion

Chapter Summary

Discussion Questions

Step into the Real World

Carefully review the objectives and opening points for each chapter.

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Answer the questions and return with your chapter test.

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Complete the test for each chapter found in the back of this Study Guide.

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Number of hours it took you to complete this lesson _____

Lesson 13 Chapter 13 Sources of Equity Financing

- Explain what seed capital is and why it is so important to the entrepreneurial process.
- Explain the differences in the three types of capital I small businesses require: fixed, working, and growth.
- Describe the various sources of equity financing available to entrepreneurs.

**The Importance of Seed Capital
Types of Capital****Sources of Equity Financing**

Personal Savings
Friends and Relatives
Angels
Partners
Corporate Venture Capital
Venture Capital Companies
Public Stock Sale ("Going Public")

Simplified Registrations and Exemptions

Simplified Registration: Regulation S-B
Exemptions
Alternatives to the IPO Process

Chapter Summary**Discussion Questions****Step into the Real World**

Carefully review the objectives and opening points for each chapter.

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"Discussion Questions".

Answer the questions and return with your chapter test.

Graded

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Lesson 14 Chapter 14 Sources of Debt Financing

- Describe the vital role that banks play in providing small business financing and the types of business loans banks make.
- Explain the types of financing available from non-bank sources of credit.
- Identify the sources of government financial assistance and the loan programs these agencies offer.
- Explain the various loan programs the Small Business Administration offers.
- Discuss state and local development programs.
- Describe how to avoid becoming a victim of a loan scam.

Commercial Banks*Short-Term Loans**Intermediate- and Long-Term Loans***Nonbank Sources of Debt Financing***Asset-Based Lenders**Trade Credit**Equipment Suppliers**Commercial Finance Companies**Savings and Loan Associations**Stock Brokerage Houses Insurance Companies**Credit Unions**Bonds**Private Placements**Small Business Investment Companies**Small Business Lending Companies***Federally Sponsored Programs***Economic Development Administration**Department of Housing and Urban Development**Farmer's Home Administration**Rural Economic and Community Development Agency**Local Development Companies**The Small Business Innovation Research Program**The Small Business Technology Transfer Act of 1992***Small Business Administration***SBA Loan Programs***State and Local Development Programs****Internal Methods of Financing***Factoring Accounts Receivable**Leasing**Credit Cards**Other Creative Solutions***Where Not to Seek Funds****Chapter Summary****Discussion Questions****Step into the Real World**

Carefully review the objectives and opening points for each chapter.

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Lesson 15 Chapter 15 Location, Layout, and Physical Facilities

- Explain the stages in the location decision.
- Describe the location criteria for retail and service businesses.
- Discuss the benefits of locating a start-up company in a business incubator.
- Describe the criteria used to analyze the layout and design considerations of a building, including the Americans with Disabilities Act.

The Logic of Location: From Region to State to City to Site*Selecting the Region**Selecting the State**Selecting the City***Selecting the Site****Location Criteria for Retail and Service****Businesses***Trade Area Size**Customer Traffic**Adequate Parking**Room for Expansion**Visibility***Location Options for Retail and Service****Businesses***Central Business District**Neighborhood Locations**Shopping Centers and Malls**Near Competitors**Outlying Areas**Home-Based Businesses***The Location Decision for Manufacturers***Foreign Trade Zones**Empowerment Zones**Business Incubators***Layout Considerations: Analyzing the Building***Size**Construction and External Appearance**Entrances**The Americans with Disabilities Act**Signs**Interiors**Lights and Fixtures**Layout**Maximizing Revenues, Increasing Efficiency, and Reducing***Costs**

Carefully review the objectives and opening points for each chapter.

At the end of this chapter are

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Answer the questions and return with your chapter test.

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Layout for Retailers
Layout for Manufacturers

Build, Buy, or Lease?

The Decision to Build
The Decision to Buy
The Decision to Lease

Chapter Summary

Discussion Questions

Step into the Real World

Carefully review the objectives and opening points for each chapter.

