

GLOSSARY

360° marketing Approach to marketing that communicates with your prospects and customers from all directions; it blends low-tech methods and high-tech methods to carry your message to customers in as many ways as possible. (p. 228)

A

Accounting System of recording and summarizing business and financial transactions and analyzing, verifying, and reporting the results. (p. 376)

Accounting controls Checks and balances established to provide accounting personnel with procedures that will avoid potential problems. (p. 382)

Accounts payable Amount of money a business owes to its suppliers for purchases made on credit. (p. 306)

Accounts receivable Amount of money owed to a business by its customers for credit sales. (p. 305)

Accreditation Certification by a professional group that an individual possesses certain skills or a specific level of expertise. (p. 417)

Active content Web content that changes frequently, such as the current time and temperature. (p. 287)

Active listening Listening consciously and responding in ways that improve communication. (p. 85)

Adulterated Containing substances or processed in ways that may be harmful to health, or modified to mask poor quality. (p. 476)

Advertising Public, promotional message paid for by an identified sponsor or company. (p. 232)

Affiliate marketing Process used by Website owners who sell items from another store and take a percentage of the profits. (p. 69)

Affiliate network Intermediary between affiliates and merchants with affiliate programs. (p. 575)

AIDA (attention, interest, desire, and action) Popular communication model used by companies to plan, create, and manage their promotions. (p. 223)

Angels Equity investors who finance start-up ventures in which they have a particular interest. (p. 359)

Antitrust laws Laws that forbid anticompetitive mergers and business practices. (p. 477)

Applications End-user programs. (p. 457)

Apprenticeship Internship in which a technical or trade skill is taught. See also internship. (p. 7)

Aptitude Natural ability to do a particular type of work or activity well. (p. 14)

Asset Everything owned by the business that has a monetary value. (p. 305)

Attitude Way of viewing or thinking about something that affects how you feel about it. (p. 14)

Auction site Website where buyers and sellers come together to buy or sell goods and services. (p. 553)

Auditor Accountant who examines a company's financial records and verifies that they have been kept properly. (p. 383)

Authoritarian (aw-thor-uh-TEHR-ee-un) leadership style Practiced when a leader tells employees what needs to be done and how to do it, without seeking their advice. (p. 494)

Automation Use of machines to perform tasks normally performed by people. (p. 515)

B

Balance sheet Financial statement that summarizes the assets and liabilities (debts) of a business. (p. 304)

GLOSSARY

- Bank debt ratio** Your monthly income compared to your debts. (p. 356)
- Bank reconciliation** Process of verifying that a checkbook balance is in agreement with the ending balance in the checking account statement from the bank. (p. 373)
- Banner ad** Ad at the top or side of a Web page. (p. 431)
- Bargaining in good faith** An honest intention to resolve differences in a way that is acceptable to all. (p. 87)
- Barter financing** Trading of items or services between businesses. (p. 361)
- Benefits** Reasons customers choose to buy a product. (p. 215); Types of compensation other than salary or wages. (p. 412)
- Bidding** Making an offer on an item. (p. 553)
- Blog** Personal journal. Short for “weB LOG.” (p. 287)
- Book value** Accounting term that means total assets minus total liabilities according to a company’s balance sheet. Also referred to as net worth or owner’s equity. (p. 589)
- Bootstrapping** Starting a business by yourself without any outside investment. (p. 352)
- Bounce rate** Percentage of visitors who visit the landing page and exit without visiting another page. (p. 509)
- Brand** Marketing strategy that can create an emotional attachment to your product(s). (p. 215)
- Brand equity** Perceived monetary value of a brand. (p. 582)
- Brand licensee** Company or person who is granted permission to use the brand. (p. 582)
- Brand licensing** Granting of legal permission to someone or some company to use your brand. (p. 582)
- Brand licensor** Company or person who owns the brand. (p. 582)
- Brand mark** Symbol or other graphical design that can be used to identify a brand. (p. 216)
- Breach of contract** Failure to carry out the required conditions of a contract. (p. 441)
- Break-even analysis** Examination of the income statement that identifies the break-even point for a business. (p. 333)
- Break-even point** Point at which the total at the bottom of the income statement is zero because the business has sold exactly enough units for sales to cover expenses. (p. 333)
- Break-even units** Number of units of sale a business needs to sell to arrive at the break-even point. (p. 335)
- Bundling** Combining the price of several different services (and/or physical products) into one price. (p. 221)
- Burn rate** Rate at which a company spends cash to cover overhead costs without generating a positive cash flow. (p. 303)
- Business** Organization that provides products or services, usually to make money. (p. 5)
- Business broker** Someone who is licensed to sell businesses. (p. 154)
- Business environment** Any social, economic, or political factors that could impact your business including global, national, and industry-related factors. (p. 167)
- Business ethics** Moral principles applied to business issues and actions. (p. 106)
- Business interruption insurance** Covers losses if a business can’t operate due to a covered event, such as a storm or fire. (p. 446)
- Business opportunity** Consumer need or want that potentially can be met by a new business. (p. 147)
- Business plan** Statement of your business goals, the reasons you think these goals can be met, and how you are going to achieve them. (p. 139)

