Glossary

The number in parenthesis indicates the chapter or chapters in which the term appears.

80/20 inventory rule. Eighty percent of a business' sales come from 20 percent of its inventory. (15)

A

account. Individual records that summarize information for a single category, such as cash or sales. (17)

accounting. System of recording business transactions and analyzing, verifying, and reporting results. (17)

accounts payable. Money a business owes to suppliers for goods or services received. (9)

accounts receivable. Money owed to a business by customers for goods or services delivered. (9)

accounts receivable aging report. Document that shows when accounts receivables are due as well as the length of time accounts have been outstanding. (16)

accrual basis. Accounting method that records revenue and expenses when they occur. (17)

acquisition. When one company purchases another company outright, and the company that is purchased ceases to exist. (18)

action plan. Sorts out all the details of the marketing tactics. (12)

aesthetics. Ideas or opinions about beauty. (7)

agent. Someone or something working on behalf of another party. (8)

AIDA. Model for the four stages of a buying process before making a purchase. Stands for *attention, interest, desire, and action.* (11)

angel investor. Private investors who want to fund promising start-up businesses. Also known as an *angel*. (9)

aptitude. Natural ability to do or learn something. (1)

assets. Property or items of value owned by a business. Assets may be fixed or liquid. (9)

attitude. Feelings that a person has about people or things. (1)

autocratic style. Management style characterized by a leader who dictates orders to the staff and makes all of the decisions. (13)

B

backward integration. When a company buys its vendors. (18)

behavioral segmentation. Dividing the market by the relationships between customers and the product or service. (5)

benefits. Extras over and above regular pay given to employees by employers, such as vacation time and health insurance. (14)

Better Business Bureau (BBB). Established in 1912 as a nonprofit organization to provide services to both businesses and consumers. (4)

bonus. Cash award given to an employee who reaches certain performance goals. (14)

bootstrapping. Cutting all unnecessary expenses and operating on as little cash as possible. (9)

brainstorming. Group discussion where individuals generate as many ideas as possible within a set amount of time. (2)

brand. Name, term, or design that sets a product or business apart from its competitors. (10)

branding. Using a product's personality, image, and history to position it favorably in the minds of consumers. (10)

breach of contract. When one or both parties choose not to fulfill the contract's terms. (8)

break-even point. Amount of revenue a business must generate to equal its expenses. (9, 10)

brick-and-mortar business. Company with a physical store or facility for at least a portion of its operation. (7)

buffer stock. Additional stock that is kept above the minimum amount required to meet forecasted sales. Also called *safety stock.* (15)

burglary. Occurs when a person breaks into a business to steal merchandise, money, valuable equipment, or to take confidential information. (16)

business cycle. Fluctuations in an economy over several months or years. (18)

business entity. Organization that exists independently of its owner's finances. (17)

business laws. Promote fair business practices and protect the best interests of employers, employees, consumers, and the government. (8)

business operations. Day-to-day activities necessary to keep a business up and running. (2)

business owner's policy insurance. Risk management product that provides low-cost property and liability coverage for small business owners. (16)

business plan. Written document that describes in detail the strategy for creating a new business. (2)

business risk. Possibility of loss or injury that might occur while running a business. (2)

business to business (B2B). Companies selling to other businesses. (5)

business to consumer (B2C). Companies selling primarily to consumers. (5)

buying status. Describes when a customer will buy a product or service. (5)

buy-sell agreement. Legally binding contract that controls when an owner can sell interest in the partnership, who can buy the owner's interest, and what price will be paid. Also known as a *buyout agreement.* (19)

C

C corporation. Most common type of corporation that pays taxes on profits. (6)

capacity. Person is legally able to enter into a binding agreement. (8)

capital. Money and other assets owned by a business or person. (6)

career clusters. Sixteen groups of occupational and career specialties. (1)

cash basis. Accounting method that recognizes revenue when it is received and expenses when they are paid. (17)

cash on delivery (COD). Payment option where payments for goods are made on their delivery. (18)

census. Count of the people living in the country. (5)

chain of command. Organization's structure of decision-making responsibilities. (13)

chamber of commerce. Association of business people that promote the commercial interests of a community. (4)

channel of distribution. Path that goods take through the supply chain. (10)

charter. Legal document describing the purpose, place of business, and other details of the corporation. (6)

chart of accounts. List of all accounts in the business. (17)

circulation. Number of copies distributed to subscribers and other outlets. (11)

code of conduct. Lists the acceptable behavior for specific business situations. It is based on a company's code of ethics. (3)

code of ethics. Provides general principles or values, often social or moral, that guide an organization. (3)

collateral. Asset pledged that will be claimed by the lender if the loan is not repaid. (9)

collection agency. Company that collects payments due on behalf of a business for a fee. (16)

commission. Method of compensation where an employee is paid a percentage of what he or she sells. (14)

compensation. Wages or salaries, incentives, and benefits that employees may be paid. (14)

compensation-and-benefits law. Covers fair wages and benefits for all employees. (8)

competition-based pricing. Pricing method based primarily on what the competitors charge. (10)

confidentiality agreement. Typically states that an employee will not share any company information with outsiders. (3)

conflict of interest. When an employee has competing interests or loyalties. (3)

conflict resolution. Solving problems that usually arise when people or groups have different goals or needs. (14)

consideration. In legal terms, consideration means something of value. (8)

consulting style. Management style characterized by a leader who combines both democratic and autocratic styles. (13)

consumer credit. Credit given to an individual by a retail business. (16)

consumer-protection laws. Keep people safe from harmful products and services. (8)

contingency plan. Written plan of action to ensure a positive and rapid response to a changing situation. (2)

contract. Legally binding agreement. (6)

contraction phase. Phase of the business cycle in which the economy as a whole is in a decline. (18)

controllable risk. Risk that cannot be avoided, but can be minimized by purchasing insurance or implementing a risk plan. (16)

controlling. Process of monitoring employee's performance, as well as operational goals, comparing them with outcomes, and adjusting the plan if the goals and standards have not been met. (13)

copyright. Protects music, writings, paintings, and other original works of authorship. (8)

corporate culture. How a company's owners and employees think, feel, and act as a business. (3)

corporate formalities. Records and procedures that corporations are required by law to complete. (6)

corporate social responsibility. Actions of a business to further social good. (3)

corporation. As defined by the US Supreme Court: "an artificial being, invisible, intangible, and existing only in contemplation of the law. " A legal entity. (6)

cosigner. Person who signs a loan with the applicant and takes on equal responsibility for repaying it. (9)

cost-based pricing. Cost of the product is used to set the product's selling price. (10)

credit bureau. Private firm that maintains consumer credit data and provides credit information to business for a fee. (16)

credit report. Record of a business' or individual's credit history and financial behavior. (16)

credit risk. Potential of credit not being repaid. (16)

creditor. Individual or business to whom money is owed for goods or services provided. (16)

current ratio. Shows the relationship of assets to liabilities. (17)

customer loyalty. Continued and regular patronage of a business when there are other places to purchase the same or similar products. (16)

customer profile. Detailed description of target market customers based on demographic, geographic, psychographic, and behavioral information. (5)

D

data analysis. Involves studying raw data to find patterns and organizing the data into graphs and charts. (5)

data mining. Practice of searching through large amounts of computerized data to find useful patterns or trends. (5)

database. Collection of data that is organized. (5)

DBA license. Needed to officially register a business. Also know as a *doing business as license.* (6)

debt financing. Borrowing money for business purposes, which can help to start or expand a business. (9)

debt ratio. Percentage of dollars owed as compared to assets owned. (17)

debtor. Individual or business who owes money for goods or services provided. (16)

debtor-creditor relationship. Legal relationship existing between a debtor and a creditor based on a good faith agreement that both parties will uphold their end of the agreement. (16)

demand-based pricing. Pricing method based on what customers are willing to pay. (10)

democratic style. Management style characterized by a leader who delegates authority to the staff, giving them responsibility to carry out the job in the way they choose to complete the work. (13)

demographic segmentation. Dividing the market by customers' personal statistics. (5)

demographics. Qualities, such as age, gender, and income, of a specific group of people. (5)

direct channel. When a product goes directly from the manufacturer, or producer, to the end user. (10)

dissolution documents. Documents filed in a court notifying everyone that the business is closing. (19)

diversification. Way to reduce risk that involves adding different products, services, locations, or markets. (18)

division of labor. Assigning a worker or group of workers to a specialized task for increased efficiency. (7)

double-entry accounting. Recording the debit and credit parts of a transaction. (17)

