

Name:

Date:

Class:

Lesson 18.1

Practice Your Understanding

1. Analyze your venture to determine if your business model is scalable. If it is, explain how scaling can be used to grow your business. If it is not, provide reasons why scaling would be challenging. (18.1-1)

Answer:

2. Appraise each statement to determine if it is an example of backward, forward, or horizontal integration. (18.1-2)

- a. A fast-food chain purchased a food processing facility to ensure the consistency of the product they receive to serve in their restaurants.

Answer:

- b. A high-end clothing manufacturer opened their own retail store designed to exclusively sell their products to consumers.

Answer:

- c. A major hotel chain acquired a well-known brand of budget-friendly hotels to broaden their market share.

Answer:

3. Determine the stage of the economic business cycle each of the following scenarios best represents. (18.1-3)

- a. An automobile manufacturer lays off fifty employees after a drop in sales during the previous two quarters.

Answer:

- b. A home improvement store generates a record number of sales as consumer confidence soars.

Answer:

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- c. After months of disappointing sales figures and employee layoffs, a major online retailer begins restructuring its operations to stay in business.
Answer:

- d. An electronics manufacturer hires more employees and installs new manufacturing equipment after demand for home entertainment systems rises.
Answer:

- 4. Some companies consider public incorporation as a method for funding business growth. Outline the reasons why this option may or may not work for your business venture. (18.1-4)
Answer: