

Glossary of Business Terms

(Excerpted from *Jumpstart to Business: Student Workbook*, by Bonnie Drew, YoungBiz, Inc., Atlanta, pp. 93-96. Used by permission.)

advertising: Public sales messages that entice customers to buy.

advisor: A person who gives advice or opinions to help you in business.

associate: A person who is helping you in business; fellow worker.

benefits: Anything that does good; things that help or aid us.

bill: A written list of money owed for goods and services.

board of advisors: Group of people who give counselor opinions on how to run a business or an organization.

bookkeeping: The work of keeping written records of business transactions.

break-even: The point in a business where revenue from sales exactly equals the fixed costs.

budget: A careful plan that controls spending by allotting specific amounts of money to certain expenses.

business: Voluntary trade; the selling of goods or services for a profit as a means of producing livelihood.

business plan: A written plan of action for starting and operating a business.

capital: Money or property used to start or grow a business.

cash flow: Money coming in and going out of your business; funds that are available for operating the business.

client: Customer; someone who buys goods or services from you, especially one who buys regularly.

commission: A system of paying a salesperson, a percentage of their sales income.

competitor: A business rival who offers similar products or services.

consumer: A person who buys goods for his own needs and not to sell to others.

corporation: A business owned by one or more people who own shares (stock) in the company; this legal entity assumes all responsibility for the business.

cost of goods: Direct expenses to produce, manufacture, or purchase the merchandise or services you sell to customers.

customer: A person who buys, especially one who buys regularly.

DBA form: A form used to register a business name; tells who is "doing business as" (or operating under) the assumed (fictitious) name.

debt financing: a loan that has to be paid back.

demonstrate: To show customers how a product or service works.

display: An exhibit that shows products for sale.

distribute: To deliver products; to buy large quantities of product from a manufacturer and sell to retailers.

diversify: To introduce variety; to branch off into other business interests, products, or investments.

entrepreneur: A person who sees a money-making opportunity, makes a plan, takes the risk, and does the work necessary to start a business.

equipment: Tools or machinery used to do work or create a product.

equity financing: raising money by selling ownership interests in a business.

estimate: To make a general guess about size, cost, or value.

evaluation: Careful judgment; examination of facts.

expense: Any money spent to operate a business undertaking.

feasible: Capable of being carried out; workable.

financial: Having to do with money matters and money management.

fixed costs: Business expenses, such as rent and utilities, that are paid each month; operating expenses.

flyer: An inexpensive one-sheet advertisement.

forecast: An estimate of results that seem likely to occur; prediction.

founder: A person who takes the first steps to establish a business.

goal: An aim, target, or purpose stated in measurable terms.

goods: merchandise that your business sells.

grand opening: An event to celebrate the beginning of a new business.

gross profit: Revenue (income) from sales minus the variable costs to buy or produce the product.

guarantee: Promise to replace something sold if it does not last.

income: Any money received from sales; pay or wages.

income statement: A report that summarizes the revenue, expenses, and profit on a business enterprise.

income tax: Taxes owed to the federal government on wages, salaries, profits, or other forms of income.

inventory: Stock of products or goods on hand.

investor: A company or individual who lends or gives money to start or operate a business and expects to earn a profit from the investment.

keystoning: The business practice of selling a product for double the cost to buy it or produce it.

ledger: A book or record sheet for listing business records.

legal: According to the law.

legal structure: The form or type of ownership; specifies who is financially responsible for the business.

lender: A company or individual who allows someone to borrow money for a period of time.

manufacturer: A person or company that makes goods or products from raw materials.

marketing: Everything you do to tell customers about your business.

memo: A brief business letter that communicates a short message to a customer or business associate.

mentor: A wise advisor who meets with you regularly and wants to help you succeed in business.

net profit: The amount of profit left after all the business expenses and taxes have been paid.

networking: Socializing with other businesspeople for the purpose of helping each other achieve goals.

nonprofit: A business with no owners that is operated by a group of people in order to accomplish a worthy cause; a charity.

operating expense: Ongoing expenses to run a business, such as rent or phone.

opportunity: A time that is right; a chance.

order form: A printed paper with blank spaces to record a customer's purchase.

organization: A systematic arrangement or plan for business structure.

partnership: Two or more people who own a business together and share responsibilities.

priority: Something of primary importance; first place.

product: Merchandise or service that your business sells.

profit: The money you have gained from a sale after expenses are paid.

promotion: A sales campaign that attracts customers and contributes to the growth of your business.

proprietor: An owner of a store or business.

prospect: A person who is a likely customer; a candidate.

prototype: A model of a product or invention.

receipt: A written statement that goods or services have been received and paid for.

research: Careful study or investigation to find out facts.

retailer: A business that sells products directly to the consumer.

return on investment: The percentage of profit earned by investing in a business.

revenue: All money that comes into your business; income.

roadblock: A barrier or obstacle that obstructs progress toward a goal.

sales price: The amount of money the consumer pays for a product.

sales tax: Taxes owed to the city, county, or state on every sale of certain goods and services.

service: Work or labor performed for others in return for a fee.

skill: An ability gained by experience to do tasks or work.

slogan: A word or phrase used to draw favorable attention to your product or service.

sole proprietorship: A business owned by one person only.

start-up costs: Expenses or cash investment to start a business.

success: Achieving a goal; accomplishing what you wanted.

survey: A study that measures public opinion or gathers information.

talent: A special ability a person is born with; a gift.

target customer: Top business prospect who is the main focus of attention.

time management: Skillful or controlled use of the hours in a day.

to-do list: A written series of actions that need to be completed.

trade show: An event in which a group of businesses creates temporary advertising displays for viewing by the public.

transaction: Business activity of buying, selling, or exchanging goods.

variable costs: Cost of goods; costs to purchase or manufacture the merchandise or service you sell.

venture: A business undertaking in which the outcome is unknown.

venture capital: Money used to start or grow a business.

wage: Money paid for work; money paid to employees.

warranty: Statement of the specific terms of a company's guarantee.

wholesaler: A business that buys large quantities of products from manufacturers and sells smaller quantities to retailers for resale.

zoning laws: City ordinances that determine which areas of the city may be used for business.