E

e-business. Any business process conducted by using computers or on the Internet. (7)

e-commerce. Buying and selling of goods or services through the Internet. (7)

economic indicators. Statistics about the economy indicating how it is performing. (7)

economic resources. Limited amount of resources with which a country creates products and provides services. (2)

economic risk. Situations that occur when the economy suffers due to negative business conditions in the United States or the world. (16)

economics. How people, governments, and companies make choices about using limited resources to satisfy unlimited wants. (2)

economy of scale. Decrease in unit cost of a product resulting from large-scale manufacturing operations. (15)

electronic data interchange (EDI). Standard transfer between organizations of electronic data for business transactions, such as orders, confirmations, and invoices. (15)

electronic promotion. Any promotion that uses the Internet or other technology like a smartphone. (11)

embezzlement. Type of fraud that occurs when somebody entrusted with confidential company information, financial records, money, or other valuables takes them for personal gain. (16)

emotional buying motives. Motives based on feelings. (11)

employee buyout (EB). Owner sells the company to its employees. (19)

employee complaint procedure. Formal process for employees to share their issues with management. (14)

employee handbook. Translates the policies of the business into day-to-day information that the employees need to know. (14)

employee stock option plan (ESOP). Trust fund set up to contribute new shares of stock or cash to purchase existing shares of the company on behalf of the employees. (19)

employee theft. Employees stealing from the business. (16)

empower. Give employees the authority to make decisions. (14)

enterprise zone. Geographic area where businesses enjoy favorable tax credits, financing, or other incentives. (4)

entrepreneur. Person who starts a new business. (1)

entrepreneurship. Taking on both the risks and the responsibilities of starting a new business. (1)

Environmental Protection Agency (EPA). Provides information about environmental compliance rules and regulations. (3)

equal-employment-opportunity law. Ensures that all workers are given an equal opportunity for employment. (8)

equity. Amount of ownership a person has in a business. (9)

equity financing. Raising money for a business in exchange for a percentage of the ownership. (9)

ergonomics. Science of adapting the workstation to fit the needs of the worker and lessen the chance of injury. (14)

ethics. Rules of behavior based on ideas about what is right and wrong. (3)

exchange rate. Rate at which one currency can be exchanged for another. (4)

Export-Import Bank of the United States. Government agency set up to help US businesses export goods and services. Better known as *Ex-Im bank.* (18)

exporting. Taking products from one country and sending them to another country. (4)

F

Farm Services Agency (FSA). Governmental agency that provides assistance to commercial farms. (18)

feasible. Something can be done successfully. (2)

Federal Trade Commission (FTC). Federal government department dedicated to consumer protection. (6)

financial ratio. Shows the relationship between certain figures on financial statements. (17)

fiscal period. Period of time for which a business summarizes accounting information and prepares fiscal statements. (17)

fixed assets. Items of value that may take time to sell. (9)

fixed expenses. Expenses that remain the same every month. (9)

floor plan. Scale drawing showing how an overall space will be divided. (7)

forward integration. When a company buys the wholesalers or retailers for which it is a vendor. (18)

franchise. Right to sell a company's goods or services in a particular area. (2)

franchise disclosure document. Includes detailed legal information that a franchisee must know before purchasing a franchise. (6)

fraud. Cheating or deceiving a business out of money or property. (16)

freeware. Software available at no charge that can be used at any time. (3)