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Number of hours it took you to complete this lesson _____

Lesson 16 Chapter 16 Purchasing, Quality Control, and Vendor Analysis

- Understand the components of a purchasing plan.
- Calculate a company's reorder point.
- Develop a vendor rating scale.
- Describe the legal implications of the purchasing function.

The Purchasing Plan

Quality

Total Quality Management

Quantity: The Economic Order Quantity (EOQ)

Cost of Units

Holding (Carrying) Costs

Setup (Ordering) Costs

Solving for EOQ

Economic Order Quantity (EOQ) with Usage Price

Trade Discounts

Quantity Discounts

Cash Discounts

Timing

Vendor Analysis

Vendor Certification

Finding Supply Sources

The Final Decision

Legal Issues Affecting Purchasing

Title

Identification

Risk of Loss

Insurable Interest

Receiving Merchandise

Selling on Consignment

Chapter Summary

Discussion Questions

Step into the Real World

Carefully review the objectives and opening points for each chapter.

At the end of this chapter are

“Discussion Questions”.

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Graded

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Number of hours it took you to complete this lesson _____

Lesson 17 Chapter 17 Managing Inventory

- Explain the various inventory control systems and the advantages and disadvantages of each.
- Describe some methods for reducing loss from slow-moving inventory.
- Discuss employee theft and shoplifting and how to prevent them.

Inventory Control Systems

Perpetual Inventory Systems
Visual Inventory Control Systems
Partial Inventory Control Systems
Physical Inventory Count

Just-in-Time (JIT) Inventory Control Techniques

Just-in-Time Techniques

Turning Slow-Moving Inventory into Cash

Protecting Inventory from Theft

Employee Theft
Shoplifting

Conclusion

Chapter Summary

Discussion Questions

Step into the Real World

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Lesson 18 Chapter 18 Using Technology to Gain a Competitive Edge

- Explain how technology can help small businesses gain a competitive advantage over their rivals.
- Explain how computers have transformed the way entrepreneurs do business and how to computerize a small business.
- Outline the major business software applications, identify guidelines for buying computer hardware, and explain the hardware issues entrepreneurs face.
- Discuss the peripheral equipment, such as printers, scanners, digital cameras, and personal digital assistants that enhances the performance of the computer.

Information Technology and Competitive Advantage

Developing a Technology Plan

Decide What You Want Your Company to Be Able to Do for Itself and for Your Customers
Determine the Technology and the Equipment You Will Need to Perform Those Tasks
Conduct a Technology Audit
Match Goals and Resources
Develop a Technology Budget
Make the Necessary Purchases

Personal Computers

Changing the Face of Business
How to Computerize Your Business

Choosing Software and Hardware

Software Considerations
Hardware Considerations
The Dark Side of Computers

Other Technology Choices

Printers
Scanners
Digital Cameras
Personal Digital Assistants and Pagers

Telephone, Voice Mail, and E-mail Technology

Telephone Technology
Voice Mail
E-mail

Chapter Summary

Discussion Questions

Step into the Real World

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Lesson 19 Chapter 19 Staffing and Leading a Growing Company

- Understand the potential barriers to effective communication and describe how to overcome them.
- Describe the importance of hiring the right employees and how to avoid making hiring mistakes.
- Explain how to build the kind of company culture and structure to support the entrepreneur's mission and goals and to motivate employees to achieve them.
- Discuss the ways in which entrepreneurs can motivate their workers to higher levels of performance.

The Entrepreneur's Role As Leader**Communicating Effectively**

*Improving Communication
That Informal Communication
Network: The "Grapevine"*

Hiring the Right Employees

*Create Practical Job Descriptions and Job Specifications
Plan an Effective Interview
Conduct the Interview
Check References
Conduct Employment Tests*

Building the Right Culture and Structure

*Culture
Structure*

The Challenge of Motivating Workers

*Empowerment
Job Design
Rewards and Compensation
Feedback*

Chapter Summary**Discussion Questions****Step into the Real World**

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Lesson 20 Chapter 20 Management Succession and Risk Management Strategies in the Family Business

- Explain the factors necessary for a strong family business.
- Understand the exit strategy options available to an entrepreneur
- Discuss the stages of management succession.
- Understand the four risk management strategies.
- Discuss the basics of insurance for small businesses.

