**TRUE/FALSE (5 questions)**

**Indicate whether the following sentences or statements are true or false.**

|  |  |  |
| --- | --- | --- |
| 1. | \_\_\_F\_\_\_\_ | Most businesses in the U.S. have more than 500 employees. |
| 2. | \_\_\_T\_\_\_\_ | Small business impacts everyone on a daily basis. |
| 3. | \_\_\_T\_\_\_\_ | Startups are formed with the intention to grow past the original, solo company founder. |
| 4. | \_\_\_F\_\_\_\_ | An estimated 25% of new businesses fail in the first five years. |
| 5. | \_\_\_T\_\_\_\_ | Finding a need or opportunity in the market and filling it is fundamental to entrepreneurship success. |

## MULTIPLE CHOICE (5 questions)

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

\_\_\_C\_\_\_\_1. A \_\_\_\_\_\_\_\_\_\_ is a business structure that protects the individual owner or owners from personal liability.

a. sole proprietorship b. partnership

c. limited liability company (LLC) d. corporation

\_\_\_A\_\_\_\_ 2. This is the most common form of legal structure for small businesses.

a. sole proprietorship b. partnership

c. limited liability company (LLC) d. corporation

\_\_\_D\_\_\_\_ 3. A \_\_\_\_\_\_\_\_ is a business where an aspiring entrepreneur pays a franchise fee in exchange for the rights to use an established company’s products, services, and branding.

a. sole proprietorship b. partnership

c. limited liability company d. franchise

\_\_\_D\_\_\_\_ 4. Starting a business requires:

a. Support b. A business plan

c. Funding d. All of the above

\_\_\_B\_\_\_\_ 5. Which of the following is a form of funding where private investors provide entrepreneurs with capital to fund the business, typically in exchange for equity in the company.

a. Shark Tanking b. Venture Capital

c. Crowdfunding d. Small Business Loan

## SHORT ANSWER (3 questions)

1. List three reasons why new businesses fail.

Small businesses fail most often because:

* lack of demand within the market
* depletion of financial resources
* hiring the wrong employees and/or staffing issues
* competing products or services are better or more in demand
* poor service and/or inability to generate loyal customer base
* poor quality of product or service being offered

2. List the four most common types of new businesses:

* Sole proprietorship
* Partnership
* Limited Liability Company (LLC)
* Corporations (C-Corp and S-Corp)

3. Define entrepreneurship.

It is the process of creating a new business with the goal of making a profit while taking on all startup risks.