

## Regional Micro-Enterprise Credential: Certification Exam Study Guide

(Updated: June 12, 2017)

Teachers will have to help students prepare in six different areas to help them achieve a passing score on the Micro-Enterprise Credential certification exam:

- 1) Self-Assessment Key Terms – demonstrating an understanding of the behaviors required for successful small business employees and owners / entrepreneurs (25% of certification exam questions);
- 2) School versus Workplace Expectations – demonstrating an understanding of how the expectations of the working world are different (and more demanding) than those of high school (5% of certification exam questions);
- 3) Business Structure – demonstrating mastery of a limited number of concepts regarding business organization and the identity of state and federal agencies relevant to small business formation/operation (10% of certification exam questions);
- 4) Credit – demonstrating an understanding of: a) different types of credit; b) key financial terms relevant to credit applications; c) the structure and complexity of different types of credit applications; and d) the cost and availability of different types of credit (25% of certification exam questions);
- 5) Key Financial Terms and Business Concepts – demonstrating an understanding of a limited number of key financial terms and business concepts (30% of certification exam questions);
- 6) Business Ethics and Social Responsibility – demonstrating an understanding of a limited number of concepts regarding business ethics and social responsibility 5% of certification exam questions).

The Micro-Enterprise Credential Certification test will not include computation questions. Computation questions will likely be on Certiport's international certification test.

This study guide will provide a series of preparation tips for teachers and students, along with 20 sample questions.

Teachers should use this study guide (as well as the questions on the pre-test) to help students prepare for the different types of questions that will be on the interim certification exam.

Teachers can then use the practice exam to provide students with a realistic certification exam experience. The practice exam will be available both online and on paper.

Students will take the actual interim certification exam online.

Teachers who have questions about any aspect the Micro-Enterprise Credential certification exam can contact [JumpStart@la.gov](mailto:JumpStart@la.gov)

Self-Assessment Key Terms (25% of certification exam questions)	
<b>Types of Questions You Should Expect</b>	<ul style="list-style-type: none"> <li>Multiple choice questions (most). These questions will be straightforward – no trick questions – providing students a clear opportunity to demonstrate their understanding of key concepts.</li> <li>Scenario questions (few). These questions will describe a type of behavior in a brief narrative and then ask the students to correctly indicate the behavior being described.</li> </ul>
<b>How Students Can Prepare</b>	<ul style="list-style-type: none"> <li>Review the Self-Assessment Vocabulary resource</li> <li>Review Pre-Test questions</li> <li>Review Practice Test questions and answers.</li> <li>Create additional class exercises (“College Bowl” contests) and instructional resources (crossword puzzles, flash cards) for students to practice their understanding of key concepts</li> </ul>
<b>Test Taking Tips</b>	<ul style="list-style-type: none"> <li><b>Do not look for trick questions.</b> There will be no trick questions. The goal of the exam is to help students demonstrate their mastery of key concepts.</li> <li><b>Don’t over-complicate scenario questions.</b> Numbers may be important to understanding the scenario being presented, but students will <i>not</i> be asked to make any computations in order to determine correct answers.</li> </ul>
<b>Sample Questions</b> (Teachers can cut-and-paste these answers into a “practice mini-test.”)	<p>Multiple Choice Questions</p> <p>1) Characteristics of successful entrepreneurs include:            (a) grit            (b) sadness            (c) physical strength            (d) emotionality</p> <p>2) Which is an entrepreneur?            (a) an IT tech who works for the parish            (b) an IT tech who works for the Secretary of State            (c) an IT tech who works 90 hours a week            (d) an IT tech who works as a small business consultant after hours</p> <p>3) Which best describes self-discipline?            (a) quitting early            (b) working late and taking the next day off            (c) working late and showing up for work on time the next day            (d) leaving work on schedule regardless of circumstances</p>
	<p>Scenario Questions</p> <p>4) Toni is about to launch a new business. The bank originally turned down her application for a \$20,000 loan, but she found a loan guarantor and received a \$15,000 loan that still enabled her to purchase most of her equipment. When the equipment distributor didn’t have one piece of equipment her salon needed, Toni found used equipment at a \$3,000 savings and drove her brother’s pick-up to go fetch the equipment. Tomorrow Toni is going to help out on the worksite because the crew is a day behind and Toni wants to open on time.</p> <p>The type of entrepreneurial behavior that Toni has been exhibiting can best be described as:            (a) computer literacy            (b) determination            (c) comfort engaging with team members            (d) pessimism</p>

