**Entrepreneurship**

**And**

**Small Business Management**

Homework 10

**Chapter 14** **Location and Layout**

Following are 20 questions: 16 multiple choice questions worth 4 points each and four open questions worth nine points each.

1) The ***first*** phase of determining where to locate a business is \_\_\_\_\_\_\_\_.

A) choosing a state in which the business owner wants to live

B) determining which city has the demographics that best fit the business

C) conducting a specific site analysis

D) determining which regions of the market are experiencing growth

23) Entrepreneurs using the Census Bureau's Web site to evaluate potential locations have access to which of the following information about the residents in those locations?

A) Income levels

B) Age distributions

C) Occupational data

D) All of the above

3) When choosing a state in which to locate, one must evaluate which of the following?

A) The general business climate

B) The state's business laws, regulations, and taxes

C) Tax incentives and/or investment credits

D) All of the above

4) Locating close to \_\_\_\_\_\_\_\_ is critical for manufacturers, service providers and other companies that will be competitive.

A) markets they plan to serve

B) suppliers

C) transportation routes

D) airports and rail transportation

5) When the cost of transporting finished goods to market is high relative to their value, the key location criterion is \_\_\_\_\_\_\_\_.

A) low rental or lease rates

B) proximity to raw materials

C) proximity to markets

D) zoning regulations

6) When examining a state's available labor force, the potential business owner needs to know \_\_\_\_\_\_\_\_.

A) the state's labor relations history

B) the demographics of the target customers

C) both the number and education of the available workforce

D) the proximity to its customers

7) What is the state's overall attitude toward your kind of business? Has it passed laws that impose restrictions on the way a company can operate? Does the state offer small business support programs of financial assistance to entrepreneurs? These questions help an entrepreneur to assess the overall \_\_\_\_\_\_\_\_.

A) population trends

B) proximity to markets

C) labor supply

D) business climate

8) Which of the following characteristics for selecting a city would be of greatest interest to a retail store selling fine china and collectibles?

A) Public services

B) Transportation

C) Zoning

D) Population characteristics

9) Geographic concentrations of interconnected companies, specialized suppliers, and service providers that are present in a region are called \_\_\_\_\_\_\_\_.

A) zones

B) clusters

C) trading areas

D) variances

10) The purpose of zoning regulations is to \_\_\_\_\_\_\_\_.

A) restrict the growth of businesses

B) contain similar types of activities in suitable locations

C) help new businesses "incubate" in their startup period

D) build the traffic volume for retail and service businesses

11) A(n) \_\_\_\_\_\_\_\_ is a special exemption to a zoning ordinance.

A) variance

B) exception

C) trade area

D) cluster

12) The region from which a business can expect to draw its customers over a reasonable time span is called its \_\_\_\_\_\_\_\_.

A) enterprise zone

B) zoning area

C) trading area

D) retail draw

13) The index of retail saturation \_\_\_\_\_\_\_\_.

A) is retail expenditures times retail facilities divided by the number of customers

B) is the ratio of a trading area's sales potential to its sales capacity

C) evaluates both the number of customers and the intensity of competition in a trading area

D) B and C above

**Answer: D**

14) Shopping malls typically average \_\_\_\_\_\_\_\_ parking spaces per 1,000 square feet of shopping while a typical central business district offers \_\_\_\_\_\_\_\_ space(s) per 1,000 square feet of shopping space.

A) 20; 1

B) 3; 6

C) 5; 3.5

D) 3; 8

15) Factors such as \_\_\_\_\_\_\_\_ should be sought out in the selection of retail and service business locations.

A) the lowest possible rent/lease options, transportation network, adequate parking, physical and psychological barriers

B) modest customer traffic, transportation network, lack of parking, physical and psychological barriers

C) customer traffic, transportation network, adequate parking, physical and psychological barriers

D) customer traffic, isolation from other stores, adequate parking, physical and psychological barriers

16) Which of the following is an important consideration for an entrepreneur evaluating a shopping mall or center location?

A) In terms of customer demographics, is the mall or center a good fit for my products or services? How much foot traffic and vehicle traffic does the mall or center generate?

B) Who are the other tenants? The anchor tenants? Is there a good fit for my products and services?

C) What are the mall's or center's vacancy and turnover rates?

D) All of the above

**Open Questions**

1) Discuss the various sources of information available to the small business owner for deciding in which region of the country to locate her/his business. List and describe three sources.

2) Identify and explain five of the eight criteria a small business owner should consider when selecting the state in which to locate her/his business.

3) Identify and briefly discuss five of the eight factors an entrepreneur should consider when selecting the city in which to locate her business.

Read the following narrative and answer question four:

An entrepreneur considering two sites for a men and boys shop determines that (s)he needs sales of $158 per square foot to be profitable. Site #1 has 13,500 potential customers who spend an average of $160.20 per year on men and boys wear. Two competitors occupy 14,200 square feet of space. Site #2 has 10,800 potential customers who spend an average of $152.10 per year on men and boys wear. One competitor has 10,000 square feet.

Show your work.

4a) The index of retail saturation for site #1 is $\_\_\_\_\_\_\_\_.

A) 150.21

B) 168.51

C) 152.30

D) 166.19

4b) The index of retail saturation for site #2 is $\_\_\_\_\_\_\_\_.

A) 164.27

B) 140.83

C) 170.64

D) 146.30

4c) Based on the above calculations, what is the entrepreneur's best option?

A) (S)he should choose site #1.

B) (S)he should choose site #2.

C) Neither site meets minimum criteria of $158 per square foot.

D) Either site will work well since both meet minimum criteria of $158 per square foot.