

Choosing a form of Ownership

Assessment Task

Choosing a suitable form of ownership for your business venture (Individual activity) (LO4 AS3)

The exercises below will help you to choose a suitable form of ownership for your business venture.

1. Describe three strengths and three weaknesses of each member of your venture. State what contribution each member will make. Record your information in table format. Look at the example below (based on S'bu's group who has decided to make candles for the local flea market).

Name of team member	Strengths	Weaknesses	Contribution
S'bu	Have made candles before Have successfully made other products before Father is rich and could help us financially	Plays first team soccer after school every day – little time to contribute Spent pocket money on soccer kit – little money to contribute No transport	Can show other team members how to make candles Will manage production process Can arrange financial support from my dad Will assist Freddy with packaging
Oliver	Have successfully made other products before Live close to rest of group Can work very meticulously	Plays third team soccer after school three days of the week Spent pocket money on soccer kit – can't contribute money No transport	Will be in charge of melting process of wax and pouring into moulds Will ensure safe transfer of moulds to where they will set
Catherine	Have successfully made other products before Good eye for detail Can contribute time Good with maths	Does not like working with my hands Likes to spend money – not a careful shopper Practices flute on Wednesdays	Will do purchases with Freddy (will make sure we do not spend too much money!) Will ensure quality control Will assist with decorations
Freddy	Have successfully made other products before Live close to rest of group Artistic Good with money	Don't have transport in the afternoons – will have to work at school Plays chess on Tuesdays and Fridays Doesn't like shopping	Will decorate candles Will assist with quality control Will do purchases with Catherine Will do packaging with S'bu

Group assessment checklist

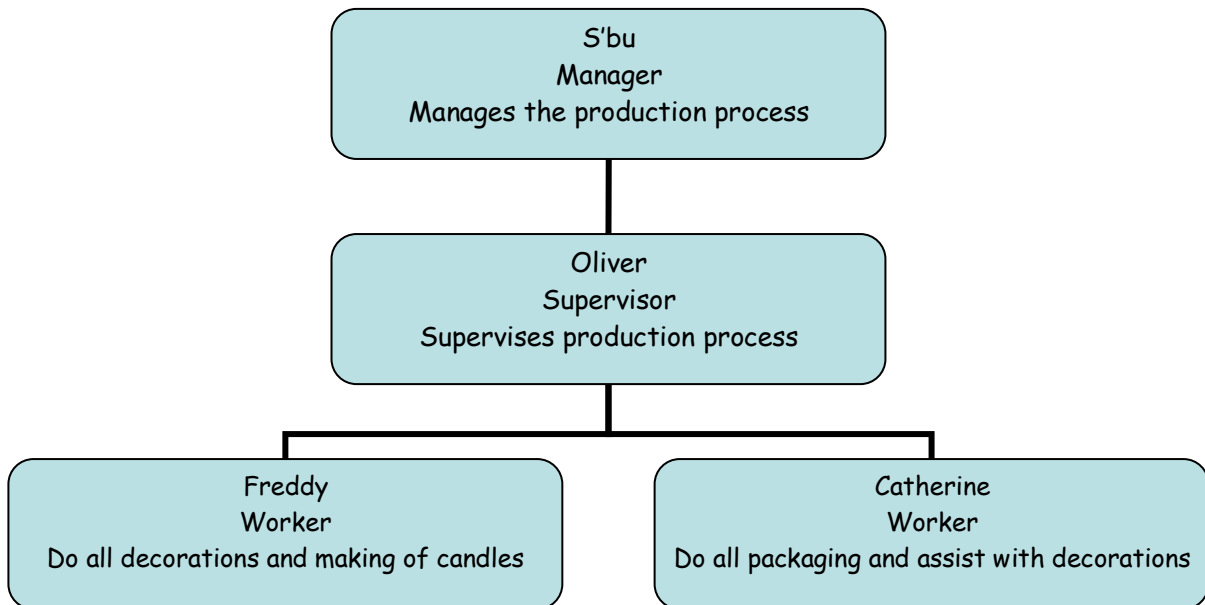
Criteria	Yes	No
Our group filled in our strengths and weaknesses in the table as honestly as possible.		
Our group indicated what contribution each member would make according to their strengths.		
Our group members were considerate towards one another when listing our strengths and weaknesses.		

Our group members appreciate our diversity and the fact that each member can contribute something different to the teamwork.		
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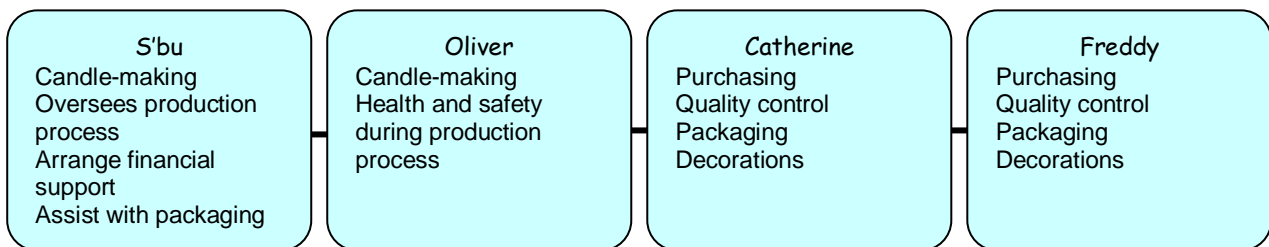
2. Set out the management structure of your business venture.
- Describe how your business will be managed.
 - Draw an organogram (organisation chart) of your business venture. The organogram must show the functions and levels of responsibility of each person. Look at the examples below. Refer at the Teacher assessment rubric to see how you will be assessed.

