

# Forms of Business Ownership

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# Business Ownership

## Three Common Forms

Sole Proprietorships

Partnerships

Corporations

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# Sole Proprietorship

## Advantages

- ✓ Ease of establishment
- ✓ Self-satisfaction
- ✓ Privacy
- ✓ Tax advantages

## Disadvantages

- ✓ Unlimited liability
- ✓ Personal pressure
- ✓ Difficult to get funding
- ✓ Limited life

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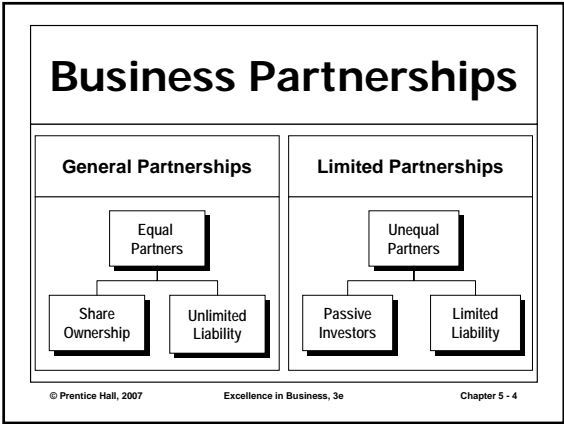
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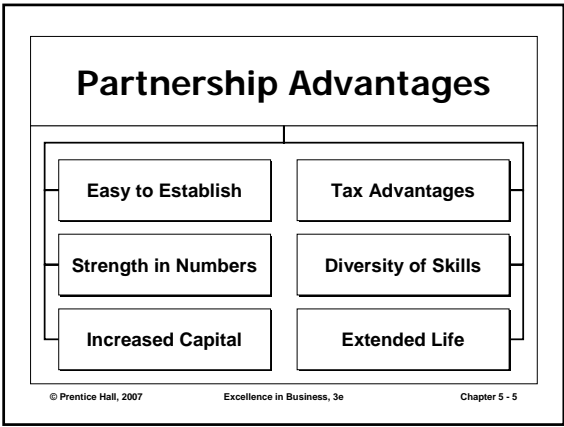
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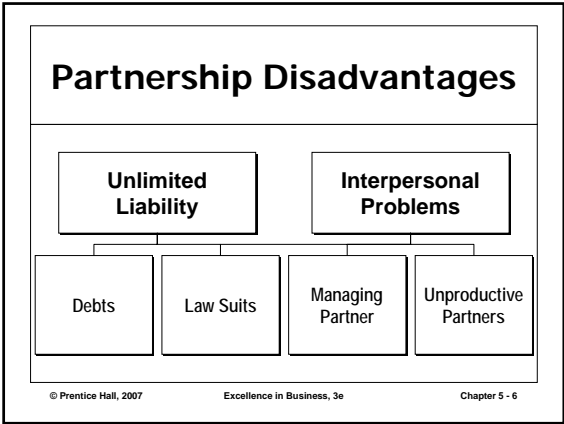
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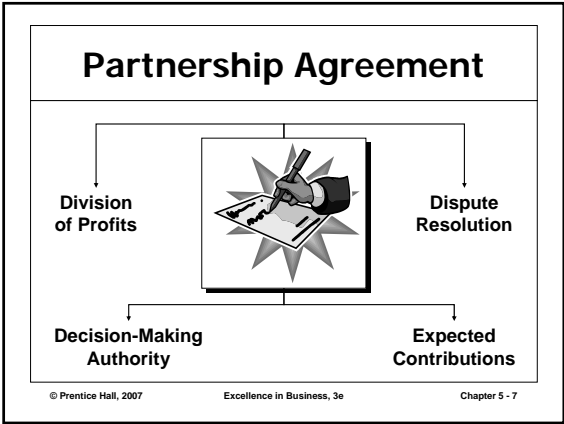
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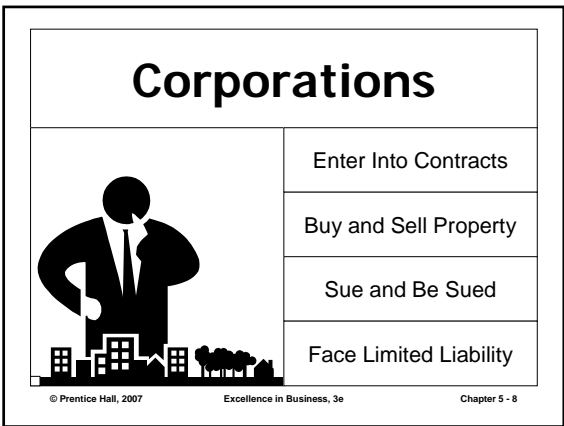
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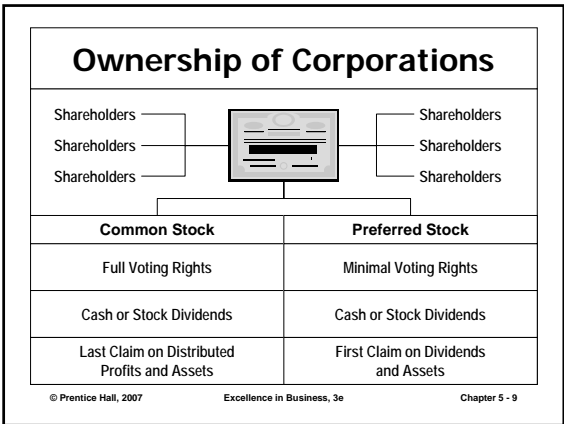
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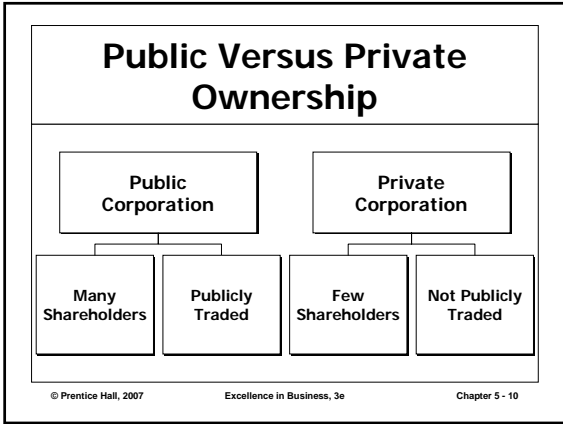
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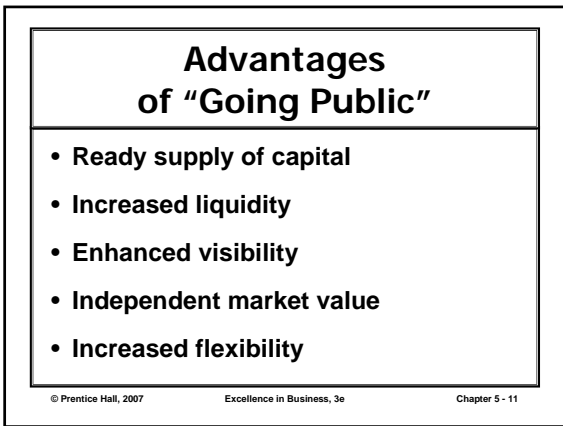
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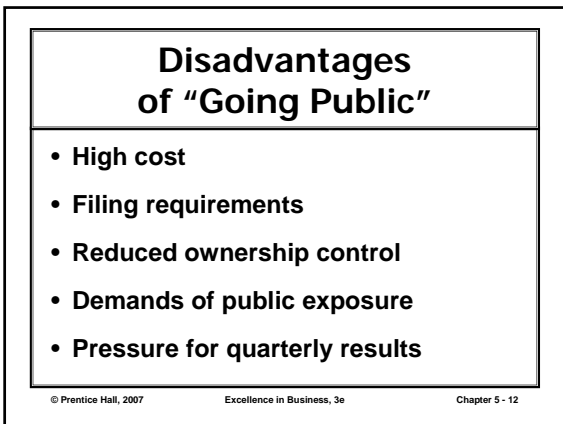
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<h1>Corporations</h1>	
Advantages	Disadvantages
<ul style="list-style-type: none"> <li>* Access to capital</li> <li>* Limited liability</li> <li>* Increased liquidity</li> <li>* Unlimited life span</li> </ul>	<ul style="list-style-type: none"> <li>* Excess paperwork</li> <li>* Burdensome costs</li> <li>* Double taxation</li> <li>* Disclosure requirements</li> </ul>
