

# [Facebook business structure analysis](https://assignbuster.com/facebook-business-structure-analysis/)

In the business structure, we can define three type of business entity that can be form in the business field, which is, sole proprietorship, partnership and corporation. These three form of business have their own rules and regulation to form in each entity. Each of them, have their liability and obligation that made these particular business can be run effectively and efficient.

## Sole proprietor

For each of the business type that been choose, have their own advantages and disadvantages that need to be considered before forming a new business operation. The simplest and easiest type are sole proprietorship. What is sole proprietorship? It can be define as a business that owns and runs by an individual or person. This business can be operated by your own name, or chosen name of business.

The biggest advantages in operating a sole proprietorship, the administration of sole proprietor is more easier rather than a corporation. Sole proprietor also declared the less formalization procedure and most cheapest type of business operations even can be setup by his own. In term of government taxation, the owner doesn’t have to declare a formal taxation, but can been stated as a personal income tax. Furthermore, the business are 100% own by its owner where you can run the business by yourself and no ones are ordering you what to do and what can’t do in your business.

Disadvantages of sole proprietor, is un limited liabilities where most expenses and debts are liable on their own. Other than that, it is lack of tax flexibility, difficult to raise money, and potential of lack competency of business management of the company. (http://sbinfocanada. about. com/cs/startup/a/formsbusiness. htm)

## Partnership

Partnership can be define as a legal relationship between two or more individual under an agreement to operates a business. There is no requirement to register a partnership with the state but most of partnership are registered under the agreement to clarify their partnership. But partnership needs to sign an agreement to defines their shares in the company and part of their own obligations and responsibilities. There are few types of partnership, which is, General Partnership, Limited Partnership and Limited Liability Partnership. (http://biztaxlaw. about. com/od/glossaryp/g/partnership. htm)

General partnership can be defined as a business form between general partners. Means that, each partners are liable for day-to-day operations and each of them are responsible for each partners actions and obligation. In contrast of general partners is a limited partners. Limited partners can be defines as a partner that have a shares in the partnership but they not liable for the parts of managing the business. These particular partners are not liable for any expenses in the company, rather than, general partners where they are liable for each liabilities in the company. (http://biztaxlaw. about. com/od/glossaryg/g/generalpartshp. htm )

Limited partnership, is a form of partnership with the existence of both general and limited partners. This form of partnership are popular in between year 1970s and 1980s before a new type of business operations ( limited liability companies ( LLC) ).

Examples: A limited partnership was formed by Carl and Christine. Carl became a general partner, running the business and assuming liability for its operations. Christine became a limited partner; she invested in the partnership but she did not participate in day-to-day operations. Her liability was also limited. (http://biztaxlaw. about. com/od/glossaryl/g/limpartnershp. htm)

Limited liability partnership (LLP) can be seen as a differences between general or limited partnership. These partnership are differ because all partners are protected from a wrongful and negligence of other partners.

The characteristics of LLP are the combinations of partnerships and corporations. As a corporations, all partners have a limited liability, from errors, omissions, negligence, incompetence, or malpractice done by each partners or by employees. Even though, any partners that being caught as involved in wrongful or negligence are consider as personal liable, but other partners are protected from liable for those action. In LLP, all partners have a same and equal general management. Because of LLP is a partnership, the flexibility of management are differ than LLC.

Examples: Three accountants formed an LLP in Ohio. Each shared in the management of the partnership and all were shielded from liability for the acts of the other partners. (http://biztaxlaw. about. com/od/glossaryl/g/limliabpart. htm)

## Corporation

Corporations can be define as a separate legal entity, where it distinct from owner and it have their own rights, duties and privileges as an individuals. These entity can either own a property and borrowing money from other bodies, can be sued or sued other entity or person, or either can entered into a legal binding contracts. It can be a general or limited partner in term of partnership and a corporation can owned their own property from other companies.

