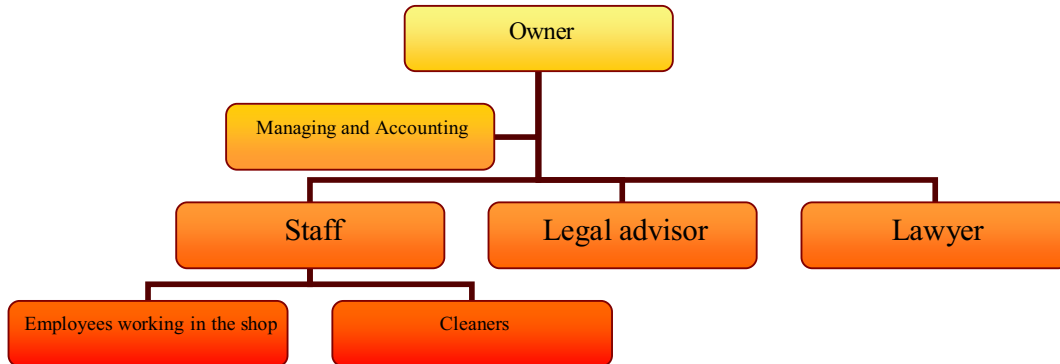
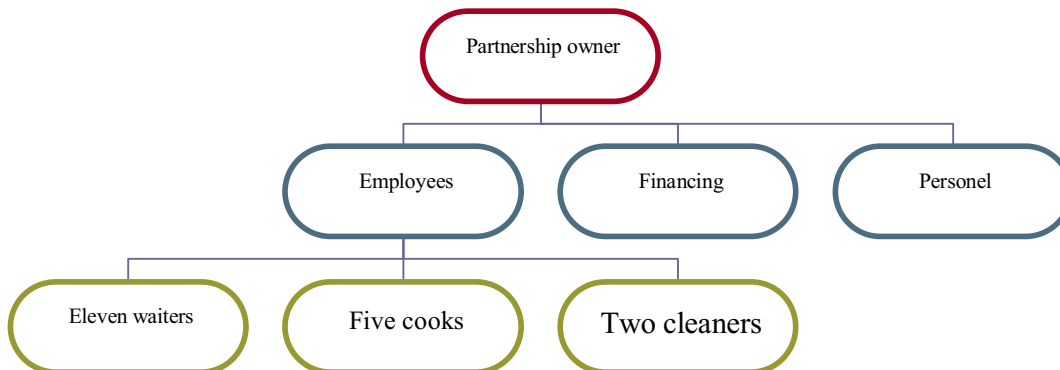


## Investigation of a local business

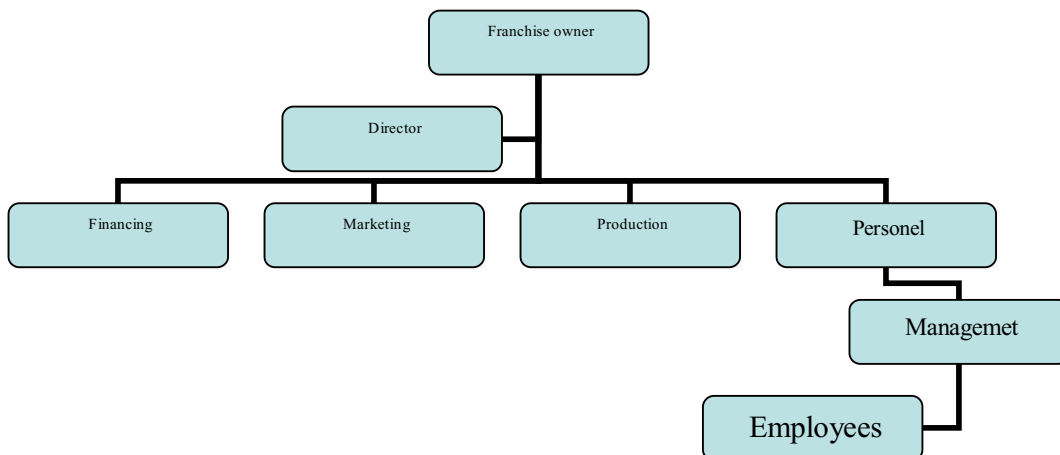
**Sole Trader:** Tourist shop



**Partnership:** Spanish restaurant



**Franchise:** Mc Donald's



## **Introduction**

Normally when a business starts the business is small. This is because the person who starts it hasn't got a lot of finance. A person who starts alone in the business world is called a sole trader. If there are two or more persons involved, e.g. family or friends, then it is called a partnership. These two types of businesses are unlimited liability, because it's not the business that is liable but the owner. This means that, if the business goes bankrupt, the owner's personal assets can be taken away.

