**Business Management – Midterm exam**

Name and date submitted (3 pts):

Instructions: This is a take-home, open-book midterm exam, covering 1st semester material. You may use your book and the Internet as resources. Do your own work. Create space below and write or type your complete responses. KEEP THE SAME NUMBERING SYSTEM!

(50 questions, 2 points each)

Ch. 1 Introduction to Entrepreneurship

1. Define the term “entrepreneur”
2. List at least (10) personal characteristics of a successful entrepreneur.
3. How does the book define the term “aptitude”
4. How does the book define the term “attitude”
5. Choose one of the entrepreneur “skills” listed in Ch. 1 of your book and explain what it means in your own words.

Ch. 2 Entrepreneurship and the Economy

1. What is the technical definition of “economics”?
2. What is meant by a “command style” economy?
3. What is meant by a “market” or “free-market” economy?
4. In economics, what is meant by “supply”? (use the book definition)
5. What is meant by “demand”?
6. The point where the supply curve and demand curve intersect is known as \_\_\_\_\_\_\_\_\_\_\_.
7. In a free market economy, what is meant by the “profit motive”, and why is it important to running a successful business?
8. Benefits of Profit: List at least (5) reasons “profit” is beneficial to firms and to society. You could easily list 10 reasons, I am asking for 5 good ones☺

Ch. 3 Types of Businesses

1. How does the book define “manufacturing business”?
2. How does the book define “service business”?
3. What is a “franchise”? Explain.
4. Sole Proprietorship
	1. How does your book define?
	2. Advantages?
	3. Disadvantages?
5. Partnership
	1. How does your book define?
	2. Advantages?
	3. Disadvantages?
6. Corporation
	1. How does your book define?
	2. Advantages?
	3. Disadvantages?
7. How does your book define a “nonprofit corporation”?

Ch. 6 Opportunity Recognition

1. How does your book define a “business plan”?
2. List “The Three C’s” of any business plan
	1.
	2.
	3.
3. What is meant by the term “executive summary”?
4. What is meant by the term “window of opportunity”?
5. List the 5 “sources of opportunity”. Then pick any one (1) and define it in your own words.
6. How does the book define the term “creative thinking”?
7. How does the book define the term “critical thinking”?
8. How does your book define the term “cost/benefit analysis”?
9. What do the (4) letters stand for in “SWOT analysis”?

Ch. 7 Market Research

1. Define the term “target market”
2. Define the term “demographics”
3. Give an example of two “direct competitors” in the smart-phone business.
4. Give an example of two “indirect competitors” in a business of your choosing.
5. Give an example of a “competitive advantage” which you can detect in any one firm of your choosing.

Ch. 8 Marketing Your Product

1. List the “Five P’s” of any marketing plan
	1.
	2.
	3.
	4.
	5.

1. Market share: If I told you Ford Motor Company had a 14% “market share” of vehicles sold in the U.S., and the total value of vehicles sold from all manufacturers was $1.1 Trillion ($1,100,000,000), what would Ford’s annual sales be in dollars? (Hint: between $100-200 billion)
2. How does your book define “product mix”?
3. What is meant by “Competition-based pricing”?
4. What is meant by “Cost-based pricing”?

Ch. 9 Selling Your Product

1. List the six (6) characteristics of successful salespeople.
2. Sales Leads: List (4) ways to obtain “sales leads” for a business
3. According to your book, how does a sales lead become a “prospect”?
4. List (5) ways to “prepare for a sales call”.
5. What is meant by the term “Request for Proposal” (RFP)?
6. List the (3) ways salespeople are typically paid
	1.

* 1.
	2.

Ch. 10 Business Decisions and the Economics of One Unit

1. What is meant by “fixed expenses” (fixed costs) of a business?
2. What is meant by “variable expenses” (variable costs) of a business?
3. How does your book explain the term “depreciation”?
4. Economics of One Unit: You have just won a military contract for “angle mounting brackets” used in various Army/Navy vehicles. Your winning bid was for “$10 per high-grade steel bracket” (that is your selling price, each). Your variable costs in producing each bracket are $1 labor, plus $4 for the steel, plus $1 packaging & shipping. Your total fixed cost is $30,000 per month for your factory and for leasing various metal-fabrication equipment you need to fulfill the contract.
	1. In this simplified example, what is your “contribution margin per unit” in dollars? (see table on p. 277 for a good example)
	2. Now, taking into account your fixed cost, HOW MANY BRACKETS PER MONTH will you need to manufacture just in order to BREAK EVEN? (“break even” means you aren’t making any profit, but you aren’t losing money either). (Hint: the answer will be in the low “thousands”). MUST SHOW YOUR WORK.

Ch. 11 Financial Statements

1. Matt’s Hats: In the sample Income Statement on p. 293:
	1. What are Matt’s “net sales” in dollars per month?
	2. What is Matt’s “gross profit margin” as a percentage of GROSS sales? (Hint: between 60-65%)
	3. What is Matt’s “net profit after taxes” as a percentage of gross sales? (Hint: between 40-45%)
	4. If each hat sells for $20, how many hats did Matt sell during August?

MUST SHOW ALL WORK