

Jump Start Micro-Enterprise Credential: Business Concept Word Bank

Term	Definition	Section
Differentiated Offering	Different than anything else. Attracts customers and generates sales that is different from other businesses.	9 Steps for Starting Your Small Business
Target Market	The intended group of customers you want to serve.	9 Steps for Starting Your Small Business
Pro Forma	A one-page financial projection that lists your major revenue sources and expenses.	9 Steps for Starting Your Small Business
Marketing/Selling Strategies	<ul style="list-style-type: none"> • marketing is how you intend to communicate to large numbers of customers, motivating them to learn more about your business. (Example: advertising is a marketing tool.) • selling is how you move specific customers to buy from you. (Example: a special event in your store’s parking lot featuring discount prices is selling.) <p>Marketing campaigns and selling efforts should support one another. All your efforts to help customers learn about your business and buy from you should emphasize your differentiating offerings.</p>	9 Steps for Starting Your Small Business
Launch Plan	A detailed To Do List of steps you’ll need to take to go from concept and funding all the way to business launch. The more detailed you make a Launch Plan – specific tasks, projected costs, targeted task completion dates and the team member responsible for each step – the better you can measure and manage the process it takes you to launch your business.	9 Steps for Starting Your Small Business
Accounting System	Software program to track financial information like budgets, expenditures, invoicing and payroll.	9 Steps for Starting Your Small Business
Revenue	Income. The amount of money earned from the sale of products/services.	9 Steps for Starting Your Small Business
Expense	The cost required for an item or service. The outflow of money to another person or group to pay for an item or service.	9 Steps for Starting Your Small Business
Cost of Goods	The cost that it takes to produce a product or service. Includes materials and labor.	9 Steps for Starting Your Small Business
Personnel Cost	Money paid by an employer to an employee for work done during a period of time.	9 Steps for Starting Your Small Business

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Marketing/Sales Cost	The amount of money spent to sell product or services. Includes advertising materials, promotions, public relations, and other expenses like salaries and travel.	9 Steps for Starting Your Small Business
Overhead Cost	Cost of running the business that does not lead to the generation of profit. Examples are accounting and legal expenses, administrative salaries, insurance, property taxes, rent, and utilities.	9 Steps for Starting Your Small Business
Capital	The value of funds in accounts or tangible machinery/production equipment.	9 Steps for Starting Your Small Business
Credit	The trust that allows one party to provide money or resources to another party where that the second party does not reimburse the first party immediately.	9 Steps for Starting Your Small Business
Venture	A risky or daring journey or undertaking.	9 Steps for Starting Your Small Business
Premium	The annual cost to you of your insurance.	9 Steps for Starting Your Small Business
Deductibles	The amount you will pay before the insurance company reimburses you for a loss.	9 Steps for Starting Your Small Business
Business Concept	is a short, simple document that provides a clear summary of a proposed business venture.	What is a Business Concept
Vision Description	Similar to an elevator speech, a concise, compelling description of the proposed venture.	What is a Business Concept
Prospective Investors	A person or entity that may be interested in providing capital for your business venture.	Creating Simple Financial Pro Formas
Hockey Stick Projections	A "hockey stick" projection is a revenue growth line sort of looks like a hockey stick - flat at first, and then a straight line up.	Creating Simple Financial Pro Formas
Seasonality	Product or services that experience regular and predictable changes that recur every calendar year.	Creating Simple Financial Pro Formas
Competitive Reactions	How your customers and competitors responding to your marketing and selling strategies.	Creating Simple Financial Pro Formas
Expansion Markets	The ability to go beyond your customers into markets that have not been in your typical plan. For example, a restaurant offering private catering or a restaurant selling their signature desserts through local grocery stores.	Creating Simple Financial Pro Formas
Assumptions	An idea that is accepted as true or as certain to happen without proof.	Creating Simple Financial Pro Formas

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Sensitivity Analysis	A separate section in your Pro Forma that allows you to make varying assumptions that will help you avoid introducing errors in calculation into the pro forma spreadsheet. It allows you to determine which assumptions have the greatest impact on the bottom line.	Creating Simple Financial Pro Formas
Materiality	A financial term that means "big enough to care about." An effective <i>pro forma</i> spreadsheet should only include line items that are big enough that they have a "material impact" on your overall financial projections.	Creating Simple Financial Pro Formas
Material Impact	<p>Insignificant changes that do not hurt the overall performance of a business.</p> <p>One good example of material impact is the cost of a business license. You <i>know</i> that you're going to have to pay for one or more city and/or state business license. The cost will likely be a few hundred dollars a year. You can project this cost with great certainty. But it's not material - a few hundred dollars more or less won't make or break your venture. So it's better to lump together licenses, use taxes, insurance and utilities into "overhead costs" and round up to the nearest thousand dollars what you believe these costs will be in the aggregate.</p>	Creating Simple Financial Pro Formas
Expenditures	The action of spending funds.	Creating Simple Financial Pro Formas
Cumulative Cash Flow	Cash in and out of the business over a period of time.	Creating Simple Financial Pro Formas
Burn cash	A venture spends much more money than it takes in as it establishes its operations, "captures" its first customers, and launches the marketing efforts necessary to create a market presence. The rate at which the company is losing money. Known as negative cash flow.	Creating Simple Financial Pro Formas
Nadir	The lowest point of cumulative cash flow - called the "nadir" or lowest point - is the minimum amount the venture will require in order to work through its early stages and emerge a vibrant, successful organization.	Creating Simple Financial Pro Formas