S'bu's group considered the following structures:

A hierarchical structure:



A flat structure:



Teacher assessment rubric: management structure and organogram

Criteria					Marks
Describe how business will be managed [Marks out of 4]	The learners mentioned four facts when describing how their business will be managed. [4 marks]	The learners mentioned three facts when describing how their business will be managed. [3 marks]	The learners mentioned two facts when describing how their business will be managed. [2 marks]	The learners mentioned one fact when describing how their business will be managed. [1 mark]	
Organogram: Structure Functions Levels Responsibility	The learners compiled an organogram containing all four criteria. [4 marks]	The learners compiled an organogram containing three criteria. [3 marks]	The learners compiled an organogram containing two criteria. [2 marks]	The learners compiled an organogram containing one of the criteria. [1	

[Marks out of 4]				mark]	
Total marks out of 8:					

- Level 4: 6–8 marks (70–100%) – Outstanding
 Level 3: 4–5 marks (50–69%) – Achieved
 Level 2: 3 marks (35–49%) – Partially achieved
 Level 1: 1–2 marks (1–34%) – Not achieved

3. Identify any shortcomings in your business administration structure (management structure and organisation structure) and state how you will overcome these shortcomings. (Tip: You could decide to form a joint venture with members of the community or parents to fill the gaps in your business administration.)

Group assessment checklist

Criteria	Yes	No
Our group identified shortcomings in our business administration structure.		
Our group stated how we would overcome these shortcomings.		
Our group's suggestions for overcoming the shortcomings are practical.		
Our group worked well together to find solutions to our shortcomings.		
Our group members showed sensitivity in handling our shortcomings.		

4. Investigate important features of various forms of business ownership.
- Discuss and explain how your group can operate as a sole trader.
 - Find out whether a partnership needs to be registered. State what the advantages are of choosing a partnership as a form of business. Find out how you should draw up a partnership agreement and what this will cost. Look at partnership agreements.
 - Find out how to register a CC and what the registration costs are. Find out which documents need to be compiled for a CC.

Group assessment checklist

Criteria	Yes	No
Our group discussed and explained how we could operate as a sole trader.		
Our group investigated whether a partnership needs to be registered.		
Our group stated the advantages of registering a partnership and what it would cost.		
Our group investigated how to register a CC and what it would cost.		
Our group found out what documents need to be compiled for a CC.		
Our group appreciate that different forms of ownership should be investigated to make the correct choice.		

5. Investigate the suitability of a private company and a franchise for your business venture.
- Explain why a private company will not be a suitable form of business ownership for your venture at the start-up phase. Give three reasons. [3 marks]
 - Find out what it would cost to buy into an existing franchise. Explain why buying into an existing franchise is not a viable option for your business venture. Explain whether your business venture has the potential of being turned into a franchise venture in future. [3 marks]

6. Choose a suitable form of business ownership for your business venture.
- Make a list of the main features and the advantages and disadvantages you need to consider of the following forms of business ownership:
 - Sole trader
 - Partnership
 - Close corporation

Look at Oliver's answer:

