

## Review Questions 6-2

Name \_\_\_\_\_

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

- 1) A manufacturer with whom you discuss a product idea should sign this type of agreement to keep the information confidential. 1) \_\_\_\_\_  
A) nondisclosure agreement                      B) prototype agreement  
C) feasibility agreement                            D) privacy agreement
- 2) Which of the following is not part of a SWOT analysis? 2) \_\_\_\_\_  
A) strengths                      B) threats                      C) weaknesses                      D) organizations
- 3) Which of the following is not a method for determining the feasibility of a business idea? 3) \_\_\_\_\_  
A) SWOT analysis                      B) cost/benefit analysis  
C) intangibility analysis                      D) opportunity-cost analysis
- 4) You can buy an independent business from a 4) \_\_\_\_\_  
A) franchisor                      B) franchisee                      C) business broker                      D) all of the above
- 5) Which of the following is not a creative-thinking technique? 5) \_\_\_\_\_  
A) daydreaming                      B) being flexible  
C) thinking backward                      D) being practical
- 6) You can recognize potential business ideas from which of the following sources? 6) \_\_\_\_\_  
A) new discoveries                      B) changes in laws  
C) problems that need solving                      D) all of the above
- 7) The time period for acting on a business opportunity before it is lost is called the 7) \_\_\_\_\_  
A) business window                      B) starting period  
C) window of opportunity                      D) opportunity time frame
- 8) Which of the following is not a benefit of buying a franchise? 8) \_\_\_\_\_  
A) easier financing                      B) proven system  
C) more entrepreneurial freedom                      D) customer awareness
- 9) A royalty fee is paid 9) \_\_\_\_\_  
A) on a regular, ongoing basis  
B) based on a percentage of the franchise earnings  
C) to the franchisor  
D) all of the above
- 10) Which of the following describes creative thinking? 10) \_\_\_\_\_  
A) recognizing opportunities                      B) looking at something in a new way  
C) using your imagination                      D) all of the above

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

- 11) Critical thinking is negative thinking. 11) \_\_\_\_\_

- 12) A person who sells a franchise is called a franchisee. 12) \_\_\_\_\_
- 13) A business broker is someone who is licensed to sell businesses. 13) \_\_\_\_\_
- 14) A working prototype is a computer-aided drawing of an invention. 14) \_\_\_\_\_
- 15) A calculated risk is one that carefully considers the potential costs and benefits of an idea. 15) \_\_\_\_\_
- 16) A problem with cost/benefit analysis is assigning a monetary value to intangible things, such as time. 16) \_\_\_\_\_
- 17) A royalty fee is an example of an opportunity cost. 17) \_\_\_\_\_
- 18) A SWOT analysis measures strengths, weaknesses, opportunities, and time frame. 18) \_\_\_\_\_
- 19) A SWOT analysis is a type of business plan. 19) \_\_\_\_\_
- 20) Ideas for business opportunities can be found in newspapers and magazines. 20) \_\_\_\_\_

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

- 21) A business \_\_\_\_\_ is a customer need or want that can potentially be met by a new business. 21) \_\_\_\_\_
- 22) A(n) \_\_\_\_\_ is defined as something that people must have to survive. 22) \_\_\_\_\_
- 23) A(n) \_\_\_\_\_ is defined as a product or service that people desire. 23) \_\_\_\_\_
- 24) The period of time you have to act before an opportunity is lost is called the \_\_\_\_\_ of opportunity. 24) \_\_\_\_\_
- 25) A convention where related businesses come together to promote their products is called a(n) \_\_\_\_\_ show. 25) \_\_\_\_\_
- 26) The process of looking at a situation or object in new ways is called \_\_\_\_\_ thinking. 26) \_\_\_\_\_
- 27) A logical thought process that involves analyzing and evaluating a situation is called \_\_\_\_\_ thinking. 27) \_\_\_\_\_
- 28) A franchise owner pays a(n) \_\_\_\_\_ fee to the franchisor. 28) \_\_\_\_\_
- 29) A model on which future reproductions of an invention is based is called a(n) \_\_\_\_\_. 29) \_\_\_\_\_
- 30) A legal document in which a person agrees to keep certain information confidential is called a(n) \_\_\_\_\_ agreement. 30) \_\_\_\_\_