In the forming a business entity such a company its required more complicated procedure rather than sole proprietor and partnership. Its involves in preparing an articles of incorporation and a sets of bylaws. Articles of incorporations will shows their name, the life span of business ( which can be forever ), the purpose of the business operation, and the numbers of shares can be issued. These particular information must be known by the state knowledge, as for legal purpose, the company as a “ resident” of the state.

The bylaws rules are disclosing how the companies regulates their own existence. For examples, how the managers are being elected in the company. These laws, might be changed time to time according to stockholders amendment.

In large company, there are two difference group between who own the share (shareholder) and who manage the company (management). In some situation, the shareholders are electing the board of directors, then they are selecting who going to manage the companies. The management is the person who charged to managed the corporation’s affairs in the stockholders interest since the shareholders are controlling the company since they electing the managers.

As a result of differentiations between ownership and management, the corporation has several advantages. Since the ownership can be transferred to others the life span of business therefore are not limited. The corporation can borrow the money from others using their own name, furthermore, the stockholders of the company have a limited liability where they are not liable for the company debts. The most they can be loss is how much they been invest for the company. If the companies required a new equity, they just can sell new shares of stock to attract a new investors. The disadvantages of a corporation is, it required to pay a tax imposed due the states rule and regulation. (Stephen A. Ross. Forms of Business Organization – Corporation. Americas : New York, pp. 44-45)

## Financial and non-financial objectives of the company / corporation

For every form of business have their own objectives and goals planned to be achieve in the period of time for the business. These goal and objectives can be divided into two types of objective, which is, financial and non-financial objectives through daily operations. Companies objective maybe differ from another depends on the company nature of business held for its business operation.

## Financial objectives

Corporate financial planning involved in two different situation, how to make a financial planning of the company and how to setting goals on the company in achieving company financial needs and increased shareholder values. Financial planning is used to plan either company can cover all future financial needs and make sure the company remains profitable in the business fields. Internal and external factors are related to each other in the company. Short term is an easiest things to achieves because it become a crucial in competing with external factors, such as, overall economic conditions.

In economic theory, the top objectives of a business, is to maximize the profits of the company and to increased the value of the shareholders. As a conclusions, each company tried to make a long term plans and strategies to achieve these particular goals. The indications of these plans and strategies, lets say, if investing in these company, shareholders are taking a risk by investing their money and, as a result, the company should exchanges their effort in term of returns from their investment.

For example : Macy’s Inc, a giant U. S. retailer, integrates its financial objectives in the company’s vision and philosophy. The company philosophy is to run a customer-centered business. By so doing, it expands its market share, which in turn is good for profit maximization. The end result is that the company’s shareholders become wealthier. Making shareholders wealthier is one of the company’s objectives. (http://www. ehow. com/list\_6557542\_corporate-financial-objectives. html)

Financial objectives are generally based on the monetary and shareholders goals. For these particular objectives can be divided into three categories, which is, profits maximization, shareholders wealth maximization and stakeholders well-being maximization.

## Profit

Profit can be define as a return or benefits that can be obtain for a business investment. Profits maximization would be the common objective for particular business and it can be predict for a long-term period or in the short coming period for a business operated. Most companies tried to increased their profits by providing a good and quality service to attract most customers or users of the companies products. It can be measured by the time and risk taken of their investment.

Related to the Facebook Co., the company had earning their revenue based on the advertising media, such as, games and social media. As we can see, facebooks provide a lot types of games and entertainment that can attracted the user to enjoy the games provided, such as, Farmville, Mafia Wars, Poker and etc. This can increased the facebook profits value since most users are spending their time to play the game. Other than that, facebook also advertise about other companies products, such as, a website that provides a service in the ‘ sponsored’ column in the home page of user. Each every year, the games provided are getting increased, as the user start to play the games. (http://mildtech. net/search/facebook+net+profit+2010)

## Shareholder

Shareholder can be define as an owner of shares in a company. Shareholder is the person who giving an investment to the company in term of percentage of the profits in the company. Some of the shareholder gets a higher proportion because they invested a lot of shares in the company. Shareholder also are liable to be a Board of Director of company since they gives a lot of commitment to the companies assets.

