**Ch. 8 Business Organizations: Lesson 1**

**ON YOUR OWN PAPER, answer the following questions.**

**Sole Proprietorship**

1. Sole Proprietorships represent \_\_\_\_\_\_\_\_ percent of all business and earn \_\_\_\_\_\_\_\_\_\_\_ percent of all sales in the U.S., but \_\_\_\_\_\_\_\_\_\_\_ percent of all profits.
2. What is required to form a sole proprietorship in most states?
3. Set up a T-chart titled, Advantages / Disadvantages of a Sole Proprietorship, and identify the six advantages and six disadvantages of a sole proprietorship.
4. Partnerships represent only \_\_\_\_\_\_\_\_ percent of all business and earn \_\_\_\_\_\_\_\_\_\_\_ percent of all sales in the U.S., but

\_\_\_\_\_\_\_\_\_\_\_ percent of all profits.

**Partnership**

1. Define the two types of partnerships:
2. general partnership
3. limited partnership
4. What is required to form a partnership?
5. Set up a T-chart titled, Advantages and Disadvantages of a Partnership, and identify the five advantages and three disadvantages of a partnership.

**Corporations**

1. Corporations represent \_\_\_\_\_\_\_\_ percent of all business, but earn \_\_\_\_\_\_\_\_\_\_\_ percent of all sales and \_\_\_\_\_\_\_\_\_\_\_ percent of all profits in the U.S.
2. What are the requirements to form a corporation?
3. What is the difference between common stock and preferred stock?
4. Set up a T-chart titled, Advantages and Disadvantages of a Corporation, and identify the five advantages and four disadvantages of a corporation.

**Franchises**

1. Think back to the beginning of the semester when we talked about what defined an entrepreneur. Why would a person who invests in a franchise like Subway not fit the definition of an entrepreneur?
2. What is the difference between a franchisor and a franchisee?
3. Set up a T-chart titled, Advantages and Disadvantages of a Franchise, and identify at least four advantages and three disadvantages of a franchise.

**Big Picture Questions**

1. Why do you think sole proprietorships are the largest number of organizations, yet have the smallest percentage of net income (profit)?
2. Why do corporations generally earn more profits than proprietorships and partnerships?
3. Rank the four types of business organizations according to risk with 1 being the riskiest and 4 being the least business organization for the investor/entrepreneur.
4. For your answer to #17, explain why you thought your #1 was the riskiest?
5. Which of the business types discussed in this chapter would most likely grow the most over a 10 to 15 year period? Explain your choice.