



MPU-3232

ENTREPRENEURSHIP

Topic 6: The Organisational Plan

Building the Successful Organisational Plan and the Management Team

- Employees' loyalty and commitment to organisation is very important.
- Potential investors also concern about the management team and its ability and commitment to the new venture.

Legal Structures

Sole proprietorship

- It is also known as sole trader, a person who wholly owns and operates the business.



Legal Structures (cont.)

Sole proprietorship

Advantages

- Ease of formation
- Total control over business
- Relatively cheap to setup and maintain
- Few regulations

Disadvantages

- Unlimited liability
- Limited resources
- Lack of continuity
- Tax



Legal Structures (cont.)

Partnership

- A relationship that exists between people carrying on a business in common with a view to making a profit



Legal Structures (cont.)

Partnership

Advantages

- Easy of formation
- Ease of operation
- Distinct existence
- C o m b i n e d resources
- Direct rewards

Disadvantages

- Unlimited joint liability
- Potential conflicts
- Lack of continuity



Legal Structures (cont.)

Company

- A separate legal entity that has an existence independent of its owners and managers



Legal Structures (cont.)

Company

Advantages

- P e r p e t u a l
existence
- Limited liability
- Rights of a natural
person

Disadvantages

- High set-up and
maintenance costs
- Spread ownership





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