**Business Ownership**

**Sole Proprietorship** 

Hello, my name is Samantha Prater. I am an engineering student at Queen’s university but during the past two summers, I have been the owner of a College Pro Painters franchise in my hometown of Collingwood, Ontario.

The type of ownership I used was sole proprietorship. I chose this type of ownership because it was easy and inexpensive to set up. I enjoyed being my own boss but it was a lot of work. I would start working on weekends in February to prepare for the summer painting season.

First, using my own limited amount of money, I would buy equipment such as ladders, paint brushes, rollers and other paint supplies. Then I would travel back to Collingwood where I would try to line up customers for the summer. In April I would hire students to do the painting. This summer I was able to get enough work for two crews of painters.

This kept me very busy since I had to go back and forth to each job site to supervise and solve any problems that arose. I also had to look for customers, give quotes, buy supplies and collect fees. The biggest problem I had was collecting fees. A few customers would complain that the work was not done to their specifications and they refused to pay me. Others took months to pay me. However, even after paying for supplies and wages I did make quite a bit of money. I do know some College Pro Painter franchises that did not make money and because a sole proprietorship has unlimited liability they had to dig into their own personal money to pay suppliers. They were personally liable for all costs.

As an owner the work was tiring but rewarding. I was my own boss. Nobody gave me orders. On the other hand I couldn’t goof off and go to the beach or on holidays and I certainly couldn’t afford to be sick. I really enjoyed being a businessperson. The experience of running my own business was invaluable.

**Partnership**

Dave: Hi. my name is Dave. ****

Julie: And my name is Julie. During the winter, Dave and I are both teachers but during the summer we own and operate Missinaibi Headwaters Outfitters. The business is located way up in Northern Ontario in the small town of Chapleau. Every summer we run a campground and we provide guided canoe trips.

Dave: We’re partners in the business. We started 15 years ago by buying the campground and equipment from savings we both had.

Julie: And it was easy to set up the partnership agreements and get the business licenses and it didn’t cost a lot.

Dave: Since then we have both invested money in buying new equipment and upgrading the campground.

Julie: What I like about having a partner is that we can concentrate on the things we do best.

Dave. Yea, I like doing the week long guided canoe trips.

Julie: And while Dave’s away, I like to run the campground and prepare the meals for the next trip.

Dave: We can also bounce new ideas off each other. Julie thought it would be great to offer instructional clinics.

Julie: Yea and you thought of creating a webpage. Because of Dave’s idea most of our bookings are now done on the web.

Dave: Although sometimes we do argue about things; decisions and the direction of the business.

Julie: Yea, a few years ago Dave wanted to quit teaching and concentrate on the business full time but I didn’t want him to quit. We compromised and Dave only teaches in the first semester now.

Dave: Because I spend so much more time on the business sometimes I feel I should get more of the profit...

Julie: but we split the money 50/50.

Dave: This is OK by me because I really enjoy working with Julie...

Julie: and it’s a lot of fun working with you.

**Corporation** 

Hi. My name is Mackenzie. I’m part owner of Tim Horton’s Limited.

Last year I purchased 100 shares in the company for $25.00 for a total cost of $2500.00. That makes me a shareholder and an owner. There are over 180 million shares that the company has sold to investors.

Although I don’t take part in the day to day running of the company I am able to vote on items of importance to the company at annual general meetings that take place once a year. Since I have 100 shares I have 100 votes; one vote per share. So anybody who has over half of the shares actually controls the company. If I had the money I could purchase 91 million shares and I could vote on decisions and win regardless of how others voted. It is not unusual for a person who has started and managed a corporation to actually get voted out of their own business.

The company is run by an executive team whose leader is the Chief Executive Officer or CEO. The executive team is hired by the Board of Directors who represents the shareholders. The Board of Directors also decides on major decisions regarding the future of the company. If I owned a large amount of shares I could sit on the Board of Directors. If we didn’t like the job the CEO was doing we could fire him and hire another CEO.

I get a share of the profit a company makes. This is called the dividend. Last year the dividend was 50 cents per share so I made $50.00. If the company loses money I don’t get anything. If the company goes bankrupt I lose only my $2500.00 investment and not any personal savings. This is because the company is a separate legal entity and all shareholders are not personally responsible for debts I only lose the amount that I have invested. This is called limited liability.

The original owner of Tim Horton’s needed money to rapidly expand her business and she did not have enough money of her own. Despite the fact that it is rather expensive to incorporate she decided to sell shares to quickly raise money. The company has been successful so the shares went up in value as they were traded. Once the value of the shares goes up to $40.00 I’ll probably sell my shares and make a $1500 profit and then maybe I’ll become part owner of another company.