

# Entrepreneurship ©2013

## Chapter 6: Business Ownership—Checkpoint Solutions

### Checkpoint 6.1

1. List the advantages of buying a franchise.

Answer: 1. Established company. 2. Training. 3. Financial advice. 4. Lower failure rate. 5. Personal ownership.

2. List the advantages of buying an existing business.

Answer: 1. Profits. 2. Location. 3. Financing. 4. Patents or copyrights.

3. List the advantages of buying a family business.

Answer: 1. Success. 2. Capital investment. 3. Flexibility. Your family may give you days off, flexible hours when needed, and fill in when you are absent from work.

4. What are some of the disadvantages of a family business?

Answer: 1. Family member disagreements. 2. Family members shirking their responsibilities. 3. Conflicting interests.

5. What can you do to help decide which type of business is correct for you?

Answer: Do your research, establish the business' value, review the laws, and get help from the professionals.

### Checkpoint 6.2

1. What are some of the rewards of establishing a sole proprietorship?

Answer: 1. Decision making. 2. Profits. 3. Easy to start. 4. Tax benefits.

2. What does unlimited liability mean to an entrepreneur?

Answer: Unlimited liability means the entrepreneur is responsible for all risks.

3. List the different kinds of partnerships available to entrepreneurs.

Answer: 1. General partnership. 2. Limited partnership. 3. Silent partnership.

4. What are the advantages of a partnership?

Answer: 1. Joint strengths. 2. Shared risk. 3. Easy setup. 4. More financial resources. 5. Tax benefits.

5. What are the rewards of having a corporation?

Answer: 1. Perpetual life. 2. Investors. 3. Credibility.