

## Internal organisation

The way in which a business is run is known as the internal organisation of a business. This can be a number of ways, including partnerships, sole proprietorships, and public or private limited companies. Since I am going to be setting up such a small company, I will need to set up as either a partnership or a sole proprietorship.

A partnership is where two or more people run a business together. They usually do not want to hold total responsibility for the business whilst still being able to do their own work.

A sole trader is a person that runs a business alone. They have total control of the business and often do not even have any employees.

To help me choose which, I am going to look at the advantages and disadvantages of each of the above.

### Partnership

Advantages	Disadvantages
Responsibility of running a business can be shared with another person. One partners strengths can make up for the weaknesses of another	People may only want to do certain jobs, they wouldn't want to do the boring jobs and this may cause tension
More people contributing money towards the business means not as much needs to be taken from just one person as in a sole proprietorship	The distribution of the companies profits can cause problems, as one partner may feel that they deserve more than another
Somebody to consult about decisions so that you are less likely to make wrong decisions	Decisions may cause arguments because the partners may disagree over which decision to make
You don't need to work as many hours, and you can have more holidays than in a sole proprietorship as there is another person to share the workload with	If one partner feels another takes too many holidays, or is putting in a lot less work than themselves then arguments may be caused

### Sole Proprietorship

Advantages	Disadvantages
Small, easily set up with only a small amount of money needing to be initially invested	Beginning and developing the business is limited by the amount of money that you have available to you
Easy to keep control, there can be few or no employees, and decisions can be made without needing to consult anybody else	You may have to work long hours to keep the business up, and not be able to take time off even when you are ill
Money is saved on taxes, and only the Inland Revenue and Customs and Excise need to know how well the business is doing	Unlimited liability: if your business loses a lot of money or becomes in debt you are personally liable, and any of your possessions may be taken
You do not have to share your money with anybody else, and can do whatever you wish with any profits	Nobody to share responsibility with, therefore you need to be knowledgeable in all areas of business
You do not need to publish any information which could be seen by other businesses or the public	If you want any time off the business would have to stop running whilst you are away