Types of Companies and Companies' Names

Success in enterprise can be judged and measured in a number of ways (steady sales increase, growing market share, build up of customer network, etc.), but the decisive criteria will remain related to the firm's financial performance as indicated by positive financial ratios along with their favourable development in time and in comparison with competitors.

The three major **types of business ownership** are the sole proprietorship, the partnership, and the limited company (corporation). There are also other types of business ownership such as cooperative and the franchise.

Sole proprietorship (Sole Trader) (also called one-man business) is usually a small or medium-sized firm with less than 500 employees, limited capital and output. These firms are quite large in number. They are an important part of economy because they often satisfy consumer requirements for services, handicraft and retail sale in regions where big companies do not operate. This is the easiest way of starting a business. You are self-employed and entirely responsible for all aspects of running your own business. On the other hand, owners are personally responsible for all business debts.

A partnership is a business owned and managed by a small group, often not more than two or three people, who become partners. By written agreement, these partners share the profits or losses and they are responsible for the debts of the partnership. They also have to divide duties and responsibilities according to personal expertise and abilities. Disagreements among partners can often harm partnership business.

A limited company (corporation) is a large entity that is governed not by one person but by a board of directors. They decide policy for the company. By buying shares of stock, people become owners of corporations. They are then known as **shareholders (stockholders)**. This type of company can easily raise capital for business expansion. Most mining, manufacturing, and transporting of goods, supermarkets, department stores, and other businesses are organized as corporations.

Cooperatives are legal entities which can be founded by at least five natural persons or two legal entities for the purpose of carrying out business activities or for satisfying the economic, social or other needs of their members (e.g. housing, farming, producer and customer cooperatives). The number of members is not restricted. The members' meeting appoints the managing board and the audit commission. The registered capital consists of all the membership contributions. Organizational details are embodied in the statutes or articles of association. Cooperatives are characterized by active cooperation of their members, who often work on the basis of an employment contract, and their joint liability.

A **franchise** is a written contract granting permission to sell someone else's product or service in a prescribed manner, over a certain period of time, and in a specified territory. Franchises can be operated as a proprietorship, partnership, or corporation. **A franchisee**, that can be a person or a group of people, receives the franchise from a parent company, **the franchiser**, to sell its products or services. **The franchise agreement** states the duties and rights of both parties. The franchisee agrees to run the business in a certain way. This often includes the

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name of business, the products or services offered the design and colour of the building, the price of the product or service, and the uniforms of employees. This standardizing means that customers can recognize a business and know what to expect when they buy a product or service from any one of the franchised businesses. The franchiser helps the franchisee get started. Also, the national advertising of the product or service by the parent company serves all the franchises all over the country. For its service, the franchiser collects a percentage of sales or an **agreed-upon fee** from the franchisee each year.

Give your Business a Name. A name is very important. It says something about you and the company you want to build. Good names go a long way to branding the business. This is a marketing strategy that labels the business in a way that will be remembered by the public. Choose the name that is catchy, without complicated words. Keep it simple but unique. "Harold's Fine Furniture" is better than "Wood Creations". Both have potential, but wood creations can be thought up by anyone or everyone. Adding the personal name makes the title more unique.

B. Name the type of organization to which each statement applies.

a) The owner is his or her own boss.
b) The business can sell stock to raise more money.
c) If a profit is made, the owner receives all of it.
d) The registered capital consists of all the membership contributions.
e) Owners agree on how they will divide profits and share losses.
f) Owners allow a board of directors to make decisions about the business.
g) Owners/operators agree to operate the business in a prescribed manner set forth by the parent company.
h) A percentage of sales or a seat fee must be paid annually to a parent company.
i) Owners represent organizations that require personal participation in the management.
j) The numbers of members of this type of business is not restricted.

6 Companies' Names

A. Read the short histories of some famous companies below. Match them with the correct logos and name the companies.

1. Formed in 1924, this company was for decades the most famous Hollywood motion studio, with many of the best and brightest stars in the industry including July Garland, Greta Garbo,