

Business Terms Glossary

Girls Ready To Explain Business Terms Glossary In You Bed Or Hotel [Click Here](#)

earnings: a sum of money gained from employment, usually quoted before tax, including extra reward such as fringe benefits, allowances, or incentives.

In business, income or profit from a business, quoted gross or net of tax, which may be retained and distributed in part to the shareholders.

e-business: the conduct of business on the Internet, including the electronic purchasing and selling of goods and services, servicing customers, and communications with business partners.

e-commerce: the exchange of goods, information products, or services via an electronic medium such as the Internet.

Enterprise: A venture characterized by innovation, creativity, dynamism, and risk.

An enterprise can consist of one project, or may refer to an entire organization.

Entrepreneur: An innovator of business enterprise who recognizes opportunities to introduce a new product, a new process or an improved organization, and who raises the necessary money, assembles the factors for production and organizes an operation to exploit the opportunity.

equal opportunities: the granting of equal rights.

privileges, and status regardless of gender, age, race, religion, disability, or sexual orientation.

Equality in employment is regulated by law in most Western countries.

equipment: Physical property of a more or less permanent nature ordinarily useful in carrying on operations, other than land, buildings or improvements to either of them.

Examples are machinery, tools, tracks, cars, ships, furniture and furnishings.

equity: A financial investment in a business.

An equity investment carries with it a share of ownership of the business, a stake in the profits and a say in how it is managed.

Equity is calculated by subtracting the liabilities of the business from the assets of the business.

equity capital: Money furnished by owners of the business.

ergonomics: the study of workplace design and the physical and psychological impact it has on workers.

Ergonomics is about the fit between people, their work activities, equipment, work systems, and environment to ensure that workplaces are safe, comfortable, efficient, and that productivity is not compromised.

Euro: the currency of 12 member nations of the European Union.

The Euro was introduced in 1999, when the first 11 countries to adopt it joined together in an Economic and Monetary Union and fixed their currencies' exchange rate to the Euro.

Notes and coins were brought into general circulation in January 2002, although banks and other financial institutions had before that time carried out transactions in Euros.

exchange: The process by which two or more parties give something of value to one another to satisfy needs and wants.

exchange controls: The regulations by which a country's banking system controls its residents' or resident companies' dealings in foreign currencies and gold.

exchange rate: The rate at which one country's currency can be exchanged for that of another.

excise duty: a tax on goods such as alcohol or tobacco produced and sold within a particular country.

expense account: amount of money that an employee or group of employees can draw on to reclaim personal expenses incurred in carrying out activities for an organization.

Expenses: personal costs incurred by an employee in carrying out activities for an organization that are reimbursed by the employer.

Export agent: an intermediary who acts on behalf of a company to open up or develop a market in a foreign country.

Export agents are often paid a commission on all sales and may have exclusive rights in a particular geographic area.

Exporting: the process of selling goods to other countries.

Facsimile machine (FAX): Machine capable of transmitting written input via telephone lines.

Factor: a variable investigated in a statistical study.

Feasibility study: an investigation into a proposed plan or project to determine whether and how it can be successfully and profitably carried out.

Federal funds: an deposits held in reserve by the Federal Reserve System.

Feedback: the communication of responses and reactions to proposals and changes or to the findings of performance appraisals with the aim of enabling improvements to be made.

FIFO: FIRST IN FIRST OUT, a method of inventory control where the stock of a given product first placed in store is used before more recently produced or acquired goods or materials.

Finance: the money needed by an individual or company to pay for something, for example, a project or stocks.

Financial statements: Documents that show your financial situation.

Fiscal: relating to financial matters, especially in respect to government collection, use,

and regulation of money through taxation.

Fixed asset: a long term asset of a business such as a machine or building that will not usually be traded.

Fixed expenses: Those costs which don't vary from one period to the next.

Generally, these expenses are not affected by the volume of business.

Float: The period between the presentation of a check as payment and the actual payment to the payee.

Floating rate: an interest rate that is not fixed and which changes according to fluctuations in the market
Floor: a lower limit on an interest rate, price, or the value of an asset.

Flow chart: a graphic representation of the stages in a process or system or the steps required to solve a problem.

Forecast: a prediction of the value of a variable in a statistical study
Forward pricing: the establishment of the price of a share in a mutual fund based on the next asset valuation.

Forward rate: an estimate of what an interest rate will be at a specified future time.

Franchise: an agreement enabling a third party to sell or provide products or services owned by a manufacturer or supplier.

The franchise is regulated by a franchise contract, or franchise agreement, that specifies the terms and conditions of the franchise.

Franchise chain: a number of retail outlets operating the same franchise.

A franchise chain may vary in size from a few to many thousands of outlets and in coverage from a small local area to worldwide.

Fraud: the use of dishonesty, deception.

or false representation in order to gain a material advantage or to injure the interest of others.