G

GAAP. Acronym for generally accepted accounting principles. (17)

geographic segmentation. Involves dividing a market based on where customers live. (5)

goal. Something a person wants to achieve in a specified time period. (1)

goodwill. Advantage a business has due to its good reputation. (3)

gradual sale. Occurs when the new owner finances the purchase with a long-term payment plan, making payments to the seller, while the seller transitions out of the business. (19)

growth phase. Phase of the business cycle characterized by rapid business expansion. (18)

guarantee. Promise that transfers the risk for certain specified losses from the purchaser to the provider. (16)

H

harvest strategy. Planned method for extracting the cash from a business, brand, or product line. Also known as an *exit strategy.* (19)

health-and-safety laws. Focus on safe working conditions and insurance coverage for all employees. (8)

horizontal diversification. Adding new products to a company that are not related to the current product line. (18)

horizontal integration. When a company buys its competitors. (18)

human resources. Employees who work for the company. (14)

human resources management. Facilitates and manages employees in an organization. (14)

human risk. Situations caused by humans, whether it is employees or customers. (16)

hybrid business. Blend of two or more location types. (7)

hypothesis. Statement that can be tested and proved either true or false. (5)

I

importing. Bringing products made in one country into another country for future sale. (4)

income statement. Report of a business' revenue and expenses. (17)

indirect channel. Path a product takes when intermediaries are involved in getting the product from the producer to the end user. (10)

inflation. Increase in the price of goods and services over time. (7, 18)

infringement. Any use of intellectual property without permission. (8)

initial public offering (IPO). Company's first public shares offered for sale. (18)

inorganic growth. Process for growing a business through buying a product for your line, buying another business, or merging with another company. (18)

insider trading. When an employee uses private company information to purchase company stock or other securities for personal gain. (3)

installment loan. Loan paid in regular payments, known as *installments,* with interest until the loan is paid in full. (16)

institutional promotion. Promoting the business rather than a specific product. (11)

insurable interest. Insurance provision that requires a policyholder to be the one at risk of suffering a loss. (16)

insurance. Form of risk management in which an individual or business pays a fee, or premium, to transfer the risk for a specific type of loss. (16)

intellectual property. Something that comes from a person's mind, such as an idea, invention, or process. (8)

intellectual-property laws. Protect a person's or company's inventions, artistic works, and other intellectual property. (8)

intensive growth strategies. Processes for growing a business by taking advantage of the opportunities in the current market. (18)

intermediaries. People or business in between the manufacturers or producers and the end user. (10)

International Franchise Association (IFA). Organization regulating the franchising industry. (6)

intranet. Internal computer network. (14)

inventory management. Inventory management is the process of acquiring and tracking product orders, keeping adequate supplies and assortment of products, and organizing products in warehouses and retail locations. (15)

invoice. Official bill or notice to pay. (15)

J

job analysis. Identifies a new position's job requirements, employee qualifications, and how success will be evaluated. (14)

job description. Written definition of a position and the expectations of a specific job. (14)

job posting. Advertisement for an open position. (14)

joint venture (JV). Partnership in which two or more companies join together for a specific business purpose. (4)

journal. Form used to record business transactions in chronological order. (17)

journalizing. Process of recording transactions in a journal. (17)

just-in-time inventory (JIT). When a business orders just enough stock needed for any given point in time to meet demand. (15)

K

keystone pricing. Doubling the total cost of a product to determine its selling price. (10)

L

labor relations. How the employer and employees behave toward each other, particularly during contract negotiations. (14)

labor-relations laws. Give employees the right to organize and collectively bargain with their employers. (8)

laissez-faire style. Management style characterized by a leader who sets the tasks and gives staff the opportunity to complete the task as the employees see fit. (13)

layout. Physical arrangement of a business. (7)

lead time. Lead time is the total time it takes from placing an order until it is received. (15)

leader. Someone who influences others and makes things different or makes things better. (1)

lease. Legal contract to use property owned by another person or company for a specific amount of time. (7)

lease agreement. Contract that provides the lessee the temporary rights to the business. (19)

ledger. Group of accounts. (17)

