**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