Freebie: a product or service that is given away, often as a business promotion.

Free enterprise: the trade carried on in a free-market economy, where resources are allocated on the basis of supply and demand.

Free market: a market in which supply and demand are unregulated except by the country's competition policy, and rights in physical and intellectual property are upheld.

Fulfillment: the process of responding to customer inquiries, orders, or sales promotion offers.

Future: a contract to deliver a commodity at a future date.

Futures market: a market for buying and selling securities, commodities, or currencies that tend to fluctuate in price over a period of time.

The market's aim is to reduce the risk of uncertainty about future prices.

Fundraising: Events staged to raise revenue.

gap analysis: a marketing technique used to identify gaps in market or product coverage.

In gap analysis, consumer information or requirements are tabulated and matched to product categories in order to identify product or service opportunities or gaps in product planning.

gateway: E-Commerce: a point where two or more computer networks meet and can exchange data.

GDP: Gross domestic product, the total flow of services and goods produced by an economy over a quarter or a year, measured by the aggregate value of services and goods at market prices.

Globalization: the process of tailoring products or services to different local markets around the world.

GNP: Gross National Product, GDP plus domestic resident's income from investment abroad less income earned in the domestic market accruing to noncitizens abroad.

Gross profit: The difference between the selling price and the cost of an item.

Gross profit is calculated by subtracting cost of goods sold from net sales.

Growth capital: funding that allows a company to accelerate its growth.

For new startup companies, growth capital is the second stage of funding after seed money.

Growth rate: the rate of an economy's growth as measured by its technical progress, the growth of its labor, and the increase in its capital stock.

Guarantee: A pledge by a third party to repay a loan in the event that the borrower defaults.

Guarantor: a person or organization that guarantees repayment of a loan if the borrower defaults or is unable to pay.

Guerilla marketing: A marketing technique, the aim of which is to damage the market share of competitors.

Hard sell: a heavily persuasive and highly pressured approach used to sell a product or service.

Hedge fund: a mutual fund that takes considerable risks, including heavy investment in unconventional instruments, in the hope of generating great profits.

High end: relating to the most expensive, most advanced, or most powerful in a range of things, for example, computers.

High-pressure: a selling technique in which the sales representative attempts to persuade a buyer very forcefully and persistently.

Holding company: a parent organization that owns and controls other companies.

Home page: The "table of contents" to a Web site, detailing what pages are on a particular site.

The first page one sees when accessing a Web site.

Horizontal integration: The merging of functions or organizations that operate on a similar level.

Horizontal integration involves the union of companies producing the same kinds of goods or operating at the same stage of the supply chain.

Hyperinflation: very rapid growth in the rate of inflation so that money loses value and physical goods replace currency as a medium of exchange.

IMF: International Monetary Fund, the organization that industrialized nations have established to reduce trade barriers

and stabilize currencies, especially those of less industrialized nations.

Impaired capital: a company's capital that is worth less than the par value of its stock.

Import: a product or service brought into another country from its country of origin either for sale or for use in manufacturing.

Incentive program: an award or reward scheme designed to improve sales force or retail performance.

Income redistribution: a government policy that seeks to restrain increases in wages or prices by regulating the permitted level of increase.

Income statement: A financial document that shows how much money (revenue) came in and how much money (expense) was paid out.

Income tax: a tax levied directly on the income of a person or a company and paid to the local, state, or federal government.

Income statement: A financial document that shows how much money (revenue) came in and how much money (expense) was paid out.

Indirect channel: the selling and distribution of products to customers through intermediaries such as wholesalers, distributors, agents, dealers, or retailers.

Indirect cost: a fixed or overhead cost that cannot be attributed directly to the production of a particular item and is incurred even when there is no output.

Inflation: a sustained increase in a country's general level of prices that devalues its currency, often caused by excess demand in the economy.

Infomercial: a television or cinema commercial that includes helpful information about a product as well as advertising content.

Initial public offering: the first instance of making particular shares available for sale to the public.

Insolvency: the inability to pay debts when they become due.

Insolvency will apply even if total assets exceed total liabilities, if those assets cannot be readily converted into cash to meet debts as they mature.

Even then, insolvency may not necessarily mean business failure.

Bankruptcy may be avoided through debt rescheduling or turnaround management.

Income statement: A financial document that shows how much money (revenue) came in and how much money (expense) was paid out.

Insurance: an arrangement in which individuals or companies pay another company to guarantee them compensation if they suffer loss resulting from risks such as fire, theft, or accidental damage.

Intellectual property: the ownership of rights to ideas, designs, and inventions, including copyrights, patents, and trademarks.

Intellectual property is protected by law in most countries, and the World Intellectual Property Organization is responsible for harmonizing the law across different countries and promoting protection of intellectual property rights.

Interest: the rate that a lender charges for the use of money that is a loan.

