

Glossary

Accounts Payable (A/P)	An obligation to pay for goods or services that have been purchased on credit from suppliers. Accounts Payable is a current liability on the Balance Sheet.
Accounts Receivable (A/R)	The amount owed to a company from customers who have purchased goods or services on credit. Accounts Receivable is a current asset on the Balance Sheet.
Advantages	In Selling, the impact that your product or service has over those of your competition. Advantages illustrate how a feature can be used to help the customer. <i>See Features and Benefits</i>
Advertising	Any paid form of non-personal communication that generally promotes a product, service or business in a static manner. <i>See Promotion</i>
Advertising Media:	An appropriate medium or vehicle that carries an advertising message to a targeted audience such as newspaper, television, radio, flyers, billboards, etc.
Appendix	The section of supplementary information provided at the end of a Business Plan.
Asset	An economic resource of a company. Assets include money, land, buildings, property, property rights and machinery. The two categories of assets include tangible assets such as a machine or building which can be seen and felt, and intangible assets such as patent rights and goodwill which have no physical substance. An asset must meet the following three criteria: <ol style="list-style-type: none">1. It must provide future benefits that can be reasonably estimated.2. It must be controlled by its owner.3. It must be the result of a previous event, purchase or transaction. Assets are classified as either current or non-current on the Balance Sheet. An asset is classified as non-current if its future economic benefit will be realized in more than one year.
Benefit	The following defines benefit from two different business perspectives: <ol style="list-style-type: none">1. In Selling, the general or overriding value of a product or service on the consumer, e.g. saves time, saves money, increases quality of life, provides peace of mind, etc. <i>See Features, Advantages</i>2. An allowance paid by a government or employer.

See Employee Benefits

Brand (or Brand-Name)	A corporate name, term or symbol that identifies a product and differentiates it from the competition.
Break-Even Point	The point at which sales revenue equals total operating costs, including both fixed costs and variable costs. <i>See Fixed Costs and Variable Costs</i>
Cash Disbursement	On a Cash Flow Forecast, money earmarked to be paid out to cover specific expenses in a given month.
Capital	The following defines capital from two different perspectives: <ol style="list-style-type: none">1. Available funds, cash or financing for a business venture2. The amount on the Balance Sheet that represents ownership in a business. Also called Equity or Net Worth. Capital is the difference between Assets and Liabilities. In a corporation, capital equals stockholders' equity.
Capital Cost Allowance (CCA)	The depreciable cost of property such as a building, furniture or equipment used in your business or professional activity spread over a period of several years. The CCA reflects the cost of properties that wear out or become obsolete over a period of several years. The CCA that you can claim depends on the type of property, its class category and the date that you acquired it. <i>See the current Canada Tax Guide for more details at www.cca.gc.ca</i>
Cash Flow	The Cash Receipts less the Cash Disbursements from a given operation or asset for a particular period of time.
Cold Call	A personal selling technique in which a salesperson approaches a potential customer with little or no advanced customer contact or customer knowledge.
Competitive Advantage	The particular elements within a company that give it an edge over its competitors.
Consignment	An agreement between a supplier and a retailer. The retailer agrees to merchandise the supplier's product, and pays the supplier for the products that sell, when they sell. Products that do not sell in a set period of time are returned to the supplier.
Corporation	A business which is legally incorporated, provincially or federally,

establishing it as a distinct legal entity, separate from its owners. It is characterized by the limited liability of its owners and the issuance of shares of easily transferable stock. The process of becoming a corporation gives the company separate legal standing from its owners and protects those owners from being personally liable in the event that the company is sued, i.e. limited liability.

Current Assets	In Accounting, an item with a useful economic life of one year or less, or the normal operating cycle of the company, whichever is greater. Current Assets are listed on the Balance Sheet and include cash, accounts receivable, pre-paid expenses and inventory.
Database	The collection, organization and analysis of information that provides facts, details, demographic information and access to a defined group of people or customers.
Demographics	Socio-economic groups, characterized by age, income, sex, education, occupation, etc. that comprise a market segment or niche. <i>See Market Segmentation</i>
Depreciation	The fall in value of a business asset through wear and tear or by becoming obsolete.
Direct Competitors	Companies or individuals who pursue the same market segments as you or your business, and who offer products or services of similar nature and quality. <i>See Indirect Competitors</i>
Distribution Channel	The various routes that goods take as they travel from manufacturer to the ultimate consumer which can include all intermediaries, such as: manufacturers' representatives, wholesalers, agents, brokers, dealers, buyers, associations, retailers and direct sales to the consumer.
Dividends	The distribution of a company's earnings to stockholders in a corporation. Cash dividends are most common, although dividends can be issued in other forms such as stock or property.
Diversification	Diversification can be an effective way to minimize the risk and vulnerability of a business venture. This can be accomplished through the following methods: <ol style="list-style-type: none">1. The introduction of complementary products or services that a business offers in order to build a broader base upon which revenue is generated.

-
2. The pursuit of a number of different market segments for the purpose of expanding the client base from which revenue is generated.

