



# **Business Virtual Learning**

## **Course: Intro to Business**

**Lesson: Types of Business Ownership-Determining the best option**

**April 28, 2020**



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**Objective/Learning Target: Students will be able to:**

- (1) Evaluate business ventures and determine the organizational structure to fit their needs.**



# Lesson Starter

Based on what you learned from the previous lesson, if you started your own business, what organizational structure would you choose? Sole proprietor, partnership, or corporation? Why?



# Review of Key Points in the 3 Types of Business Organizations

## Sole Proprietorship

- One owner
- Tend to be small with no employees

## Partnership

- Two or more owners
- Tend to be small with few, if any, employees

## Corporation

- Legal entity that is similar to an individual in the eyes of the law
- May be large or small, with few or many employees



## Activity: Sweet Opportunities

**Directions:** In the following slides is a historical description of four different candy makers. Read the description of the client and determine which type of business organization (sole proprietor, partnership, or corporation) you would recommend. List four reasons for your recommendation – three that are benefits/advantages and one that is a cost/disadvantage. With the cost, include a suggestion for how to overcome it or minimize its impact on the candy maker's business. You may write your answers on a sheet of paper or typed on a Google Doc.

*Keep in mind the costs and benefits of each business organization you learned in the previous lesson. Feel free to revisit that lesson if you need a refresher as it will help you in completing this activity.*



# Activity Continued: Sweet Opportunities #1

**Client 1:** When I was three years old, I started making candy with my grandmother. I am now 10 and I want to sell chocolate candy with a farm theme to my friends and family. My product ideas include Brown Cows (chocolate cows on a stick), Pigs in Mud (marshmallow dipped in caramel, nuts and chocolate) and Farm Eggs (jelly beans dipped in chocolate). The start-up expenses for my business are pretty small: a few candy molds, candy and chocolate.) My parents have agreed to loan me the money I will need and to let me work in the family kitchen. Schoolwork has to take priority over business so if I have more sales than I can handle, I will probably ask friends or my older brother to help. My brother is also pretty good at math and computers so he could help me with keeping track of my expenses and advertising. I really like the product development and packaging part of the business.



## Activity Continued: Sweet Opportunities #2

**Client 2:** After apprenticing for another candy maker, I started my first candy business at age 18. Unfortunately, my first attempt at starting a business (as well as my second) was a failure. After a rocky start, my third try was more successful – I have just received a fortune from the sale of my caramel business. During my world travels, I discovered new equipment that makes chocolate and decided to buy it. Today, only the wealthy can afford chocolate. With this new technology, I think I can make a chocolate that everyone can afford. In my mid-thirties, I know very little about making chocolate but I am willing to take the time to learn. I want my life to center on inventing new candies, building this new business, and laying out a new community that will be a wonderful place for the people I hire to live. I prefer to leave day-to-day operations of the company—handling production, sales, marketing and distribution—to someone else



## Activity Continued: Sweet Opportunities #3

**Client 3:** I have substantial experience working in the candy industry. I helped my father introduce a very popular chocolate bar in the U.S. and have worked in the factories of two of the best chocolate makers in the world. Today, I am a thirty-plus year-old businessperson operating a company I started selling candy and pet foods across Europe. While traveling in Spain recently, I saw a candy-coated chocolate that I think will sell well in the U.S. I would like to create a new American business producing this candy. I have at least 80 percent of the money to get started but I am concerned about getting the chocolate used in production. There is a war going on and it may be difficult to get this important ingredient without taking on a partner who has connections to a chocolate maker. I like the challenge of building businesses and finding ways to make them operate more efficiently. I also prefer making decisions on my own.





## Activity Continued: Sweet Opportunities #4

**Client 4:** I am in my late thirties. I have worked myself up from handling mail to being an agent for a well-known entertainment agency. I now represent several famous musicians. People say I am an enthusiastic and tireless promoter. To help my clients get jobs, I use bite-sized chocolate chip cookies as a calling card. My aunt taught me how to bake cookies when I lived with her as a teenager. Before I dropped out of high school and joined the Air Force, I was getting vocational training in the food trades but I have never run my own business. Some of my friends in the entertainment industry have encouraged me to open a store to sell my cookies. They have offered to help finance my venture in exchange for partial ownership. My cookies taste much better than those found in the grocery store and I think they will sell well.



# Lesson Conclusion

**Please consider these questions about your experience in completing the Sweet Opportunities Activity.**

What accounts for the differences in your recommendations?

Why do you think most new businesses are sole proprietorships and partnerships?

What do you see as the biggest disadvantages of sole proprietorships and partnerships in the long term?

Why might a business operating as a sole proprietorship or partnership decide to incorporate?