School versus Work Expectations (5% of certification exam questions)		
<b>Types of Questions You Should Expect</b>	<ul style="list-style-type: none"> <li>Multiple choice questions. These questions will describe an action and a consequence, and then ask the student to correctly identify if this is a workplace or a school expectation.</li> </ul>	
<b>How Students Can Prepare</b>	<ul style="list-style-type: none"> <li>Review the School versus Work resources</li> <li>Review Pre-Test questions</li> <li>Review Practice Test questions and answers.</li> <li>Reinforce these concepts during Q&amp;A sessions with in-person and Nepris virtual mentors</li> </ul>	
<b>Sample Questions</b> (Teachers can cut-and-paste these answers into a “practice mini-test.”)	Multiple Choice Questions	5) How is the workplace expectation for vacation time different than the high school expectation? (a) both expect to take two months off during the summer (b) students take more vacation than employees (c) employees take more vacation than students (d) employees are penalized for taking vacation they’ve earned  6) Which of the following is a work expectation? (a) self-discipline is optional (b) being on time every day without exception is mandatory (c) repeated absences result in warning (d) employees can make up work after hours if they arrive late

Business Structure (15% of certification exam questions)		
<b>Types of Questions You Should Expect</b>	<ul style="list-style-type: none"> <li>Multiple choice questions. These questions will ask students to: a) correctly indicate the advantages of business structures like incorporation; b) distinguish between state and federal government agencies; and c) correctly indicate the functions of different state agencies</li> </ul>	
<b>How Students Can Prepare</b>	<ul style="list-style-type: none"> <li>Review the Business Structure Vocabulary resource</li> <li>Review Government Agencies resource</li> <li>Review Pre-Test questions</li> <li>Review Practice Test questions and answers.</li> <li>Create additional instructional resources (crossword puzzles, flash cards) for students to practice their identification of different types of government agencies</li> </ul>	
<b>Sample Questions</b> (Teachers can cut-and-paste these answers into a “practice mini-test.”)	Multiple Choice Questions	7) One advantage of establishing a new company as some type of corporation is: <ul style="list-style-type: none"> <li>(a) may shield the owners from liabilities of or judgments against the company</li> <li>(b) may reduce paperwork filed with the Louisiana Department of Revenue</li> <li>(c) may reduce paperwork filed with the Small Business Administration</li> <li>(d) guarantees a first-year profit</li> </ul> 8) The government agency that helps start-ups determine which paperwork they must complete is: <ul style="list-style-type: none"> <li>(a) Louisiana Economic Development through <i>FastStart</i></li> <li>(b) Louisiana Secretary of State through the <i>geauxBIZ</i> portal</li> <li>(c) Louisiana Workforce Commission through its <i>Start Jobs</i> system</li> <li>(d) the Internal Revenue Service</li> </ul> 9) Which is a federal government agency? <ul style="list-style-type: none"> <li>(a) Louisiana Department of Revenue (LDR)</li> <li>(b) Small Claims Court</li> <li>(c) Small Business Administration (SBA)</li> <li>(d) Chamber of Commerce</li> </ul>

