

**Entrepreneurship Common Midterm (Chapters 1-6) Name \_\_\_\_\_**

**MULTIPLE CHOICE:**

- \_\_\_\_ 1. Which of the following is **NOT** an entrepreneur?
- A boy who starts his own lemonade stand.
  - A woman who designs her own clothes and sells them to her friends.
  - A manager of the biggest grocery store in town.
  - A man who started a grass cutting business with his brother.
- \_\_\_\_ 2. Which of the following is an example of a franchise?
- Burger King
  - St. Amant High School
  - Marchand's Local Hardware Store
  - Grace's Local Bar
- \_\_\_\_ 3. In the Marketing plan, you plan for your business to reach its marketing objectives through all but this strategy:
- product
  - place
  - property
  - promotion
- \_\_\_\_ 4. Fixed cost occurs when:
- units produced are greater in a given year
  - units produced are less in a given year
  - Cost stays the same regardless of units produced
  - Cost varies with each unit
- \_\_\_\_ 5. Variable cost is:
- The same thing as fixed cost
  - A cost that stays the same with each unit
  - A cost that changes depending upon number of units produced
  - A paid off in less than a year
- \_\_\_\_ 6. An employee
- owns a business venture
  - works for someone else
  - sets financial goals for a business
  - takes the risk of a business venture
- \_\_\_\_ 7. Which of the following is a service business?
- hardware store
  - lumber mill
  - travel agency
  - almond grower
- \_\_\_\_ 8. Information about business opportunities is available from
- yellow pages
  - library
  - SBA
  - all of these
- \_\_\_\_ 9. The unit cost of an item is \$46.80, the customer purchased two of these items, and the sales tax rate is 8.00%. The total amount due is:
- \$50.54
  - \$100.39
  - \$100.43
  - \$101.09

- \_\_\_\_ 10. Intermediaries in the distribution channel include
- manufacturers, negotiators, and consumers
  - negotiators, retailers, and consumers
  - agents, wholesalers, and retailers
  - manufactures, sellers, and consumers
- \_\_\_\_ 11. When starting your own business an important consideration is
- the location
  - what product or service to offer
  - what employees to hire
  - all of these
- \_\_\_\_ 12. Types of online advertising include
- flag ads
  - trick banners
  - space ads
  - popover ads
- \_\_\_\_ 13. Without a business plan you will not be able
- to manage your business
  - to obtain a business loan
  - to make sales projections
  - to find a location for your business
- \_\_\_\_ 14. Short-term goals for a business might include
- hire five employees
  - lease or buy a facility
  - purchase equipment and supplies
  - all of these
- \_\_\_\_ 15. The products or services section of your business plan should
- explain who your prospective customers are
  - describe the market for your product or service
  - explain any unique features of your product or service
  - show the expertise of your sales force
- \_\_\_\_ 16. Rational buying decisions differ from emotional buying decisions b/c rational buying decisions
- are based on the desire to have a certain product
  - are made after careful thought
  - based on the image and popularity
  - are based on what others think
- \_\_\_\_ 17. Pricing objectives may include
- maximizing sales
  - discouraging competition
  - increasing profits
  - all of these
- \_\_\_\_ 18. Which of the following is a psychological pricing technique?
- A store is having an end of season clearance sale
  - An automobile manufacturer markets their high priced luxury vehicle as a prestigious buy.
  - A clothing store offers a new product at a low initial price.
  - A manufacturer offers a cash discount based on the terms 2/10, n/30.

- \_\_\_\_ 19. The amount of sales for a business is \$400,000 and the total market size is \$2,500,000. The market share for the business is
- a. 15%
  - b. 62%
  - c. 16%
  - d. 60%

**FILL IN BLANKS:**

*a. Suppliers      b. Customers      c. Industry      d. Opportunity      e. Target Market*

- \_\_\_\_ 20. The industry includes manufacturers, \_\_\_\_\_, and distributors.
- \_\_\_\_ 21. Collection of businesses with a common line of products or services is \_\_\_\_\_.
- \_\_\_\_ 22. \_\_\_\_\_ is a small segment of the market usually based on customer needs that you've discovered in your market research
- \_\_\_\_ 23. \_\_\_\_\_ in an industry is found by looking at trends and patterns of change.

**MATCHING: Market Segments**

- A. Demographic
- B. Psychographic
- C. Geographic

- \_\_\_\_ 24. Personality
- \_\_\_\_ 25. Family Size
- \_\_\_\_ 26. Female
- \_\_\_\_ 27. Sports fanatic
- \_\_\_\_ 28. Gonzales, La
- \_\_\_\_ 29. 15 yrs old

**MATCHING: GENERAL**

- A. Consensus
- B. Disadvantage of Entrepreneurship
- C. Entrepreneurship
- D. Financial goal
- E. Interest
- F. Advantages of Entrepreneurship
- G. Nonfinancial goal

- \_\_\_\_ 30. How much money you will earn
- \_\_\_\_ 31. The process of running a business of one's own
- \_\_\_\_ 32. Working long, irregular hours
- \_\_\_\_ 33. An amount charged for borrowing money
- \_\_\_\_ 34. An agreement among a group of people.

