

Subjects Covered in the ESB Exam

(Updated: June 16, 2017)

The Certiport Entrepreneurship and Small Business Exam enables students to prove they've mastered critical business concepts required for students to become excellent small business employees and (one day) successful entrepreneurs.

Highly-regarded organizations like the *Network for Teaching Entrepreneurship* and the *Consortium of Entrepreneurship Education* - and the Louisiana Department of Education - collaborated to create this exam.

Students across the country and the globe are now attempting to pass the ESB. Small business employers across Louisiana have provided letters in support of the ESB exam, indicating their belief that students who pass this exam are the type of individual they will hire to join their team.

And passing the ESB exam is a gateway to continuing to pursue entrepreneurship studies at a Louisiana technical college (like the strong Entrepreneurship program at Delgado Community College) or university (like the Entrepreneurship minor at LSU's E.J. Ourso College of Business).

ESB Exam Sections

- 1) Characteristics of Successful Entrepreneurs
- 2) Opportunity Recognition and Analysis
- 3) Business Start-Up
- 4) Business Operations
- 5) Marketing and Sales
- 6) Financial Management and Analysis

The Objectives of the ESB Exam

The ESB exam will confirm:

- 1) you understand the characteristics of successful entrepreneurs and promising business concepts; and
- 2) you can analyze a variety of business opportunities and scenarios to reach sound conclusions and recommend appropriate action steps.

The ESB exam tests what you know, but even more *how well you can reason given a set of facts.*

Because this is what small businesses and new start-ups require: individuals who can demonstrate effective judgement based on their ability to complete well-reasoned, accurate analyses.

Sections of the ESB Exam

The table on the next page will provide details on the topics included in the ESB exam.

At first glance the number of topics included on the ESB exam might seem daunting. But don't worry. You will be well-prepared to pass this exam and earn your Statewide Micro-Enterprise Credential.

The last part of this document will give you suggestions on how you can prepare for each section of the ESB exam.

There is also a Statewide Micro-Enterprise Credential Study Guide that provides test-taking tips, as well as sample questions from each section.

Section	Topics Included in the ESB Exam
Characteristics of Successful Entrepreneurs	<ul style="list-style-type: none"> • Identify the characteristics of successful entrepreneurs • <i>Scenario analysis</i>: analyze a scenario to determine the decisions an effective entrepreneur would make • <i>Scenario analysis</i>: recognize a sound business opportunity • Indicate the risks, benefits, opportunities and challenges of being an entrepreneur
Opportunity Recognition and Analysis	<ul style="list-style-type: none"> • Analyze different types of entrepreneurial opportunities (business start-up, buy a business, buy a franchise) • <i>Scenario analysis</i>: analyze the demand for a venture's good or services • <i>Scenario analysis</i>: determine customer demand and/or target customer segments • <i>Scenario analysis</i>: test value propositions to determine which represent positive business opportunities
Business Start-Up	<ul style="list-style-type: none"> • Indicate the elements of a business plan / indicate the value of each section of a business plan • Determine different business legal structures / benefits of incorporation • Indicate the characteristics and benefits of different funding sources (equity, debt, grants) • <i>Scenario analysis</i>: indicate support available to entrepreneurs starting up a new venture • Indicate the ethical responsibilities and social responsibilities of a business • Identify potential exit strategies for a business
Business Operations	<ul style="list-style-type: none"> • Indicate the team members / human capital needs of a start-up or small business • Indicate intellectual property issues (trademarks, copyrights, patents) • Indicate standard operating procedures / internal controls • Indicate growth strategy best practices / milestones
Marketing and Sales	<ul style="list-style-type: none"> • <i>Scenario analysis</i>: indicate successful selling strategies / practices • <i>Scenario analysis</i>: indicate the cost / benefits of finding and retaining new customers • Indicate appropriate marketing methods (websites, social media, advertising)
Financial Management and Analysis	<ul style="list-style-type: none"> • <i>Scenario analysis</i>: interpret basic financial statements (income statement, balance sheet) • <i>Scenario analysis</i>: analyze the factors that impact credit ratings (and the important of positive credit ratings) • <i>Scenario analysis</i>: indicate fixed versus variable expenses • <i>Scenario analysis</i>: indicate factors that impact pricing, cash flow and cash flow budgets • <i>Scenario analysis</i>: complete breakeven analyses

The remainder of this document will indicate how students can prepare for each section of this exam.

Characteristics of Successful Entrepreneurs	<ul style="list-style-type: none"> Identify the characteristics of successful entrepreneurs <i>Scenario analysis</i>: analyze a scenario to determine the decisions an effective entrepreneur would make <i>Scenario analysis</i>: recognize a sound business opportunity Indicate the risks, benefits, opportunities and challenges of being an entrepreneur
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The Regional Micro-Enterprise Credential provided lots of instruction on the characteristics of successful entrepreneurs. You should start by going back to [Resource 02-08 Complete Credential Word Bank](#) to find many concepts that apply to the topic of the characteristics of successful entrepreneurs.

You should also revisit [Resource 24-03 Key Characteristics of Entrepreneurs versus Small Business Leaders](#). The ESB exam will focus on how entrepreneurs think big, manage risk and think strategically.

Finally - as indicated in the [Resource 28-02 ESB Study Guide](#) - you should practice your test taking skills, specifically:

- Answer the questions you're certain you know first. Skip more complex problems and come back to them later. (The Study Guide will help you learn how you can do that in the Certiport testing system).
- Review each scenario analysis carefully to determine what the question is asking you to determine.
- Then go back to the complex questions . . . extract the key facts necessary to determine the right answer to develop your answer . . . and carefully determine the correct answer.