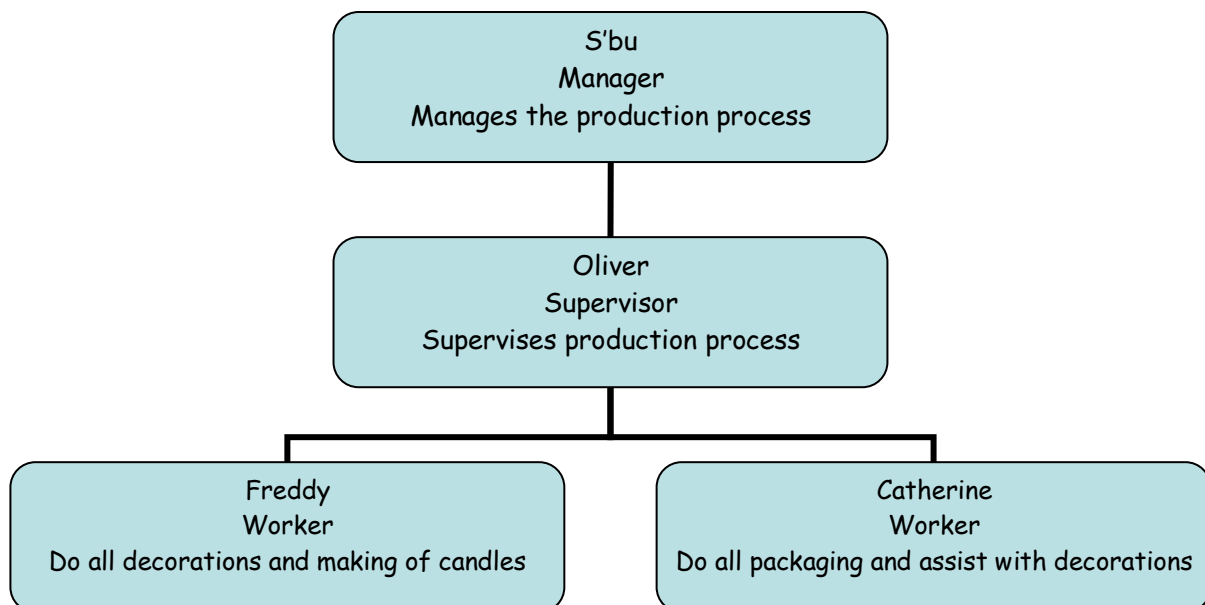
Our group decided to form a partnership

Features of a partnership	Advantages of a partnership	Disadvantages of a partnership
Informal form of business All partners make a contribution to the partnership The business should be run for the joint benefit of all partners The objective of a partnership is to make a profit The contract between the parties should be legal	Between 2 and 20 partners All partners share contribution of time, work and skills to the business Ability to raise funds increases with more partners.	All partners legally liable for assets and debts of a partnership and partners individually Legal agreement has to be entered into between partners Limited life: if one partner dies, the partnership is dissolved. New agreement to be signed every time new partner joins Disagreements can occur because decisions are shared

b) Look at the organogram of your business venture. State which forms of business ownership would be suitable for the way your business is organised. Choose the most suitable form of business ownership. Give reasons for your choice. Look at the examples below. Refer to the Teacher assessment rubric to see how you will be assessed.

Example 1:

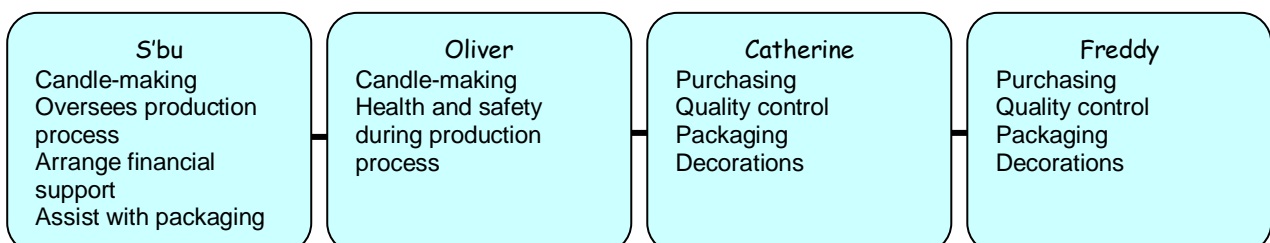
A hierarchical structure:



For a hierarchical structure the sole trader can work well, where the manager is the sole trader and the other people are either employees or freelancers to whom he or she outsources. Another option for a form of business is a close corporation where the manager is the only member of the CC and the other people are employees

Example 2:

A flat structure:



For a flat organisational structure, a partnership could work well because everybody shares the responsibilities and each person contributes a share to the business, either in expertise, skills, time or money. A close corporation is also a good option with each of the people involved being a member of the CC. These members then also contribute their share to the business and share the responsibilities. Our group decided on a partnership for our candle-making business.

Teacher assessment rubric: choosing a form of business

Criteria					Marks
Describing features of form of business [Marks out of 4]	The learners were able to describe at least four features of the form of business they chose. [4 marks]	The learners were able to describe three features of the form of business they chose. [3 marks]	The learners were able to describe two features of the form of business they chose. [2 marks]	The learners were able to describe one feature of the form of business they chose. [1 mark]	
Describing advantages of form of business [Marks out of 4]	The learners were able describe at least four advantages of the form of business they chose. [4 marks]	The learners were able to describe three advantages of the form of business they chose. [3 marks]	The learners were able to describe two advantages of the form of business they chose. [2 marks]	The learners were able to describe one advantages of the form of business they chose. [1 mark]	
Describing disadvantages of form of business [Marks out of 4]	The learners were able describe at least four disadvantages of the form of business they chose. [4 marks]	The learners were able to describe three disadvantages of the form of business they chose. [3 marks]	The learners were able to describe two disadvantages of the form of business they chose. [2 marks]	The learners were able to describe one disadvantages of the form of business they chose. [1 mark]	
Choosing a form of business suitable for organisational structure [Marks out of 4]	The learners chose a form of business that suited their organisational structure and gave sound reasons for their choice. [4 marks]	The learners chose a form of business that suited their organisational structure and gave general reasons for their choice. [3 marks]	The learners chose a form of business that suited their organisational structure without giving reasons. [2 marks]	The learners chose a form of business that did not suit their organisational structure. [1 mark]	
Total marks out of 16:					

Level 4: 12-16 marks (70–100%) – Outstanding

Level 3: 8-11 marks (50–69%) – Achieved

Level 2: 5-7 marks (35–49%) – Partially achieved

Level 1: 1–4 marks (1–34%) – Not achieved