



## SSFPA WOMEN'S INITIATIVE

Overcoming Business  
Barriers Facing Women  
Food Processors

# Structuring Your Business

# What is a Business Structure?

A business structure is a category of organization that is legally recognized in a given jurisdiction and characterized by the legal definition of that particular category.

What business structure you choose can depend on what type of person you are; personalities can make or break a group, and now researchers may know why. It all comes down to three personalities:

- **Cooperators** are the first to step up to the plate. They give to the group almost immediately, even if it's not certain that their efforts will be rewarded.
- **Free Riders** are at the other end of the spectrum. They chip in far less than anyone else, coasting on the contributions of others.
- **Reciprocators** split the difference. They take a "wait and see" approach, hanging back until it's clear that they'll serve their own best interest by helping out the team.

# There are 7 main types of business structure

Sole Proprietorship

Co-operative

Partnership

Non-Profit

Corporation

Social Enterprise

Beneficial Corporation

# Sole Proprietorship

A sole proprietorship is an unincorporated business owned by a single individual. Freelancers and many other self-employed people are, in legal terms, operating a sole proprietor business.

## Benefits

- You have all the control
- For those who do not like to fill in papers, you don't need to...just separately deal with business revenue and costs in your personal income tax

## Challenges

- You have all the problems and challenges
- You miss out on tax savings
- You miss out on the advantages of incorporated businesses

# Partnership

Partnerships can either be formal or informal

## Benefits

- You have support of your partner(s) reducing your own responsibilities
- Your partner(s) will bring skills and may have access to finance as well

## Challenges

- Some partners may not want formal agreements due to your 'friendship' but reduce problems in the future by creating agreements and policies together.

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# Corporation

A corporation is an organization that is owned by its stockholders. The corporation is considered an independent legal entity and, as such, is responsible for its actions and debts.

## Benefits

- Incorporation shows yours is a credible and serious business
- Tax benefits as businesses are taxed at a lesser rate
- Many opportunities for incorporated businesses are not available otherwise

## Challenges

- You will need to pay a fee for incorporation and ensure you understand the paperwork and your reporting obligations

# Co-operative

A co-operative an enterprise that is a business and an association of people. Co-operatives are based on the values of:

- self-help
- self-responsibility
- democracy
- equality
- equity
- Solidarity

In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

## Benefits

- A group of people (3 or more) brings 3 x the skills, effort, and learning to the table
- Funders always are more comfortable with a team rather than just an individual
- The Co-op movement provides training, some grants and access to finance and some access to tax credit programs for investments

## Challenges

- Everyone involved has to Learn to Co-operate! Not necessarily easy
- Everyone has to learn how to make decisions through a consensus process
- As another type of Corporation, proper record keeping and reporting is needed

# Non-Profit

A benefit corporation (B corp) is an organization that commits to the triple-bottom line -- includes social and environmental results as well as financial results. A B Corp seeks to identify social missions and demonstrate corporate sustainability efforts; in return, the organization may be eligible for certain types of legal protection, tax benefits and favoured investment opportunities. B Corps need to go through an assessment process—best when you have scaled your business.

## Benefits

- You have all the control
- For those who do not like to fill in papers, you don't need to...just separately deal with business revenue and costs in your personal income tax

## Challenges

- You have all the problems and challenges
- You miss out on tax savings
- You miss out on the advantages of incorporated businesses



# Social Enterprise

A Social Enterprise is a business that has social, environmental as well as economic goals. Not-for-profit organizations and Charitable organizations can operate a social enterprise or can 'own' a subsidiary social enterprise. A business that adheres to and can 'prove' clear social, environmental as well as financial goals can also claim social enterprise status.

## Benefits

- The businesses values are up front
- Businesses that take a strong value stand, can benefit from social enterprise grants and other specialty funding

## Challenges

- If you claim a value, you must be able to PROVE it...so this requires an integrated data management system which has costs and management requirements

# Beneficial Corporation

Benefits	Challenges
<ul style="list-style-type: none"><li>• You have all the control</li><li>• For those who do not like to fill in papers, you don't need to...just separately deal with business revenue and costs in your personal income tax</li></ul>	<ul style="list-style-type: none"><li>• You have all the problems and challenges</li><li>• You miss out on tax savings</li><li>• You miss out on the advantages of incorporated businesses</li></ul>