

WRC 2008 Future Business Leader

True/False

Indicate whether the sentence or statement is true or false.

- 1. An entrepreneur can expect to earn large profits immediately after starting a business.
- 2. The amount of money needed to start a business is important in determining if a business opportunity is realistic.
- 3. The USDA inspects some businesses to be sure that appropriate hygienic measures are being observed.
- 4. In most family-owned businesses, the family members are able to keep business problems from affecting their private lives.
- 5. Both a sole proprietorship and a partnership are simple to start and have low initial costs.
- 6. An advantage of buying an existing business is that banks are more likely to lend to an established business.
- 7. The history and background section of your business plan is not needed if you organize as an S corporation.
- 8. Secondary data include unpublished information about population, family size, household income, economic trends, and industry forecasts.
- 9. Psychographics are data that describe a group of people in terms of their age, marital status, family size, ethnicity, gender, profession, education, and income.
- 10. Looking at your competition in key areas will help you figure out how to attract customers.
- 11. Your personal financial statement should consist of estimated figures for your personal assets and liabilities.
- 12. Your trade area is the area within five miles of your business location.
- 13. Mentoring is a training technique in which one employee teams up with another more experienced employee to learn a job.
- 14. If you want your business to grow, it is not a good idea to delegate responsibility to employees.
- 15. Freelancers are students who will work for little or no pay in order to gain experience in a particular field.
- 16. Employees should be trained on safety practices and procedures, such as protective gear for fires, tornadoes, and other disasters.
- 17. It is the responsibility of the business owner to provide the leadership that will allow employees to work together as a team.
- 18. A business activity that changes assets, liabilities, or net worth is a journal record.
- 19. The income statement is important because it shows how much money you have available to pay your bills.
- 20. Below the break-even point, your revenues are greater than your expenses and you earn profits.
- 21. A benefit of getting involved in international trade is that you may be able to rely more on markets and suppliers in the United States if the U.S. economy worsens.
- 22. A geographic expansion strategy might be to offer special deals to customers in order to increase your market share.
- 23. A benefit of getting involved in international trade is that you may be able to rely more on markets and suppliers abroad if the U.S. economy worsens.

- ___ 24. Temporary employment agencies benefit both companies and job-seekers.
- ___ 25. According to the experts, networking is the most effective method of job-seeking.

Multiple Choice

Identify the letter of the choice that best completes the statement or answers the question.

- ___ 26. An employee
- sets non-financial goals for a business
 - takes the risk of a business venture
 - sets financial goals for a business
 - works for someone else
- ___ 27. An employee
- owns a business venture
 - works for someone else
 - sets financial goals for a business
 - takes the risk of a business venture
- ___ 28. Information about business opportunities is available from
- the Yellow Pages of your telephone directory
 - the library
 - a thesaurus
 - all of these
- ___ 29. Which of the following loans has the lowest yearly interest?
- \$30,000 loan at a rate of 6.25%
 - \$25,000 loan at a rate of 8.25%
 - \$40,000 loan at a rate of 7%
 - \$20,000 loan at a rate of 9.5%
- ___ 30. This process spreads management decisions through the levels in an organization ____.
- decentralization
 - centralization
 - Theory X
 - Theory Y
- ___ 31. A Theory Y manager is most likely to ____.
- assume that all workers are content with their work
 - assume that all workers are basically lazy and cannot be trusted
 - make all the decisions so that the operation runs smoothly
 - wait for senior management's approval before trying something new
- ___ 32. The fixed costs of a business
- are different each month
 - include interest on business loans
 - include the cost of production materials
 - are based on the quantity of goods produced
- ___ 33. An entrepreneur uses the concept of marginal cost to
- change a variable cost to a fixed cost
 - determine opportunity costs
 - reduce scarcity
 - decide whether a business change is desirable
- ___ 34. In a market economy,
- individuals are usually able to obtain exactly what they want
 - there is very little choice in what is available