Business-to-business (B2B) company Company that sells to other companies. (p. 170)

Business-to-consumer (B2C) company Company that sells to individual people. (p. 169)

Buying in bulk Purchasing a large quantity from a vendor, typically to take advantage of a quantity discount. Also referred to as volume buying. (p. 536)

C

C corporation Corporation that is taxed as an entity by the federal government. (p. 60)

Calculated risk Risk in which potential costs and benefits are carefully considered before starting a business. (p. 157)

Calendar year January 1 to December 31. (p. 290)

Call center Operation where a group of people answer phone calls and offer help—often part of an outsourced customer service. (p. 603)

Call to action Part of the ad copy that tries to get the Website visitor to perform a specific action, such as registering for the site or buying a product. (p. 603)

Capital Another name for the cash and goods a business owns. (p. 30)

Capitalism Another name for a free enterprise system. (p. 30)

Carbon footprint Amount of carbon you use and thus release into the atmosphere. (p. 122)

Carbon offset Practice of “buying” a certain amount of carbon to help offset your carbon footprint. (p. 122)

Carrying capacity Maximum number of companies an industry can support based on its potential customer base. (p. 169)

Cash budget Record on which a business owner forecasts (predicts) incoming and outgoing cash flows for an upcoming period (typically a month) and later compares actual cash inflows and outflows to the forecasted amounts. (p. 502)

Cash discount Discount given to buyers who pay for purchases in cash, either at the time of purchase or within a set time period after purchase. (p. 537)

Cash flow Money received minus what is spent over a specified period of time. (p. 300)

Cash flow statement Financial document that records inflows and outflows of cash when they actually occur. (p. 300)

Cash value Actual worth of a property. (p. 445)

Catastrophic risk Risk of an unpredictable event that causes severe loss to many people at the same time. (p. 446)

Catch phrase Slogan or phrase that is repeated so often that people use it without knowing its original context. (p. 237)

Cause-related marketing Partnership between a business and a nonprofit group for the benefit of both. (p. 123)

Central processing unit (CPU) Unit that does all the actual computing in the computer. (p. 49)

Chart of accounts Shows all the accounts used in a business, including assets, liabilities, owner's equity, income, and expense accounts. (p. 376)

Chat room support Type of online customer service in which the support staff communicates with the customer using instant-messaging software. (p. 603)

Checking account Bank account against which the account holder can write checks. (p. 372)

Click-through rate Shows how many customers who saw a Web ad actually clicked on it. (p. 431)

