

Entrepreneurship

Exam Information	Description
Exam number 451 Items 44 National Career Cluster Business Management & Administration Certification available Yes	The Entrepreneurship industry certification exam assesses awareness of the knowledge needed in research, planning, and regulations affecting small businesses, as well as the means of financing a small business. Learners demonstrate understanding of specific strategies of business management and marketing, and the economic role of the entrepreneur in the market system. The exam is designed for learners enrolled in business and marketing education, or other related fields, who have an interest in developing the skills, attitudes, and knowledge necessary for successful entrepreneurship.

Exam Blueprint and Performance Skills

Standard	Percentage of exam score
1. Entrepreneur Role and Characteristics	15%
2. Lean Canvas Model	17%
3. Economics Concepts	13%
4. Marketing	19%
5. Financial Concepts And Tools	25%
6. Management Principles	4%
7. Business Ownership	8%

*Includes performance skill evaluation

Standard 1 - Entrepreneur Role And Characteristics

Candidates will identify the role and characteristics of an entrepreneur.

Objective 1 Candidates will explore the role of the entrepreneur within the economy.

1. Define and differentiate between an:
 - a. Entrepreneur: An individual who undertakes to start and run their own business or with the intention of making a profit.
 - b. Entrepreneurship: Activity of setting up a business, taking on financial risks in the pursuit of profit.
 - c. Intrapreneur: Valued labor trait where an individual behaves like an entrepreneur to solve problems within an organization.
2. Identify the characteristics and ethics involved in entrepreneurship
 - a. Common characteristics:
 - i. Hard Working
 - ii. Risk Taker
 - iii. Inquisitive
 - iv. Goal & Action Oriented
 - v. Creative
3. Understand the risks and rewards associated with entrepreneurship
 - a. Explore the risks and rewards within the entrepreneurial venture. Cover the following categories.
 - i. Financial
 - ii. Career
 - iii. Family/Social
 - iv. Liability
 - v. Satisfaction
 - b. Explore the importance of failure within the entrepreneurial venture.
 - i. Growth Mindset to learn from each failure and grow from it

Optional: Standard performance evaluations on the final page of this document.

Standard 2 - Lean Canvas Model

Candidates explore the Lean Canvas model or the use of a business plan to understand the impact that they have on the success of an entrepreneurial venture.

Objective 1 Candidates will understand idea generation through innovation and problem-solving.

1. Identify problems and create solutions to address consumers' needs/wants. The solution can be a product, service, or idea.

2. Identify problems to address needs and/or wants by using various methods of idea generation (e.g. identifying trends, brainstorming, brainwriting, and market research).
3. Explore trends in entrepreneurship including:
 - a. emerging technologies
 - b. social entrepreneurship
 - c. green entrepreneurship
4. Understand the importance of pivoting to solve entrepreneurial problems.
 - a. Opportunities are created from problems
 - b. Adaptability to internal and external factors (e.g supply chain, global economy, competition, and emerging technologies)

Objective 2 Candidates will understand how to solve your customers' needs and wants and identify what distinguishes a product/service from the competition while taking into consideration the following factors.

1. Minimum Viable Product (MVP): Version of a product with just enough features to be usable by early customers who can then provide feedback for future product development.
2. Unique Value Proposition (UVP): Clear statement that describes the benefit of your offer, how you solve your customer's needs, and what distinguishes you from the competition.
3. Competitive Advantage: Factors that put a company in a favorable or superior business position in comparison to its rivals.

Optional: Standard performance evaluations on the final page of this document

Standard 3 - Economics Concepts

Candidates will understand how economic concepts affect decision-making in an entrepreneurial venture.

Objective 1 Candidates will understand basic economic terminology.

1. Explain the determinants of supply and demand.
2. Understand opportunity cost and scarcity.
3. Describe the interrelationship between cost and price.
4. Describe the concepts of import and export.

Objective 2 Candidates will understand basic economic terminology

1. Scarcity: Unlimited wants and needs and limited resources to satisfy those wants and needs.
2. Determinants of Supply:
 - a. Cost and Price of a product
 - b. Availability of resources
 - c. Price-related or substitute goods and services
3. Determinants of Demand: a. Price of goods and services b. Income level of consumers c. Preferences of consumers d. Consumer expectations
4. Opportunity Cost: the loss of potential gain from alternatives when one alternative is chosen

5. Profit Motive: motivation to operate so as to maximize profits. The ultimate goal of a business is to make money.
6. Import: Goods or services bought into one country that was produced in another.
7. Export: Goods and services that are produced in one country then purchased and sent to another country.