Credit (25% of certification exam questions)					
<b>Types of Questions You Should Expect</b>	<ul style="list-style-type: none"> <li>Multiple choice questions (75 – 90%). These questions will be straightforward – no trick questions – providing students a clear opportunity to demonstrate their understanding of key credit concepts</li> <li>Scenario questions (10 – 25%). These questions will describe a a scenario where credit is used or could be used, and then ask the student to determine whether online or bank credit would be best</li> </ul>				
<b>How Students Can Prepare</b>	<ul style="list-style-type: none"> <li>Review the Financial Concepts and Credit Vocabulary resource</li> <li>Review the Credit Application Exemplars to remind students of those exercises and their key conclusions</li> <li>Review Pre-Test questions</li> <li>Review Practice Test questions and answers.</li> <li>Create additional class exercises (“College Bowl” contests) and instructional resources (crossword puzzles, flash cards) for students to practice their understanding of key credit concepts</li> </ul>				
<b>Test Taking Tips</b>	<ul style="list-style-type: none"> <li><b>Do not look for trick questions.</b> There will be no trick questions. The goal of the exam is to help students demonstrate their mastery of key concepts.</li> <li><b>Don’t over-complicate scenario questions.</b> Numbers may be important to understanding the scenario being presented, but students will <i>not</i> be asked to make any computations in order to determine correct answers.</li> </ul>				
<b>Sample Questions</b> (Teachers can cut-and-paste these answers into a “practice mini-test.”)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; vertical-align: top; text-align: center;">Multiple Choice Questions</td> <td> <p>10) How does a guarantor help an entrepreneur trying to launch a new business?</p> <p>(a) co-sign for a loan, helping the entrepreneur qualify for bank credit</p> <p>(b) co-author a business plan</p> <p>(c) co-develop social media postings</p> <p>(d) cooperate in developing job descriptions</p> <p>11) The term “maturity” refers to:</p> <p>(a) an older business owner</p> <p>(b) the number of years described in a business plan</p> <p>(c) the emotional intelligence of a business owner</p> <p>(d) the date when the final loan payment will be made and the loan balance will be zero</p> <p>12) Bank debt versus online credit:</p> <p>(a) bank debt is more expensive for business owners</p> <p>(b) bank debt is easier to obtain for business owners</p> <p>(c) bank debt is better for long-term investments</p> <p>(d) bank debt is pretty much the same as online credit</p> </td> </tr> <tr> <td style="vertical-align: top; text-align: center;">Scenario Questions</td> <td> <p>13) Alex is having a hard time securing a \$30,000 loan for the new business. The bank is very impressed with Alex’s business plan but unfortunately Alex’s credit score is low. With a low credit score the bank won’t loan Alex the money necessary to get the new business launched. Alex has qualified for a \$50,000 online loan but the terms are very expensive and would make it hard for the company to become profitable.</p> <p>One next step Alex might consider is:</p> <p>(a) finding a mentor / guarantor who will help secure the \$30,000 loan</p> <p>(b) borrow only \$30,000 in an online loan</p> <p>(c) rewriting the business plan</p> <p>(d) filing a new business name with the Secretary of State’s <i>geauxBIZ</i> portal</p> </td> </tr> </table>	Multiple Choice Questions	<p>10) How does a guarantor help an entrepreneur trying to launch a new business?</p> <p>(a) co-sign for a loan, helping the entrepreneur qualify for bank credit</p> <p>(b) co-author a business plan</p> <p>(c) co-develop social media postings</p> <p>(d) cooperate in developing job descriptions</p> <p>11) The term “maturity” refers to:</p> <p>(a) an older business owner</p> <p>(b) the number of years described in a business plan</p> <p>(c) the emotional intelligence of a business owner</p> <p>(d) the date when the final loan payment will be made and the loan balance will be zero</p> <p>12) Bank debt versus online credit:</p> <p>(a) bank debt is more expensive for business owners</p> <p>(b) bank debt is easier to obtain for business owners</p> <p>(c) bank debt is better for long-term investments</p> <p>(d) bank debt is pretty much the same as online credit</p>	Scenario Questions	<p>13) Alex is having a hard time securing a \$30,000 loan for the new business. The bank is very impressed with Alex’s business plan but unfortunately Alex’s credit score is low. With a low credit score the bank won’t loan Alex the money necessary to get the new business launched. Alex has qualified for a \$50,000 online loan but the terms are very expensive and would make it hard for the company to become profitable.</p> <p>One next step Alex might consider is:</p> <p>(a) finding a mentor / guarantor who will help secure the \$30,000 loan</p> <p>(b) borrow only \$30,000 in an online loan</p> <p>(c) rewriting the business plan</p> <p>(d) filing a new business name with the Secretary of State’s <i>geauxBIZ</i> portal</p>
Multiple Choice Questions	<p>10) How does a guarantor help an entrepreneur trying to launch a new business?</p> <p>(a) co-sign for a loan, helping the entrepreneur qualify for bank credit</p> <p>(b) co-author a business plan</p> <p>(c) co-develop social media postings</p> <p>(d) cooperate in developing job descriptions</p> <p>11) The term “maturity” refers to:</p> <p>(a) an older business owner</p> <p>(b) the number of years described in a business plan</p> <p>(c) the emotional intelligence of a business owner</p> <p>(d) the date when the final loan payment will be made and the loan balance will be zero</p> <p>12) Bank debt versus online credit:</p> <p>(a) bank debt is more expensive for business owners</p> <p>(b) bank debt is easier to obtain for business owners</p> <p>(c) bank debt is better for long-term investments</p> <p>(d) bank debt is pretty much the same as online credit</p>				
Scenario Questions	<p>13) Alex is having a hard time securing a \$30,000 loan for the new business. The bank is very impressed with Alex’s business plan but unfortunately Alex’s credit score is low. With a low credit score the bank won’t loan Alex the money necessary to get the new business launched. Alex has qualified for a \$50,000 online loan but the terms are very expensive and would make it hard for the company to become profitable.</p> <p>One next step Alex might consider is:</p> <p>(a) finding a mentor / guarantor who will help secure the \$30,000 loan</p> <p>(b) borrow only \$30,000 in an online loan</p> <p>(c) rewriting the business plan</p> <p>(d) filing a new business name with the Secretary of State’s <i>geauxBIZ</i> portal</p>				

