

Business Quick Tips & FAQ Sheet

Types of Businesses Structure

1. **Sole Proprietorship:** A business owned by only one person who operates independently and takes full responsibility; though easy to start and with limited regulations to jump through, sole proprietorships are taxed through personal income and assume unrestricted personal liability for the business.
2. **Partnership:** A joint ownership between two or more entities (individuals, government organizations, or businesses), who share profits and liabilities equally in most cases
3. **Limited Liability Company (LLC):** A structure that combines the elements of a sole proprietorship or partnership with that of a corporation; essentially, LLC owners do not have personal responsibility for any liabilities that the company incurs. Rules for LLC's can vary depending on the state in which they are formed.
4. **Corporation:** Often referred to as a "legal person," corporations are independent entities that are separate from their owners; they operate like a sentient partnership and can pay their own taxes. There are a few subtypes based on legal requirements:
 - 4.1. **C Corp:** Both the corporation and its shareholders/owners are taxed separately (Most common, must register with the SEC)
 - 4.2. **S Corp:** Can pass on income to shareholders directly without being subject to double taxation. (Requirements - single stock class, less than 100 shareholders)
 - 4.3. **B Corp:** A third-party certification process, B Corporations must meet a specific standard of "verified performance, legal accountability, and public transparency." For more information, visit: <https://bcorporation.net/>
 - 4.4. **Close Corporation (or "Privately Held Company"):** Corporation where shareholders are minimal and directly involved with the business; company is not publicly traded
 - 4.5. **Nonprofit Corporation:** Do not earn profit for their owners, and are typically tax exempt
 - 4.6. **Cooperative:** A unique type of corporation that gives full ownership control of the entity to employees. Can be for-profit or nonprofit.

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Departments within a Business (“Functional Areas” of a Business)

There are four most basic elements of a business structure; these departments can be all housed under a single person, found in organizations like a home business, or consist of a large number of staff, typically seen in a corporate setting.

1. **Administration/Operations:** The leadership and management structure of an organization that controls, directs, and influences business operations.
2. **Human Resources (“HR”):** Conducts, regulates, and provides support for the employees in a company.
3. **Marketing:** Department and staff that handle advertising, promoting, and exposure for the business’s product and or service.
4. **Finance:** Responsible for recording, organizing, interpreting, and budgeting matters related to business finance such as profit, loss, and federal tax regulations.

Terms and Jargon

If you have not noticed by now, yes, the world of business is filled with an entire language all its own, from phases to names to acronyms. This list will introduce you to some of the more common ones:

Acronyms

SWOT: Strengths, weaknesses, opportunities, threats

PR: Public relations

DOE: Depending on experience

MTD: Month to date

FTE: Full-time employee

B2B/B2C: Business to business/Business to consumer

AIDA: Attention, interest, desire, action

IPO: Initial public offering

SMART: Specific, measurable, attainable, realistic, time-bound

KPI: Key performance indicator

ROI/ROE/ROA: Return on investment/equity/assets

CSR: Corporate social responsibility

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Terms

Assets: Any resource owned by a business with economic value, such as cash, property, product, etc.

Revenue: Another term for sales profit; income generated by the business from its operations

Liabilities: Anything that a company owes, such as expenses, loans, or mortgages

Accounts Payable/Receivable: The individual or company in which to pay liabilities or expenses /
The individual or company in which to receive assets or revenue

Equity: The value of a business remaining after all liabilities are paid off and assets are liquidated

Net Profit/Loss: The remaining profit or loss after total expenses are deducted from total revenue

Return on Investment (ROI): Used to measure the productivity of an investment, expressed in a percentage

Stakeholder: Any party that has a personal interest in a business and its success/performance

Shareholder: An individual or entity who holds a part of a company/business's stock.

Sources:

<https://www.sba.gov/business-guide/launch-your-business/choose-business-structure>

<https://www.bbc.co.uk/bitesize/guides/zpww3k7/revision/2>

<https://smallbusiness.chron.com/departments-needed-run-business-23223.html>

<https://www.investopedia.com/>

In-depth information for further reading:

<https://www.microsoft.com/en-us/microsoft-365/business-insights-ideas/resources/basic-business-terms>

<https://www.grammarly.com/blog/business-jargon-phrases/>

<https://www.themuse.com/advice/your-ultimate-cheat-sheet-to-deciphering-the-123-most-common-business-acronyms>

Just for fun:

<https://www.straightnorth.com/sites/default/files/150-business-jargon-fixes.pdf>

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