

Only turn in the
completed chart and
the last slide

	Sole Proprietorship	Partnership	Corporation
Who owns the business?			
Advantages	1 2 3 4 5	1 2 3	1 2 3 4 5
Disadvantages	1 2 3	1 2 3	1 2 3 4 5

DON'T PRINT

Who owns a sole proprietorship?

One owner or single-family
owned



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Advantages of a sole proprietorship

- ◆ Ease of start-up
- ◆ Few regulations
- ◆ sole receiver of profit
- ◆ full control
- ◆ easy to discontinue



DON'T PRINT

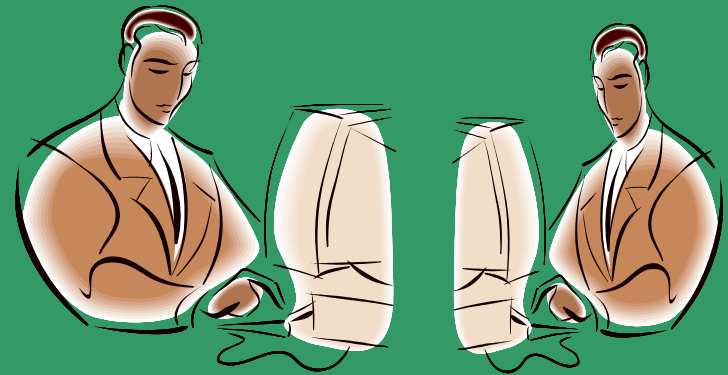
Disadvantages of a sole proprietorship

- ◆ Unlimited personal Liability
- ◆ limited access to resources
- ◆ Lack of Permanence



Don't Print Partnership

- ◆ Two or more owners that agree to work together and split profits.



Don't PRINT

Advantages of Partnerships

Ease of start-up
(must write an
article of
partnership)

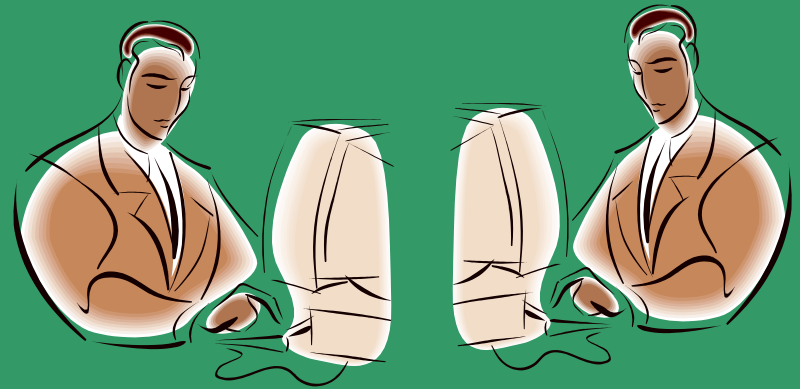
shared responsibility
in decision making
and specialization

Larger pool of Capital

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Disadvantages of Partnerships

- ◆ unlimited liability
- ◆ potential for conflicts
- ◆ short lifespan



Don't print Corporations

- ◆ Big corporations are normally owned by multiple owners called shareholders.
- ◆ Shareholders own stock in the company.



Don't print

Advantages of Corporations

- ◆ 1. Limited Liability
- ◆ 2. Separation of ownership and management (Increased specialization)
- ◆ 3. transferable ownership
- ◆ 4. Ease with which capital can be raised (Explain: bonds and stocks)
- ◆ 5. Longevity

Don't print

Disadvantages of Corporations

- ◆ Expensive to start
- ◆ More government regulations
- ◆ Slow decision making process
- ◆ Corporate and individual taxes
- ◆ Potential loss of control by the founders

Types of Partnerships

_____ – every partner equally gets the same percentage of profits as they put into the business. Risk is spread evenly.

_____ – (one member must be a general partner) the limited partner can only lose what they put into the business.

_____ (all partners limited i.e. a law firm) - no general partner, everyone is responsible for themselves.

Types of Stocks

_____ : can vote for the board of directors; can get potential dividends

_____ : Gets all first dividends but has no voting power. Therefore no voice in the running of the company.