Term	Definition	Section
Variable Cost	Cost that vary depending on the rise and fall of production. Examples of variable costs are wages and material.	Business Pro Forma Exercise
IT	Acronym for Information Technology	Business Pro Forma Exercise
Free Lance Consultants	A worker that works independently by selling work or services by the hour, day or job with no intent to pursue a permanent or long-term arrangement with a single employer.	Business Pro Forma Exercise
“Pencils out”	A phrase that means to add up or to make economic sense.	Business Pro Forma Exercise
Evocative	Bringing about strong emotions or feelings.	Business Pro Forma Exercise
Feasible	Possible to do easily or conveniently.	What Makes a Business Doable
Unmet customer need (unexpressed)	Needs of customers that are currently not being addressed by your company or any company.	What Makes a Business Doable
Defensible competitive advantage	An advantage you have and can sustain over your competition. Financially sustainable and difficult for competitors to copy.	What Makes a Business Doable
Attractive Return on Capital	The expectation of money earned based on amount of investment.	What Makes a Business Doable
Proprietary	Owner of information, knowledge, patent, copyright, trademark. Others are forbidden to use it.	What Makes a Business Doable
Intellectual property	A work or invention that is the result of creativity, such as manuscript or a design to which one has rights and for which one may apply for a patent, copyright, trademark, etc.	What Makes a Business Doable
Tenacious talent	<i>Every investor invests in people.</i> Investors <i>always</i> evaluate the quality of the human capital in a venture when they assess whether a business concept is doable.	What Makes a Business Doable
Human Capital	A team of talented, driven individuals led by a proven-effective business leader.	What Makes a Business Doable
Contingency	A future event or circumstance that is possible that cannot be predicted with certainty.	What Makes a Business Doable
Tenacity	The quality or fact of being able to endure and continue with determination.	What Makes a Business Doable
Stamina	The ability to sustain prolonged physical or mental effort.	What Makes a Business Doable
Risk	A situation involving exposure to danger." In the context of an entrepreneur, the "danger" is loss of capital, as well as the loss of time, effort, and personal reputation in a failed venture.	Understanding and Mitigating Risk

Term	Definition	Section
Business risk	Risks associated with the success of a single venture.	Understanding and Mitigating Risk
Market risk	Risks in a market sector that impact all competitors in that sector	Understanding and Mitigating Risk
Reputational risk	Risks associated with the reputation and good standing of a venture	Understanding and Mitigating Risk
Financial risk	Risks associated with the financial standing / performance of a venture	Understanding and Mitigating Risk
Political risk	Risks associated with the geography in which a venture operates	Understanding and Mitigating Risk
Regulatory risk	Risks associated due to government passing laws or regulations that could impact the ability to operate.	Understanding and Mitigating Risk
Mitigation strategies	An action plan for implementing to identify, prioritize and implement actions to reduce risks.	Understanding and Mitigating Risk
Financial equity	Funds contributed by owner.	Business Concept Evaluation Exercises
Sweat equity	When an entrepreneur or small business leader work long hours for little or no pay to make a new venture succeed.	Business Concept Evaluation Exercises
Value proposition	A value proposition that they believe delivers benefits in excess of the costs required to offer their product or service. An innovation, service or feature intended to make a company or product attractive to customers.	Opportunity Assessment
Start up	A business created from scratch.	Opportunity Assessment
Acquisition	An existing business purchased from its owner. The entrepreneur / small business leader is acquiring the business because he / she believes the future potential of the business justifies the purchase price.	Opportunity Assessment
Franchise	A proven business concept, an established brand, and all types of management support (accounting systems, personnel training, marketing campaigns, technology packages, etc.).	Opportunity Assessment
Franchisee	The person purchasing a franchise	Opportunity Assessment
Franchisor	The person or entity offering the sale of a franchise.	Opportunity Assessment
Royalties	Money owed to a Franchisor per contract agreement.	Opportunity Assessment

Term	Definition	Section
Joint venture	A new business launched by two existing businesses. Both businesses contribute something of value to the new venture, and serve as partners in making the joint venture succeed. Typically, a joint venture enables JV partners to pursue business opportunities they couldn't pursue alone.	Opportunity Assessment
Economy of Expression	Maximum efficiency in representing information.	The Value of Concise Communication