**Business & Entrepreneurship – Final Exam**

Name and date (3 pts):

This is a take-home, open-book final exam, covering material we studied in class. KEEP THE SAME LAYOUT AND NUMBERING BELOW, or you will have points deducted.

Essay questions require EXPLAINING IN FULL. Math questions must SHOW YOUR WORK.

(73 questions in total)

1. Compare and contrast a “command style” economy to a “market” economy
2. Compare and contrast the three forms of business ownership: Sole Proprietorship, Partnership, and Corporation. Discuss 1) what each one is, 2) advantages of each, and 3) disadvantages of each.
3. The “three C’s” of a business plan are
	1.
	2.
	3.
4. The letters in “SWOT” analysis stand for
	1.
	2.
	3.
	4.
5. In marketing, explain what is meant by your “target market”
6. In marketing, explain what is meant by the term “demographics”
7. The “Five P’s” of a marketing plan are
	1.
	2.
	3.
	4.
	5.
8. List the six (6) characteristics of a successful salesperson, according to your book
	1.
	2.
	3.
	4.
	5.
	6.
9. List the three ways salespeople are typically paid, according to the book
	1.
	2.
	3.
10. Sally Salesperson is paid an annual base salary of $25,000, plus 4% of sales. During the year, she sold $900,000 worth of product. Calculate her total compensation for that year.
11. During her second year, Sally (see above) sold $1,500,000 worth of product. Calculate the percentage by which her sales increased over the $900,000 from the prior year. Show your work.
12. Calculate Sally’s total compensation in dollars for the year in which she sold $1,500,000 worth of product. Show your work.
13. Calculate the percentage by which her compensation increased from year one to year two. Show your work.
14. Income statement, Custom Cheesecakes Inc., December 31, 202X

Sales revenue:

 New York cheesecakes $450,000

 Chocolate cheesecakes $675,000

 Lemon cheesecakes $915,000

Less: Cost of goods sold -$1,425,000

Less: Operating expenses -$410,000

1. What is the gross profit in dollars?
2. What is the gross margin in percent?
3. Income statement, Custom Cheesecakes, continued…
	1. What is the net profit in dollars?
	2. What is the net margin in percent?
4. Income statement, Custom Cheesecakes, continued…

New York-style cheesecakes represent what percent of total sales?

1. Income statement, Custom Cheesecakes, continued…

If sales of New York cheesecakes had been only $350,000 instead of $450,000, by what percentage would that have lowered their net profit for the year? (everything else being the same)

1. Income statement, Custom Cheesecakes, continued…

If operating expenses had been $610,000 instead of $410,000, by what percentage would that have lowered their net profit for the year? (assuming New York cheesecake sales had been $450,000, and everything else being the same)

1. In the Custom Cheesecakes example, would “cream cheese” be considered a variable expense or a fixed expense, and why?

1. Operating ratio: If your business has sales revenue of $20,000 for the month of June and insurance expenses of $500, what is the operating ratio in percent for insurance expenses?
2. Return on sales: If your business has sales revenue of $20,000 for the month of June and net profit of $2,000 for the same month, what is the return on sales in percent?
3. Debt ratio: If your business on June 30th has $100,000 worth of assets and $50,000 worth of debt, what is the debt ratio in percent?
4. Return on investment (ROI): If you invest $10,000 in a business startup and end up having a net profit of $2,000 in year-one, what is the return on investment in percent for year-one?
5. Break-even units: If your widget-manufacturing business has monthly operating expenses of $10,000 and earns a gross profit of $5 per widget, what is the break-even point in terms of number-of-widgets per month?
6. Explain what is meant by the term “bootstrapping”
7. What are three main sources of debt financing, according to your book?
	1.
	2.
	3.
8. Selling shares of ownership in your business is called “equity financing”. What are three main sources of equity financing, according to your book?
	1.
	2.
	3.
9. Explain what is meant by the term “angel investor”
10. Using the internet, do research on a venture capital firm.
	1. Name of firm:
	2. Where located:
	3. What types of business do they want to invest in? i.e. What is their niche?
11. What does the Federal Deposit Insurance Corporation (FDIC) do?
12. Checking account: When you write a check, what are you instructing your bank to do?
13. What is the purpose of a sales receipt?

1. What is the purpose of a purchase order?
2. What is the purpose of an invoice (a sales invoice)?
3. What is embezzlement?
4. What is larceny?
5. You find out your employee Fred Fraud has had his hands in the till. Explain what this means.
6. What is meant by the term “job shadowing”?
7. According to your book, performance evaluations have two goals:
	1.
	2.
8. Define and explain the differences between copyright, patent, and trademark?
9. The best way to protect a trade secret (e.g. the recipe for Coca Cola) is by using a N\_\_\_\_\_\_\_\_\_ A\_\_\_\_\_\_\_\_
10. According to your book, what three conditions must be met for a contract to be valid?
	1. A\_\_\_
	2. C\_\_\_
	3. M\_\_\_
11. Define and explain what is meant by an implied contract and an express contract.
12. What event(s) lead to a “breach of contract”?
13. Business insurance
	1. Explain what is meant by “policy”
	2. Explain what is meant by “coverage”
	3. Explain what is meant by “deductible”?
14. Explain the idea of “ergonomics” in the workplace
15. Where in the U.S. Constitution does it say the government can collect income taxes?
16. FICA tax is composed of two separate deductions:
	1. S\_\_\_\_\_\_\_\_\_\_\_\_ S\_\_\_\_\_\_\_\_\_\_\_\_ which is \_\_\_\_\_%
	2. M\_\_\_\_\_\_\_\_\_\_\_ which is \_\_\_\_\_\_\_%
17. What is the purpose of FUTA tax?
18. The most common consumption tax is S\_\_\_\_\_\_\_\_\_\_\_\_ T\_\_\_\_\_\_\_\_\_\_\_
19. What is OSHA responsible for doing?
20. What does the Fair Labor Standards Act do?
21. What is meant by the term “severance pay”?
22. What is meant by the term “adulterated product”?
23. What is meant by the term “price fixing”?
24. What is meant by the term “price discrimination”?
25. What is meant by the term “monopoly”?
26. List the four management functions as outlined in the book
	1.
	2.
	3.
	4.
27. Define and explain the differences between strategic plan, tactical plan, and operation plan.
28. Define and explain the differences between authoritarian, democratic, and delegating leadership styles.
29. Internet research: McGregor management theories
	1. Explain what is meant by “theory X” management
	2. Explain what is meant by “theory Y” management
30. According to the book, production managers focus on three issues:
	1.
	2.
	3.
31. Define the terms, and explain when you would use a Gantt Chart versus a Pert Chart in production planning.
32. Credit: What are the “three C’s” of consumer credit?
	1.
	2.
	3.
33. In production management, what is meant by the term “rework”?
34. What is meant by the term “organic growth”?
35. What is meant by the term “external growth”?
36. What are the four (4) product life-cycle stages?

* 1.
	2.

* 1.
	2.
1. According to your book, what are the three broad categories of growth strategy?
	1.
	2.
	3.
2. A car manufacturing company buys-up another car manufacturing company. Is this “vertical integration” or “horizontal integration”, and why?
3. A shoe company specializing in running shoes buys a clothing company specializing in running clothing. Is this “vertical integration” or “horizontal integration”, and why?
4. According to your book, what factors define the entrepreneurial mindset?
5. Define the term “micromanager”