## **Methods of research**

An investigation was done on a partnership and a sole trader, which are the most common type of businesses around in southern Spain. The investigation was to find out how these owners run and manage the business. Points were taken of how big the company was by the number of employees working. The way the owner brought in the customers in to the business and made them use/buy the service and what kind of a service the owner would give the customer. Then also made some interesting annotations of some key points which only that type of business would use and how the owner went along with it.

## **Sole trader**

The sole trader investigated was a souvenir shop on the coast near the sea side. This shop was a total of 100m<sup>2</sup>, and sells all type of goods which the customers can take back to their own country for a remembrance. The market of these type of shops was only for tourists, in southern Spain most of the tourists are here in summer vacation, so the owner had to get all his profits in that specific time of year. On that beach line there were about twenty other shops, so competition is big. So each of the shops has to attract the customer eyes, if they don't the business won't work. Each shop had a different way of attracting the customer's attention. Some did this by hanging big signs saying discounts; other shop put the quality goods outside so when the customer walks past it would bring it attention. If the owner of the specific shop saw a tourist looking at a good of his he would directly help them out and be as nice as he could.

The problem of being a sole trader is that everything that happens to the business has to be confirmed by the owner. He's got do calculations and sees how his profits are doing. All the blames and complaints go to the owner. He said there is a lot of responsibility and there is a lot to do if you run the business by yourself. There is no one to help you if you're a sole trader. This sole trader got its own finance by working for some one, and then building it up by him self.

## **Partnership**

This time I went to a bakery, this was owned by a young couple who did not have a lot of experience. This bakery is situated in the middle of a village called Arroyo de la Miel. This bakery isn't that big at all but as soon as I entered it felt very cosy. This is a good point for them because the customer feels at home. This will make the customer return to the same bakery. All the breads were made freshly every morning. As the bakery is new their customer loyalty is still low, however it's getting better. The competition around that area is not that high, however there are bigger bakeries with more selection, but these are very commercial and unfriendly. The couple say being in a partnership is a lot easier because all the work is shared. They also said if there is any problem they can always assist each other. They told me as time goes on they will find another partner who is willing to finance them. They started off by getting a loan and little by little they'll have to pay off. They got the loan at a bank with a good interest rate.

This summer I worked at a partnership, it was a family partnership, it was a family partnership. Husband and wife, they both work and they had about 18 employees

working for them. It was not a big business; however they got a lot a profit out of it. As southern Spain is tourist based on the tourist's economy, these people set up a restaurant, which is only open in summer. Very

**The differences between partnerships and sole proprietors.**

**Sole proprietors**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Has total ownership over the company.</li> <li>• Very easy to set up.</li> <li>• Don't need a lot of finance to get started.</li> <li>• Any profit belongs to the owner.</li> <li>• The owner has total control over the entire business</li> <li>• Working by your self is incredibly motivating.</li> </ul>	<ul style="list-style-type: none"> <li>• The hours are extremely high.</li> <li>• Unlimited liability</li> <li>• Competition is very high.</li> <li>• The owner takes all the risks, so if anything happens the business won't be liable, but the owner will</li> </ul>

**Partnerships**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Are very cheap to set up</li> <li>• Specialisation of partners allow for greater efficiency and therefore cheaper costs</li> <li>• A lot of work can be shared</li> <li>• Very easy to find an investor once the business has started and works well</li> <li>• The decisions are made between two people so the decision is a lot better</li> </ul>	<ul style="list-style-type: none"> <li>• Less control over your business because it's shared.</li> <li>• Decisions may take longer and arguments may arise</li> <li>• Unlimited liability</li> <li>• Maximum 20 partners</li> <li>• Continuity may be broken on the death of a partner</li> </ul>

**Information about Sole Traders and Partnerships**

There are not a lot of differences between these two types of businesses, only the amount of owners and the legal requirements. Being a sole trader is the simplest type of business around and it is very easy to operate. There are very little legal requirements needed and there is not a lot of finance required either. These requirements are: the name of the business has to be registered with the companies House in Cardiff. The finance of the business is not that significant, the owners might have finance of their own or might have asks for a loan from the bank. With a partnership it is a bit more complicated because you need at least two people to operate the business. So the owners share the responsibilities of the business. The maximum of owners the business may have is 20, if it is over this number it will be classed as a different type of business.

Having more than two owner's means that each person can specialise in different areas, so the business can do more than two things at a time.

One document which the Partnership must have is the deed of partnership. This is a document which states:

- The amount of capital contributed to the business.
- Which partner will be liable for the debts?
- Which partner will be active in the running in the business?
- How the profit must be shared.
- How long the partnership will last.

Partnerships must also register in the companies House in Cardiff. This company will decide if your allow to operate in the world of business.