Optional: Standard performance evaluations on the final page of this document

Standard 4 - Marketing

Candidates will understand how marketing affects an entrepreneurial venture.

Objective 1 Candidates will understand the marketing functions.

1. Identify the elements of the marketing mix as it pertains to Entrepreneurship.
 - a. Product - possibly the most important, can be a good and service.
 - b. Price - amount of money requested or exchanged for a product, should cover expenses and allow for a profit
 - c. Place - activities involved in getting a product or service to the end user, may include: shipping, ordering processing, inventory storage, and stocking of goods. Describe that place can be both a physical location or online site.
 - d. Promotion - process of communication with customers and potential customers to inform, persuade, and remind about products, their price, and where they can be purchased
 - e. Explain how each component of the marketing mix contributes to successful marketing.
2. Analyze the advantages and disadvantages of possible locations for businesses
 - a. Brick-and-mortar stores: a business that operates conventionally rather than over the internet
 - b. E-commerce: internet commerce, refers to the buying and selling of goods or services using the Internet, and the transfer of money and data to execute these transactions
 - c. Service industry including; Curbside pick-up, Delivery, Subscription-based services
 - d. Emerging trends in location decisions such as; commercial kitchens, delivery-only businesses, pop-up stores, shared workspaces, and incubators
3. Understand the distribution channels available to effectively reach your customers.
 - a. Explain the consumer's experience through omni-channel defined as an approach to sales that focus on providing seamless customer experience whether the client is shopping online from a mobile device, a laptop or in a brick-and-mortar store.
4. Explore market segmentation methods and the importance of determining your entrepreneurial venture's target market.
 - a. Demographics; Who? (Personal characteristics such as Age, Gender, Income Level, Education Level, Race, Ethnicity)
 - b. Geographics/Location; Where? (Segmentation based on where people live such as Natural or Political Boundaries, Climate, Cultural influences, and Customs)
 - c. Psychographics/Interests; Why? (Involves grouping people with similar lifestyles, as well as shared attitudes, values, and opinions such as Activities, Attitudes, Personality & Values)

- d. Behavioral; How? (Looking at the benefits desired by consumers such as shopping patterns, usage rate, benefits--and not just the physical characteristics of a product).

Objective 2 Candidates will explore marketing strategies in relation to their entrepreneurial venture.

1. Discuss the importance of building a brand and creating a brand image
2. Discuss the importance of market planning and market research
3. Discuss the importance of a company's online presence and digital marketing.

Optional: Standard performance evaluations on the final page of this document

Standard 5 - Financial Concepts And Tools

Candidates will understand financial concepts and tools used by entrepreneurs in making business decisions.

Objective 1 Candidates will examine financial concepts and types of funding used to operate a business.

1. Project Expenses
 - a. Start-up costs: all costs incurred to start a business including research, business licensing, website development and more.
 - b. Variable costs: Costs that fluctuate based on units of production.
 - c. Fixed costs: Costs that stay consistent from month to month, such as rent, utilities, and fees. Non-production-related expenses.
 - d. Operational expenses include: income, net profit, gross profit, and break-even point. e. Working capital
2. Discuss the profit formula: $\text{Revenue} - \text{Cost} = \text{Profit}$
3. Describe common funding sources and identify the advantages and disadvantages of different types of financing options for entrepreneurs. Compare and contrast debt and equity financing.
4. Debt Financing
 - a. Angel investors: family and friends
 - b. Venture capitalists:
 - c. Crowdfunding:
 - d. Lines of credit:
 - e. Small business loan
 - f. Equity Financing
 - g. Bootstrapping: founding and running a company using only personal finances or operating revenue
5. Describe entrepreneurship mentoring trends and entrepreneurship contests (e.g., boom start-up, incubators, business plan/pitch contests).
6. Understand the importance of pitching in the fundraising process.

Objective 2 Candidates will understand how entrepreneurs utilize business records.

