

# ESB

Entrepreneurship  
and Small Business



## Program Overview

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What is the best way for business students to become career ready?

A

Earn an ESB certification before graduation.

### ESB Certification Exam Objectives

The ESB certification exam is a 50 minute exam with 45 questions covering the following objectives:

- The Entrepreneur
- Business Management
- Starting a Business
- Business Operations
- Marketing and Sales
- Financial Management

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### What is the Entrepreneurship and Small Business Certification (ESB)?

ESB is the first in the new *Certiport® Business Fundamentals Certification Program*, which will also include certification exams in business disciplines such as Digital Marketing, and Finance. The ESB exam is intended for use primarily in academic settings including vocational schools, community colleges, and technical colleges.

Candidates for ESB certification will be expected to have key conceptual knowledge of entrepreneurial and small business principles, although it is not required for students to have had real-world experience as a small business manager in order to take and pass the exam. Successful completion of this certification will validate skills and knowledge for those students interested in working in a middle-skill trade profession as their own boss and those with entrepreneurship and small business career aspirations.

### Why should students study and seek certification in ESB?

Whether it is a beauty salon in a large metropolitan city, a taco shop in a booming resort location, or a car repair garage in the suburbs, an incredible number of small businesses can be found almost everywhere. In fact, in a recent report from Business.com, "every minute a new business is started in the U.S. and according to some, *more than 50% of all workers will be self-employed by 2020.*" (*The State of Small Business in America*, 2015, Business.com, emphasis added.)

ESB certification engages and prepares students who will pursue additional vocational training after their formal schooling or those who elect to enter the small business sector immediately upon graduation. The entrepreneurial concepts validated by this certification ensure that these students are career ready.

### Positive Student Outcomes

The U.S. Department of Labor and the Network for Teaching Entrepreneurship (NFTE) both cite statistics that underscore the benefits of entrepreneurship education. These benefits include improved academic performance, school attendance, interest in completing their post-secondary education, an increase in occupational aspirations, as well as leadership behavior. (*Encouraging Future Innovation: Youth Entrepreneurship Education*, US Department of Labor.) A study by Grunwald Associates further suggests that when certification is added to curriculum, statistics such as academic performance, attendance, dropout rates, and grade point averages also improve. (Grunwald Associates LLC. (2012). *Tracing Student Performance in Career and Professional Education: Technology Coursework Related to Better Attendance, Higher GPAs in Florida.*)

### Availability

The new Certiport Entrepreneurship and Small Business (ESB) certification, practice tests, and supporting curriculum are anticipated to release in early 2017. Exams will be available as single vouchers, voucher/retake exam combinations, or as secondary school or higher education campus site licenses.

# EXAM OBJECTIVES

## Objectives of the Entrepreneurship and Small Business Certification (ESB)

The ESB certification is built to test and validate foundation-level concepts and knowledge in entrepreneurship and small business management. These core concepts include entrepreneurship; recognizing and evaluating opportunities; planning for, starting, and operating a business; marketing and sales; and financial management. For each core concept, the ESB exam will certify knowledge and skills on several specific objectives:

### The Entrepreneur:

- Identify the characteristics of entrepreneurs
- Given a scenario including a self-assessment outcome, identify the strengths, weaknesses, and risk tolerance the self-assessment identifies and how to compensate with services
- Given a scenario, recognize a business opportunity
- Identify the risks, benefits, opportunities, and drawbacks of being an entrepreneur

### Opportunity Recognition:

- Identify the benefits and drawbacks of different types of opportunities (e.g., start a new business, buy an existing business, and buy a franchise)
- Given a scenario, analyze the demand for the goods or service and opportunities in an environment
- Given a scenario, identify the customers or potential customers for a business
- Given a scenario, recognize a value proposition

### Starting a Business:

- Identify the purposes and value of a business plan
- Identify the appropriate legal structure, benefits and drawbacks for different legal structures for a business
- Given a scenario, identify different types of licenses and regulations that are required
- Identify the benefits and drawbacks of various sources of start-up funding: Equity (friends/family, angels, venture), Debt (bank, credit cards, personal loans), and Grants (government, foundation, corporate)
- Given a scenario, identify support that is available for the business on a local, state, and federal level
- Identify the ethical practices and social responsibilities of a business
- Identify potential exit strategies for a business

### Business Operations:

- Given a scenario, identify key positions and human capital needs (including compensation and benefits)
- Given a scenario, determine whether work can be completed by the owner or whether employees or service providers are needed
- Given a scenario, identify the taxes that are required
- Given a scenario, identify intellectual property issues of trademarks, copyrights, and patents
- Given a scenario, identify standard operating procedures (e.g., setup, conduct, internal controls, separation of duties)
- Given a scenario, identify the factors that lead to sustainability
- Given a scenario, identify milestones as part of a growth strategy

### Marketing and Sales:

- Given a scenario, develop a sales strategy and identify characteristics of a successful sale
- Given a scenario, identify and analyze the costs/benefits of finding customers
- Given a scenario, identify how to retain customers and develop a relationship with repeat customers
- Given a scenario, determine value and methods of communication including: web sites, brochures, social media, and advertising

### Financial Management:

- Given a scenario, interpret basic financial statements such as income statements and balance sheets
- Given a scenario, identify the factors that influence credit ratings and the importance of a positive credit rating
- Given a list of expenses, identify which are fixed versus variable
- Given a scenario, identify the factors that impact the price to the customer
- Given a scenario, identify and analyze cash flow including: accounts receivable, accounts payable, inventory, and debt
- Given a scenario, create a cash flow budget
- Given a scenario, identify the break-even point for the business

# ADVISORY BOARD

## The ESB Advisory Board:

- Dave Lefkowitz  
*Louisiana Department of Education*
- Jenny Bradbury  
*Network for Teaching Entrepreneurship*
- Tom Gold  
*Network for Teaching Entrepreneurship*
- Gene Coulson  
*Consortium for Entrepreneurship Education*
- Angela Pate  
*CareerSource North Central Florida*
- James Wilcox  
*Mississippi Council of Economic Education*
- Phyllis Frankfort  
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