

GREENWAY'S TYPE OF OWNERSHIP

As the name suggests, a sole trader is a business owned and runs by one person, although it is quite likely that others will be employed to assist the day-to-day business.

Our development will be in two parts. The first part will be about the advantages and the second part about the disadvantages.

After working for a local firm in Manchester and saving some money during ten years, Tom decided to set up his own business and this is how GREENWAY'S ESTATE AGENTS was born. In fact a sole trader business is very easy to set up because there are no formal procedures to follow to open a shop and that means there is not lot of paperwork involve in this type of ownership. GREENWAY'S ESTATE AGENTS is a service base business, and among those services the main activities are the renting (mainly for the students) and the selling of houses. In fact one the main advantages of GREENWAY'S ESTATE AGENTS is the good personal service that Tom gives to his customers. For instance if someone wants to buy, sell or rent a house, and he phones and makes an appointment with GREENWAY'S ESTATE AGENTS, Tom himself goes to the customer to discuss about the terms of the contract and sometimes he guides the customer w ho needs some help about the mortgages or the solicitors and many more. The flexibility of GREENWAY'S ESTATE AGENTS is the other advantage for the business because only one person owns the business and the decisions can be taken quickly and flexibly without consulting anyone because he is his own boss and does not take orders from anybody. This very important in some business activities such as GREENWAY'S ESTATE AGENTS where the customer demands change quickly or where each customer's requirements are diffe rent, so different that they need to have a lot of abilities to the customers. In fact his skills, his good personality, his knowledge of the area, his good reputation, his small scale and the recommendation from everybody make of Tom the right man to run GREENWAY'S ESTATE AGENT. The small scale and the location of his shop cope to Tom who does not have to spend a lot of money in the renting and also in the advertising because his shop is on the main road, fairly central to the other shops, so people walked past it all the time.

However, a business can not only have advantage. What are the disadvantages then?

The unlimited liability, is undoubtedly the main disadvantage for GREENWAY'S ESTATE AGENTS is that Tom the owner of business is **personally** liable for all the debts arising out the of the business. This means that if unprofitable and Tom has to cease trading, or close down, any debts from the business must be paid by Tom. There is no kind of insurance GREENWAY'S ESTATE AGNETS can take out against this. If there are business debts when the business close down, Tom can be compelled **to sell his private possessions** to raise money to pay off these debts. The business can also close down if tom is sick. One of the other disadvantages is the difficulty to raise money, in fact the money used to start GREENWAY'S

ESTATE AGENTS has been provided by Tom from his saving. Because of this, GREENWAY'S ESTATE AGENTS is relatively a small business since the amount of finance that can be raised by Tom is strictly limited. This means that GREENWAY'S ESTATE AGENTS will usually find it difficult to grow. In this area we can also mention the limited opportunities and the competitions. In fact with the boom of the housing market (see the introduction of the economic data chart book) the big companies such as the banks which have a good reputation and the money can easily set up they own estate agencies and make by the same time more difficulties for a sole trader like GREENWAY'S ESTATE AGENTS to survive in the business by reducing the prices of the homes. One of the main limited opportunities is the unlimited liability of the sole trader. In fact because of the liability, the bank refuse to lend some money to the sole trader and it also shows us how it is difficult for a sole trader to raise money. And that means for it survives the business depends upon the skills and abilities of Tom, then long working hours.

In conclusion, I think that GREENWAY'S ESTATE AGENTS is a business which got a nice future, I can say it is a business in prospect although it is no longer possible for a sole trader to be in the estate market.