Review Guide: Unit 3 Plus Advertising

1) What does it mean if someone is trying to get “financing” for their business? Use the term “capital” in your response.

2) Complete the table for each source of financing.

Financing Option	Define	Guidelines or Additional Information about this Financing Option
Friends & Family	Ask friends & family for $ that can used for the business.	Entrepreneurs should be careful when dealing with friends and/or family. There are many things that should be considered such as… - when must the $ be paid back by - will the entrepreneur need to pay interest - will the friend or family member loaning the $ get to own a part of the business or share in the profits Many people things family & money should NOT mix.
Crowdfunding		
Bank Loan		
Angel Investor		
Credit Cards		

3) If “Taste of Leyden” was a real business, what other costs (aside from the product costs) would we have to consider? List at least 5 additional costs.

4) What is a profit motive?

5) What is the difference between revenue and profit?

6) What is the formula to calculate REVENUE?

7) What formula can be used to calculate PROFIT (or LOSS)?

8) What is the formula to calculate BREAK-EVEN POINT?

Use the table below to answer questions #9-11 for Sarah’s business.

Product (ingredients & labor)	Cost/Unit	Selling Price/Unit
Caramel Apples	$0.69	$2.50
Peanut Caramel Apples	$0.75	$3.00
Chocolate Covered Pretzels (bags)	$0.42	$2.00

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Red Velvet Cake Pops	$0.17	$1.00
Chocolate Cake Pops	$0.15	$1.00
Vanilla Cake Pops	$0.14	$1.00

9) On Tuesday, Sarah makes 50 caramel apples and 75 peanut caramel apples.

a) What is the cost to make ALL the apples?
b) If she sells ALL of the apples, what will be her REVENUE?
c) If she sells ALL the apples, what will be her PROFIT?

10) On Wednesday, Sarah bakes 240 red velvet cake pops, 120 vanilla cake pops and 200 chocolate cake pops.

a) If she only sells 200 red velvet cake pops, 50 vanilla cake pops and 100 chocolate cake pops, will she make a profit or experience a loss? How much profit or loss?

11) On Thursday, Sarah decides to only sell bags of chocolate covered pretzels. She makes 500 bags.

a) What is her break-even point? What does this mean?
b) Using the break-even point above, if Sarah only sells 100 bags, will she make a profit or experience a loss?
c) Sarah ends up selling 495 bags, what is her PROFIT?

12) Define the concept of branding?

13) Complete the table to review the principles of logo design.

Principles of Logo Design	Example of a logo that follows this principle.
1.	
2.	
3.	
4.	
5.	

14) What are FOUR guidelines you should follow when naming a business?

1.
2.
3.
4.

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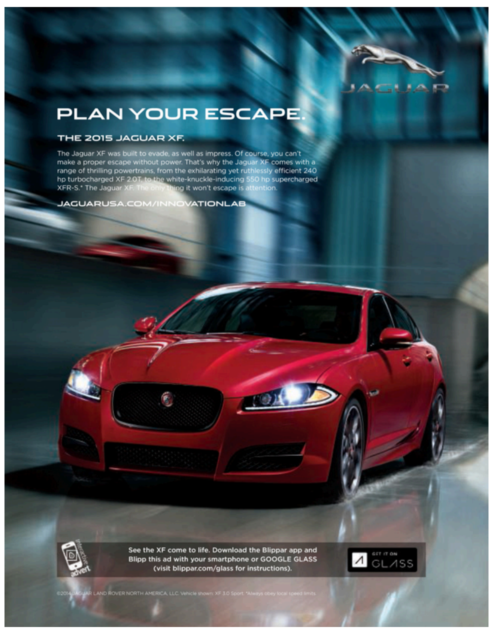
15) What is NOT recommended when naming a business?

16) What factors should an entrepreneur consider when determining the location of their business?

17) What are zoning guidelines or laws?

18) Discuss FOUR factors that influence the COST of an advertisement? Use examples if necessary.

19) Using the below print advertising, IDENTIFY and LABEL the FOUR main parts of a print ad.



20) What is the difference between advertising/sales promotion and publicity?

21) What is sales promotion? Give examples of popular types of sales promotions.