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<h1>Types of Corporations</h1>	
	<b>Limited Liability Company</b>
	<b>Subsidiary Corporation</b>
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<h1>Corporate Governance</h1>					
Elect		Appoint		Hire	
Common Shareholders	Board of Directors	Corporate Officers	Employees of the Company		
<ul style="list-style-type: none"> <li>•Individuals</li> <li>•Companies</li> <li>•Non-profits</li> <li>•Pensions</li> <li>•Mutual Funds</li> </ul>	<ul style="list-style-type: none"> <li>•Dividends</li> <li>•Corporate Affairs</li> <li>•Strategic Plans</li> <li>•Select Officers</li> <li>•Finances</li> </ul>	<ul style="list-style-type: none"> <li>•Chief Executive</li> <li>•Chief Financial</li> <li>•Chief Operations</li> </ul>	<ul style="list-style-type: none"> <li>•Operations</li> <li>•Finance</li> <li>•Marketing</li> <li>•Personnel</li> <li>•Engineering</li> </ul>		
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<b>Reform: Board-Related Issues</b>	
<b>Composition</b>	
<b>Education</b>	
<b>Liability</b>	
<b>Recruiting</b>	
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<b>Business Combinations</b>	
<b>Mergers</b>	<b>Consolidations</b>
<b>Acquisitions</b>	<b>Leveraged Buy-Outs</b>
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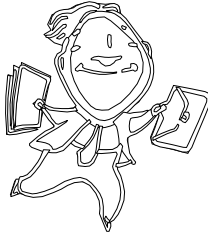
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<b>Types of Business Mergers</b>	
	<b>Vertical</b>
	<b>Horizontal</b>
	<b>Conglomerate</b>
	<b>Market Extension</b>
	<b>Product Extension</b>
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## Mergers and Acquisitions

