

Entrepreneurship © 2013

Chapter 2: Business Plan—Glossary

brainstorming. Group discussion where individuals generate as many ideas as possible within a set amount of time.

business operations. Day-to-day activities necessary to keep a business up and running.

business plan. Written document that describes in detail the strategy for creating a new business.

business risk. Possibility of loss or injury that might occur while running a business.

contingency plan. Written plan of action to ensure a positive and rapid response to a changing situation.

economic resources. Limited amount of resources with which a country creates products and provides services.

economics. How people, governments, and companies make choices about using limited resources to satisfy unlimited wants.

feasible. Something can be done successfully.

franchise. Right to sell a company's goods or services in a particular area.

manufacturer. Turns raw materials from natural resources or product components into new products for sale.

market structure. How a market is organized and is based on the number of businesses competing for sales in an industry.

mission statement. Message to the customer as to why you are in business.

monopoly. Market structure with one business that has complete control of a market's entire supply of goods or services.

need. Something that is necessary for survival, such as air, water, food, clothing, and shelter.

oligopoly. Market structure with a small number of large companies selling the same or similar products.

opportunity cost. Cost of passing up the next best choice when making a decision.

pro forma financial statements. Financial statements based on the best estimate of the business' future sales and expenses.

product mix. All the goods and services that a business sells.

retailer. Buys products either from wholesalers or directly from manufacturers and resells them to consumers.

risk management. Process for identifying, assessing, and reducing risks of different kinds.

sources of funds. Document summarizing where the start-up funding comes from for a new business.

start-up capital. Cash used to start the business.

supply and demand. Economic principle relating the quantity of products or services available to meet consumer demand.

vision statement. Overall goal for the company's future.

want. Something that a person desires but could function without, such as a new cell phone or a vacation.

wholesaler. Purchases large amounts of goods directly from manufacturers for sale to various retailers.