

FREE ENTERPRISE ACTIVITY 3

GHOOSING A BUSINESS ORGANIZATION

The three main types of business organizations are sole proprietorships, partnerships, and corporations. The type of business that entrepreneurs choose depends on their tolerance for risk and appetite for rewards.

Directions: Imagine that you have money to invest in a business. Take the following quiz to determine which kind of business organization best fits you.

First name the product or service you will provide. _____

1. You prefer to
 - a) get all the profits but take all the risks.
 - b) share equally with others in the profits and the losses.
 - c) get only partial profits but have little risk.
2. You want to make
 - a) all business decisions quickly.
 - b) joint decisions with competent people.
 - c) money, not decisions.
3. You plan to
 - a) take out a small loan against your own assets.
 - b) get help to borrow a larger amount.
 - c) borrow a huge sum of money.
4. You prefer paying
 - a) personal income taxes on all profits.
 - b) fewer taxes on less profit.
 - c) a high tax rate rather than having unlimited liability.
5. You would be most satisfied as
 - a) your own boss.
 - b) part of a successful team.
 - c) part owner, but not operator, of a business.
6. You will risk your investment
 - a) and personal assets on your decisions.
 - b) and personal assets on a colleague's decisions.
 - c) but not your personal assets.
7. In order to expand your business, you are willing to
 - a) buy a computer, but that's all.
 - b) agree to a division of duties and profits.
 - c) file articles of incorporation and sell stock.
8. After you leave the business, you think it will
 - a) dissolve.
 - b) operate under a different name.
 - c) continue as long as it earns a profit.

Did you choose:

- answer a most often?
- answer b most often?
- answer c most often?

If so, you would probably prefer

- a sole proprietorship.
- a partnership.
- a corporation or to simply buy stock.

If your answers show no clear preference, list your priorities. For example, is profit or doing the work your way more important to you? Then decide which kind of business organization serves your priorities best.

Write your decision here. _____