lessee. Person paying to rent the property. (7)

lessor. Owner of a rental property. (7)

liabilities. Business' debts, or what it owes to others. (6)

liability. Legal responsibility. (6)

licensing. When a business sells the right to manufacture its products or use its trademark to another company. (4)

limited partnership (LP). Where there is one managing partner and at least one limited partner. (6)

line of credit. Specific dollar amount that a business can draw against as needed. (9)

liquid assets. Items easily turned into cash. (9)

liquidation. Sale of all assets of a business, including inventory, equipment, and buildings. (19)

list price. Established price printed in a catalog or on a price tag. (10)

listening. Evaluating what is heard. (14)

logistics. Planning and managing the flow of goods, services, and people to a destination. (4)

logo. Graphic symbol closely associated with a brand. (10)

long-term liabilities. Business' debts that extend beyond the current year. (9)

M

management style. Way a person leads an employee or a group. (13)

manual-tag system. System where you remove the price tag when an item is purchased. (15)

manufacturer. Turns raw materials from natural resources or product components into new products for sale. (2)

manufacturer's suggested retail price (MSRP). List price recommended by a manufacturer. (10)

market development. Process for bringing existing product to new locations or target markets. (18)

market penetration. Process for increasing sales in the existing target and geographic markets. (18)

market research. Gathering and analyzing information about a business. (5)

market risk. Potential that the target market for new products or services is much less than originally thought. (16)

market segment. Group of people, families, businesses, or organizations with common characteristics or needs. (5)

market segmentation. Process of dividing a large market into smaller groups. (5)

market share. Percentage of the total sales in a given market that one business conducts. (10)

market structure. How a market is organized and is based on the number of businesses competing for sales in an industry. (2)

marketing. Consists of customer-focused activities intended to generate a transaction. (12)

marketing information system. Consists of the processes involved in collecting, analyzing, and reporting marketing research information, usually through technology. (5)

marketing objective. Goals a business wants to achieve during a given time, usually one year, by implementing the marketing plan. (12)

marketing plan. Document describing a business' marketing objectives and the strategies and tactics to achieve them. (12)

marketing strategy. Decisions made about product, price, place, and promotion. (12)

marketing tactic. Consists of the specific activities to carry out the marketing strategies. (12)

markup. Desired amount of profit added. (10)

mass market. Entire large market of potential customers with no segmentation. (5)

merger. When two companies agree to combine as a new company. (18)

metrics. Ways to measure the effectiveness of a promotion. (11)

mission statement. Message to the customer as to why you are in business. (2)

mobile apps. Applications developed for handheld devices that can make accessing the Internet more convenient than keying a URL. (11)

monopoly. Market structure with one business that has complete control of a market's entire supply of goods or services. (2)

mutual acceptance. When both parties agree to the terms of an agreement or contract. (8)

N

natural risk. Situation caused by nature. (16)

need. Something that is necessary for survival, such as air, water, food, clothing, and shelter. (2)

net profit ratio. Illustrates how much profit is generated per dollar of sales. (17)

nonprofit corporation. Company set up to accomplish a specific mission rather than generate a profit. (6)

O

offer. Proposal to provide a service or product. (8)

oligopoly. Market structure with a small number of large companies selling the same or similar products. (2)

open-door policy. Practice of allowing employees to speak with a manager at any time. (14)

operating capital. Money needed to support day-to-day business operations. (9)

operating ratio. Shows the relationship of expenses to sales. (17, 18)

operational planning. Process of determining the day-to-day goals for the company. (13)

opportunity cost. Cost of passing up the next best choice when making a decision. (2)

organic growth. Process for growing a business by expanding the current business. (18)

organizational chart. Diagram showing employees' positions and how they interact with the chain of command. (13)

orientation. Beginning stage of the training in which the new hire becomes familiar with the facility, fellow employees, and the job. (13)

outright sale. Business is sold in full and ownership is transferred immediately. (19)

owner's equity. Difference between a business' assets and its liabilities. (9)

