

Business Management Final Exam

1. Owning a business is much like working for someone else
True
False

2. There is no relationship between the business plan and accomplishment
True
False

3. What is the starting point to the success of the business?
 - a) Financing
 - b) Buying a building
 - c) A sense of purpose
 - d) Purchasing equipment

4. As a business owner, it is realistic to expect:
 - a) to have more time for your personal life and spend less time with your business.
 - b) to retire within 2 years.
 - c) to be free of responsibility
 - d) none of these.

5. The executive summary:
 - a) contains the purpose of the business
 - b) is the last portion of the business plan
 - c) contains supporting documents and resumes
 - d) details management

6. One “pro” of owning one’s business is that there is no financial risk.
True
False

7. One of the “pros of owning one’s own business is that it is POSSIBLE to make more than as an employee.

True

False

8. It is important when owning a business, to enjoy what you are doing.

True

False

9. When owning your own business, you can rely on a steady income.

True

False

10. Successful business owners plan to succeed.

True

False

11. A businesses that does not offer a tangible product, but rather an intangible product is said to be

a) a product business

b) inferior

c) fake

d) a “service” business

12. In a general partnership, partners are not liable for business actions of the other partners.

True

False

13. Corporate structure is more complex to organize than sole proprietorship.

True

False

14. Control of a corporation depends on
- a) stock ownership
 - b) number of shareholders
 - c) position
 - d) liability
15. Brokers and agents depend on the services of:
- a) lenders
 - b) escrow agents
 - c) closing attorneys
 - d) all of these
16. What is a “niche” in business?
- a) A specialization
 - b) a location
 - c) a service
 - d) a regulation
17. Most franchises require
- a) an initial franchise fee plus a percentage of monthly gross sales
 - b) no initial fee
 - c) monthly percentage payments only
 - d) all cash upfront
18. Name recognition of a franchise is
- a) always an advantage
 - b) never an advantage
 - c) can be either an advantage or disadvantage
 - d) of no advantage or disadvantage
19. Ownership as a sole proprietorship
- a) has the best tax advantages
 - b) is the easiest and least costly way of starting a business

- c) provides best asset protection
- d) is never a good idea

20. A general partnership can be formed
- a) by a verbal agreement between two or more persons
 - b) by written agreement only
 - c) an escrow agent
 - d) without agreement

_____ protects the owner's exclusive right to use a business name.

21. a) Copyright law
- b) trademark law
 - c) business law
 - d) nothing

22. What is the "legal name" of a business.
- a) the official name of the entity that owns a business
 - b) the name on the sign
 - c) the nickname of the business
 - d) the trade name

23. A "fictitious business name" is
- a) a fake name
 - b) an illegal name
 - c) also called a DBA
 - d) an unregistered name

24. When a business incorporates, it must choose and register a corporate name with
- a) the secretary of state
 - b) the IRS
 - c) the Federal government

d) an attorney

25.

Trademark law protects:

- a) the owner's exclusive right to use a business name
- b) the public's right to use any name
- c) against frivolous lawsuits
- d) nothing

26. In limited partnerships, LLCs and corporations, the legal name is the name registered with:

- a) The IRS
- b) The Attorney General
- c) The secretary of state
- d) It is not registered

27. When networking on listservs you should:

- a) Harvest email addresses to use in a direct mail campaign
- b) Post to the listserv specifically advertising your services
- c) Answer questions related to your field of expertise
- d) Cross-post to multiple lists with identical advertisements

28. Writing articles for content websites will:

- a) Earn you a significant income
- b) Promote your business and establish your credibility at the same time
- c) Have a negative impact on your business
- d) Violate professional codes of conduct

29.

Which is true statement regarding computer purchases:

- a) Price is always the most important factor
- b) Price is not the only factor to consider. Service after the sale is crucial
- c) Leasing is better than buying
- d) As technology increases, the price of computer equipment increases

30. To minimize the risk of technology obsolescence owners may want to select:

- a) custom hardware and software
- b) bargain brands to save money
- c) the latest in technology
- d) "mainstream" software and hardware that can be upgraded.

31. In relationship to a business, what effect does the "Information Age" have on the geographical location?

- a) It may become less and less important to a business' success
- b) It may reduce costs for business owners because there may no longer be a need for as much square footage
- c) Employees may also benefit by being able to work from "virtual" offices saving childcare, travel and other expenses
- d) All of these could be effects of the "information age."

32. When looking for a business location, the bottom line is that your facility:

- a) should impress competitors
- b) should do all that you want it to
- c) should be purchased
- d) should be leased

33. The type and amount of equipment you need to operate your business office depends on:

- a) what your salespeople want
- b) what the latest technology has to offer
- c) what your competitor is using
- d) what kind of business you operate and your budget for equipment and systems

34. When selecting computers for your office you should:

- a) Always use free open-source software
- b) Look for cross-platform compatibility with any operating system you select
- c) Choose computers from a variety of different manufacturers
- d) Let employees choose their own computers

35.

