

Key

TYPES OF FIRMS

	<u>Sole Proprietorship</u>	<u>Partnership</u>	<u>Corporation</u>
Definition	A single-owner firm.	Multiple owners sharing profit - responsibility	Legal entity owned by shareholders who split profit.
Examples	Self employed plumbers, farmers, etc.	Law, Accounting, Medical firms.	Coke, GM, Microsoft, Google
Number (%)	72% - most common.	10% - least common	18%
Sales (%)	4% - Least \$	12%	84% - Most sales \$
Advantages	<ul style="list-style-type: none">- Complete control- Simple to open- Keep all profits	<ul style="list-style-type: none">- share responsibility- strength in #s. (work)- Doesn't die w/ partner- share resources (expertise)	<ul style="list-style-type: none">- pool funds to raise \$.- limited liability - owners cannot be sued.- sep. life.
Disadvantages	<ul style="list-style-type: none">- Unlimited liability in lawsuits- raising money- Business dies w/ owner.	<ul style="list-style-type: none">- Disagreements- unlimited liability- loss of partner.- share profit	<ul style="list-style-type: none">- Less power for stockholders- Taxed twice- Complicated to set up- share profit