P

packing slip. Included in a shipment of goods, it lists the contents of the box or container. (15)

partnership. Relationship existing between two or more people who join to create a business. (6)

patent. Gives the person or company the right to be the sole producer of a product for a defined period of time. (8)

peak phase. Phase of the business cycle between growth and contraction. (18)

peer-to-peer lending. Borrowing money from investors via a website. (9)

performance appraisal. Evaluation that consists of assessing an employee's performance and then providing feedback. (14)

periodic inventory control. Taking a physical count of merchandise on a regular, or periodic, basis. (15)

perpetual inventory-control system. Perpetual inventory system is a method of keeping inventory that shows the quantity on hand at all times. (15)

personal selling. Direct contact with a prospective customer with the objective of selling a product or service. (11)

philanthropy. Promoting the welfare of others, usually through volunteering, protecting resources, or donating money or products. (3)

physical inventory. Actual count of items in inventory, which is used to verify the inventory-control system's counts. (15)

place strategy. Plan concerning how and where the products will be sold, including not only physical location, but how goods or services move through the distribution channel. (12)

place. Activities involved in getting a product or service to the end user. (10)

plagiarism. Using another's words without giving credit to the person who wrote them. (3)

planned obsolescence. Evaluating and updating current products or adding new ones to replace older ones. (16)

point-of-sale (POS) software. Computerized inventory control system that usually begins right at the cash register and records each sale as it happens. (15)

policy manual. Outlines the company policies and procedures. (14)

posting. Transferring information from a journal to a ledger. (17)

premium. Amount that is paid for insurance. (16)

press conference. Meeting arranged by a business or organization in which the media is invited to attend. (11)

press kit. Packet of information distributed to the media about a company opening or other major event. (11)

press release. Communication tool used to explain a company's contributions to the community, environment, and other socially responsible activities. (11)

price strategy. Plan concerning the markup, profit margin, discounts offered, or list price versus selling price. (12)

primary data. Pieces of information collected by an organization about itself. (5)

private corporation. Does not sell company stock publically to investors on stock exchanges. (6)

pro forma balance sheet. Reports a business' assets, liabilities, and owner's equity. (9)

pro forma cash flow statement. Reports the anticipated flow of cash into and out of the business. (9)

pro forma financial statements. Financial statements based on the best estimate of the business' future sales and expenses. (2)

pro forma income statement. Projects the financial progress of the business. (9)

product life cycle. Consists of the stages a product goes through from the beginning to the end. (10)

product line. Group of closely related products within the product mix. (10)

product mix. All the goods and services that a business sells. (2, 10)

product obsolescence. Customers no longer want to buy a product, leaving an owner stuck with merchandise that will not sell. (16)

product positioning. Distinguishing your products from competing products. (10)

product promotion. Promoting specific products or services offered by the business. (11)

product specification sheet. Provides product facts, including sizes, colors, materials, and weights. (15)

product strategy. Plan concerning the goods or services a business offers, including decisions on quantities, sizes, packaging, warranties, brand names, image, and design. (12)

productive inventory. Twenty percent of a business' inventory that produces the most sales. (15)

professional development. Training on the skills and knowledge that contribute to employees' personal development and career advancement. (14)

profit margin. Amount by which revenue from sales exceeds the costs of making the product and selling it. (10)

profit sharing. Distribution of a percentage of the profits to employees, usually on an annual basis. (14)

promotion. Moving an employee to a higher-level position. (14)

promotion strategy. Plan concerning advertising, electronic promotions, sales promotion, and public-relations activities to pursue, which lead to identifying the promotional mix. (12)

promotional mix. Combination of different promotional methods to motivate customers to purchase product or services. (11)

proprietary information. Information a company wishes to keep private. Also known as *trade secrets.* (3)

prospecting. Process of finding potential customers expected sales for a certain time period as assigned to each salesperson. (11)

prototype. Working model for a new product for testing purposes. (10)

psychographic segmentation. Dividing the market by lifestyle choices. (5)

psychological pricing. Pricing technique used by retailers to influence buying decisions. (10)

public corporation. Sell their stock on stock exchanges to any investor who wants to buy them. (6)

publicity. Important unpaid media coverage for a newsworthy business, person, or product. (11)

purchase on account. Transaction for which merchandise purchased will be paid to the vendor at a later date. (17)

purchase order. A purchase order is a form completed by the buyer listing the quantity, variety, and price of the products ordered. (15)

purchasing. Purchasing is the process of buying merchandise for resale to customers. (15)

purchasing management. Purchasing management includes ordering the merchandise that is needed, receiving the merchandise into stock once it arrives, and paying the vendor for the order. (15)

