

Name: _____

Date: _____

Chapter 5 Review

| Section 5.1 Summary | Section 5.2 Summary |
|--|--|
| <p>Rewards and Challenges of Entrepreneurship An entrepreneur is a person who recognizes a business opportunity, tests it in the market, and gathers the resources necessary to start and operate a business. Entrepreneurs make or sell products or services to meet consumers' wants and needs. Some advantages of being an entrepreneur include being the boss, doing what you enjoy, having the opportunity to be creative, building an enterprise, and possibly making a substantial income. Challenges include getting start-up funds, risk of failure, and having an uncertain income. Small businesses are important to the U.S. economy because they provide goods and services, and jobs.</p> | <p>The Business Plan Before you decide to start a particular business, you need to see if there is demand for your product or service. This requires doing market research. If research shows that you have a viable business, then develop a business plan. A business plan is a written description of a new business venture. It describes all aspects of the business. It also helps entrepreneurs to focus on exactly what they want to do, how they will do it, and what they expect to accomplish. The business plan is an essential tool to attract potential investors and financing agencies for start-up funds. It includes a description of the firm, market analysis, competitive analysis, and financial information.</p> |

Define just the Key Terms and answer 2-15.

Vocabulary Review

1. On a sheet of paper, use each of these key terms and academic vocabulary terms in a sentence.

Key Terms

small business
virtual business or dot-com company
business plan
executive summary
vision statement
mission statement

Academic Vocabulary

| | |
|-------------|-------------|
| area | section |
| significant | concept |
| research | established |
| estimate | data |

Review Key Concepts

2. Define entrepreneur and entrepreneurship.
3. Describe five rewards of being an entrepreneur.
4. Describe four challenges of being an entrepreneur.
5. Describe the reasons entrepreneurs are important to the American economy.
6. Describe how to prepare for your own business.
7. Discuss the parts of a business plan.

Critical Thinking

- 8.** Many Internet businesses have started and failed. Why do you think some virtual businesses fail?
- 9.** It is important that entrepreneurs be take-charge, self-directed people. Why do you think this is true?
- 10.** What are some reasons the owner of a business usually puts in more hours at work than an employee?
- 11.** Why is it important for small-business owners to keep good financial records?
- 12.** The industry overview section of the business plans calls for the entrepreneur to analyze the trends of the industry in which the entrepreneurial venture falls. Why is this information an important part of the business plan?
- 13.** Give reasons why some small businesses fail if they do not respond quickly to change. Why do you think it is difficult for small businesses to respond quickly to change?
- 14.** Is there a difference between being self-disciplined and self-motivated? Explain.
- 15.** Review the 12 characteristics of successful entrepreneurs. Think about the traits that you have. Why do you think you have these traits? How could they benefit you as an entrepreneur?