get a HEAD FOR BUSINESS®

Glossary

Glossary of Terms

Accounts Receivable	Money owed to a business for merchandise and services provided.
Advertising	A paid form of communication sent out by a business about a product or service.
Aptitude	The ability to learn a particular kind of job.
Assets	Everything a business owns, such as equipment, land, buildings, etc.
Balance	The current amount of money one has in a bank account.
Balance Sheet	Financial statement that describes the condition of a business at a particular moment in time. Financial statements describe assets, debts, profits, losses, revenue, expenditures, etc.
Board of Directors	A group of people who meet several times a year to make important decisions affecting a business or company.
Brainstorming	A creative group problem-solving technique that involves generating a large number of fresh ideas.
Brand	A name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers. A legal name for a brand is *trademark.*
Breakeven Point	The volume of sales that must be made to cover all the expenses of a business.
Business Ethics	The application of the principles between right and wrong to issues that come up in the workplace.
Business Plan	A written document that describes all the steps necessary in opening and operating a successful business. Also includes what the business does, who its customer base is, what its financial needs are, what equipment and supplies it needs and who will lead, manage and operate the business and how much profit the business is likely to make.
Cash Flow Statement	An accounting report that describes the cash that flows in and out of a business.

Checking Account	A bank account from which money can be withdrawn by writing a check.
Code of Ethics	The level of ethical behavior demanded by an individual, business or culture.
Collateral	Property that the borrower forfeits if he or she defaults on a loan.
Consensus	An agreement among a group of people.
Contract	A legally binding agreement between two or more persons or parties.
Copyright	The legal right to exclusive publication, production, sale or distribution of a literary or artistic work.
Corporation	A business with legal rights of a person, which may be owned by many people.
Creativity	Human mental phenomena based around the deployment of mental skills and/or conceptual tools that originate and develop innovation.
Culture	A set of customs, beliefs and social attitudes that characterize a particular group of people.
Customer Profile	A description of the characteristics of a person that is likely to purchase a product or service.
Debt Capital	Money loaned to a business with the understanding that the money will be repaid, with interest, in a certain time period.
Delegate	To let other people share workloads and responsibilities.
Demand	An individual's need or desire for a product or service at a given price.
Demographics	Data that describes a group of people in terms of their age, marital status, family size, ethnicity, gender, profession, education and income.
Depreciation	The lowering of the value of an asset to reflect its current worth.
Dividends	Distributions of profits to shareholders by corporations.

E-commerce	Selling products or services over the Internet.
Entrepreneurial Thinking	A way of thinking and acting that is opportunity obsessed, holistic in approach and leadership balanced.
Entrepreneurs	Individuals who own, operate and take the risk of a business venture.
Entrepreneurship	The process whereby an individual or group of individuals uses organized efforts and means to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources are currently controlled.
Ethics	The study of moral choices and values.
Factors of Production	Resources used by businesses including land, labor, capital and entrepreneurship.
Fixed Costs	Costs that must be paid regardless of how much of a good or service is produced. Also called *sunk costs.*
Focus Group	An interview with groups of target customers who provide valuable ideas on products or services.
Franchise	A legal agreement that gives an individual the right to market a company's products or services in a particular area.
Freelancers	People who provide services to businesses on an hourly basis or by the job.
Free Enterprise System	An economic system where businesses are free to compete with others for their own economic gain.
Intellectual Property	Refers to the creations of the mind including inventions, literary and artistic works, symbols, names, images and designs used in commerce.
Interest	An amount that can be earned on money that is invested or paid on money that is borrowed.
Job Description	Written statement listing the duties and responsibilities of a job.
Liability	The amount owed to others.

Life Cycle	The business cycle determined by changes in the type of competition faced by a product. The four stages of a business life cycle are introduction, growth, maturity and decline.
Limited Liability Company	A business structure that is a hybrid of a partnership and a corporation.
Logo	A graphic design that is used as a continuing symbol for a company, organization or brand.
Management	The process of working with others to achieve business goals.
Market Research	A system for collecting, recording and analyzing information about customers, competitors, goods and services.
Market Share	The percentage of a market owned by a business.
Marketing	Everything a business does to come to the marketplace and exchange goods and services for money.
Monopoly	When one company controls all of a market.
Networking	Establishing informal ties with people who can help a business grow.
Net Worth	The difference between what a person owns and what a person owes. Net worth is sometimes referred to as *owner's equity.*
Opportunity Cost	The cost of choosing one opportunity or investment over another.
Partnership	A business owned by two or more people.
Patent	A legal document that gives an inventor the sole right to produce, use and sell an invention.
Payroll	A list of people who receive salary or wage payments from a business.
Press Release	A written statement meant to inform the media of an event or product.
Principal	Amount of money borrowed in a loan.

Profit	The difference between a company's income and expenses.
Promissory Note	A formal agreement a business signs agreeing to pay back the money borrowed.
Public Good	A good from which everyone benefits, not just the individual who directly is obtaining and using the good.
S Corporation	A corporation organized under the subchapter S of the Internal Revenue Service whose income is listed as a partnership.
Scarcity	A situation that occurs when people's needs and wants are unlimited and the resources to produce the goods and services to meet those needs and wants are limited.
Slogan	The verbal or written portion of an advertising message that summarizes the main idea in a few memorable words. A slogan is also known as a *tag line.*
Sole Proprietorship	A business owned exclusively by one person.
Start-up Costs	The one-time only expenses that are paid to establish a business.
Supply	How much of a good or service a producer is willing to produce at different prices.
Target Market	The individuals or companies interested in a particular product or service and willing and able to pay for it.
Tariff	Tax on imports from other countries.
Trademark	A name, symbol or special mark that can only be used by certain businesses.
Unit of Sale	How much a given good or service costs for a customer to buy.
Variable Costs	Costs that go up and down depending on the quantity of the good or service provided.
Venture Capitalists	Individuals or companies that make a living investing in start-up companies.

Notes