The assets of the facebook are belong to Mark Zuckerberg the founder of facebook Co. and his employees in the company, which is, 24% ( $ 12 billion ) are belong to Mark’s and 30% ( $ 15 billion ) of it goes to the facebook staffs. Then, followed by, a Russian investment firm ( Digital Sky Technologies ) with a portion of 10% ( $5 billion ) and other investors that invest 9. 7% ( $ 4. 85 billion )from the Facebook. His partner, Dustin Moskovitz and Eduardo Saverin, both are the cofounder of facebook, owns 6% ( $3 billion ) to 5% ( $2. 5 billion ) from the share. Then, Sean Parker an entrepreneur and founder of Napster owns 4% ( $2 billion ) from the share. Most of others investor like Goldman Sachs Client’s and Peter Thiel ( cofounder of PayPal and president of hedge fund Clarlum Capital ) owns 3% ( each invest $1. 5 billion ). Greylock partners, Meritech Capital Ventures and Bono ( through his investment firm Elevation Partners ), each of them owns 1. 5% ( $750 million ) and lastly Goldman Sachs owns 0. 8% ( $400 million ) from the shares. (http://wwwery. com/11247-facebook-shares. html)

## Stakeholder

In general, a corporate stakeholders are those parties that might affect and not affected an actions as a whole. In management views, these parties are person who has related to the business that have a legitimate interest in the project or entity. The concept has been broadened to include everyone with an interest of what a business does. This not only include the vendor, employees and customers of the business, but, even the community members that might affect the local economy and environment. (California Management Review. Spring83, Vol. 25 Issue 3, p88-106)

## Non-financial objective

These particular objectives are associated with few factors, such as, their workers ( management and employees ) and social responsible, provision of certain level of service, obligations toward customers and suppliers, and lastly, the growth, diversification and the leadership style in term of research and development.

## Leadership

Facebook has only been in existence since 2004 and its CEO and co-founder, Mark Zuckerberg, an ordinary people who is just only 26 years old, dropped out from Harvard to pursue his dream of growing his company. The events surrounding Facebook’s founding have already become the common and popular social networking in nowadays usage.

It has been reported that the film will not paint Zuckerberg in the best of light. But if the life of any 18-20 year-old were chronicled, it would likely be full of missteps. Let’s remember that Zuckerberg has also done many things well. To follow are a few leadership nuggets that may get lost amongst the criticism. (http://www. timesonline. co. uk/tol/news/uk/article7127721. ece)

Believe in the vision

In 2006, Yahoo`s company attempted to buy Facebook for $1 billion. Regarding of majority of population of students, yahoo is very interested to buy over the company. Facebook, which allows users to put up profiles of themselves, recently signed an advertising deal with Microsoft. This allows yahoo to be able to beneficial their advertising and commercial to get more exposure towards public awareness. (http://news. bbc. co. uk/2/hi/business/5367120. stm)

At the time, CEO and co-founder Mark Zuckerberg was just only 22 years old, and he rejected the offer. With the volatility in the dot com market, most felthe made a huge mistake. This raise out an issue, Why did he turn the offer down?

When Mark Zuckerberg showed up in Palo Alto three years ago, he had no car, no house, and no job. Today, he’s at the helm of a smokin’-hot social-networking site, Facebook, and turning down billion-dollar offers.

I’m just lucky to be alive.” Mark Zuckerberg, the 22-year-old founder and CEO of social-networking site Facebook, is talking about the time he came face-to-face with the barrel of a gun. It was the spring of 2005, and he was driving from Palo Alto to Berkeley.