- c. production decisions are made by the government
 - d. scarcity does not exist
- ___ 35. Supply, the quantity of a good or service a producer is willing to produce at different prices,
- a. decreases as price increases
 - b. increases as price increases
 - c. is not affected by price
 - d. increases as price decreases
- ___ 36. In deciding on a possible career, your choice will be influenced by all of the following EXCEPT ____.
- a. your interests and abilities
 - b. your personality
 - c. your personal values
 - d. your past employers
- ___ 37. An advantage of setting up as a corporation is the
- a. distribution of profits
 - b. ability to raise capital
 - c. taxation benefits
 - d. ease of establishment
- ___ 38. Before buying a franchise, you should
- a. determine all costs and royalty fees
 - b. have an attorney examine the agreement
 - c. find out if you are guaranteed an exclusive territory
 - d. all of these
- ___ 39. Social responsibility is best characterized by ____.
- a. allowing consumers to freely try a product for 30 days before buying
 - b. using packaging materials that are environmentally friendly and reduce pollution
 - c. creating entry level jobs for minorities and women and allowing men to move into upper management
 - d. discouraging carpooling because it takes longer for employees to get to work
- ___ 40. How is the total output of goods and services produced within a country measured?
- a. Producer Price Index
 - b. Consumer Confidence Index
 - c. Employee Productivity Rate
 - d. Gross Domestic Product
- ___ 41. A business owned by a single individual is said to be a ____.
- a. sole proprietorship
 - b. partnership
 - c. corporation
 - d. union
- ___ 42. The target market is the individuals or companies that are interested in a particular product or service and
- a. can afford to pay for it
 - b. are customers of the competition
 - c. are willing and able to pay for it
 - d. are located in the surrounding area
- ___ 43. A customer profile
- a. is a description of the characteristics of the person or company that is likely to purchase a product or service
 - b. is only needed for primary market research
 - c. can help you understand your competition
 - d. all of these
- ___ 44. Information collected for the very first time to fit a specific purpose is
- a. psychographics
 - b. primary data
 - c. secondary data
 - d. market data
- ___ 45. This concept states that as the price of a good rises, producers are willing to supply more of that good.

- a. law of supply
 - b. law of demand
 - c. opportunity cost
 - d. scarcity
- ___ 46. In 1974, the U.S. embargoed all products from what country? The embargo was lifted 20 years later in order to re-establish trade relations between the two countries.
- a. Vietnam
 - b. Iran
 - c. China
 - d. South Africa
- ___ 47. The assets section of a balance sheet includes
- a. fixed assets
 - b. accounts receivable
 - c. allowance for uncollectible accounts
 - d. all of these
- ___ 48. All businesses face the risk of
- a. credit card fraud
 - b. robbery
 - c. shoplifting
 - d. employee theft
- ___ 49. All of the following are important types of insurance for your business *except*
- a. casual insurance
 - b. workers' compensation
 - c. life insurance
 - d. property insurance
- ___ 50. Companies can sell their products or services in foreign countries in any of the following ways EXCEPT ___.
- a. forming a strategic alliance
 - b. becoming a multinational corporation
 - c. working through a foreign intermediary
 - d. creating an embargo to transfer power to the host country
- ___ 51. The level of a reorder point depends on
- a. how long it takes to get a quote from a supplier
 - b. your monthly sales
 - c. how much space you have to store inventory
 - d. all of these
- ___ 52. An estimate of how much you will pay for merchandise from a supplier is
- a. the financing terms
 - b. a seasonal discount
 - c. a quote
 - d. an invoice
- ___ 53. Businesses should always set their prices
- a. lower than their competitors' prices
 - b. high enough so that revenues exceed expenses
 - c. to maximize sales
 - d. by using cost-based pricing
- ___ 54. Advertising can be very important for new businesses because it
- a. helps you communicate with potential customers
 - b. allows you to set up a network of reliable distributors
 - c. is a free form of promotion
 - d. helps identify your target customers
- ___ 55. A job description should indicate
- a. desirable leadership qualities

