

# Business and Personal Finance © 2012

## Chapter 4: Developing a Business Plan

### Check Your Answers: Section Assessment

#### Section 1

##### Review Key Concepts

1. The assets needed, the purchasing methods, and the daily financial operations
2. You should analyze how you will pay for assets by examining your debts, available cash, and future expenses, as well as investigate all sources of credit.
3. The strategic plan explains the business goals and the steps to achieve them; the marketing plan describes how the business will be promoted to increase sales; and the financial plan details how the business will get money and will maintain financial operations and records.

##### Higher Order Thinking

4. The mission statement will direct the goals of the business. You must know what the goal is before you can develop a marketing plan to achieve that goal.

##### 21st Century Skills

5. **Work Creatively with Others** Students may choose a local used bookstore. Long-term goals may include expanding to a second branch and selling new as well as used books. Short-term goals may include implementing a more aggressive buy-back program.

##### Mathematics

6. **Business Plan** Customer base after year 5 =  $P \times (1 + g)^n = 50 \times (1 + 0.15)^5 = 100.57$ ; Customer base after year 10 =  $P \times (1 + g)^n = 100.57 \times (1 + 0.1)^5 = 161.97$ ; Revenues after year 5 =  $P \times (1 + g)^n = \$9,500 \times (1 + 0.1)^5 = \$15,299.85$ ; Revenues after year 10 =  $P \times (1 + g)^n = \$15,299.85 \times (1 + 0.05)^5 = \$19,526.91$ .