Just a few hours earlier, he had signed documents that secured a heady $12. 7 million in venture capital to finance his fledgling business. It was a coming-of-age moment, and he was on his way to celebrate with friends in the East Bay.

Zuckerberg’s life so far is like a movie script. An intelligent kid come from a normal well family, who has the capability to invents a tech phenomenon while attending an Ivy League school. Harvard, one of the fundamental history places where he launches “ facesmash” to rave reviews. He had developed the experimental, rudimentary social networking website. Big shots circle his dorm to make his acquaintance to overcome his boring time, he drops out of college to grow his baby and change the world as we know it now. Just three years in, what started as a networking site for college students has become a go-to tool for 19 million registered users, including employees of government agencies andFortune 500companies. More than half of the users visit every day. When a poorly explained new feature brought howls of protests from users–some 700, 000–the media old and new jumped to cover the backlash. But Facebook emerged stronger than ever.

According to comScore Media Metrix, which tracks Web activity, it is now the sixth most-trafficked site in the United States–1% of all Internet time is spent on Facebook. ComScore also rates it the number-one photo-sharing site on the Web, with 6 million pictures uploaded daily.

There`s many rumour claimed that it is starting to compete withGoogleand other tech titans as a destination for top young engineering talent in Silicon Valley. Debra Aho Williamson, a senior analyst at eMarketer, says it is on track to bring in $100 million in revenue this year–serious money indeed.

TechCrunch posted documents said to be a part of an internal valuation of Facebook byYahoo. The documents projected that Facebook would generate $969 million in revenue, with 48 million users, by 2010. The New York Timesand others reported that Yahoo had made a $1 billion offer to buy Facebook–and Zuckerberg and his partners had turned it down. This followed an earlier rumor of a $750 million offer fromViacom. Yahoo, Viacom, and Facebook would not comment on the deal talk (and they still won’t). But Silicon Valley has been abuzz ever since. (http://www. fastcompany. com/magazine/115/open\_features-hacker-dropout-ceo. html)

## As a top leadership in a company

Like Our CEO, Mark Zuckerberg, he can be a very tough guy. But he has his own spots of thinking and always allows others to approach him with various ideas. On the internationalization project, for example, we met with him to review the user interface before we launched. He looked at it and said: “ That’s reasonable.” We had the freedom to go ahead with what we thought was the best approach. I think his insights have proven generally right. The success of our site speaks for itself.

Execution can trump innovation

MySpace , Shutterflyand instant messaging platforms like AIMandICQall predate Facebook’s founding in 2004. While Facebook didn’t invent the concept of social networking, they were able to aggregate numerous social networking concepts into a simple platform. Facebook’s merging of these technologies has been a huge success — and thenumber of Facebook users has grown exponentiallyas a result. Sometimes, executing on a vision is much more important than being the first.

Facebookis more than 500 million users for nowadays view, making it the biggest information network on the Internet in a meteoric rise that has connected the world into an online statehood of status updates, fan pages and picture exchanges.

In its six-year history, the site has become ritualized in our daily lives. It has even attracted the unwilling who join for fear of being cut out of the social fabric. It has connected old friends and family. It has helped make and break political campaigns and careers. It has turned many of us into daily communicators of one-line missives on the profound and mundane. And it has tested the limits of what we care to share and keep private. (http://voices. washingtonpost. com/posttech/2010/07/facebook\_hits\_500\_million\_user. htm)

## Why is facebook so popular?

Since 2004, Facebook has introduced throughout the world, especially, youngsters are the main factors that contributes significant results to stay in touch with each others.

Nowadays, if you do not have own Facebook account, you are consider as pretty much a social pariah. The usefulness of Facebook is to merge businesses and entrepreneurs in with individuals in something that other social networks like what MySpace did previous years and received unsatisfied result. On Facebook, it has the potential application for commercial and advertisement to capture user`s perception. (http://ezinearticles. com/? Why-is-Facebook-So-Popular?&id= 4130894)

## Diversification

Chamath, Facebook’s vice president of user growth, mobile and international, is getting ready for Mobile World Congress in Barcelona emphasize on, we want as many people as possible to be able to access Facebook all the time, regardless of where they live or what device they carry.

