

Entrepreneurship Building a Business

Chapter 15 Managing Purchasing and Inventory

Section 15.1 Purchase Planning and Management

SECTION 15.1 After You Read Answer Key

Self-Check

1. Purchases should be timed so your money and storage space are not tied up any longer than necessary. They should also be timed to take advantage of economic conditions.
2. Three types of discounts that apply to purchasing include trade discounts, quantity discounts, and cash discounts.
3. If you find something wrong with a shipment or an invoice, you should report it to the vendor immediately.

Think

4. Manufacturers and service providers spend different percentages of their incomes on inventory because they require different amounts of materials to run their businesses.

English Language Arts

5. Letters will vary but should contain the following definitions: invoice – a bill or list of goods or services rendered with associated costs; vendor – a business from which you may purchase inventory; durable material – goods that are well made, of good quality; extraction business – a company that removes products such as fish, ore, or trees to sell to buyers.