

BUSINESS LAW II
Extra Credit

1. Bob has \$100,000 to make his dream of business ownership a reality. He wants to get started right away but is not certain how best to proceed. Due to his hectic work and family life, Bob has no interest in being bogged down with the day to day concerns of a business. He just wants to make money. Bob has come to you for advice.

Provide Bob with two options to become a business owner which suit his particular circumstances. Explain in detail the process for each; the advantages and disadvantages of each; and every other important element of each which Bob needs to consider to make a decision.

2. Betty is a hair stylist. She has a full book of clients and has maximized her earning potential from styling hair. So, she looked for other sources of revenue. She rented a large space in a strip mall and created twenty mini salons. Betty named her new business “Salon Plaza.” She moved her business into one of the units and rented out the other 19 to independent stylists. It has turned out to be an efficient and profitable arrangement. Betty maintains the property, provides a laundry room, kitchen and waiting rooms. She also pays all the utilities, pays for a receptionist and handles all other aspects of the business. In return, the independent stylists pay her rent and abide by the company policies. It’s a win-win. Betty believes that she has a model that could be duplicated in every community. Unfortunately, she is so busy with her salon and running Salon Plaza, she doesn’t have the time to expand. She has come to you for advice on how to make her dreams of expansion come true.

Explain how Betty can expand Salon Plaza. Detail each element that she should consider, including the advantages and disadvantages of doing so.