**7.00 Understand marketing and business management.**

**7.02 Apply** knowledge of business ownership to establish and continue business operations.

**Business Ownership**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - A business owned and run by one person. The business is typically managed by the owner.
* Formation varies by state.
	+ Advantages
		- Easy to start up
		- Complete ­­­­­­­­­­­­­­­­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of the business
		- Owner receives all the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
		- Limited \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (one time taxation)
	+ Disadvantages
		- Limited \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (money)
		- Unlimited \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (responsible for ALL debt)
		- The business is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to the lifetime of the owner
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - A business owned and controlled by two or more people who have entered a written agreement
* The management of the company depends on the partnership \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (contract)
	+ Advantages
		- More \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and credit available than a sole proprietorship
		- Combined\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (money, expertise)
		- \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ management responsibilities
		- Shared \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
		- Work load easier to manage than a sole proprietorship
	+ Disadvantages
		- \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are shared
		- Responsible for\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ others decisions
		- Potential for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ among partners
		- \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ liability (depending on type)
* **Types of Partnerships**
	+ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Partnership
		- Identifies some investors who cannot lose more than the amount of their investment
		- Investors are not allowed to participate in the day-to-day business management
	+ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – a partner plays an active role and has unlimited liability (every partnership must have at least one general partner).
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ An organization **owned** by one or more shareholders and **managed** by a board of directors.
* Ownership
	+ Determined by purchase of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
	+ A stockholder, or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, owns a ‘piece’ of the company
	+ One share of common stock equals one vote
		- Advantages
			* Easier to obtain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
			* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ liability for shareholders
			* Life of the corporation is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
		- Disadvantages
			* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ taxation (profits and earnings)
			* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ regulations and legal restrictions
			* Decision-making shared among managers, board of directors, and shareholders
* **Specialized Corporations**
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (S-corporation) - treats partners as individuals by taxing them once
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Company - Provides limited liability protection for owners
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ corporation - A group of people who join to do some activity that benefits the public

**Corporation Terms**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: Two individual businesses that combine to form one organization
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: A form of business growth in which a corporation acquires many smaller companies
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: A business strategy in which growth is obtained by increasing the number of stores in which customers can buy a company's products and services.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ -established for a governmental purposes

Examples: National Science Foundation, Export-Import Bank of the United States

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - established by individuals for business or charitable purposes.

Examples: Enterprise Rent-A-Car, American Cancer Society

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - Permission to operate a business to sell products and services in a set way
* Begins with a parent company who owns the product or service and grants the right to another business
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: the company that owns the product
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: the company purchasing the right to run the business

**Types of Franchises**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ - Requires franchisee to sell products or service in a specific format
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_ - Allows franchisee to sell specific products. This format is usually formed by automobile, appliance, and petroleum product