

Name \_\_\_\_\_

## The One-Person Show: Understanding Sole Proprietorships

### Short Answer Key

1. It means that in a sole proprietorship, there is no legal distinction between the business and its owner. They are considered one and the same.
2. Advantage: Full control over decisions. Disadvantage: Limited access to capital.
3. It might be challenging because lenders and investors often prefer businesses with multiple owners, as they may perceive such businesses as having lower risk.
4. A sole proprietor faces the risk of unlimited personal liability, meaning their personal assets, such as their home or car, could be at risk if the business faces debts or legal issues.
5. When deciding on a sole proprietorship, one should consider factors like their desire for full control, simplicity, tolerance for financial risk, access to capital, and growth ambitions.

