

Do Now: List all of the businesses you can think of.

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Sole Proprietorship

What is it?	
Positive	Negative

Benefits? Is this right for your company?

Partnerships

What is it?	
Positive	Negative

Benefits? Is it right for your company?

Corporations

What is it?	
Positive	Negative
Horizontal Merger:	
Vertical Merger:	
Conglomerate:	

Franchise

What is it?	
Positive	Negative

Franchises

1. Name of company: _____
2. Location of parent company: _____
3. Founder of parent company: _____
4. Year company was founded: _____
5. Current President/CEO of parent company: _____
6. What are the initial startup costs? _____
7. How many franchises are located in your: City _____ State _____ Nation _____ World _____
8. What are the royalty fees associated with this franchise? _____
9. How often are royalty fees paid? _____
10. What is the cost for a building/lease? _____
11. What is the cost for equipment? _____
12. What is the cost for supplies? _____
13. What is the franchisee net worth requirements (total assets – total liabilities)? _____
14. What is the franchisee liquidity requirement? (total amount of cash in checking/savings/stocks, etc.)

15. Are there any prescribed vendors? _____
16. How many employees are required to operate the business? _____
17. Are there fees for national and local advertising? _____
18. Are you allowed to advertise locally? _____
19. Other historical information. _____

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Scenario A:

Justin, Austin, and Matt have been close friends since high school, and even went to college together. All three boys graduated last year; Justin with a degree in Computer Science, Austin with a degree in Graphic Design, and Matt with a degree in Business Administration. All three are “computer geeks” and have worked part-time through high school and college fixing computer problems. Each has approximately \$50,000 in savings for this business venture. They have been talking about starting a computer company (JAM Computer Solutions) in their local town to help businesses and individuals with computer problems or those who need help developing and designing web sites. In doing research, Justin found that there are only two other computer companies in their town of 100,000 people, and neither one will do both web design and computer hardware/software troubleshooting.

Scenario B:

Marlin Hatfield, who is married and 27, just completed his fifth year as a journeyman carpenter with John Casey Homebuilders, a small homebuilder 25 miles from his hometown. Marlin has just received an inheritance of \$100,000 from his favorite aunt. During the past five years, Marlin has been able to purchase many of the tools and equipment that he needs to be a good finish carpenter. He has not been satisfied working for John the past couple of years and has talked with his wife about starting his own business (M and K Fine Carpentry). Marlin’s wife, Katherine, agrees that in order to be happy, Marlin may want to open his own business. She fully supports Marlin. Katherine graduated from the local university with a degree in accounting and works for a local accounting firm.

Scenario C:

Michelle and Renee have decided to combine their talents and open a competitive Cheer and Dance business. Michelle’s expertise is the business side. She has a degree in Business Administration with a minor in Entrepreneurship; while Renee has a degree in Sports Management and has been coaching the local high school cheerleading team, while her sister has been coaching the school’s dance team. The problem is that Renee does not have as much capital to invest. In fact, they are having a little trouble figuring out how they will be able to get the startup capital for the business. Some of their friends/relatives might be willing to invest in the firm. There are no other competitive Cheer and Dance companies in the area. They have found a building to lease at \$4,000 per month and expect that utilities and water will cost approximately \$350 per month. Liability insurance has been estimated to be \$1,000 per month, due to possible injuries. Michelle, Renee, and Renee’s sister will do all the coaching and will also do all the paperwork.

Scenario D:

Craig and Cate knew that they wanted more out of life. Craig works as an inspector for the city health department, which involves inspecting restaurants and food service establishments to see whether they are operating according to local laws. Cate worked as an insurance agent for the first 10 years of their marriage and is a stay at home mom. Their home is paid for and their oldest daughter received scholarships to attend their local state university. Their son Chris is a senior in high school. Neither Craig nor Cate has much experience in owning or operating a small business, yet this is what they want to do when their son graduates from high school. They have been frugal and saved over \$200,000 for this venture. Craig will not be quitting his job for a while. This will leave Cate with the responsibility of running the business.