**TRUE/FALSE: (A IS TRUE AND B IS FALSE)**

- \_\_\_\_ 35. Aptitude is the ability to assess your interests and past experiences.
- \_\_\_\_ 36. An entrepreneur should not expect to earn large profits immediately after starting a business.
- \_\_\_\_ 37. Inelastic demand occurs when there are acceptable substitutes, the change in price is small in

relation to income, and the product is a want rather than a basic need.

- \_\_\_\_\_ 38. Calculating an average involves adding all the relevant data and dividing this sum by 100 because averages are shown as percentages.
- \_\_\_\_\_ 39. In a market economy, consumers and producers together determine the prices and quantities of goods and services produced.
- \_\_\_\_\_ 40. ROI stands for return on investment.
- \_\_\_\_\_ 41. With competition-based pricing, the price charged may be the same, slightly more, or slightly less than the price charged by competitors.
- \_\_\_\_\_ 42. Channels of disbursement are the routes that products and services take from the time they are produced to the time they are consumed.
- \_\_\_\_\_ 43. The goal of public relations is to establish a favorable relationship between a business and its customers as well as the general public.
- \_\_\_\_\_ 44. How you came up with your business idea is described in the history and background section of your business plan.
- \_\_\_\_\_ 45. The goals and objectives section discusses the growth potential, economic trends, and forecasts for your business's industry.
- \_\_\_\_\_ 46. Free samples, coupons, and rebates are forms of sales promotion and can increase sales for a business.
- \_\_\_\_\_ 47. An indirect channel uses agents and public relations personnel as intermediaries.
- \_\_\_\_\_ 48. The promotional mix includes techniques such as advertising, publicity, personal selling, and sales promotion.
- \_\_\_\_\_ 49. Psychographics are data that describes a group of people in terms of their tastes, opinions, or personality traits, and lifestyle habits.
- \_\_\_\_\_ 50. Secondary data includes unpublished information about population, family size, household income, economic trends, and industry forecasts.
- \_\_\_\_\_ 51. Primary data, information collected to fit a specific purpose, can help identify and understand the target market.

## MULTIPLE CHOICE

52. Using the graphic on the right choose the best response for what is being implied in this situation.

- A. Female business owners have a strong dislike for male business men.
- B. Trends have changed in the business environment in regards to gender in entrepreneurial roles.
- C. This woman has had it with men.
- D. There should be no barriers between men and women.

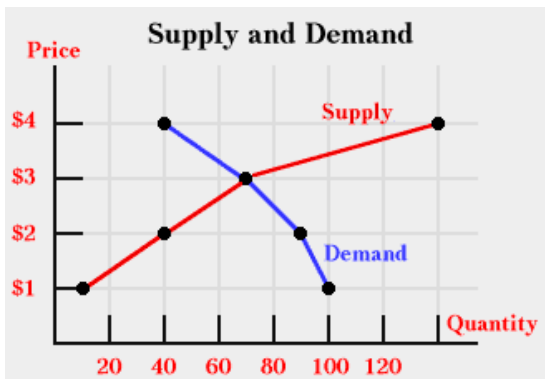


## FILL IN THE BLANK:

Give an **example** of one of Cabela's **direct** competitors. \_\_\_\_\_

Give an **example** of one of Cabela's **indirect** competitors. \_\_\_\_\_

## COMPLETE THE INFORMATION USING THE GRAPH:



Price	Amount Demanded	Amount Supplied	Shortage/Surplus/Equilibrium
\$1	_____	_____	_____
\$3	_____	_____	_____
\$4	_____	_____	_____

## COMPLETE THE CHART BELOW:

Item	Retail Price	Percentage of Markdown	Markdown Amount	Markdown Price
Shirt	\$ 60.00	40%		

Pants	\$ 80.00	20%		
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### CONSTRUCTED RESPONSE ESSAY

You own a successful shop that buys, sells, and services bicycles. In January, the owner of the building you now lease tells you that she has found a buyer for the property and plans to sell it in six months. Using the six-step problem solving model below, develop a six paragraph plan (on a separate sheet of paper) for how to continue your business.

- Define the Question
- Gather the Information (at least 3 sources)
- Identify various solutions (at least 3 solutions)
- Evaluate the 3 Alternatives/Select a solution
- Implement the Action
- Evaluate the action

#### Rubric:

	<b>3</b>	<b>2</b>	<b>1</b>
<b>Defined the Question</b>	Provided all of the details accurately	Provided some of the details accurately	Provided few if any details accurately
<b>Gathered the Information</b>	Provided 3 logical sources	Provided 2 logical sources	Provided 1 logical source
<b>Identified various solutions</b>	Provided 3 legitimate solutions	Provided 2 legitimate solutions	Provided 1 legitimate solutions
<b>Evaluated the Alternatives/Select</b>	Provided accurate rationale for 3 alternatives	Provided accurate rationale for 2 alternatives	Provided accurate rationale for 1 alternative
<b>Implemented the Action</b>	Provided a clear and accurate description of the implementation be implemented	Provided an accurate but vague description of the implementation	Provided little, if any, complete and partially accurate description of the implementation
<b>Evaluated the action</b>	Provided a well developed plan for evaluation.	Provided a somewhat developed plan for evaluation	Provided a developed plan that is vague for evaluation