	Sole Trader	**Partnership**	**Private Limited Company**	**Public Limited Company**
Liability	Unlimited (owner is the same as the business in the eyes of the law)	Unlimited	Limited (Owner and business are different legal entities)	Limited
Definition	One person owns the business but can employ workers	Between 2-20 owners	Company with limited liability. Shares can only be purchased by invitation. (family and friends)	Company with limited liability. Shares are sold on the stock market
Advantages	Simple to set up Keep all profit to yourself Be your own boss	More capital when starting up More ideas Able to take holidays Able to be ill	Limited liability Able to get capital from selling shares	Limited liability Able to get lots of capital from selling shares
Disadvantages	Unlimited liability No support if ill Hard to take holidays Not as much capital (money) when starting up	Unlimited liability May be arguments Share the profits	Costs to set up Takes time to set up Have to publish some financial data	Have to be very big to go on stock exchange Risk of stock price going down Could lose control of business if too many shares sold Have to publish all financial data.

	Franchisee (like me)	**Franchisor (e.g. Mcdonalds)**
Franchise definition	When a franchisor gives licence to a franchise to sell product/use brand	
Advantages	• The franchisee is given support by the franchisor. This includes marketing and staff training. So starting a business in this way requires less expertise and is less lonely! • The franchisee may benefit from national advertising and being part of a well-known organisation with an established name, format and product • Less investment is required at the start-up stage since the franchise business idea has already been developed • A franchise allows people to start and run their own business with less risk. The chance of failure among new franchises is lower as their product is a proven success and has a secure place in the market	• Enables much quicker geographical growth for a relatively low investment • Capital investment by franchisees is an important source of money
Disadvantages	• Cost to buy franchise – can be very expensive (hundreds of thousands of pounds). • Have to pay a percentage of your revenue to the business you have bought the franchiser from. • Have to follow the franchise model, so less flexible. You would probably be told what prices to set, what advertising to use and what type of staff to employ.	• Bad franchisees can ruin your brands reputation • You do not get to keep all the profit • Hard to keep control over a rabidly expanding business