GLOSSARY

- Co-signer** Individual who signs a loan agreement to guarantee the loan payments in case the first signer is unable to make them. (p. 357)
- Cold call** Sales call to someone not known, and without prior notice; also called canvassing. (p. 242)
- Collateral** Property or assets pledged to a bank to secure a loan. (p. 356)
- Command economy** System in which the government controls the production, allocation, and prices of goods and services. (p. 28)
- Commerce server** Type of server that runs commerce-based applications, such as credit card processing and inventory management. (p. 69)
- Commission** Amount paid based on the volume of products or services that a salesperson sells. (p. 252)
- Company image** Perception (thoughts, attitudes, opinions, and beliefs) that the public holds about a company. (p. 496)
- Compensation** Money and benefits that an employee receives in exchange for working. (p. 411)
- Competent** In the legal sense: capable of understanding the terms of a contract and the consequences of entering it. (p. 440)
- Competition-based pricing** Pricing method that focuses on what the competition charges. (p. 220)
- Competitive advantage** Something that puts your business ahead of the competition. (p. 179)
- Competitive intelligence** Data you collect about your competitors. (p. 177)
- Competitive matrix** Grid used to compare characteristics of your business with those of your direct competitors. (p. 179)
- Compounding** Way in which invested money grows by earning interest on the interest. (p. 593)
- Compromise** An agreement arrived at when all sides have made concessions. (p. 91)
- Computer virus** Software program that can cause damage to the data on your computer by erasing files, creating new ones, changing files, or moving them. It can easily spread from computer to computer. (p. 341)
- Concession** Something you are willing to give up. (p. 89)
- Conditions** Events or circumstances that must occur for the contract to be binding. (p. 439)
- Conference call** Three or more parties in different locations speaking to each other over the same phone line. (p. 83)
- Confidentiality agreement** Agreement that binds parties to secrecy and usually concerns employees, investors, and others with whom a business owner needs to share a trade secret or other sensitive information. Also called nondisclosure agreement. (p. 441)
- Conflict of interest** Situation in which personal considerations and professional obligations interfere with each other. (p. 113)
- Consideration** Benefit that each party in a contract provides for the other. (p. 440)
- Consumer credit** Extended payment time given by a business to consumers for purchased goods or services. (p. 500)
- Contact information** Information about potential customers, such as name, address, phone number, and e-mail address. (p. 485)
- Content Management System (CMS)** System that provides the software or programs needed to put content onto a site. (p. 287)
- Contract** Agreement between competent parties in which each party promises to take or avoid a specified action. (p. 439)
- Contribution margin** Amount per unit that a product contributes toward the company's profitability before the fixed expenses are subtracted. (p. 276)

- Controlling** Ongoing process of setting performance standards, measuring actual performance, comparing actual performance to the standards, and taking corrective action if actual performance does not meet the performance standards. (p. 496)
- Conversion rate** Percentage of Web traffic that translates into sales. It is a measure of how many potential customers actually buy. (p. 69)
- Cookies** Short messages that are given to a Web browser (such as Internet Explorer) by a Web server when you visit that site. (p. 509)
- Cooperative** Business owned, controlled, and operated for the mutual benefit of its members—people who use its services, buy its goods, or are employed by it. (p. 62)
- Cooperative advertising** When two companies share the cost of advertising. (p. 232)
- Copyright** Exclusive right to perform, display, copy, or distribute an artistic work. (p. 111)
- Core business** Most important focus of the business. (p. 565)
- Corporate social responsibility** Acting in ways that balance a business's profits and growth with the good of society. (p. 115)
- Corporation** Legally defined type of business ownership in which the business is considered a "person" ("entity") under the law, and limited liability is granted to the business owner(s). (p. 60)
- Cost of goods sold (COGS)** Variable expense that is associated with each unit of sale, including the cost of materials and labor used to make the product or provide the service. (p. 272)
- Cost-based pricing** Pricing method that sets a product's price based on what it costs the business to provide it. (p. 220)
- Cost-per-sale** In affiliate marketing, commission that the merchant pays the affiliate when a customer actually buys an item. Also known as pay-per-sale or revenue sharing. (p. 575)
- Cost/benefit analysis** Process of adding up all the expected benefits of an opportunity and subtracting all the expected costs. (p. 157)
- Coverage** Protection provided by the policy. (p. 445)
- CPM (cost-per-thousand)** Amount it will cost to reach 1,000 potential customers with a particular advertising type and time slot. (p. 231)
- Creative thinking** Thought process that involves looking at a situation or object in new ways; also called lateral thinking. (p. 150)
- Credibility** Quality of being believable and trustworthy, and keeping one's promises. (p. 525)
- Credit** Granting of extended time to pay off a debt. (p. 500)
- Credit bureau** Business that collects and maintains credit history records and sells the information under certain circumstances. (p. 501)
- Credit history** Record of credit transactions that includes information about whether or not they were repaid in accordance with the credit terms set by the creditor. (p. 500)
- Credit terms** Particular conditions set by creditors when they grant credit. (p. 500)
- Credit union** Nonprofit cooperative organization that offers low-interest loans to members. (p. 357)
- Creditor** Person or business that grants credit. (p. 500)
- Critical thinking** Logical thought process that involves analyzing and evaluating a situation or object; also called vertical thinking. (p. 151)
- Current assets** Short-term assets that can be converted into cash within one year. (p. 305)
- Current liabilities** Short-term debts that must be repaid within one year. (p. 306)
- Current ratio** Current assets divided by current liabilities. (p. 331)