Interest rate: the amount of interest charged for borrowing a particular sum of money over a specified period of time.

Income statement: A financial document that shows how much money (revenue) came in and how much money (expense) was paid out.

Internet: The vast collection in inter-connected networks that provide electronic mail and access to the World Wide Web.

Inventory: A list of assets being held for sale, The stock of finished goods, raw materials, and work in progress held by a company.

Invest: To lay out money for any purpose from which a profit is expected.

Investment: The spending money on stocks, shares, and other securities, or on assets such as plant and machinery.

Invisible exports: the profits, dividends, interest, and royalties received from selling a country's services abroad.

Invoice: a document that a supplier sends to a customer detailing the cost of products or services supplied and requesting payment.

joint account: an account, for example, one held at a bank or by a broker, that two or more people own in common and have access to.

joint ownership: ownership by more than one party, each with equal rights in the item owned.

Joint ownership is often applied to property or other assets.

junk bond: a bond with high return and high risk.

Labor force: people of working age who are available for paid employment, including the unemployed looking for work, but excluding categories such as full-time students, careers, and the long-term sick and disabled.

Lapse: the termination of an option without trade in the underlying security or commodity.

Law of diminishing returns: a rule stating that as one factor of production is increased while others remain constant, the extra output generated by the additional input will eventually fall.

The law of diminishing returns therefore means that extra workers, extra capital, extra machinery, or extra land may not necessarily raise output as much as expected.

lemon: a product, especially a car, that is defective in some way.

Letter of agreement: a document that constitutes a simple form of contract.

Letter of Credit: a letter issued by a bank that can be presented to another bank to authorize the issue of credit or money.

Leverage: a method of corporate funding in which a higher proportion of funds is raised through borrowing than share

issue.

Liability: a debt that has no claim on a debtor's assets or less claim than another debt.

Liability insurance: Risk protection for actions for which a business is liable.

License: a contractual arrangement, or a document representing this, in which one organization gives another the rights to produce, sell, or use something in return for payment.

Lifestyle: A pattern of living that comprises an individual's activities, interests and opinions.

Limited partnership: A legal partnership where some owners are allowed to assume responsibility only up to the amount invested.

Liquid assets: financial assets that can be quickly converted to cash.

Liquidity: The ability of a business to meet its financial responsibilities.

The degree of readiness with which assets can be converted into cash without loss.

Loan agreement: A document that states what a business can and cannot do as long as it owes money to the lender.

Loan: Money lent with interest.

Long-term liabilities: The liabilities (expenses) that will not mature within the next year.

Ma and Pa shop: a small family-run business.

Macroeconomics: the branch of economics that studies national income and the economic systems of national economies.

Mail order: a form of retailing in which consumers order products from a catalogue for delivery to their home.

management: the use of professional skills for identifying and achieving organizational objectives through the deployment of appropriate resources.

The art of conducting and supervising a business.

market: A set of potential or real buyers or a place in which there is a demand for products or services.

Actual or potential buyers of a product or service.

marketable: possessing the potential to be commercially viable.

market analysis: the study of a market to identify and quantify business opportunities.

market development: marketing activities designed to increase the overall size of a market through education and awareness.

market demand: Total volume purchased in a specific geographic area by a specific customer group in a specified time period under a specified marketing program.

Market forecast: An anticipated demand that results from a planned marketing expenditure.

Marketing: one of the main management disciplines, encompassing all the strategic planning, operations, activities, and processes involved in achieving organizational objectives by delivering value to customers.

Marketing management focuses on satisfying customer requirements by identifying needs and wants.

Market niche: A well-defined group of customers for which what you have to offer is particularly suitable.

Market positioning: Finding a market niche that emphasizes the strengths of a product or service in relation to the weaknesses of the competition.

market share: A company's percentage share of total sales within a given market.

market targeting: Choosing a marketing strategy in terms of competitive strengths and marketplace realities.

marketing mix: The set of product, place, promotion, price and packaging variables, which a marketing manager controls and orchestrates to bring a product or service into the marketplace.

marketing research: The systematic design, collection, analysis and reporting of data regarding a specific marketing situation.

markup: the difference between the cost of a product or service and its selling price.

mass marketing: Selecting and developing a single offering for an entire market.

merchandise: Goods bought and sold in a business.

"Merchandise" or stock is a part of inventory.

microbusiness: An owner-operated business with few employees and less than \$250,000 in annual sales.

micromarketing: marketing to individuals or very small groups.

middleman: A person or company that performs functions or renders services involved in the purchase and/or sale of goods in their flow from producer to consumer.

multilevel sales: Also known as network marketing.

Rather than hiring sales staff, multilevel sales companies sell their products through thousands of independent distributors.

Multilevel sales companies offer distributors commissions on both retail sales and the sales of their "down-line" (the network of other distributors they sponsor).