If most of your business transactions occur out of your local area, you should probably:

- a) Get an 800 number
- b) Use your local exchange
- c) Move
- d) Only place outgoing calls during off-peak hours

36. Leases that are longer than one year:

- a) can be oral
- b) must be recorded
- c) must be in writing to be legally enforceable
- d) are not valid

37. If landlord pays utilities, taxes and maintenance the lease is called a:

- a) "net" lease
- b) "triple net" lease
- c) "maintenance" lease
- d) "gross" lease

38. If tenant pays utilities or taxes or maintenance it is called a:

- a) "gross" lease
- b) "net" lease
- c) "triple net" lease
- d) "maintenance" lease

39. The Americans with Disabilities Act (ADA) requires all businesses that are open to the public or that employ more than _____ people to have premises that are accessible to disabled people

- a) 15
- b) 3
- c) 100
- d) 25

40. Commercial space is typically priced by:

- a) a monthly sum
- b) number of rooms
- c) square foot and calculated annually
- d) a sliding scale

41. If the tenant pays utilities, taxes and maintenance the lease is referred to as

a:

- a) "triple net" lease
- b) "net" lease
- c) "gross" lease
- d) "maintenance" lease

42. If the tenant has an option to renew the lease:

- a) the tenant the right to exercise the option
- b) the landlord the right to enforce the option
- c) the tenant must renew at the end of the lease
- d) creates a bi-lateral agreement and both tenant and landlord must perform

43. The best way to recruit, hire and gain the cooperation of you people is to treat them as:

- a) a cost
- b) an investment.
- c) an expense
- d) inventory

44. If the broker has complete control over performance, specifies work hours at a certain place and gives specific steps to market properties, for IRS purposes the agent would probably be classified as:

- a) an independent contractor
- b) an assistant manager
- c) an agent is an agent. It wouldn't matter
- d) an employee

45.

Employees are usually:

- a) paid a salary with employer deductions
- b) hired to follow instructions on how to accomplish and complete the job
- c) supervised and controlled much more closely than an independent contractor
- d) all of these

46. A good manager knows that making everyone like him or her, all of the time is:

- a) the only way to recruit
- b) extremely important
- c) not only unlikely, but also a sign of poor office politics
- d) a trait the broker will look for in a manager

47. A statement made by a good manager would most likely be:

- a) "We are a team."
- b) "I'm the boss."
- c) "Do you work here?"
- d) "I'm your friend."

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49. The establishment and enforcement of policies and procedures makes most people feel:

- a) more insecure in a work environment.
- b) more secure in a work environment
- c) controlled
- d) defeated

50. To have the respect of the agents the manager must:

- a) hold professional designations or educational degree
- b) a good friend to all
- c) be a top agent him/herself
- d) be experienced and competent as real estate agent

51. The successful manager is able to lead others by:

- a) using their position as manager
- b) impressing them with their own accomplishments
- c) "recruiting" them to their path of thinking
- d) pointing out weaknesses

52. The company Policy Manual is a book that:

- a) is meant to be changed
- b) must never be changed
- c) should only be changed to reflect current laws
- d) affects only certain agents and employees

53. Who is responsible for building and maintaining a good company image and reputation?

- a) The owners
- b) Everyone in the company
- c) The agents
- d) The Staff

54. The company's character is:

- a) what the company actually stands for and what it does
- b) how the public sees what it stands for or what it does, whether or not accurate
- c) Based only on perception
- d) None of these

55. Whenever you are faced with an ethical dilemma, which question is NOT one of three questions you should ask yourself!

- a) Is it legal?
- b) Is it likely to be discovered?

- c) Is it balanced?
- d) Is it right?

56. To persuade your employees to be ethical in business a good example must be set by:

- a) the manual
- b) the competition
- c) the industry
- d) the top people in your company

57. Company image is more important in:

- a) a product business
- b) a service business
- c) equal in both
- d) not important in either

58. Your company's image will be formed:

- a) whether you guide its creation, or just "let it happen."
- b) only with careful planning
- c) based on facts
- d) only if you take action

59. A business that respects cultural diversity is likely to:

- a) Embarrass itself in the international arena
- b) Get labeled as being "politically correct"
- c) Alienate US-based customers
- d) Create a positive image within the community

60. Following the Golden Rule means to

- a) Do whatever it takes to maximize profits and minimize expenditures
- b) Get ahead at all costs
- c) Treat customers and coworkers with respect
- d) Foster a competitive environment

61. A primary audience for a public relations campaign would probably NOT be:
- a) Potential clients
 - b) Potential investors
 - c) Company management
 - d) Venture capitalists

62. Evaluating the outcome of a comprehensive public relations campaign is important for:
- a) Create publicity for the company
 - b) Selling the campaign to company management
 - c) Maximizing the company's bottom line
 - d) Determining what elements were successful