GLOSSARY

Customer financing Type of financing in which the customer provides either debt or equity financing for your business. (p. 361)

Customer profile Detailed description of your target market's characteristics. (p. 169)

Customer service operation Part of a business that provides a way for the customer to get help, whether it's for placing an order, getting information, or making a complaint. (p. 603)

Cyberspace Virtual world of computers. (p. 509)

Cyclical (SIK-lih-kul) Refers to cash flow that varies according to the time of year. (p. 302)

D

Damages Payment to reimburse an injured party for loss. (p. 441)

Data mining Using a computer program to search large collections of electronic information and look for patterns or trends. (p. 242)

Debt capital Money obtained by a business through a loan. (p. 569)

Debt financing Obtaining money by borrowing it, thereby increasing your company's debt. (p. 355)

Debt ratio Ratio of a business's total debt divided by its total assets. (p. 329)

Debt-to-equity ratio Ratio of the total debts (liabilities) of a business divided by its owner's equity. (p. 330)

Dedicated server Server that gives a Website its own space. (p. 263)

Deductible Amount the insured must first pay before the insurance company is required to chip in. (p. 445)

Deduction Item or expense subtracted from gross income in a tax return, with the effect of reducing one's taxes. (p. 468)

Delegating leadership style Practiced when a leader gives employees complete freedom to decide what tasks need to be done and how to do them. (p. 495)

Demand curve Curve on a graph that shows the quantity of a product or service consumers are willing to buy across a range of prices over a specific period of time. (p. 32)

Demand forecasting Predicting future sales based on past sales data or other available information and expected market conditions in the future. Also referred to as sales forecasting. (p. 534)

Demand Quantity of goods and services consumers are willing to buy at a specific price and a specific time. (p. 30)

Demand-based pricing Pricing method that focuses on customer demand—how much customers are willing to pay for a product. (p. 220)

Democratic leadership style Practiced when a leader seeks input from employees about what tasks need to be done and how to do them but ultimately makes the final decisions. (p. 494)

Demographics Objective social and economic facts about people. (p. 170)

Depreciation Accounting method of spreading the total cost of the equipment a business buys over the amount of years it will be used. (p. 270)

Depreciation expense Amount of depreciation calculated per year. (p. 270)

Derivative Artistic work based on one or more existing works, such as a movie sequel or a translation in another language. (p. 435)

Differentiator Unique characteristic that distinguishes your business from other businesses. (p. 180)

Direct channel Distribution pathway in which a product goes from the producer straight to the consumer. (p. 216)

Direct competitor Business in your market that sells a product or service similar to yours. (p. 177)

Direct mail Form of print advertising that uses one-to-one communication. (p. 225)

Direct sales force Salespeople who work directly for you as full-time employees; also called internal salespeople. (p. 250)

Directing Ongoing process of leading, influencing, and motivating employees so they will work together to achieve specific goals. (p. 493)

Disposal value Amount for which equipment can be sold at the end of its business life. Also called salvage value. (p. 270)

Distribution chain Series of steps through which products flow into or out of a business. Also referred to as a distribution channel. (p. 517)

Distribution channel Way in which a product can reach the consumer. (p. 216); Series of steps through which products flow into or out of a business. Also referred to as a distribution chain. (p. 517)

Distribution management Management of materials and processes associated with incoming and outgoing products. (p. 517)

Diversification Spreading money over different types of investments as a protection against volatility. (p. 597)

Diversification growth strategy Growth strategy in which a business grows by offering goods and services that are different from its core business. (p. 565)

