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MARKETING STRATEGY OF BIG CORPORATIONS

Although the word corporation makes people think of big businesses like General Motors, IBM, Ford and so on, it is not necessary to be big in order to incorporate (start a corporation). Incorporating may be beneficial for small businesses too.

The purpose of forming a corporation is to get away from the disadvantages of sole proprietorships and partnerships. One of the more worrisome aspects of owning your own business or having a partner is the fear of losing everything you own, if someone sues the business or the business loses a lot of money. A corporation is a state-chartered legal entity with authority to act and have liability separate from its owners. What this means for the corporation's owners (stockholders) is that they are not liable for the debts or any other problems of the corporation beyond the money they invest. Owners no longer must worry about losing their house, car, and other property because of some business problem – a very significant benefit. A corporation not only limits the liability of owners, it enables many people to share in the ownership (and profits) of a business without working there or having other commitments to it. The concept of incorporation is not too difficult, even though the procedures for incorporating are often rather complex. For business to grow, prosper and create abundance, many people would have to be willing to invest their money in business. The way to solve this problem was to create an artificial being, an entity that existed only in the eyes of the law. That artificial being is called a corporation. It is nothing more than a technique for involving people in business at a minimal risk. The advantages of such an entity are: more money for investment, limited liability, size, tax advantages, perpetual life, easy of ownership change, and separation of the ownership from management.

To raise money, a corporation sells ownership (stock) to anyone who is interested. This means that millions of people can own part of major companies like IBM, Xerox, and General Motors. So, a major advantage of corporations is their ability to raise large amounts of money.

A major advantage of corporations is the limited liability of owners. Corporations in England and Canada have the letters "Ltd." after their name, as in British Motors, Ltd. The Ltd. stands for limited liability and is probably the most significant advantage of corporations. Limited liability means that the owners of a business are responsible for losses only up to the amount they invest.

The word “size” summarizes many of the advantages of corporations. Corporations that have large amounts of money can build large, modern factories

with the latest equipment. They can also hire experts or specialists in all areas of operation. Furthermore, they can buy other corporations in other fields to diversify their risk. A major advantage of corporations is that they have the size and resources to take advantage of opportunities anywhere in the world.

Once a person, partnership, or individuals have incorporated, they often receive significant tax advantages. They can deduct expenses for automobiles, meals, trips, and much more from their taxes. They can reinvest profits into the corporation to postpone paying taxes, and more. One of the most important tax advantages is tax-free fringe benefits, such as retirement funds.

As for the perpetual life, because corporations are separate from those who own them, the death of one or more owners does not terminate the corporation.

It is easy to change the owners of a corporation. All that is necessary to do is to sell stock to someone else. This means that new owners can be brought in easily as well.

Corporations are able to raise money from many different investors without getting them involved in management, so the owners/shareholders are separate from the managers and employers. The owners elect a board of directors. The directors select the officers. They, in turn, hire managers and employees. Thus, the owners have some say in who runs the corporation, but no control.