Both of these methods of diversification can effectively minimize the impact of seasonality as it relates to a particular product, service, market or some other aspect of business activity.

Drawings

Money that the owner of a business takes from the business for personal use. Also referred to as Owner's Drawings.

Employee Benefits

Allowances paid by an employer on an employee's behalf to supplement a pension plan, health, safety and accident coverage, employment insurance, etc.

Expenses

The costs incurred in the operation of a business as reflected on an Income Statement or Profit & Loss Statement.

Feature

The characteristics of a product or service.
See Advantages and Benefits

Fixed Asset

An item purchased for the operation of a business with a cost greater than \$500 that has physical substance and a useful economic life greater than one year and is not to be sold to customers.

Fixed Assets are entered on the Balance Sheet and include buildings, equipment, machinery and land. All Fixed Assets, except land are subject to depreciation.

Fixed Costs

In Accounting, expenses that remain constant regardless of increases or decreases in sales activity, such as rent, insurance, and salaries of management.

Focus Group

In Marketing, a gathering of 8 to 12 people who are interviewed as a group by a facilitator to conduct exploratory research.

Franchise

A proven, turnkey system of business operation. In the form of licensing, by which the owner (the franchisor) gives a franchisee access to operate the franchise in a defined geographical area. In return for following the franchisor's guidelines, the franchisee can share in the goodwill built up by all of the other franchised outlets bearing the same name and often benefit from the volume buying power that the franchises collectively share.

The franchisee gives up some options and freedom of action

	regarding business decisions that would otherwise be open to the owner of a non-franchised business in return for the minimized risk, additional guidance and proven system of operation that a franchise can offer.
Franchise Agreement	The agreement used to define responsibilities and uniform practices when a franchise is purchased.
Geographics	In Marketing, this term refers to the territorial extent of a business' operational reach and is determined by such factors as distance, physical barriers, i.e. bodies of water, terrain, traffic congestion, and accessibility, i.e. highways, bridges, railways, airports.
Goods and Services Tax (GST)	A 7% Canadian Federal Tax charged on the supply of most goods and services in Canada. <i>See Harmonized Sales Tax (HST)</i>
Goodwill	In Accounting, the value of intangible assets such as reputation, name recognition and customer relations that give a company an advantage over its competitors. Goodwill appears on a company's Financial Statement only if it has been paid for when a business is purchased.
Harmonized Sales Tax (HST)	Nova Scotia, New Brunswick, and Newfoundland harmonized their Provincial Sales Tax with the Goods and Services Tax (GST) to create the Harmonized Sales Tax (HST). HST applies to the same base of goods and services as GST, but at the rate of 15%. Of this, 7% is Federal and 8% is Provincial. <i>See Goods and Services Tax (GST)</i>
Indirect Competitors	Companies and individuals as well as attitudes and priorities that lead consumers away from the products and services that you or your business provide, and influence them in another direction. <i>See Direct Competitors</i>
Leads	In Sales, leads are referrals that provide direction to possible new clients that may have a need, use or application for a product or service that a business offers.
Liabilities	Business obligations payable in money, services or goods.
Loan Interest	In Accounting, the Income Statement entry showing the period costs of borrowing money.
Loan Principal	In Accounting, the Income Statement entry indicating a capital sum owing.

Market	<p>The following terms each define the term market from a different perspective:</p> <ol style="list-style-type: none">1. A place where buyers and sellers meet, where goods or services are offered for sale and the transfer of ownership occurs.2. A group of potential buyers of a product, service or concept with common needs, wants or uses, with money to spend and a willingness to pay.3. A demand for a specific product, service or concept.
Market Research	<p>The systematic approach of gathering and analysing information to reduce the business risk by providing objective information to be used in decision-making. Effective market research incorporates both primary and secondary findings. Secondary research uses statistical information that already exists, and reflects potential. Primary research introduces personal feedback, both qualitative and quantitative, through interviews and observation.</p>
Market Segmentation	<p>The breaking down of a large heterogeneous market into small, more homogeneous segments. Marketers can then develop separate marketing programs to meet the specific needs of each segment. Market segments are often determined by demographics, geographics, and psychographics. <i>See Demographics, Geographics, Psychographics</i></p>
Market Trends	<p>The direction that a market is moving in relation to the needs, wants and expectations of the consumer often reflected through the product life cycle. <i>See Product Life Cycle</i></p>
Marketing	<p>The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational needs and objectives.</p>
Mark-up	<p>The difference between the price that is paid for a product and the price at which it is sold. Generally, as volume increases, mark-up decreases or vice versa.</p>
Media	<p>In Marketing and Advertising, the vehicle that carries a promotional message such as newspaper, magazine, radio, television, etc.</p>