Dividend Payment corporations make to their shareholders, being a portion of the corporation's profit. (p. 60)

Domain name Primary part of a Website's address (as in *www.name.com*), which may be the name of the Website itself. (p. 191)

Domain name registration Way to reserve a Web address. (p. 237)

Domain registrar Site that manages domain names. (p. 191)

Domain suffix Part of a Website's address (such as *.com*) that refers to the largest groupings of domains. Also called the Website's top-level domain (TLD). (p. 191)

Double-entry accounting Accounting system where every business transaction affects at least two accounts. (p. 376)

Drop-down menu Menu at the top of a Webpage that allows users to navigate through the site. (p. 165)

Duality Key accounting concept. In a single-column method, duality means that for any transaction, all changes on the asset side minus all changes on the liability/owner's equity side must equal zero. In the double-column method, duality means that for any transaction posted to the general journal (and any special journals), all debits must equal all credits. (p. 380)

E

E-commerce Process of buying and selling goods online. (p. 69)

E-procurement Purchasing conducted through electronic means, such as Internet Websites. (p. 539)

Economic system Method used by a society to allocate goods and services among its people, and to cope with scarcity. Also referred to as an economy. (p. 28)

Economics Social science concerned with how people satisfy their demands for goods and services, when the supply of those goods and services are limited. (p. 27)

Economics of one unit Calculation of the profit (or loss) for each unit of sale made by a business. (p. 36)

GLOSSARY

- Economy** Method used by a society to allocate goods and services among its people and to cope with scarcity. Also referred to as an economic system. (p. 28)
- Economy of scale** Cost reduction made possible by spreading costs over a larger volume. (p. 274)
- Embedding** Process of incorporating audio and video content into a Website by using HTML. (p. 287)
- Embezzlement** Crime of stealing money from an employer. (p. 382)
- Emergency fund** Amount of money a business should have available in the first three to six months for the emergencies that often arise when a company is just beginning. (p. 348); Cash saved to cover personal expenses for at least three months. (p. 596)
- Emoticon** Symbol or combined punctuation marks used to convey an emotion. (p. 85)
- Employee** Person who works in a business owned by someone else. (p. 5)
- Employee stock ownership plan (ESOP)** Fund established when a business owner sells his or her ownership shares to a retirement fund for the employees. (p. 592)
- Enterprise** Another name for business. (p. 30)
- Enterprise zone** Geographic area in which businesses receive economic incentives to encourage development there. (p. 462)
- Entrepreneur (on-tra-prih-NER)** Someone who creates and runs their own business. (p. 5)
- Entrepreneurial (on-tra-prih-NER-ee-uhl)** To think or act like an entrepreneur. (p. 5)
- Entrepreneurial mindset** Mental attitude common to entrepreneurs that typically includes an optimistic, “can-do” outlook and the personal ambition necessary to create a business. (p. 567)
- Entrepreneurship (on-tra-prih-NER-ship)** Process of being an entrepreneur. (p. 10)
- Equilibrium point** Point at which the supply curve and the demand curve intersect. It is the point at which supply and demand are balanced. (p. 32)
- Equilibrium price** Price at which supply equals demand. (p. 33)
- Equilibrium quantity** Quantity at which the supply equals the demand. (p. 32)
- Equity capital** Money obtained by a business from an investor in exchange for a share of ownership (equity) in the business. (p. 569)
- Equity financing** Method of financing a start-up business by selling shares of ownership in the business. (p. 358)
- Ergonomics** Study of designing environments to fit the people who use them. (p. 452)
- Ethical sourcing** Buying from suppliers who provide safe working conditions and respect workers’ rights. (p. 115)
- Ethics** Set of moral principles that govern decisions and actions. (p. 105)
- Excise tax** Tax on a specific product or commercial activity. (p. 466)
- Exclusive distribution** Type of distribution that gives a specific retailer, or authorized dealer, the sole right to sell a product in a particular geographical area. (p. 218)
- Executive summary** One- or two-page summary of the business plan’s highlights and the key selling points of the investment opportunity. (p. 142)
- Exporting** Business activity in which goods and services are sent from a country and sold to foreign consumers. (p. 39)
- Express contract** Contract in which the terms are explicitly stated either orally or in writing. (p. 440)
- External sales** Sales obtained by hiring another company, or an outside individual, to do selling for you. (p. 249)