Family Businesses

Shared Values
Shared Power
Tradition
A Willingness to Learn
Family Behavior
Strong Family Ties

Exit Strategies

Selling to Outsiders
Selling to Insiders

Management Succession

Developing a Management Succession Plan

Step : Select the Successor
Step : Create a Survival Kit for the Successor
Step : Groom the Successor
Step : Promote an Environment of Trust and Respect
Step : Cope with the Financial Realities of Estate and Gift Taxes

Risk Management Strategies

The Basics of Insurance

Types of Insurance
Controlling Insurance Costs

Chapter Summary

Discussion Questions

Step into the Real World

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Lesson 21 Chapter 21 Ethics, Social Responsibility, and the Entrepreneur

- Define business ethics and describe the three levels of ethical standards.
- Determine who is responsible for ethical behavior and why ethical lapses occur
- Explain how to establish and maintain high ethical standards.
- Define social responsibility.
- Describe business's responsibility to employees.

An Ethical Perspective

*Three Levels of Ethical Standards
An Ethical Framework*

Who Is Responsible for Ethical Behavior?

*The Benefits of Moral Management
Why Ethical Lapses Occur*

Establishing Ethical Standards

Implementing and Maintaining Ethical Standards

The Issue of Social Responsibility

Putting Social Responsibility into Practice

Business's Responsibility to the Environment

Business's Responsibility to Employees

*Cultural Diversity in the Workplace
Drug Testing
AIDS
Sexual Harassment Privacy*

Business's Responsibility to Customers

*Right to Safety
Right to Know
Right to Be Heard
Right to Education
Right to Choice*

Business's Responsibility to Investors

Business's Responsibility to the Community

Conclusion

Chapter Summary

Discussion Questions

Step into the Real World

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Lesson 22 Chapter 22 The Legal Environment: Business Law and Government Regulation

- Explain the basic elements required to create a valid, enforceable contract.
- Explain the basic workings of the law of agency.
- Explain the basics of bankruptcy law.

The Law of Contracts

Agreement
Consideration
Contractual Capacity
Legality
Genuineness of Assent and the Form of Contracts
Breach of Contract

The Uniform Commercial Code (UCC)

Sales and Sales Contracts
Breach of Sales Contracts
Sales Warranties and Product Liability

Protection of Intellectual Property

Patents
Trademarks
Copyrights
Protecting Intellectual Property

The Law of Agency

Bankruptcy

Chapter : Liquidations
Chapter : Reorganization
Chapter : Individual Repayment Plans

Government Regulation

Trade Practices
Consumer Protection
Consumer Credit
Environmental Law

Chapter Summary

Discussion Questions

Step into the Real World

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EPT101 Introduction to Entrepreneurship/Small Business Management
Lesson 1
Chapters 1 –3

1. A flurry of "pink slips" has spawned a new population of entrepreneurs. Who are they?
2. The nation is rapidly moving away from an economy to a knowledge-based one.
 1. True
 2. False
3. Who is an entrepreneur?
4. Entrepreneurs usually start with nothing more than an idea.
 1. True
 2. False
5. What are the characteristics common to entrepreneurs?
6. What is an entrepreneurial profile?
7. Money is the primary force driving most entrepreneurs.
 1. True
 2. False
8. Small business owners are among the most respected, and most trusted, members of their communities.
 1. True
 2. False
9. Most new business owners work how many hours a week?
10. Most entrepreneurs start their businesses between the ages of 45 and 49.
 1. True
 2. False
11. Diversity is one of entrepreneurship's greatest strengths.
 1. True
 2. False
12. Starting a part-time business is a popular gateway to entrepreneurship.
 1. True
 2. False
13. What is a family-owned business?
14. Define Copreneurs.
15. Why do small businesses suffer a mortality rate significantly higher than that of larger established businesses?
16. Why do many small business managers neglect the process of strategic management?