Advantages	Disadvantages
Economies of Scale	High-Risk Corporate Debt
Efficiencies	Management Distractions
Synergies	Culture Clashes

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## Trends in Mergers and Acquisitions

Year	Number	Value (in billions)
1970	5,152	\$16
1975	2,297	\$12
1980	1,889	\$44
1985	3,001	\$180
1990	2,074	\$108
1995	3,510	\$356
2000	11,123	\$1,269
2003	8,232	\$530

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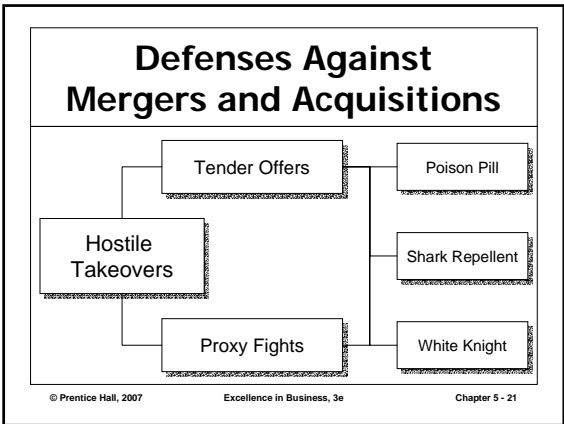
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## Strategic Alliances and Joint Ventures



Gain Credibility

Expand Markets

Access Technology

Diversity Offerings

Share Best Practices

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