Lesson D2–2

Using Sole Proprietorships

Unit D. Basic Agribusiness Principles and Skills

Problem Area 2. Understanding Business Management and Structures

Lesson 2. Using Sole Proprietorships

New Mexico Content Standard:

Pathway Strand:  Agribusiness Systems

Standard:  I: Employ leadership skills to accomplish goals and objectives in an AFNR business environment.

Benchmark:  I-C: Apply management skills to accomplish general business activities from production to public relations.

Performance Standard:  1. Identify management types.  2. Identify organizational structures.  3. Identify time management techniques.  4. Make business agreements.  5. Follow local, state, and federal regulations and appreciate the consequences of not following them.  6. Recruit, train and evaluate human resources.  7. Make business presentation.

Student Learning Objectives. Instruction in this lesson should result in students achieving the following objectives:

1. Understand the sole proprietorship arrangement.
2. Understand the advantages of a sole proprietorship.
3. Understand the disadvantages of a sole proprietorship.
**List of Resources.** The following resources may be useful in teaching this lesson:

**Recommended Resources.** One of the following resources should be selected to accompany the lesson:


**List of Equipment, Tools, Supplies, and Facilities**

- Writing surface
- Overhead projector
- Transparencies from attached masters
- Copies of student lab sheet

**Terms.** The following term is presented in this lesson (shown in bold italics):

- Sole proprietorship

**Interest Approach.** Use an interest approach that will prepare the students for the lesson. Teachers often develop approaches for their unique class and student situations. A possible approach is included here.

*Ask students how many of them would like to run their own business and why. Relate to them that this lesson will focus on owning your own business.*

**Summary of Content and Teaching Strategies**

**Objective 1:** Understand the sole proprietorship arrangement.

**Anticipated Problem:** What is a sole proprietorship?

1. A *sole proprietorship* is a business with a single owner/operator.
   - A. It is the simplest form of business organization.
   - B. Only one person makes the decisions.
   - C. The proprietor provides all the start-up costs.
   - D. The proprietor is personally responsible for business debts.
Objective 2: Understand the advantages of a sole proprietorship.

Anticipated Problem: What are the advantages of a sole proprietorship?

II. The sole proprietorship offers numerous advantages.
   A. Sole proprietors are their own bosses.
   B. The proprietor owns the assets and runs the business.
   C. The proprietor receives all profits.
   D. Business expansion decisions are easy to accomplish.
   E. The proprietor can make quick decisions or change business direction faster.
   F. There is strong incentive by the owner to work hard.

Objective 3: Understand the disadvantages of a sole proprietorship.

Anticipated Problem: What are the disadvantages of a sole proprietorship?

III. There are numerous disadvantages of a sole proprietorship.
   A. It may be difficult to raise enough capital to begin business.
   B. All assets, business and personal, may be used to meet debts.
   C. The proprietor is responsible for the entire business.
   D. An injury could cause a stop in the business.

Review/Summary. Focus the review and summary of the lesson around the student learning objectives. Call on students to explain the content associated with each objective.

Application. Application can involve one or more of the following student activities using attached lab sheets:

LS: D2–2A – Sole Proprietorships in the Community

New Mexico AgriScience Lesson Plan Library
**Evaluation.** Evaluation should focus on student achievement of the objectives for the lesson. Various techniques can be used, such as student performance on the application activities. A sample written test is attached.

**Answers to Sample Test:**

**Part One: Completion**

1. sole proprietor
2. decisions
3. initial
4. profit

**Part Two: Short Answer**

1. Refer to Objectives 2 and 3 to score this question.
Lesson D2–2: Using Sole Proprietorships

Part One: Completion

Instructions. Provide the word or words to complete the following statements.

1. A __________ ___________________ has a single owner.
2. Only one person makes all the _________________ in the business.
3. A proprietor must pay all the ________________ costs.
4. Proprietors receive all the ______________ from the business.

Part Three: Short Answer

Instructions. Provide information to answer the following questions.

1. Discuss the advantages and disadvantages of a sole proprietorship.
Characteristics of Sole Proprietorships

• It is the simplest form of business organization.

• Only one person makes the decisions.

• Proprietor provides all the start-up costs.

• Proprietor is personally responsible for business debts.
Advantages of a Sole Proprietorship

- You are your own boss.
- Proprietor owns the assets and runs the business.
- Proprietor receives all profits.
- Business expansion decisions are easy to accomplish.
- The proprietor can make quick decisions or change business direction faster.
- Strong incentive by the owner to work hard.
Disadvantages of a Sole Proprietorship

- May be difficult to raise enough capital to begin business.
- All assets, business and personal, may be used to meet debts.
- The proprietor is responsible for the entire business.
- An injury to the proprietor could cause a stop in the business.
Lab Sheet

Sole Proprietorships in the Community

Purpose:
1. Increase awareness of agricultural entrepreneurs in the community.

Procedure:
1. Use a telephone book to list as many agricultural sole proprietorships as you can in your community.

<table>
<thead>
<tr>
<th>Name of Business</th>
<th>Telephone Number</th>
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