



# Business Model Comparisons



MODEL	OWNERSHIP & CONTROL	BENEFITS	CONSIDERATIONS
<b>Cooperative</b> Create wealth, provide services, benefit members	<b>Members:</b> ownership based on holding share of common stock. Financed by sale of shares to members. Limited legal liability. Members democratically set policy and elect board of directors. One member, one vote.	Social business founded to provide services for members and community. Legally considered a corporation. Earnings from business are taxed once.	Profits are allocated to members based on level of use (patronage). Each member has equal voting power. Guided by 7 Cooperative Principles
<b>Sole Proprietor</b> Generate wealth for owner	<b>Individual owner:</b> Financed by owner. Full legal liability. Owner sets policy and manages business.	Simple and inexpensive to start. Owner reports on personal tax return.	Owner personally liable for business debts.
<b>General Partnership</b> Generate wealth for partners	<b>Partner owners:</b> Financed by partners. Full legal liability. Partners vote in proportion to investment. Partners set policy and manage business.	Partners report on personal tax returns.	Partners personally liable for business debts. Profits distributed in proportion to investment.
<b>Corporation (C)</b> Generate wealth for shareholders	<b>Stockholder Ownership:</b> Ownership determined by number of shares held. Financed by sale of stock. One vote per share of common stock. Policy set by Board of directors elected by majority stockholders. One vote per share.	Owners have limited personal liability for business debts. Owners can split corporate profit among owners and corporation, paying lower overall tax rate.	Most expensive to start. Separate taxable entity. Taxed twice, once at the corporate level and then at the individual level.
<b>Nonprofit Corporation</b> Benefit the public	Board Members elected or appointed by founder or members. Board sets policy based on set by-laws and articles of incorporation documents.	Founded around societal interests or causes. Corporation doesn't pay income taxes. Contributions to charitable corporations are tax-deductible.	Cannot return profit to their members. Membership does not grant ownership. Full tax advantage available only to groups organized for charitable, scientific, educational, literary or religious purposes.
<b>Limited Liability Company LLC</b> Generate wealth for owner(s)	One or more partner owners. Financed by partners. Limited legal liability. Partners vote in proportion to investment. Partners set policy and manage business.	Owners have limited personal liability for business debts.	Profit and loss can be allocated differently than ownership interests.
<b>Mutual Benefit Corporation</b> Benefit members	<i>Not actually a "business"</i> Type of nonprofit organization that serves a specific group of members. Examples are social clubs, trade associations or professional orgs. Members do not own it. Can be run by a board.	<b>Members are not owners.</b> Benefits include access to services, discounts or other perks depending on the type and purpose of the organization.	May distribute dividends or benefits based on membership dues or fees. <i>In Montana, mutually benefitted corporations may only distribute dividends during the organization's dissolution, not annually.</i>

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