

Emily's Salon



TASK A: Emily leaves school and opens a hairdressing salon on London Road. She is a sole trader and currently has no employees. She works long hours and has to do all the tasks herself. She has always dreamed of owning a big white boat.

1. Think of a name for the Salon and consider what licences or registration procedures she will need to obtain before opening the doors.
2. Write a list six tasks Emily will have to carry out. (think sole trader, not hair dresser)!
3. What are the disadvantages of Emily being a sole trader?

TASK B: A year later, the salon is hugely popular. They have a large number of regular customers who are loyal to *the Salon*. Emily sets the corporate objective of growth. She writes a business plan, and secures a long term source of finance. She buys a new, larger shop, employs a professional manager, Makham. Six stylists are hired to work directly under Makham. A trainee hairdresser, Prim, is taken on and reports directly to one of the stylists, Zohar. A team of 4 customer assistants are also hired to make drinks, take bookings, and clean the salon, one of these, Grant is the team leader, he manages the other 3, (this includes Jolene), Grant reports directly to the shop manager. Finally Penny is hired to run a beauty parlour within the salon. She is responsible for a team of 4 workers. This leaves Emily free to deal with the accounts and advertising. Penny's manager is Makham.

1. Although Emily is still operating as a sole trader she is thinking of asking Makham to form a 70/30% partnership.
 - a) What are some of the advantages /disadvantages that Emily and Makham will face?
 - b) Will the name you gave the salon have to change if a partnership is decided upon? What would be a suitable name for the partnership that requires little or no paperwork?
 - c) How can Emily as the partner with the larger share (70%) ensure that she will not be left with all the business debts ?