Q

qualitative data. Provide insight into what people think about a topic. (5)

quality control. Activity of checking goods as they are produced or received to ensure the quality meets expectations. (15)

quantitative data. Facts and figures from which conclusions can be drawn. (5)

quick response (QR)code. Bar codes that connect the user to a website or other digital information when scanned with a smartphone. (11)

R

radio frequency identification (RFID). Card imbedded with a chip that transmits information about a product's location and use over short-range radio waves to a computer, where the data can be crosschecked with a database. Not often used in a retail setting. (15)

rational buying motives. Motives based on reason. (11)

recall. Removes the unsafe product from the market. (8)

receiving record. Receiving record is a form on which all merchandise received is listed. (15)

recession. When the country experiences negative economic growth for at least a six-month stretch. (18)

recruiting. Process of finding suitable people and getting them to join a company. (14)

research plan. Specific steps to take for testing your hypothesis. (5)

retailer. Buys products either from wholesalers or directly from manufacturers and resells them to consumers. (2)

retained earnings. Profits set aside from the operation of the company. (18)

retainer. Fee paid to a lawyer or other professional in advance for the services. (8)

return on investment (ROI). Common measure of profitability for a business. (10)

return on sales (ROS). Measure of a company's profitability and is equal to the net income divided by total sales. (10)

risk management. Process for identifying, assessing, and reducing risks of different kinds. (2)

robbery. Theft involving another person, often by using force or with the threat of violence. (16)

royalty payment. Fee that franchisees must continually pay the franchisor to keep operating the franchise. (6)

S

sale on account. Transaction for which cash for a sale will be received at a later date. (17)

sales quota. Expected sales for a certain time period as assigned to each salesperson. (11)

sample size. Number of people in the group from which the data are collected. (5)

search engine optimization (SEO). Process of indexing sites so that they come to the top of the list when a search is conducted. (11)

secondary data. Information that already exists. (5)

self-assessment. Tool that helps an individual understand his or her personal preferences and identify strengths and weaknesses. (1)

selling price. Price a customer actually pays for the product after discounts and coupons. (10)

selling process. Organized method or approach to product sales. (11)

sexual harassment. Unwanted sexual attention. (8)

shareware. Copyrighted software that is available free of charge on a trial basis. (3)

shoplifter. Person, posing as a customer, who takes goods from the store without paying for them. (16)

short-term liabilities. Business' debts expected to be paid within the current year, which includes salaries and accounts payable. (9)

silent partner. One who invests money but is not involved in the business' daily operations or management. (6)

situation analysis. Snapshot of the environment in which a business is operating at a given time. (12)

situational management. A leader's management style changes according to given circumstances. (13)

skill. Ability learned over time and which can be done well. (1)

small business development corporation (SBDC). Program administered by the SBA that gives a wide variety of information and small business guidance. (4)

SMART goal. Goal that is **s**pecific, **m**easurable, **a**ttainable, **r**ealistic, and **t**imely. (1)

socially responsible. Behaving with sensitivity to social, economic, and environmental issues. (3)

sole proprietor. Person who owns the business and is personally responsible for its debts. (6)

sources of funds. Document summarizing where the start-up funding comes from for a new business. (2)

spam. Electronic messages sent in bulk to people who did not give a company permission to e-mail them. (3)

speaking. Verbal communication. (14)

staffing. Process of hiring the right people for the right jobs. (13)

stakeholder. People with an interest, usually financial, in the business. (17)

start-up capital. Cash used to start the business. (2, 9)