1. Define Pro-Forma: Projected revenue and sources of revenue
2. Identify and explain common financial statements a. Income statements: b. Profit and loss statements: c. Balance sheets
3. Understand the importance of sales and budget forecasting in business planning

Optional: Standard performance evaluations on the final page of this document.

Standard 6 - Management Principles

Candidates will understand the role of management principles in an entrepreneurial venture.

Objective 1 Candidates will discuss the importance of goal setting for an entrepreneurial venture (mission and vision statements)

Optional: Standard performance evaluations on the final page of this document.

Standard 7 - Business Ownership

Candidates will analyze how forms of business ownership, government regulations, and legal regulations affect entrepreneurial ventures.

Objective 1 Candidates will compare and contrast the advantages and disadvantages of the different types of business ownership

1. Sole proprietorship: A sole proprietorship is the simplest and most common structure chosen to start a business. It is owned and run by one individual with no distinction between the business and you, the owner. The owner is entitled to all profits and is responsible for all your business's debts, losses, and liabilities.
2. Partnership: is an arrangement between two or more people to oversee business operations and share its profits and liabilities.
3. Corporation: is legally a separate and distinct entity from its owners. Corporations possess many of the same legal rights and responsibilities as individuals. It has limited liability, which means that its shareholders are not personally responsible for the company's debts. It may be created by an individual or a group of people with a shared goal.
4. Limited Liability Company: is a business structure in the U.S. that protects its owners from personal responsibility for its debts or liabilities. Limited liability companies are hybrid entities that combine the characteristics of a corporation with those of a partnership or sole proprietorship.
5. Nonprofit:
 - a. Identify organizations that support entrepreneurs (SBDC, SBA, SCORE, GOED)

Objective 2 Candidates will understand government and legal regulations that affect entrepreneurial ventures.

1. Identify licenses that a small business must obtain (e.g., business license, EIN, name registry, sales tax I.D., occupational/professional license, food handlers)
2. Identify taxes businesses pay (income, sales, property, payroll).
3. Identify ways of protecting ideas and inventions
 - a. Copyright: The exclusive legal right to reproduce, publish, sell, or distribute the matter and form of something.
 - b. Patent: is a legal right to an invention given to a person or entity without interference from others who wish to replicate, use, or sell it
 - c. Trademark: The term trademark refers to a recognizable insignia, phrase, word, or symbol that denotes a specific product and legally differentiates it from all other products of its kind.

Optional: Standard performance evaluations on the final page of this document

Performance Skills Evaluation

Exam name: Entrepreneurship

Candidate Name: _____

Performance assessments may be completed and evaluated any time before the certification is issued. The following performance skills can be used in connection with the associated standards and exam. The evaluator will function as the subject matter expert to determine if the candidate meets the skills requirements with a Yes/No for passing.

Standard 1 – Entrepreneur Role and Characteristics Candidates will use critical thinking to explore the advantages and disadvantages of being an entrepreneur. They will identify characteristics of successful entrepreneurs through a report, SMART goal, or presentation.	Pass:
Standard 2 – Lean Canvas Model - Candidates will complete these areas of the Lean Canvas model. - Problem - Unique Value Proposition - Solution - Competitive Advantage	Pass:
Standard 3 – Economic Concepts - Candidates will determine one of the following: - Cost Analysis for a product or service - Break-Even Analysis for a product or service - Price Markup or Margin Analysis for a product or service	Pass:
Standard 4 – Marketing - Candidates will complete these areas of the Lean Canvas model. - Customer Segments - Key Metrics - Channels	Pass:
Standard 5 – Financial Concepts and Tools - Candidates will complete these areas of the Lean Canvas model. - Revenue Streams - Cost Structure AND (Complete at least one of the following) - Calculate break-even point. - Create a financial statement. - Compare and contrast various payment systems. - Use a spreadsheet tool (What-If analysis) for modeling, projections, and forecasting.	Pass:
Standard 6 –Management Principles	Pass:

- Candidates will create a mission statement and vision statement.

Standard 7 – Financial Concepts and Tools

- Candidates will use their knowledge and skills learned throughout the Entrepreneurship course to complete one of the following:
 - Create a business/promotion plan (FBLA and/or DECA).
 - Create an innovation business plan.
 - Create a start-up business plan.

Pass:**Evaluator Name:****Date:**