63. Market segmentation requires that the business appeal to:
- a) small groups with diverse marketing
 - b) a broad audience
 - c) a well-defined group with one marketing plan
 - d) defined group with many marketing plans

64. The marketing mix strategy includes:
- a) examining the service
 - b) promotion
 - c) location
 - d) all of these

65. The economic environment consists of factors that affect:
- a) consumer purchasing power
 - b) spending patterns like income
 - c) Neither
 - d) Both

66. The purpose of conducting an analysis of your business is to show the business owner:
- a) an objective look at the business
 - b) the company from the perspective of its customers

- c) what think competitors think of the company
- d) all of these

67. Demography is the study of :

- a) population
- b) politics
- c) the cultural events of the area
- d) the economic concerns of the area

68. In starting a new business, market research is:

- a) critical
- b) worthless
- c) best left to others
- d) optional

69. Quality indicators, such as liquidity, security, profitability are examples of:

- a) payments
- b) financial ratios
- c) expenses
- d) debits

70. Which statement is the most important for your business plan and will be looked at closest by a lender?

- a) Summary Statement
- b) Statement of Receivables
- c) Statement of Expenses
- d) Statement of Cash Flow

71. Start-up costs include:

- a) working capital
- b) equipment
- c) supplies or inventory

d) all of these

72. A _____ net profit or cash flow is common in the first one to two years in business

- a) positive
- b) negative
- c) even
- d) high

73. If the business owners' calculations show a loss position by the third year of operation, he/she should:

- a) review all costs and expense figures
- b) close the business
- c) borrow more money
- d) wait 2 more years to make a determination

74. The balance sheet and profit and loss statement do not tell you how much cash you have on hand because:

- a) sales may be made on credit
- b) they show only expenses
- c) they are only used to determine ratios
- d) sales are not reported on them

75. If the cash flow statement figures are negative:

- a) your business is solvent and you will be able to pay bills as they become due
- b) your business is insolvent and you will be unable to pay bills as they become due
- c) you may be able to pay bills because the cash flow statement treats sales as cash, even when they are made on credit
- d) this is because of depreciation

76. The proforma balance sheets show:

- a) current financial condition
- b) cash on hand
- c) credit sales for the current month

d) changes in the financial structure of your business over time

77. The Six C's that are the traits a lender will look for are:

- a) Cash, Contracts , Capital , Collatera, Conditions and Connections
- b) Character, Capacity to Pay, Capital, Collateral, Conditions and Confidence
- c) Citizenship, Chattel, Capital, Collateral, Commitment and Confidence
- d) Credence, Covenants, Credentials, Collateral, Conditions and Confidence

78. The IRS will find your books acceptable only if they are organized:

- a) in chronological order, month by month
- b) according to the Federal system
- c) according to your state system
- d) There is no official way to organize your books

79. What are the two principle methods of keeping track of a business's income and expenses?

- a) Monthly or annual
- b) Ledger or computer
- c) Cash method and Accrual method
- d) Manual or Automated

80. Unless there is a valid business reason to use a different period, or unless your business is a corporation, you have to use:

- a) your accounting period
- b) the calendar year, beginning on January 1 and ending on December 31
- c) your fiscal year
- d) monthly reporting

81. You can avoid responsibility for seeing that tax obligations are met by:

- a) delegating your tax obligations to someone else
- b) paying an accountant to handle them
- c) hiring an independent contractor as a bookkeeper
- d) none of these

82. The B&O tax is levied by:

- a) The federal government
- b) The Better Business Bureau
- c) The state of Washington
- d) All of the municipalities within the state of Washington

83. New Washington state companies paying unemployment compensation premiums for the first time will be taxed at:

- a) The lowest rate
- b) The industry standard rate
- c) A rate they estimate themselves
- d) They will be exempt from paying these taxes for the first year

84. Businesses should review their banking arrangements every:

- a) Year
- b) Two years
- c) Three years
- d) So often

85. Business checks should be signed by:

- a) The company president
- b) The secretary
- c) All company managers
- d) An authorized representative

86. ABC Realty works with and depends upon Ourcity MLS, NAR, Ourstate Association and an In-house Insurance Company. These are examples of :

- a) affiliated service providers
- b) partners
- c) agency relationships
- d) owner entities

87. Which is NOT a good example of a “service” business:

- a) closing attorney
- b) clothing store
- c) title company
- d) real estate brokerage

88. When the business owner buys into a franchise the “image” of a Franchise can be:

- a) a “pro” OR a “con.”
- b) a “pro”
- c) a “con”
- d) Neither. It doesn’t matter

89. What developments may help brokers take advantage of more mobile society to offer far-reaching referral and relocation services?

- a) Web site promotion
- b) The Internet
- c) Email
- d) All of these

90. The business owner must make certain that any transition of growth is:

- a) spontaneous
- b) planned and managed
- c) desired by the employees
- d) avoided at all times