- b. qualifications required
 - c. where to recruit the employee
 - d. desirable personal characteristics
- _____ 56. A want ad should
- a. identify any special job requirements
 - b. be placed in your store window
 - c. be used to screen job applicants
 - d. be sent to employment agencies in your area
- _____ 57. Alternatives to hiring permanent employees include
- a. freelancers
 - b. interns
 - c. temporary workers
 - d. all of these
- _____ 58. In most markets, wages and salaries are determined
- a. by state laws
 - b. by what a business can afford
 - c. by commission-based plans
 - d. competitively
- _____ 59. _____ strategy strives to make the product or service unique.
- | | |
|--------------------|--------------|
| a. Grand | c. Focus |
| b. Differentiation | d. Stability |
- _____ 60. A detailed series of related steps or tasks written to implement a policy is called a _____.
- | | |
|--------------|---------|
| a. policy | c. rule |
| b. procedure | d. goal |
- _____ 61. To identify categories of expenditures you may want to increase or decrease, you can use your
- a. income statement
 - b. bank statement
 - c. cash flow statement
 - d. balance sheet
- _____ 62. Net cash flow is positive if cash receipts are
- a. less than disbursements
 - b. equal to disbursements
 - c. greater than disbursements
 - d. none of these
- _____ 63. An inventory record in a perpetual inventory method should show
- a. any receipts of inventory
 - b. any sales of inventory
 - c. the reorder point
 - d. all of these
- _____ 64. Because production occurs continuously throughout the year, the 3-M company can best be described as using _____.
- | | |
|---------------------------------------|--|
| a. a successful operating system | c. a continuous-flow operating system |
| b. a labor intensive operating system | d. an intermittent-flow operating system |
- _____ 65. In planning the physical arrangement of an airplane facility, a manager should consider _____ type of facility layout.
- | | |
|-------------------|--------------------------|
| a. product layout | c. purchase layout |
| b. process layout | d. fixed-position layout |
- _____ 66. Two significant advantages to using CAD are: _____.
- a. it allows companies to try various product designs and reduces the time it takes to design

- new products
 - b. it allows companies to try various product designs and allows companies time to spend significant money on the project.
 - c. it allows companies to keep the original product design and reduces the time it takes to design new products
 - d. CAD doesn't really give companies any significant advantages
- ___ 67. Planning that involves decisions to enter a new market or offer a wider range of products is
- a. strategic planning
 - b. financial planning
 - c. tax planning
 - d. investment planning
- ___ 68. A web page
- a. contains thousands of web sites
 - b. greets visitors and provides information
 - c. allows you to view the World Wide Web on your computer screen
 - d. allows you to search using words and phrases
- ___ 69. The company founder is no longer solely responsible for all decision making during the ____.
- a. growth through creativity stage
 - b. growth through direction state
 - c. growth through delegation, coordination, and collaboration stage
 - d. growth through new ideas stage
- ___ 70. The antitrust law that makes it illegal for a business to require a customer to purchase one good in order to be able to purchase another good is the
- a. Sherman Act
 - b. Clayton Act
 - c. Robinson-Patman Act
 - d. Wheeler-Lea Act
- ___ 71. A written code of ethics for your business
- a. is not necessary if you have no employees
 - b. should be sent to your customers
 - c. is required by law
 - d. should be created as soon as you begin your business
- ___ 72. A limit on the amount of a product that can be imported into a country over a particular period of time is a
- a. tariff
 - b. qualitative restriction
 - c. restrictive tax
 - d. quota
- ___ 73. A manager that records specific situations, reflecting the employee's performance, behavior, and attitudes, is doing a(n) ____.
- a. essay appraisal
 - b. critical-incident appraisal
 - c. feedback appraisal
 - d. legal appraisal
- ___ 74. Setting standards is most closely associated with ____.
- a. behavioral considerations
 - b. requirements for control
 - c. analyzing information
 - d. none of the above
- ___ 75. The direct surveillance of an employee is most likely a(n) ____.
- a. behavior control
 - b. output control
 - c. post-action control
 - d. none of the above
- ___ 76. Managers need controls to ____.
- a. prevent crises
 - c. standardize outputs

