

Name:

Date:

Class:

Lesson 18.2

Practice Your Understanding

1. Determine the type of exit strategy described in each of the following scenarios. Options include passing the business to a family member, taking the company public, and liquidation. (18.2-1)
 - a. A locally-owned clothing store is closing, after twenty years in operation, due to the increasing number of customers who opt to shop online. The owner sells all remaining merchandise on clearance. The store fixtures and furniture are sold to another business.
Answer:

 - b. The owners of a popular downtown pizzeria are ready to retire. Over the past year, they have been training their grandchild to manage the restaurant in preparation for them taking over ownership.
Answer:

 - c. A technology entrepreneur launched an artificial intelligence (AI) software company which has experienced rapid growth. To keep up with expansion, the entrepreneur has decided to initiate an IPO.
Answer:

2. Prepare a checklist of actions that should be taken if you decide to sell your business. (18.2-2)
Answer:

3. Assume you receive \$1,000 in income per month as a full-time student. Your monthly expenses include a car payment of \$300, car insurance payment of \$150, and a cell phone service payment of \$50. Using these amounts, prepare a monthly budget that supports your personal financial goals. Explain how you plan to maintain your budget. (18.2-3)
Answer: