**Accounts Payable** - short term debts incurred as the result of day-to-day operations.

**Accounts Receivable** - monies due to your enterprise as the result of day-to-day operations.

**Accrual Based Accounting** - an accounting method that enters income and expenses into the books at the time of contract versus when payment is received or expenses incurred.

**Assets** - all real or intellectual property owned by the enterprise that has a positive financial value.

**Benchmark** - A benchmark is a standard or guideline used to compare some aspect of a business to some objective or external standard measure. Business Benchmarks are used to compare five standard business measures, namely sales, gross margin, net profits, debtors collection days, and inventory turnover as they change over time.

**Best Practices** - is standard, published operating methods found to produce the best performance and results in a given industry or organisation.

**Break-Even Analysis** - An examination of changes in fixed and variable costs based on varying revenue and production levels that identifies a break-even point where revenues are equal to costs. It highlights the profit results from alternative levels of operation. A point at which revenues equal’s expenses.

**Brand** - A name, term, sign, symbol, design, or a combination of all used to uniquely identify a producer’s goods and services and differentiate them from competitors.

**Brand Equity** - The added value a brand name identity brings to a product or service beyond the functional benefits provided.

**Brand Extension Strategy** - The practice of using a current brand name to enter a new or different product class.

**Brand recognition** - Positions customer’s relative perceptions of one brand to other competitive

**Budget** - A planning, control and reporting system that estimates future costs and revenues based on projected operating levels. It provides target spending levels and profit estimation, and allows for interim review and corrective action.

**Business Concept** - A business concept is an articulated business idea which includes a definition of the target market, the product or service and the unique competitive advantage the business has.
**Business Intelligence** - Systems that provide directed background data and reporting tools to support and improve the decision-making process.

**Business Feasibility Study** - A business feasibility study is essentially a process for determining the viability of a proposed business venture and determination if the proposed investment or business is feasible based on the results obtained from a well-prepared and researched study.

**Business Name** - Business name registration occurs when a sole trader, partnership or company may choose to trade. The business name is the name by which the enterprise is known to the public. All trading names are registered as a business name through the Department of Fair Trading for each respective state or territory.

**Business Plan** - A long term, family-level financial and operating plan that supports the strategic plan in fulfilling organisational objectives. It provides the high-level detail for the strategic considerations of market, product, facility and resource positioning. An intermediate planning level between the strategic plan and the sales and operations plan.

**Business Research** - is research that provides information to support business market analysis when developing strategies to reduce uncertainty and resolve issues.

**Balance Sheet** - a statement of assets and liabilities.

**Barriers to Entry** - conditions that create difficulty for competitors to enter the market. For example, copyrights, trademarks, patents, dedicated distribution channels and high initial investment requirements.

**Capital** - the financial investment required to initiate and/or operate an enterprise.

**Cash Based Accounting** - an accounting method that enters income and expenses into the books at the time when payment is received or expenses incurred.

**Cash Flow** - the transfer of monies into and out of an enterprise.

**Collateral** - assets that can be pledged to guarantee a loan.

**Commercial Value Adding** - from the entrepreneur’s perspective focuses on the creation of tangible and intangible assets that contribute to the overall worth of the business.
**Company** - is a legal entity which is separate from its shareholders. Companies in Australia are regulated by the Australian Securities and Investments Commission (ASIC).

**Contribution Margin (CM)** - Equal to sales revenues less variable costs or \( SP - VC \).

**Copyright** - protects the original expression of ideas but not the ideas themselves. Copyright provides protection for original works of art, literature, music, films, broadcasts and computer programs against unauthorised copying.

**Cost of Goods** - the direct costs involved in producing a product or service which usually includes labor and materials.

**Cost of Sales** - the cost of goods plus the expenses involved in selling and delivering the product or service.

**Current Assets** - Assets that can be converted quickly to cash.

**Current Liabilities** - All debts incurred in the normal day-to-day business and due within one calendar year.

**Debt Financing** - is the borrowing of money through debt financing or loans from commercial lenders such as banks and finance institutions.

**Debt Service** - the regular payments required to keep a loan current.

**Dimensions of Business Viability** – is an analysis model which uses a generic framework that assists the entrepreneur in identifying individual tasks (decisions) in validating the Business Concept. The core dimensions of the model are; Market Viability, Technical Viability, Business Model Viability, Management Model Viability, Economic and Financial Model Viability, and Exit Strategy Viability.

**Depreciation** - The gradual erosion of the usability and value (possibly due to obsolescence) of an enterprise’s fixed assets. In some cases depreciation can be declared as a tax deduction.

**Direct Sales Method** - selling direct to the end user with promotional efforts using advertising, direct mail or telephone sales.

**Distributor** - an enterprise that purchases your products for resale to their customers who are usually retail outlets. The distributor expects to receive a significant price discount for providing the distribution service.
Distribution Channel - the path the product follows to be delivered to the end user. This may be through distributors, retail outlets, self service outlets, direct sales, etc.

Equity - a percentage ownership of an enterprise, usually in the form of stock.

Equity Financing - is the raising of money (capital) by selling a share in the business.

Enterprise Management - is considered the process of adapting to change and effectively controlling the use of an organisation’s current and proposed limited or scarce resources in the pursuit of enterprise objectives.

Factoring - involves the cash purchase of a business’s invoices at a discount. Factoring is used where the business needs immediate cash in order to support ongoing operational costs or facilitate business growth.

Financial Accounting - is to provide information that is useful in making capital investment and credit decisions; in assessing future cash flows; and evaluating enterprise’s economic resources and enterprise expenses.

Fixed Assets - (sometimes called long term assets) these are usually non-liquid assets that are integral to the enterprise’s day-to-day business operations such as plants, equipment, furniture and real estate.

Fixed Costs (FC) - These costs are considered those that remain constant within the projected range of sales levels. These can include facilities costs, general and administrative costs, capital interest and depreciation expenses. The FC is usually expressed as a lump-sum cost in dollars.

Gross Profit - revenues less cost of sales.

Initial Public Offering (IPO) - means a company that was previously owned by a limited number of private investors has elected, for the first time, to (offer) sell ownership shares of the business to the general public.

Intangible Assets - non-physical assets such as patents, trademarks, a customer base, brand recognition of your products, etc. This is sometimes called goodwill.

Intellectual Property (IP) - is an asset generated through intellectual or creative activity.
Inventory Turnover - a ratio for evaluating sales effectiveness. For a given accounting period divide total revenue for the product by the average retail value of the product inventory.

Licensing agreement - an agreement between two enterprises allowing one to sell the other’s products or services and to use their name, sales literature, trademarks, copyrights, etc. in a limited manner.

Liquidity - the percentage of an enterprise’s assets that can be quickly converted into cash.

Long Term Assets - (sometimes called fixed assets) these are usually non-liquid assets that are integral to the enterprise’s day to day business operations such as plants, equipment, furniture and real estate.

Long Term Liabilities - all debts that are not current liabilities, that is, debts that are not due until at least one calendar year in the future.

Managerial Accounting - is the process of measuring, analysing, interpreting and communicating information in assisting management in decision-making, planning, and control in the pursuit of an organisation’s goals.

Market Life Cycle - the period of time that a substantial segment of the buying public is interested in purchasing a given product or service form.

Market Penetration Pricing Strategy - the strategy of setting low prices in order to rapidly penetrate the market in order to gain eventual market control. This strategy is appropriate when near term income is not critical.

Market Research - is a business activity utilised to gain an understanding of the consumer behaviour in relation to specific Business Concept or commercial market.

Market Segmentation - The categorisation of potential buyers into groups based on common characteristics such as age, gender, income, and geography or other attributes relating to purchase or consumer behaviour.

Market Share - the percentage of the total sales (from all sources) of a service or product represented by the sales made by your enterprise, i.e. your sales divided by total sales.

Material Goods - normally raw or processed materials such
as coal or steel that will become part of the purchaser’s end product.

**Net Profit** - total revenues less total expenses.

**Net Worth** - assets minus liabilities.

**Patent** – is an exclusive right granted to the owner to stop others from manufacturing, using and/or dealing with the invention or process in any manner.

**Partnership** - a legal relationship between two or more individuals to conduct a specifically defined business.

**Pro forma** - financial forms (invoices, P&L statements, balance sheets, etc.) based on future expectations.

**Product Benefits Advertising** - a “product benefits” ad is designed to acquaint the prospect with the strengths of the product or service and the benefits resulting from those strengths.

**Production Capacity** - the volume of products or services that can be produced by an enterprise using current resources.

**Profit and Loss Statement** - a statement of revenues, expenses and determined enterprise profit or loss for a given period.

**Profit Margin** - total revenues less total expenses

**Proprietary Technology** - technology that is unique and legally owned by an enterprise. The technology may be integral to the product or service being offered or it may be used in the production of the product or service.

**Pull Promotional Strategy** - a process that requires direct interface with the end user of the product or service. Use of channels of distribution is minimised during the first stages of promotion and a major commitment to advertising is required. The objective is to “pull” the prospects into the various channel outlets creating a demand the channels cannot ignore.

**Push Promotional Strategy** - a process of maximising the use of all available channels of distribution to “push” the product or service into the marketplace. This usually requires generous discounts to achieve the objective of giving the channels incentive to promote the product or service, thus minimising the need for advertising.
Retained Earnings - profits retained by the enterprise rather than disbursing to the shareholders. Retained earnings are used to improve the value of the enterprise through development and/or promotional programs.

Return On Investment (ROI) - Net profits divided by net worth or total equity. A financial ratio indicating the degree of profitability on the capital investment.

Seed Capital - Seed capital is investment contributed at a very early stage of a new venture, usually in relatively small amounts. It comes even before venture capital.

Selling Price (SP) - Represents the price that each unit will sell or retail for. The SP is generally expressed as revenue in dollars per unit.

Sole Proprietorship - an enterprise that is owned by a single individual.

Specialty Goods - goods that appeal to a large segment of the buying public and are considered “special” enough that the consumer will specifically ask for the product.

Strategic Relationships - an agreement between two or more enterprises to conduct specified business processes in a joint manner. Usually related to technology development and/or marketing and distribution efforts.

Supplies Goods - production support products that will not become a part of the purchaser’s end product. Examples are drill bits, machine lubricants, wiping rags, etching chemicals, pencils, paper, paper clips, etc.

Trademark - is a sign used to distinguish goods and/or services of one trader from those of another trader. It can be a word, business name, or phrase, logo, label, combination of letters and/or numbers, an aspect of packaging, or even a smell, sound or shape.

Trust - is an obligation on a person to hold property for the benefit of others. The individuals receiving the benefit of the trust are known as beneficiaries. In business a trust is a structure whereby the trustee holds property and earns and distributes income on behalf of the beneficiaries.

Units (X) - Represents the number of items sold or produced. For the purpose of a break-even calculation, it is assumed that the number of units sold during a period is equal to the number
of units produced during the same period.

**Value Chain** - reflects the generic value-adding activities of an enterprise.

**Venture Capital** - Venture capital is capital obtained through private investment or public investment funds directed to high-risk and high-potential enterprises.

**Variable Costs (VC)** - Consist of costs that vary in proportion to sales levels. They include direct material and labour costs, the variable part of manufacturing operating cost, transportation and sales expenses. The VC is usually expressed as a cost in dollars per unit.

**Vertical Integration** - the potential within an enterprise to incorporate all aspects of management, production, sales and distribution into their business operations. In theory, the greater the vertical integration, the less vulnerable an enterprise is to outside forces.

**Wholesale Sales Method** - selling to distributors at significantly discounted prices who in turn sell to full service or self service retail outlets.

**Working Capital** - the cash available to an enterprise for day-to-day operations.