



Virginia Cooperative Extension

Virginia Tech • Virginia State University

Graduate Extension Scholars Program

Understanding Business Structures, Markets, and Risk Management Strategies Handout 1.1 _____ Publication ALCE-177-A

Pretest

Name: _____

Please give a short answer to each of the following questions.

1. List and describe the five business structures.
2. How is an LLC different from a partnership?
3. What are the three types of partnerships?
4. What are the advantages and disadvantages of a sole proprietorship?
5. What are the advantages and disadvantages of a partnership?
6. What are the advantages and disadvantages of an LLC?
7. What are the advantages and disadvantages of a cooperative?

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Pretest (cont.)

8. What are the advantages and disadvantages of a corporation?

9. What do the phrases “going short” and “going long” in the futures market refer to?

10. If you are a seller of cattle, what could you do with the futures market to manage risk?

11. Give an example of a good or service that could be sold at a cooperative.

12. What are three factors that influence the business structure a company chooses?

13. You grow corn in Virginia and sell it to a local grain elevator that usually sells this corn to Murphy Brown for pig feed. What are three tools you could use to determine when to sell your corn and get the best price?

14. Margie would like to start a business where she sells yarn. She would like to start by selling the yarn in her county and does not plan on selling in other states. She was planning on buying the wool from Tom, a sheep farmer, but he is also willing to go into business with her. Her son, Jack, has also offered to use his truck to pick up the wool and haul her yarn to the farmers market for a fee or a stake in her company. Wool and fuel prices have been going up, so Margie thinks there could be some benefits from not having to buy these inputs, but Tom can be stubborn, and Jack is thinking about starting a statewide hauling business. How should Margie form her business? Should Tom, Jack, and Margie all go into business together? What recommendations do you have for Margie as far as managing her business and minimizing her risk?