- b. download information
d. both a and c
- ___ 77. The most complex control processes are _____.
a. operator controls
b. automatic controls
c. informational controls
d. economic controls
- ___ 78. Hardware, software, data, and people are components of _____.
a. MIS
b. data mining
c. knowledge workers
d. none of the above
- ___ 79. This theory assumes people are basically lazy and will avoid working if they can.
a. Theory X
b. Theory Y
c. Theory Z
d. TQM
- ___ 80. Achievement and recognition are examples of _____.
a. skills
b. values
c. résumés
d. roles
- ___ 81. The Federal Deposit Insurance Corporation insures depositors against losing their money in the case of a _____.
a. lost debit card
b. stolen paycheck
c. bank failure
d. death in the family
- ___ 82. To earn high interest rates on a certificate of deposit, you must accept all the following limitations EXCEPT _____.
a. leaving money in for the term of the deposit
b. paying a penalty when money is withdrawn
c. completing a monthly bank reconciliation
d. depositing a minimum amount
- ___ 83. The interest is tax deductible on a _____.
a. bank loan
b. credit union loan
c. home equity loan
d. credit card loan
- ___ 84. A disadvantage of renting is _____.
a. more responsibilities
b. high initial costs
c. restricted lifestyle
d. eligibility for tax deductions
- ___ 85. This law made it illegal to charge different prices to different wholesale customers.
a. Sherman Act of 1890
b. Clayton Act of 1914
c. Wheeler-Lea Act of 1938
d. Federal Food, Drug, and Cosmetic Act of 1938
- ___ 86. Many creative ideas are gathered from employees through the use of _____.
a. brainstorming
b. wish lists
c. brainwriting
d. all of the above
- ___ 87. Decision making is most affected by the _____.
a. manager's ability
b. available time
c. project's necessity
d. manager's values
- ___ 88. Which question should you ask when selling real estate?
a. Is the property in good condition?
b. Can the buyer get the required financing?
c. Will the property decrease in value?
d. What is the condition of other properties in the area?
- ___ 89. An employee moves into another position within the company in a _____.
a. separation
b. promotion
c. transfer
d. termination

- ___ 90. An organization which has a small number of levels and a broad span of management at each level is called a ____.
- a. tall structure
 - b. flat structure
 - c. short structure
 - d. team structure
- ___ 91. Conflict between individuals that arises when individuals perceive or value situations differently is known as ____.
- a. interpersonal conflict
 - b. intergroup conflict
 - c. organizational conflict
 - d. burnout
- ___ 92. Substituting computer processing for record keeping is known as ____.
- a. data processing
 - b. transaction processing
 - c. management processing
 - d. systems processing
- ___ 93. This is designed to prevent problems from occurring.
- a. concurrent control
 - b. output control
 - c. preliminary control
 - d. standard
- ___ 94. A personal inventory is a:
- a. Written collection of facts about a job applicant's background.
 - b. Set of written questions from an employer to an applicant.
 - c. Statement of the applicant's age, marital status, height, and weight.
 - d. None of these is correct.
- ___ 95. A good on-line resume is:
- a. Longer than a conventional print resume.
 - b. Casual, like a friendly e-mail.
 - c. Formatted as a text file.
 - d. None of these is a feature of a good on-line resume.
- ___ 96. A search engine is:
- a. A question or request.
 - b. A word that links to Web sites on a particular topic.
 - c. An Internet index.
 - d. All of these are correct.
- ___ 97. If an interviewer asks your age, the *best answer* is to say:
- a. I am over 18, and I have a work permit and a valid driver's license.
 - b. I'm 19 years old.
 - c. I'd rather not answer that; I don't believe it's relevant or legal.
 - d. Each of these is an equally good answer.
- ___ 98. When starting a new job, it's important to:
- a. Take on the tough duties right away.
 - b. Show people that you're good at everything.
 - c. Don't ask questions.
 - d. None of these are recommended practices.
- ___ 99. The period of time in which a new employee learns about a company is called:
- a. Orientation.
 - b. Implementation.
 - c. Verification.
 - d. None of these is correct.
- ___ 100. Which of the following is a common reason for switching jobs?
- a. The employee feels unappreciated.
 - b. There's no opportunity for advancement.
 - c. The pay is inadequate.
 - d. All of these are common reasons for switching jobs.