Mission Statement	Outlines how the people in a company go about achieving the company's vision.
Niche	A small segment of the market that some companies specialize in and focus on that is of little interest to major competitors.
Overhead	In Accounting, costs incurred by a business such as insurance, utilities, supervision, and maintenance that cannot be directly linked to products or services produced.
Owner's Drawings	Money that the owner of a business takes from the business for personal use.
Owner's Equity (OE)	The value of the owner(s) assets in a company, as reported on the Balance Sheet. Owner's Equity equals Assets minus Liabilities. <i>See Assets and Liabilities.</i>
Partnership	An arrangement where two or more people agree to combine their resources in the operation of a business. There are three types of partnerships: <ol style="list-style-type: none">1. A general partnership, where each member shares in the management of the business and has 100% personal liability for business debts and obligations.2. A limited partnership, where some members are general partners, while others—the limited partners—contribute capital only, take no part in control or management, and have limited liability for company debts.3. A limited liability partnership, which has some aspects of both a limited partnership and a limited company.
Patent	A government document granting exclusive right to the developer of a product or process to produce and sell an invention, etc. for a specific period of time.
Policy	A specific plan that embraces the general principles and aims of a business.
Positioning	In Marketing, product positioning refers to the image that you create in the mind of the consumer that demonstrates the value of the product or service and justifies the price.
Press Release	A prepared statement of newsworthy information that is delivered to the News Editor of a media business with the expectation of further editorial coverage. Press releases are issued for a variety of situations that include the introduction of new products,

	services, or staff, as well as significant accomplishments, milestones, etc.
Primary Research Data	Qualitative information gathered directly from a market segment; at random, to provide direction and guidance in decision making when used in conjunction with secondary research data collected. Quantitative numbers provide increased insurance that further minimizes risk in the decision making process. <i>See Market Research and Secondary Research Data</i>
Primary Target Market	The customer base from which an enterprise draws most of its business activity.
Procedures	An agreed-to, established mode of performing a task or running a business operation.
Product Life Cycle	The process by which a product enters, grows, saturates and leaves a market. The product life cycle usually consists of four stages: introduction, growth, maturity and decline. Each stage of a product's life cycle demands a different marketing approach.
Promotion	While advertising communicates generally static messages regarding the benefits of a product, service or business, promotion uses sampling, demonstration and participation to communicate with the consumer at a different level. <i>See Advertising</i>
Prospect	A potential customer.
Provincial Sales Tax (PST)	The retail tax charged to the end consumer on the sale of tangible items or goods items by a Canadian provincial government. The Provincial Sales Tax varies from province to province. The Ontario PST is calculated at 8%.
Psychographics	One of three ways by which a market is divided into segments based on how consumers live, as reflected in their values, attitudes and interests. <i>See Market Segmentation</i>
Public Relations (PR)	A form of communication designed to increase public understanding, positive publicity and acceptance of a product, service or company generally orchestrated through the use of news releases.
Qualifying	In sales, the process that determines if a prospect has the needs,

	wants, authority and ability to make the decision to buy from you.
Resource	A person, asset, material or capital used to accomplish a goal.
Revenue	Gross income received before any deductions for expenses, discounts, returns, etc. Revenue is called sales in most companies.
Search Engine	A search engine consists of software that collects data from the Internet to enter into a database. Records of URL's related to the data are referenced to the data's keywords. The keywords used in the search then access all corresponding URL's for reference. <i>See URL</i>
Seasonality	In reference to the sale of products or services, the time of year when a business or industry typically experiences busy or slow sales activity.
Secondary Research Data	The collection of information, data and/or statistics that determine the potential of a market. Sources include Municipal, Regional, Provincial and Federal offices, professional directories, libraries, Chambers of Commerce, trade publications, etc. <i>See Market Research and Primary Research Data</i>
Secondary Target Market	That segment of your customer base that does business with you or your business less frequently than your primary target market.
Start-up Costs	Expenses related to the purchase of assets and deposits on rent and utilities that are paid out up to 12 months prior to the start-up of a business venture.
Sole Proprietorship	The simplest and most popular form of business organization. The owner has complete control of the business and is personally liable for all debts of the business to the fullest extent of his or her property.
Statistics	The collection, analysis and presentation of numerical data that reflects trends, patterns and growth, used to project realistic expectations and potential.
Trademark	Legal permission or the right granted to a seller to exclusively use an identifying symbol or brand. <i>See Brand</i>
URL	The technical term for an Internet website address. Acronym for Uniform Resource Locator.

Utilities	In a Financial Statement, the costs incurred for hydro, gas and water.
Value-added	A customer service term that refers to additional, underlying benefits or extras that a consumer will experience from a product, service or relationship.
Variable Costs	In Accounting, expenses that vary directly with changes in business activities, such as raw materials, utilities and labour.
Vision Statement	Describes how you see your business operating when everything is in place and running properly.
Wholesaler	A member of the distribution channel who purchases or receives goods from a manufacturer and then in turn sells them with a mark-up to another member of the distribution channel (usually the retailer). <i>See Distribution Channels, Mark-up</i>
Win/Win (or Win-Win)	In negotiation, an outcome that is good for both parties, i.e. where both parties feel that their needs have been met.
Word-of-Mouth Advertising	An advertising term used to loosely describe informal referrals offered from satisfied customers to other potential customers.