

ACTIVITY 5-A THE BUSINESS DESCRIPTION WORKSHEET

What is the legal name of the business? _____

What type of business is it? Retail, Service, or Mfg.? _____

What is the legal form of the business? Sole proprietorship, Partnership, Subchapter S Corporation, or Company? _____

Is this a new business? The purchase of an existing business? Or an Expansion? _____

What is the mission of the business? _____

What product(s)/service(s) is being offered? _____

Where is the business located? Why? _____

What advantage(s) does the business have over competitors? _____

What is the management structure of the business? (Provide names if applicable).

President? _____

Board of Directors? _____

Advisory Board? _____

Key Employees? _____

What makes this a good management team? _____

What is the current financial status of the business? _____

What will the requested funds be used for? _____

VISUAL 5-1 THE BUSINESS DESCRIPTION

Name

Legal Form

Stage of Development

Mission

Product/Service

Market Served/Location

Competitive Advantage

Management

Financial Status

VISUAL 5-2

CHARACTERISTICS OF DIFFERENT LEGAL FORMS OF BUSINESSES

I. Sole proprietorship:

- Owned by one person.
- Owner receives all profits.
- Owner bears all losses.
- Owner is liable and responsible for all lawsuits, bills, faulty products or any other business problems.
- Owner pays taxes.

II. Partnership:

- Owned by two or more individuals.
- Make decisions together.
- Share profits, losses, and liability.
- Generally have a partnership agreement defining the responsibilities of each partner.
- Partners pay taxes.

III. Corporation:

- Legal entity consisting of stockholders.
- Elected Board of Directors.
- Issue stocks.
- Protects owners from liability, debt, and faulty products.
- Corporation pays taxes.
- Stockholders pay taxes.

IV. Subchapter “S” Corporation:

- Limited to thirty-five stockholders.
- Limited liability similar to corporations.
- Stockholders pay taxes.
- Company does **NOT** pay taxes.

NOTE: Most new businesses start out as sole proprietorships or partnerships because these entities are easy to establish. However, when possible, or once stock is issued, an “S” corporation is probably a better choice because it provide the owners with better liability protection.

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