Introduction to Business Management

Assessment #1

1. Define the following terms:
    - Sole Proprietorship
        - A sole proprietor is a single person who runs the business, making all of the decisions and is responsible for the product service and delivery.
    - Partnership (General)
        - This is where two or more people have agreed to work together, sharing in the profits and risks of running their company.
    - Corporation
        - This is an entity that is separate from the owners which is able to enter into commercial agreements and pay taxes.
    - Join Venture
        - This is where two or more people or companies contribute goods, services as well as finances for the delivery of a project/ business service. The parties will be contractually bound to deliver this, and there will be an agreement that covers levels of contribution and remuneration on all sides as well as penalties and risks.

2. How a business owner is different from an entrepreneur?
    - A business owner can generally be defined as someone who is running an *established* business. Their day to day activities would primarily be focussed on ensuring the smooth running of the existing business, they generally are not thinking about branching off into different sectors.
    - An entrepreneur can be thought of as someone who is continually in the *act* of establishing their business in what might be considered unknown or possibly challenging markets. They are always looking at how they can grow their business not just maintain. They are thinking of ways in which to generate more cash flow so that they can venture out into different areas that may or may not be related to their core business.
3. What are the different organisational structure options available for a small business?
    - Flat – where everyone has access to the owner
    - Pyramid (hierarchical) - layers of managers with delegated responsibilities and reporting lines.
        - As the company grows this pyramid structure can be arranged by geography, division or matrix
4. What is a role of stakeholders in a business?
    - *Please note that "stakeholders" were not expressly covered in the Unit 1 notes, I'm assuming that the question is intended to address the role of "shareholders" instead.*
    - Shareholders within a business have the opportunity to vote on decisions taken by the company.
    - A stakeholder can be a shareholder, or they can be someone who is a creditor of the company, or someone employed by the company. Their interests are tied up in the companies performance.

5. Discuss in detail the role of CEO in a business?
    - A CEO firstly needs to be very knowledgeable about every aspect of their business, it's administration and how to lead and manage it.
    - Their role is governed by the board of directors, and the Chairman of the boards also governs the CEO.
    - The CEO can often recommend board members, however it is often discouraged to have the CEO and Chairman of the board roles occupied by the same person.