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Revenue and Profitability Benchmarks for Three Business Legal/Tax Structures

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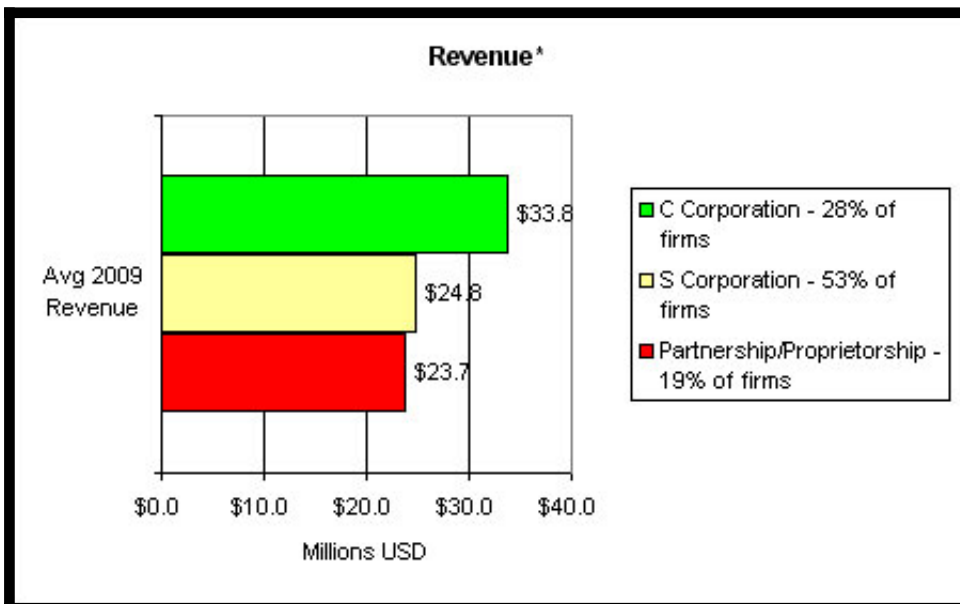


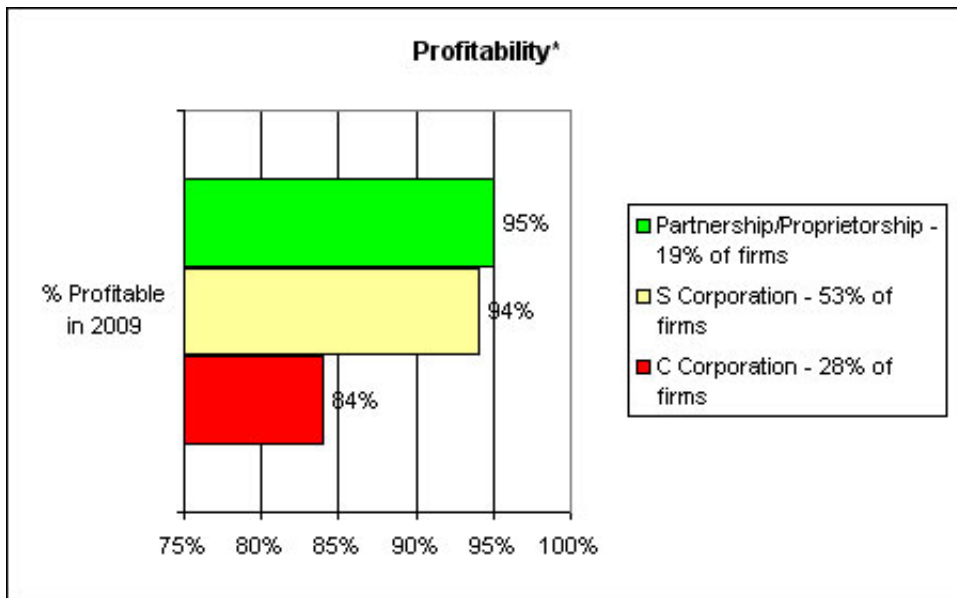
Today I shared with our Twitter followers a how-to series of posts the Young Entrepreneur blog is running on starting a business. One of these posts I found interesting is Adam Toren's piece on choosing a business legal/tax structure. He helps budding entrepreneurs greatly by rating the pros and cons of structures including Sole Proprietorship, Joint Venture, Limited Partnership, Limited Liability Company, and C and S Corporations.

Reading Toren's post inspired me to take a look at the data Winning Workplaces has on the small business applicants for our 2010 Top Small Company Workplaces award, in terms of revenue and profitability for the legal/tax structures we looked at under our criteria of evaluating privately held and not-for-profit organizations. The legal/tax structures of the firms we assessed included:

- C Corporation (roughly 3/10 firms)
- S Corporation (roughly 5/10 firms)
- Partnership/Proprietorship (roughly 2/10 firms)

Here's how they break down by structure for both average 2009 revenue and percentage that were profitable in 2009:





*Assumes the firm has been in business at least 3 years

The key takeaway is that while C Corps edged out the other two structures in revenue, a greater share of Partnership/Proprietorships are profitable.

You may be asking, *What makes this survey sample a good one to use these metrics for benchmarking purposes?* Well, beyond the size of the sample (497 organizations) and the fact that they have all crossed the Dun & Bradstreet threshold of surviving after the first three years, most of these enterprises understand the payoff of employee engagement and team building strategies on the bottom line. So they post better revenue and profitability numbers to shoot for than a survey sample in which employees are more likely to be actively disengaged.

What's your take on the above? How do you see strong people practices factoring into the equation?

View full post on [Winning Workplaces](#)

You can also find this article published on [Revenue and Profitability Benchmarks for Three Business Legal/Tax Structures](#), and on the tag pages [Benchmarks](#), [Business](#), [Legal/Tax](#), [Profitability](#), [Revenue](#), [Structures](#), [Three](#).