The Study Guide will provide you sample questions to practice your test-taking skills.

Opportunity Recognition and Analysis	<ul style="list-style-type: none"> Analyze different types of entrepreneurial opportunities (business start-up, buy a business, buy a franchise) <i>Scenario analysis</i>: analyze the demand for a venture's good or services <i>Scenario analysis</i>: determine customer demand and/or target customer segments <i>Scenario analysis</i>: test value propositions to determine which represent positive business opportunities
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Three resources will be especially helpful as you study for this section of the ESB exam:

- [Resource 23-05 Developing the Key Elements of a Business Concept Package](#) will help you review the ways that entrepreneurs analyze business concepts.
- [Resource 23-09 What Makes a Business Concept "Doable"](#) will help you review the different ways you can identify determine whether or not a business concept is likely to appeal to customers and be successful.
- [Resource 23-12 Opportunity Assessment: Different Types of Business Opportunities \(franchises, acquisitions, etc.\)](#) will help you review the different types of business opportunities available to entrepreneurs.

The different exercises included in [Resource 23-10 Business Concept Evaluation Exercises](#) might also refresh your memory on the analysis steps you can take to determine customer demand and viable value propositions.

Business Start-Up	<ul style="list-style-type: none"> • Indicate the elements of a business plan / indicate the value of each section of a business plan • Determine different business legal structures / benefits of incorporation • Indicate the characteristics and benefits of different funding sources (equity, debt, grants) • <i>Scenario analysis</i>: indicate support available to entrepreneurs starting up a new venture • Indicate the ethical responsibilities and social responsibilities of a business • Identify potential exit strategies for a business
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Three Statewide Micro-Enterprise Credential resources will be helpful as you study for this section of the ESB exam:

- 1) [*Resource 26-02 Components of Effective Business and Marketing Plans*](#) will help you review the elements of a business plan.
- 2) [*Resource 26-09 Developing Sales and Marketing Plans*](#) will help you review the elements of a marketing plan.
- 3) [*Resource 26-14 Culminating Module Template: Develop a Business and Marketing Plan*](#) will help cement your knowledge of the key aspects of effective business plans.

You may also want to go back and review these resources from the Regional Micro-Enterprise Credential:

- a) [*Resource 03-13 Ethics and Social Responsibility*](#)
- b) [*Resource 07-02 Company Registration Vocabulary*](#)
- c) [*Resource 06-03 Small Business Capital and Credit*](#)
- d) [*Resource 06-06 How Small Business Credit Applications are Evaluated*](#)
- e) [*Resource 07-03 Government Agencies Important to Small Businesses*](#)

Business Operations	<ul style="list-style-type: none"> • Indicate the team members / human capital needs of a start-up or small business • Indicate intellectual property issues (trademarks, copyrights, patents) • Indicate standard operating procedures / internal controls • Indicate growth strategy best practices / milestones
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The best approach to preparing for this section will be to review [*Resource 24-28 Small Business Operations*](#).

You should also review the concept of intellectual property from [*Resource 03-13 Ethics and Social Responsibility*](#).

Marketing and Sales	<ul style="list-style-type: none"> • <i>Scenario analysis</i>: indicate successful selling strategies / practices • <i>Scenario analysis</i>: indicate the cost / benefits of finding and retaining new customers • Indicate appropriate marketing methods (websites, social media, advertising)
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You should review the same three Statewide Micro-Enterprise Credential resources you used to study for the Business Start-up section of the ESB exam:

- 1) [Resource 26-02 Components of Effective Business and Marketing Plans.](#)
- 2) [Resource 26-09 Developing Sales and Marketing Plans.](#)
- 3) [Resource 26-14 Culminating Module Template: Develop a Business and Marketing Plan.](#)

Financial Management and Analysis	<ul style="list-style-type: none"> • <i>Scenario analysis</i>: interpret basic financial statements (income statement, balance sheet) • <i>Scenario analysis</i>: analyze the factors that impact credit ratings (and the important of positive credit ratings) • <i>Scenario analysis</i>: indicate fixed versus variable expenses • <i>Scenario analysis</i>: indicate factors that impact pricing, cash flow and cash flow budgets • <i>Scenario analysis</i>: complete breakeven analyses
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This section of the ESB exam will require to you complete hands-on financial analyses during the exam.

Therefore, you should start your review for this section by using these Regional Micro-Enterprise Credential resources:

- a) [Resource 06-02 Key Financial Vocabulary](#) will refresh your memory on key financial concepts.
- b) [Resource 06-18 Jump Start Financial Concepts Student Handout](#) will help you review the basics of creating an effective *pro forma*.
- c) [Resource 06-19 Pro Forma Student Spreadsheet](#) is a good exercise to remind you how to complete a basic *pro forma* analysis.

After you start with these resources you should review two key Statewide Micro-Enterprise Credential resources:

- 1) [Resource 23-06 Creating Simple Financial Pro Formas](#) to review the basics of financial analysis.
- 2) [Resource 23-07 Business Pro Forma Exercises](#) to practice completing *pro forma* analyses.

Students and teachers should also practice a variety of financial analysis "word problems," which are the type of questions students will need to answer (especially in this section, but generally in other sections of the ESB as well).

Once you've reviewed these resources and organized yourself, you will be ready to take - and pass - the ESB exam.

Good luck!