F

Facilitated giving Type of cause-related marketing in which a business makes it easier for customers to contribute to a cause. (p. 124)

Fair Labor Standards Act Federal law that guarantees most hourly workers a minimum hourly wage, a maximum number of hours worked, and extra pay for working overtime. (p. 474)

Fair trade Policy encouraged by private organizations with the goal of ensuring that small producers in developing nations earn sufficient profit on their exported goods to improve their working, environmental, and social conditions. (p. 42)

Fair use Doctrine that provides for the limited quotation of a copyrighted work without permission from or payment to the copyright holder. (p. 112)

Fax (facsimile) (fak-SIM-uh-lee) Exact copy of something. (p. 80)

Feasibility How possible or worthwhile it is to pursue an idea, to see if it is actually an opportunity. (p. 157)

Features What a product does and how it appears to the senses (sight, sound, taste, smell, and touch). (p. 215)

Federal Deposit Insurance Corporation (FDIC) Independent agency of the federal government that insures savings, checking, and other types of deposit accounts. (p. 371)

Federal Trade Commission (FTC) U.S. government agency that administers consumer protection laws and regulates certain business practices. (p. 578)

FICA Acronym for Federal Insurance Contributions Act, the law that requires employers and employees to share the cost of the federal government's insurance and retirement program through deductions from wages and income. (p. 464)

File sharing Ability of computers to share files so everyone involved can look at the same files without having to store copies on their individual computers. (p. 319)

Financial ratio Relationship between important financial data that is expressed as a fraction or percentage. (p. 321)

Financing activities In relation to the statement of cash flows, these primarily consist of debt and equity financing. (p. 394)

Financing Raising money for a business. (p. 347)

Firewall Software program or hardware device designed to prevent unauthorized electronic access to a networked computer system. (p. 319)

Fiscal year Any 12-month period you choose to treat as a year for accounting purposes. (p. 290)

Fixed expense Expense that isn't affected by the number of items a business produces. (p. 269)

Flash animation Software program used to create animated graphics. (p. 165)

Flextime Flexible work schedules. (p. 421)

Floating ad Ad that floats or flies over the Web page for 5 to 30 seconds. (p. 431)

Focus group Small number of people who are brought together to discuss a particular problem, product, or service. (p. 173)

Fonts Styles of typefaces. (p. 131)

Foreign exchange rate Value of one currency unit in relation to another. (p. 42)

Franchise Business arrangement in which an established company sells the right for others to use the company's name and operating plan to sell products or services. (p. 54)

Franchise agreement Legally binding contract between a franchisor and franchisee that lists the rights and responsibilities of each party. (p. 579)

GLOSSARY

Franchise disclosure document Legal document that provides detailed information to potential franchisees about the franchisor. (p. 578)

Franchise fee Upfront charge that is usually sizeable—from many thousands of dollars to more than a million—and allows the franchisee to join the franchisor's system. (p. 577)

Franchise operations manual Manual produced by a franchisor that gives detailed instructions to a franchisee about how to operate, staff, and manage a franchise unit. (p. 579)

Franchise royalty Regular, ongoing payment paid by the franchisee to the franchisor. It is typically a percentage of the sales the franchisee earns. (p. 577)

Franchisee Franchise buyer. (p. 154)

Franchisor Franchise seller. (p. 154)

Free enterprise system Another name for the market economy, also known as capitalism, where people are free to become entrepreneurs and own and operate an enterprise (business). (p. 30)

Free on board Delivery term that is followed by a word or group of words that identify a specified location at which the ownership responsibility for the shipment switches from the seller to the buyer. (p. 519)

Free Web host Opportunities that allow you to set up a Website for free. (p. 263)

Future value of money Amount to which a given sum will increase over time through investment. (p. 594)

G

Gantt chart Bar chart that shows schedule goals for a list of tasks and the duration (length of time) of each task and the progress made at achieving each task. (p. 513)

General journal Accounting record that shows all the transactions of the business. (p. 379)

General partnership Partnership in which all partners have unlimited liability. (p. 58)

