Teacher Answer Key

Case Study

1. Running the business by herself capped how far she could grow it. She brought Alex in so they could split production and marketing.

2. Incorporating let them raise money from investors to open more locations. It also shielded their personal assets from the business's debts.

Multiple Choice

1. B

2. D

3. B

Matching

1-E, 2-D, 3-B, 4-C, 5-A

Fill-in-the-Blank

1) Sole proprietorship, 2) Partnership, 3) Corporation

Short Answer (Sample Responses)

Q1: Limited liability ensures that shareholders are only responsible for the amount they invest and protects their personal assets.

Q2: Partnerships allow for shared financial resources and complementary skills among owners.

Q3: A sole proprietorship is simpler to establish and manage, making it more appealing for small businesses with minimal resources.