start-up companies. Newly created businesses. (1)

start-up costs. Initial expenses necessary to open the doors of a business. (9)

statistical analysis. Mathematical technique for analyzing the collected data. (5)

stock. Shares of ownership in a company. (6)

stockholders. People who own stock in a company. (6)

stock option. Share of company stock that employees can purchase at a discount as a form of compensation. (14)

stockout. When a business has too little inventory. (15)

strategic planning. Process of determining the long-term goals of the company. (13)

subchapter S corporation. Type of incorporation designed for a small business with fewer than 100 stockholders. (6)

succession plan. Plan detailing what will happen to the company in the event of the owner's death, retirement, or decision to leave the company. (19)

supply and demand. Economic principle relating the quantity of products or services available to meet consumer demand. (2)

supply chain. Businesses, people, and activities involved in turning raw materials into products and delivering to end users. (4)

supply chain management. Coordinating the events happening throughout the supply chain. (10)

surety bond. Three-party contract that guarantees one party will fulfill its obligation to a second party. (16)

surveillance. Process of observing everything going on at the business to detect and prevent crimes. (16)

synergistic diversification. Process of adding new product lines or compatible businesses to an existing business. (18)

T

tactical planning. Process of determining the short-term goals for the company. (13)

tagline. Phrase or sentence that summarizes some essential part of the product. Also known as a *slogan.* (10)

target market. Specific group of consumers at which a company aims its products and services. (5)

tariff. Tax on imported goods. (4)

tenant improvement. Cost to remodel existing interior space for a new business. (7)

time management skills. Ability to use time wisely by setting priorities. (13)

tort. Civil wrong, as opposed to a criminal wrong. (8)

trade area. Area from which a business expects to draw most of its customers. (7)

trade barriers. Government regulations that restrict trade with other countries. (4)

trade credit. Practice of one business granting a line of credit to another business for a short time to finance the purchase of the first business' goods. (9, 16, 18)

trademark. Protects taglines, slogans, names, symbols, or any unique method to identify a product or company. (8)

traits. Traits are behavioral and emotional characteristics. (1)

trough phase. Phase of the business between the contraction and growth. (18)

turnover rate. Number of times inventory has been sold during a specific time period, usually one year. Also known as *turnover ratio.* (15)

U

uncontrollable risk. Situation that cannot be predicted or covered by purchasing insurance. (16)

uniform resource locator (URL). Unique address of a document, web page, or website on the Internet. (11)

uninsurable interest. Risk an insurance company will not cover. (16)

unit-control system. Can range from simply visually determining if more stock is needed to a system of bin tickets. (15)

usage rate. How often a customer buys or uses a product or service. (5)

utility. Attribute that makes a product capable of satisfying a need or want. (10)

V

value. Relative worth of something to a person. (10)

values. Beliefs of a person or a culture. (1)

variable expenses. Expenses that can change on a monthly basis. (9)

vendor. Companies that sell products to other businesses. (15)

venture capitalist. Professional investor or group of investors looking to fund new start-ups or expansions of existing companies. Also known as *VC.* (9)

vision statement. Overall goal for the company's future. (2)

visual merchandising. Process of creating floor plans and displays to attract customer attention and encourage purchases. (7)

W

want. Something that a person desires but could function without, such as a new cell phone or a vacation. (2)

wholesaler. Purchases large amounts of goods directly from manufacturers for sale to various retailers. (2)

worker's compensation. State-mandated business insurance program intended to provide medical and financial support for workers who are injured or made ill at the workplace. (16)

Workers Adjustment and Retraining Notification Act (WARN). Requires that employees working for companies that employ more than 100 workers be given 60 days notice, in writing, of any closing of a company. (19)

working capital. Amount of money a business has after its liabilities are paid. (17)

workplace discrimination. When a person is denied a job based on age, race, sex, religion, or nationality. (8)

World Bank Group (WBG). Agency that provides assistance to developing countries, which can help provide a market for goods and services from US companies. (18)

writing. Communicating using visible words and characters. (14)