Geographics Market segments based on where consumers live or where businesses are located. (p. 170)

Global economy Flow of goods and services around the whole world. (p. 39)

Goodwill Business term that encompasses the intangible positive aspects of a business, such as location, employee knowledge and skills, brand awareness, intellectual property, relationships with suppliers and customers, and reputation in the community and the industry. (p. 590)

Green company Company that adopts business practices aimed at protecting or improving the environment. (p. 11)

Green procurement Act of purchasing goods and services that are environmentally favorable in some way. (p. 534)

Greenwashing Trying to appear environmentally responsible by overstating one's commitment. (p. 123)

H

Hackers People who write and often use programs that enable access to computers and networks by unauthorized users. (p. 341)

Harvesting Exiting a business and gaining the value of the business in cash as one leaves. (p. 591)

Headers Lines of text that appear at the beginning of paragraphs or at the head of sections of your Website copy. (p. 369)

Homepage Website's main domain. (p. 191)

Horizontal diversification Growth strategy in which a business adds new products or services that are not related to its existing products or services, but appeal to its existing target market. (p. 565)

Horizontal integration strategy Intensive growth strategy in which one business acquires another business at the same supply chain level as itself. (p. 565)

HTML Stands for Hypertext Markup Language. It is the language that programmers use to identify how text is used on the Web page. It also controls the appearance of a Web page. (p. 25)

Hubs Devices that connect computers both to each other and to the Internet. (p. 319)

Human resources People who work in a business. (p. 405)

Hyperlinks Another term for links that take you to other pages on the site. (p. 287)

Implied contract Contract made when the parties' actions demonstrate their agreement. (p. 440)

Importing Business activity in which goods and services are brought into a country from foreign suppliers. (p. 39)

In-kind donation Donation of a good or service. (p. 125)

Income statement Financial document that summarizes a business's income and expenses over a given time period and shows whether the business made a profit or took a loss. Also called a profit and loss statement. (p. 289)

Incorporate Set up a corporation in accordance with the laws of the particular state where the business is located. (p. 61)

Indemnification (in-dim-nih-fuh-KAY-shun) Protection from legal action, fines, or other damages. (p. 584)

Indirect channel Distribution pathway in which the product goes from the producer to one or more intermediaries before it reaches the consumer. (p. 217)

Indirect competitor Business that sells a different product or service from yours but fills the same customer need or want. (p. 178)

Individual Retirement Account Type of investment on which you won't have to pay taxes until you withdraw the money in the account. (p. 594)

Infomercial Product demonstration, usually produced as a cable television show, that typically lasts from 30 minutes to an hour in length. (p. 226)

Information technology (IT) Study, design, development, implementation, support, and management of computer-based information systems. (p. 49)

Infrastructure System of physical structures and services that a society needs to function and be productive. (p. 459)

Infringement Violating a copyright or patent holder's rights. (p. 112); Violating the rights provided by a copyright or patent. (p. 441)

Initial public offering (IPO) First sale of shares of stock to the general public by a privately held company. (p. 592)

Injunctive relief Order for the violator of a contract to stop the illegal activity. (p. 441)

Instant messaging (IM) Immediate communication using typed text over the Internet. Also called texting. (p. 84)

Intangible Nonmaterial. (p. 157)

Intangibles Things that have value but are not material goods. (p. 433)

Integrative growth strategy Growth strategy that emphasizes blending businesses together through acquisitions and mergers. (p. 564)

Intellectual property Artistic and industrial creations of the mind. (p. 111)

Intensive distribution Type of distribution that makes a product available at as many sales outlets as possible. (p. 218)