Today, we hit another milestone toward that goal, with more than 100 million people actively using Facebook from their mobile devices every month. This usage happens on almost every carrier in the world and comes less than six months after we announced 65 million people on Facebook Mobile.

Through this growth, the team has continued to try to improve the experience of these mobile products. We work with every major device manufacturer and many operators to ensure that we can provide the best possible mobile experience across the thousands of different devices, mobile operating systems and carriers you rely on.

With every new feature or product we bring to mobile, our goal is to offer the same value and user experience that people know on Facebook. Here are some of the recent mobile products we’ve launched with that goal in mind:

Mobile websites: Our mobile sites m. facebook. com and touch. facebook. com have been redesigned, enabling people to access Facebook from any mobile browser in more than 70 languages. With the explosion of smart phones, we want to make sure people have a great Facebook experience that scales with their device especially as people have begun to upgrade their devices more frequently.

Text messages: More than 80 operators in 32 countries enable millions of people around the world to stay connected and communicate with their friends on Facebook using SMS text messages. Recently we also launched a URL-shortening service called FB. ME that makes it even easier for people to share content. With FB. ME, you can share and access more through services like SMS that limit the number of characters in messages.

Applications: Facebook is already one of the most requested services on mobile, and we work with every major device maker and mobile operating system to bring applications and integrations to all platforms. We’re always improving these applications and have recently released updates for our applications on Android, Blackberry, iPhone, Nokia and Samsung. We also support a broad range of new Facebook experiences on devices from HTC, INQ, LG Electronics, Palm, Sony Ericsson and Microsoft’s Windows Mobile.

No matter which mobile device you own, as long your mobile have the ability to capture internet access, you can always stay connected through Facebook using our mobile applications, sites or SMS. Find the right Facebook Mobile product for you at www. facebook. com/mobile. This system allows more people to have the opportunities to stay in touch or keep up to dates with the new feeds with friends and families.

## Team of management

Regards as Facebook applications, the management team often develop a new way of strategy by strengthen up their service by interact with the customers in an indirect manner. Through Facebook applications, users can have the access and ability to connect both sustain and develop customer relationships.

Branded Facebook application act means engaging customers aware of brand loyalty

Interactive application connects with consumers to interact around, making new friends.

As user, you can aware of various marketing advertisement through the Facebook applications. Provide opportunities of what you seek for.

Generate traffic bycreating awareness among non-users through newsfeeds and updates by existing users.

## Role playing games

“ RPGs” are one way to take customers into an imaginary world and engage them, generating revenue in a new way.

## Trivia Applications

Let users compete for status, leader board rankings or just for fun.

## Gifting Applications

Let users send branded virtual gifts to their friends directly from your Facebook Fan Page.

## Utility Applications

Enable users to perform their daily activities, such as sharing with their friends, using utilities like “ Bumper Sticker” and “ Big Photo.”

## Multimedia Applications

Give users the ability to submit, view and rate user-generated media with the protection of brand-controlled moderation.

(http://www. avenuesocial. com/fb-app. php)

## Is Facebook the only major internet company with a dedicated team focused on growth?

Twitter has an Onboarding team, which has very similar goals to the Growth team at Facebook, just with a different name.

Google has a very professional sales team around the globe. I would certainly say they’re focused on growth.

Overall performance of Facebook,

C: UsersuserDesktop20090201fbdemopie. png C: UsersuserDesktop20090201fbdemogrowth. png

C: UsersuserDesktop20090201fbdemobar. png

Based on the graph and chart above, we can notice the latest demographic data on US Facebook users of February 1, 2009. Before jumping into the details below, here are the highlights.

