Risking the "Owe" So That One Day You Can "Own."

- Take a moment to observe the various objects around you; virtually all of the goods you see are the result of successful *entrepreneurship*.

- **Entrepreneurship** is the willingness/ability to take on financial risk and coordinate the factors of production in order to produce a good or service for a profit.

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- An entrepreneur determines what the market wishes to purchase, hires managers and workers, encourages their efforts, and leads them.
- He does all of this in hopes of materializing profits; unfortunately, statistics show that **over 30% of new businesses fail within their first year.**
- Additionally, **50% are out of business within two years.**

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- Once an entrepreneur has decided to start a new business, one of the most important decisions he must make is to determine which *form of business ownership he will use.*

- Most businesses in the United States fall within three categories:

- **1. Sole proprietorship-** A sole proprietorship is a business that is owned by one person.

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- While sole proprietorships are always owned by one person, many are operated by a number of managers or employees.

- **Sole proprietorships** are the most popular form of business in America today.

- It is estimated that there are over **23 million sole proprietorships** in the United States; that is close to **75% of all businesses.**

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- Some examples of sole proprietorships include- *financial planners, catering companies, housekeepers, freelance writers, photographers, handymen etc.*

- There are many advantages and freedoms enjoyed by sole proprietorships:

- **A) Freedom to enter and exit the market easily.**

- **B) Freedom from outside control.**

- **C) Freedom to retain information.**

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- **D) Freedom from paying excessive taxes.**

- **E) Freedom from being an employee.**

- Of course, there are some disadvantages to owning a business all by yourself; remember that you will carry all of the debt, you need to provide all of the money, you may not have sufficient experience, and that you may not outlive the statistics of failed businesses.

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- The Christian needs to pay careful attention to the Biblical principle of **"counting the cost"** before becoming a sole proprietor.

- Unlike the unsaved man, the child of God has more at stake in a business failure than the loss of dollars and cents; his Christian testimony is on the line.

- **Luke 14:28-29** *"For which of you, intending to build a tower, sitteth not down first, and counteth the cost, whether he have sufficient to finish it? Lest haply, after he hath laid the foundation, and is not able to finish it, all that behold it begin to mock him,*

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- 2. A **partnership** is a business enterprise owned by two or more people.
- The *general partnership* is the least popular form of business ownership, accounting only for less than **10% of all American businesses.**
- The partnership model in business does provide a little more security than a sole proprietorship; the leadership, skills, and talents of the individuals are combined for the benefit if the business.

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- Also, in a partnership, many employees have the incentive of growing in position and eventually becoming a ***partner***.

- With this type of benefit, the partnership has a higher retention rate in qualified and experienced employees.

- Likewise, **because the partnership has a greater number of owners than the proprietorship, a greater quantity of money is available to it.**

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- On the other hand, because there are possibly only two owners in a partnership, the **financial liability** behind this type of business is also a disadvantage; this means that the weight of debt and expenses is still very high.
- Unfortunately, the greatest setback to a partnership's lifespan is possibly **conflict between partners;** the possibility of constant disagreement or inequality leads to a short life for many businesses.

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- Specific rules for business partnerships are not mentioned directly in Scripture, but it does give us some general principles we may use when considering entering a partnership.

- **2 Corinthians 6:14** *"Be ye not unequally yoked together with unbelievers: for what fellowship hath righteousness with unrighteousness? and what communion hath light with darkness?"*

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- According to the Word of God, a born-again believer should not consider entering into a business partnership with an unsaved person; such and association would constitute an "*unequal yoke.*"

- Because "yoking" involves the ability to influence, affect, or control the other person, a Christian should not be "yoked" together with an unbeliever since **their goals are not the same.**

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- Many unsaved individuals have a single-minded goal of increasing profits, whereas the believer's primary goal in a business is to **magnify Jesus Christ with his work.**

- **Proverbs 11:15, Proverbs 17:18,** and **Proverbs 22:26-27** all make reference to the term ***surety.***

- Becoming a **surety** is the Biblical term for becoming a *cosigner* for debts that the other may incur.

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- Proverbs 22:26-27 *"Be not thou one of them that strike hands, or of them that are sureties for debts. If thou hast nothing to pay, why should he take away thy bed from under thee?"*

- In all three passages mentioned about "becoming a surety," the Bible warns against the foolishness of "cosigning" for another **before** determining that he has the ability to pay the debt in full.

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- A different type of partnership exists: a **limited partnership** is one in which there is at least one general partner who has unlimited personal financial liability.
- This partnership also has at least one **limited partner**; this partner invests money into the business and has the right to share profits in the firm, but has no responsibilities in management and makes no decisions for the partnership.
- The limited partner's financial liability is limited only to **his total investment**; the money he could lose is the same amount he has invested.

- **There will be a quiz on "calculating corporate taxes" this Friday, April 10, 2020. This is based on the worksheets; you will be using the tax brackets on worskheet. Please, make sure you review and study for that.**

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- 3. Lastly, a **corporation** is created when a person or group *incorporates*; **incorporation** occurs when the owners legally declare the business to be *separate* from themselves.

- A corporation, therefore, is a separate entity created by the law; the government recognizes the right of the corporation to **buy, sell, enter into contracts, own property, sue, and be sued** just like any legal person.

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- Under the category of corporations, a **private corporation** is one that is owned by private citizens.

- Some examples of private corporations include- IBM, Exxon, Disney, Coca Cola, and General Electric.

- Also, a **public corporation** is owned by the general public and managed by the government.

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- A person becomes an owner of part of a corporation by purchasing its **stock**.

- By definition, a **stock** is "a type of investment that represents an ownership **share** (piece of the company) in a company. Investors buy stocks that they think will go up in value over time."

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- Each stockholder's degree of ownership is determined by the number of shares he owns divided by the total number of shares outstanding.

- Some of the advantages of owning a corporation include -limited **financial liability**, **experienced management, continuous life of the company, and ease in raising capital (money)**

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- The disadvantages of a corporation include- of course **higher taxes, government control, lack of secrecy, and impersonality** (employees become demotivated because the corporation is so big; they feel as though they aren't as important)