

# Darlings chocolate

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Why do you think Colonel Darling chose sole trader as a form of business organization and when and why might his company have become a partnership. Joshua Darling was a retired army colonel, who returned after the army to Liverpool, where he was born, opened a chocolate factory and set up his own business as a sole trader in July 1933. Why did Colonel Darling choose a sole proprietorship as a form of business organization? First of all, a sole proprietorship was suitable for his nature as he could be his own boss, lead and motivate people, make independent decisions and be entirely responsible for all aspects of the management of his business.

Secondly, after returning from the army to Liverpool, he didn't have any person to trust in and to help. Thirdly, a sole proprietorship can be set up with little or no money in the business and there are no legal formalities to establish the company. Besides, a sole proprietor is not subject to public report and the books reflecting the results of his business were private and competitors wouldn't use it to their advantage. The colonel's decision to open the factory came at a time of high unemployment and economic slowdown in Liverpool.

Darling used it to his advantage. There was no difficulty in hiring suitable workers, so he could economize by paying low wages. Also there was no difficulty for Darling to enter the market. Sales figures showed that his chocolate was the country's number one choice and almost half the company's production of the brand was exported. Why was Darling so successful with his chocolate business? The chocolates were of the highest quality and contained only the finest ingredients.

And the reason why Darling decided to start a chocolate factory is that he was unsatisfied with the quality of it. That is why, when his wife came out with the idea to establish a chocolate factory he took this opportunity. In 1940 Darling changed the form of his business and entered partnership with his son-in-law who had been in the family for 6 years by that moment and was a person to trust in. Besides, he could invest money into the company and contribute new skills and add a new dimension to the business.

Besides, a partnership has many advantages. Firstly, it is easier to multiply sources of capital. Also partnerships often receive favored treatment by the government as well as tax benefits. Secondly, each partner can specialize in each aspect of the business or share the work. To sum up, I can say that in the time of Britain's largest economic stagnation, Colonel Darling managed to set up his own, a profit making business and become successful. When and why might Darlings' have become LTD, when did it go public, what were the reasons for it?

By the time of middle 50-s Darlings' had become a highly profitable company. Everyone in Britain knew the smiling face of Colonel Darling which was on every box. Sales figures showed that they were the country's number one choice. Darlings' chocolates were more popular than those of other manufacturer because of their quality and prices. That is why almost half "The Colonel's Choice" was exported. The company managed to entry international markets, selling products to customers overseas as far as Australia and South America.

As the market was becoming more competitive, Darling started to seek ways to expand and increase the company's profitability and in 1956 decided to

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become the private limited company. It was suitable for Darling as it is usually family business owned by members of the family or close friends. Other advantages were that, first of all, there are no continuity problems. Darling was becoming older and he wanted to be sure that after his death business would be continued by members of his family.

Secondly, it was beneficial for Darling to raise extra capital as there is no limit on the number of shareholders. Thirdly, the shareholders' liability is limited to the nominal value of the shares held. In this way, by buying shares, a large number of people could contribute funds to the company without risking all their personal possession. Besides, control of the business cannot be lost to outsiders and shares can be transferred only with the consent of other members of the company.

In 1963 Colonel Joshua Darling died and his daughter inherited the Colonel's majority shareholding and controlling interest. That time the cost of sugar and cocoa rose significantly, the company's sales started to drop. That is why in 1963 Mrs Windbourne decided to go public. First of all, it is easier to raise capital. Secondly, production costs may be lower as firms may gain economies scale. Thirdly, in case of liquidation of a company, each shareholder only losses the nominal value of his shares, so the property of the owners is immune. Besides, financial institutions are more willing to lend to plcs.