

BA130: Introduction to Business

Module 2 Activity Sheets-Chapters 5 & 6

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Chapter 5

Please respond to the following items.

1. List the three basic forms of business ownership.

Sole Proprietorship

Partnership

Corporation

2. Define sole proprietorship.

Sole proprietorship is defined as a business owned and managed by one person.

3. List 2 advantages of a sole proprietorship.

No special taxes

Pride of ownership

4. List 2 disadvantages of a sole proprietorship.

Limited financial resources

Management difficulties

5. Define partnerships.

Partnerships are defined as two or more people legally agreeing to co-own a business.

6. List 2 advantages of partnerships.

Longer survival

More financial resources

7. List 2 disadvantages of partnerships.

Unlimited liability

Division of Profits

8. Define corporation.

Corporation is defined as a legal entity with authority to act and have liability apart from its owners.

9. List 2 advantages of a corporation.

Perpetual life

Ease of ownership change

10. List 2 disadvantages of a corporation.

Initial cost

Two tax returns

11. Define franchise agreement.

Franchise agreement is an arrangement whereby someone with a good idea for a business sells the rights to use the business name and sell a product or service to others in a given territory.

12. List the 2 advantages of franchise.

Nationally recognized name

Personal ownership

13. Who can incorporate? What are the benefits of incorporating?

Any individual can incorporate, providing them with advantages including limited liability and possible tax benefits.

Chapter 6

Please respond to the following items.

1. Define entrepreneurship.

Entrepreneurship is defined as accepting the risk of starting and running a business.

2. What are a few of the reasons people start their own businesses?

People become entrepreneurs to become their own boss, secure their own profit, and to control when they work.

3. What are the attributes of successful entrepreneurs?

Attributes include being self-directed, self-nurturing, action-oriented, highly energetic, and being tolerant of uncertainty.

4. Define entrepreneurial team.

An entrepreneurial team is a group of experienced people from different areas of business who join to form a managerial team with the skills to develop, make and market a new product.

5. Define micropreneur.

A micropreneur is an entrepreneur willing to accept the risk of starting and managing a business that remains small, lets them do the work they want to do, and offers a balanced lifestyle.

6. Define intrapreneurs.

Intrapreneurs are creatives who work as an entrepreneur within a corporation.

7. What is a small business?

A small business is an independently owned and operated, not dominant in its field of operation and meets certain standards of size.

8. Why are small businesses important to the U.S. economy?

Small businesses are important because they account for over 50% of the GDP.

9. Why do small businesses fail?

Small businesses fail for reasons including starting with too little capital, underpricing or overpricing goods and services, and extending credit too freely.

10. What hints would you give someone who wants to learn about starting a small business.

An individual interested in starting a small business should learn from others through experience.

11. What sources of funds should someone wanting to start a new business consider investigating?

They should consider utilizing personal savings, relatives, former employees, gov't agencies, angel investors, venture capitalists, as well as banks and finance companies.

12. Where can budding entrepreneurs find help in starting their businesses?

Budding entrepreneurs can find help from the Small Business Administration.

13. Define business plan.

A business plan is defined as a detailed statement describing the nature of a business, its target audience, its advantages against competition, and the resources and owners' qualifications.

14. List the parts of a business plan.

Executive Summary

Company Description

Market Analysis

Competitive Analysis

Organization and Market

Good and Services Evaluation

Marketing Plan

Sales Strategy

Request for Funding

Financial Projections