Key Financial Terms and Business Concepts (25% of certification exam questions)		
<b>Types of Questions You Should Expect</b>	<ul style="list-style-type: none"> <li>Multiple choice questions. These questions will be straightforward – no trick questions – providing students a clear opportunity to demonstrate their understanding of key financial terms</li> </ul>	
<b>How Students Can Prepare</b>	<ul style="list-style-type: none"> <li>Review the Financial Concepts and Credit Vocabulary resource</li> <li>Review Pre-Test questions</li> <li>Review Practice Test questions and answers.</li> <li>Create additional class exercises (“College Bowl” contests) and instructional resources (crossword puzzles, flash cards) for students to practice their understanding of key concepts</li> </ul>	
<b>Sample Questions</b> (Teachers can cut-and-paste these answers into a “practice mini-test.”)	Multiple Choice Questions	14) The fixed cost of a business: <ul style="list-style-type: none"> <li>(a) remain the same every month</li> <li>(b) can vary from month to month</li> <li>(c) are filed with the IRS</li> <li>(d) must exceed monthly revenues</li> </ul> 15) A shareholder: <ul style="list-style-type: none"> <li>(a) must be an employee of the business</li> <li>(b) may not loan money to a company</li> <li>(c) must live in the same country as the business</li> <li>(d) is a legal owner of part of the business</li> </ul> 16) Pricing strategies should consider: <ul style="list-style-type: none"> <li>(a) the size of a company’s headquarters facility</li> <li>(b) how often the company will be filing tax returns</li> <li>(c) how much competition the business faces</li> <li>(d) the complexity of the bank credit application</li> </ul> 17) An example of a variable cost is: <ul style="list-style-type: none"> <li>(a) monthly rent</li> <li>(b) monthly salary to the company president</li> <li>(c) hourly wages paid to employees</li> <li>(d) debt payments to the bank</li> </ul> 18) A company balance sheet is the single report that best indicates: <ul style="list-style-type: none"> <li>(a) the annual profitability of the company</li> <li>(b) the assets or “things of value” the company owns and the liabilities or debt it owes</li> <li>(c) the monthly profitability of the company</li> <li>(d) what interest rate the company can afford to pay on its loans</li> </ul>

Business Ethics and Social Responsibility (5% of certification exam questions)		
<b>Types of Questions You Should Expect</b>	<ul style="list-style-type: none"> <li>Multiple choice questions. These questions will be straightforward – no trick questions – providing students a clear opportunity to demonstrate their understanding of key ethics and social responsibilities concepts.</li> </ul>	
<b>How Students Can Prepare</b>	<ul style="list-style-type: none"> <li>Review the Self-Assessment Vocabulary resource</li> <li>Review the Ethics and Social Responsibilities resource</li> <li>Review Pre-Test questions</li> <li>Review Practice Test questions and answers.</li> <li>Create additional class instructional resources (crossword puzzles, flash cards) for students to practice their understanding of key concepts</li> </ul>	
<b>Sample Questions</b> (Teachers can cut-and-paste these answers into a “practice mini-test.”)	Multiple Choice Questions	19) An example of intellectual property is: (a) a company logo (b) a tax return (c) a <i>geauxBIZ</i> downloaded list of state and federal agencies (d) a company address  20) Which is a conflict of interest? (a) when two employees get into a shoving match (b) when two managers get into a fight (c) when two suppliers compete to win the business of a start-up (d) when the banker approving a loan to a company is also a shareholder