Facebook reporting nearly 45. 3 million active US users in the last 30 days.

Facebook growing in every age/gender demographic. Fastest growing segment: Women over 55, up 175. 3% in the last 120 days.

Facebook growing faster with women than men in almost every age group. Women comprise 56. 2% of Facebook’s audience, up from 54. 3% late last year. 45% of Facebook’s US audience is now 26 years old or older.

## Facebook US Audience Growth by Age and Gender

Facebook’s US audience has continued to grow in recent months, fueled by expansion primarily in users 26 and older. Facebook has been growing rapidly amongst people over 45 in the US, as the charts show below: over 165% amongst both men and women 45-54 over the last 4 months.

Meanwhile, the fastest growing age group by total users is still 26-34, the number of women over 55 on Facebook grew by an astounding 175. 3% since the end of September. Their male counterparts, however, weren’t able to keep up – growing by only 137. 8%. The number of women over 55 on Facebook almost double the number of men over 55 on Facebook today.

Facebook US Audience by Age and Gender

Overall, women now outnumber men in every age group on Facebook. In total, women now make up about 56. 2% of Facebook’s US audience, up from 54. 3% late last year. Women most outnumber men in the 18-25 and 26-34 age groups, where there are 1. 4 females for every 1 male on Facebook.

Facebook US Audience by Age

Overall, 45% of Facebook’s 45. 3 million active users in the US is now 26 years old or older. Nearly a quarter of all Facebook users are over 35 today – quite a change from Facebook’s roots as a social networking tool for college students just a few years ago.

Teenagers now make up about 12% of the overall Facebook audience. Facebook does not publish any data on users under 13, because the terms of service requires all users be at least 13 years old to join. (http://www. insidefacebook. com/2009/02/02/fastest-growing-demographic-on-facebook-women-over-55/)

## Fulfillment of responsibilities towards customers and suppliers

A friendly user, Steven Grimm claimed that Facebook became his day and day routine, he had quite satisfied with the service he adopted with.

I had worked with Facebook vice president Jeff Rothschild at a different company in the mid-1990s, so when he called me in 2005 and asked me to do some contract work for Facebook, I was intrigued. Once I started, two things really impressed me. First, the brainpower of Facebook employees was very high. It was one of the highest concentrations of smart people that I’d ever seen. Second, the site was growing so fast, and touching so many people, that anything good you did would reach a wide audience just about instantly.

Steven still added in, day to day working with Facebook has its own limit of freedom. Direct management here can be invisible, and not in an opposite bad way. You can always tend to manage the people who need a lot of inspection. But, there`s always engineers that can be left alone, and that’s who we try hard to hire. It’s more of a research-scientist model. The managers’ role is to make sure people can work effectively and show a proper guide to accomplish an objective without being impeded by anything. Facebook lets that happen.

As a top manager, we are also encouraged to work on open-source projects wherever it’s appropriate. All the work I did on men power was contributed back to the public code base, and if we’re working on something brand new that’s a good candidate for opening up, there’s no problem taking the extra time to get it packaged and announced to the world.

## How Facebook satisfied its customers?

Steven stated that, we are not in a situation where we have made promises to external customers, the main objective is we have to go on death marches to get things done on time. It is pretty reasonable here. We are trying to deliver great products to our end users, usually without having told them ahead of time what is coming. So we can adjust completion schedules or even change the specs if it is obvious that’s the right thing to do. We have more flexible time to control.

## Provision of a certain standard or level of service

Steve expresses his feeling say that, I am not the only one that doing the job. Probably a quarter of the engineers have as much experience as I do. Our engineers have all kinds of backgrounds; some are fairly recent graduates while others have been working for 15 years or more. We try hard to keep the environment egalitarian, if you can make a solid technical case for something, you’ll convince your peers, whether you’ve worked at 10 previous jobs or none. (http://www. facebook. com/careers/story. php? story= 2)

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