Business Organisation and Growth

Tecsave History

Year	Type of Ownership	No. Of Outlets
1947	Sole Trader	1
1957	Private Limited Co (Ltd)	56
1965	Public Limited Co (plc)	187

What is a Sole Trader?

The sole trader type of business is owned by one person. The sole trader can employ people but these employees are unlikely to be involved in the control, financing or decision-making of the business

This type of organisation has unlimited liability which means that there is no limit to the amount of the business's debts that the owner is responsible for. If the business should fail, the sole trader may have to sell personal possessions – e.g. house and car- to pay off the business's debts.

Advantages:

- It is easy to set up a business as a sole trader as there are no complicated forms or procedures to follow before you can start.
- Sole Traders usually need less capital to start up.
- Sole traders are their own bosses.

Disadvantages:

- Small businesses are seen as more of a risk by financial institutions, so it can sometimes be difficult to raise money to help start a business or to expand it later on.
- Ill-health and holidays may affect the business as there is no one to take over the running.

What is a Private Limited Company?

A private limited company is made up of people who know each other, such as family, friends or work associates. They buy shares in the company and become part owners.

Shares cannot be brought by the public, only by this small group of people -the owners can control who buys their shares. That is why this type of business is called a private limited company. This type of company has limited or Ltd. after it's name to distinguish it from a public limited company. The company can sell shares to gain more capital, but it is limited as shares cannot be sold on the stock market.

The shareholders have limited liability which means that if the company goes bankrupt they can be held responsible only for payments to the value of their shares- they do not run the risk of having to sell t heir personal possessions to pay off debts.

Advantages:

* The company can raise extra capital by selling more shares in the company and thus giving it more of an opportunity to expand.
* The private limited company has its own legal status, separate from the shareholders. This means that, like people, it can sue and be sued and it can own property.

Disadvantages:

* It is more difficult and expensive to set up a limited company than a partnership or sole trader as there is much more administrative work to do.
* The limited company cannot sell its shares on the stock market.

What is a Public Limited Company?

Only two people are needed to set up a public limited company and there is no upper limit. It had plc at the end of its name, which distinguishes it from a pri vate limited company.

Members of the general public, as well as other businesses and financial institutions, can buy shares in a public limited company.

Most Public Limited Companies start out as Private Limited Companies.

Advantages:

* They can advertise and sell their shares to the public and financial institutions.
* Public limited companies can have lots of shares owned by lots of different shareholders.
* The company is run by a board of directors appointed by the shareholders.

Disadvantages:

* Setting up a public limited company is expensive. There is a lot of administrative work involved and at least £50 000 has to be raised before a public limited company can be set up.

Tecsave Supermarkets were started by Robbie Peers in 1947. At first he was a sole trader and only had one shop. Most companies begin as sole traders. A sole trader makes all the decisions in his business and gets all the profits he makes. There are problems to being a sole trader however, you may hit problems because of your own expertise and you must work long hours in order for your business to survive.

Tecsave became a private limited company in 1957 and they opened 55 more shops. This meant that shares in the company could be sold to make extra money for the business. Robbie Peers could then use this money to build new outlets to expand his company even further. Becoming a private limited company gave Tecsave the limited liability it did not have before when Robbie Peers was a sole trader. Limited liability offers security within the business and means that if the company gets in any debt, the shareholders are not at risk and will not have to give up their own possessions to get the company out of trouble.

Later on, in 1985 Tecsave became a Public Limited company with 187 shops in Britain. Becoming a plc. Is a way of raising money as shares in your business can be sold on the stock market to anyone. The money used from selling these shares is useful in a big business in order to expand it and make it even more well known. Tecsave can open even more outlets with the money made selling shares and can also make existing stores even more modern and customer-friendly.

To become the leading supermarket in the country, Tecsave will need to have the most stores open in every town. To do this needs money, which is why it was a good idea for Tecsave to change from being a private limited company to a public limited company.