

InvestWrite Essay

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Public or Private?

One for all or all for one!

I decided that in order to be successful my company will continue to stay private. These are some reasons that support that decision, personal wealth, power and ease of operation.

One of the reasons I chose for my company to stay private is personal wealth. When you are a public company and earn a profit, you must pay a portion of that money to the stockholders or people who invested in your company. If your company is private all your earnings after expenses are yours. A company owner can earn millions of dollars. These can be reinvested into the company easily if major purchases or growth is desired. This would also reduce the amount of income tax the owner would have to pay to the government.

Another important reason to remain private is power. In a private company you and family members are often the CEO (chief executive officer) and CFO (chief financial officer) allowing you to make all the decisions. In public companies the stockholders own part of the company so they must be consulted about major decisions. That is why with public companies 51% of the stocks is sold to prevent one person from owning the controlling majority. Companies traded publicly are always under pressure to perform well and investors look for those dividends in the mail.

A third reason to stay private is ease of operation or not as much time is involved. In publicly owned companies a lot of time is spent in marketing the stock, meeting federal regulations and providing dividend material and reports. Private companies still have time involved but, are only required to report to the FCC (Federal Commerce Commission).

After researching the pros and cons of public verses private companies I have decided to continue to keep my company private. In making that decision I feel confident that my company will succeed. This will be a result of me being in control of the direction my company will take without input from outside forces. Here's to private enterprise!