GLOSSARY

- Intensive growth strategy** Growth strategy that focuses on cultivating new products or new markets, and sometimes both. (p. 563)
- Intermediary** Bridge between a producer and a consumer – may include agents, brokers, wholesalers, distributors, and retailers. (p. 217)
- Internal audit** Audit performed by an accountant hired by a company to check their books. (p. 383)
- Internal sales** Sales obtained by you or your employees who sell your products/services exclusively. (p. 250)
- Internet** Global system of interconnected networks. (p. 25)
- Internet protocol (IP) address** Unique string of numbers that identify the domain. (p. 191)
- Internship** Work program that provides practical, on-the-job training in a business setting. See also apprenticeship. (p. 7)
- Interpersonal skills** Skills used by people as they interact with others, particularly in a one-on-one setting. (p. 493)
- Interstitial ad** Ad that appears in its own window before a Web page loads. (p. 431)
- Intrapreneurship (in-tra-prih-NER-ship)** Practice of giving employees opportunities to be creative and try out new ideas within a company. (p. 19)
- Intrastate sales** Sales made within the state where the company is physically located. (p. 466)
- Inventory investment** Money paid for inventory. (p. 541)
- Inventory level** Quantity of merchandise. (p. 541)
- Inventory management** Process of keeping track of the items for sale, storing them, and shipping orders. (p. 603)
- Inventory shrinkage** Any loss of inventory that occurs between the time the inventory is purchased and the time it is sold or otherwise removed from the shelves. (p. 545)
- Inventory system** Process for counting and tracking inventory so inventory value can be calculated. (p. 546)
- Inventory turnover** Number of times during a given time period that inventory is completely sold out (and therefore replaced), or the number of times during a given period that the average inventory investment is recouped (earned back). Also referred to as inventory turns. (p. 544)
- Inventory turns** Number of times during a given time period that inventory is completely sold out (and therefore replaced), or the number of times during a given period that the average inventory investment is recouped (earned back). Also referred to as inventory turnover. (p. 544)
- Inventory value** Monetary value of merchandise. (p. 541)
- Investing activities** In relation to the statement of cash flows, these involve buying assets that will last more than one year. (p. 394)

J

- Job description** Explanation of a position's purpose, tasks, and responsibilities and the qualifications needed to perform it. (p. 411)
- Job enlargement** Adding responsibilities to a position. (p. 422)
- Job enrichment** Increasing the depth or involvement of a job. (p. 422)
- Job shadowing** Process of learning a job by watching an employee perform the job over a period of time. (p. 417)
- Just-in-time (JIT) inventory system** System in which the goal is to maintain just enough inventory to keep the business operating, with virtually no inventory kept in storage. (p. 547)

K

Keyloggers Programs used for surveillance by companies to make sure their employees are only using their computers for business. Keyloggers are also used to spy on unsuspecting users by recording the letters and numbers (keystrokes) made on a keyboard. (p. 341)

Keywords Words or phrases that represent a Web page's content. (p. 369)

L

Landing page Page that appears when the visitors click on an advertisement or search engine link. (p. 509)

Law of large numbers Theory that says if you want to predict how likely an event is to occur, you will get the most accurate answer by looking at the largest number of cases where it might. (p. 444)

Layout Physical arrangement of objects and spaces. (p. 512)

Lead generation Process of obtaining leads. (p. 485)

Lead lists Contact information for potential customers that is sold by lead-generation services to Website owners. (p. 485)

Lead time Time period between starting an activity and realizing its result—for example, the time between order placement and receipt of shipment. (p. 535)

Lease Written contract in which a property owner gives temporary use of that property to another party. (p. 440)

Liability Legal obligation of a business owner to use personal money and possessions to pay the debts of the business. (p. 56); Any outstanding bill or loan that must be repaid. (p. 305)

Liability insurance Provides protection when a business's actions or lack of action injures another party. (p. 446)

License Providing rights to use intellectual property. (p. 439); Legal document issued by the government that allows a business to provide a regulated product or service. (p. 477)

Limited liability Business owner cannot be legally forced to use personal money and possessions to pay business debt. (p. 56)

Limited liability company Legally defined type of business ownership similar to a C corporation but with simpler operating requirements and tax procedures, and greater liability protection for the business owners (who are called members). (p. 61)

Limited partnership Partnership in which at least one partner has limited liability for the debts of the business. (p. 58)

Line organization Direct chain of command through levels of personnel who are directly involved in a business's main occupation. (p. 408)

Line-and-staff organization Expanded version of a line organization. (p. 408)

Link Method used to connect to a related Web page or another Website. (p. 25)

Link trades Site owners agreeing to link to each other's sites. (p. 369)

Liquidation Process in which the tangible assets of a business are sold. (p. 589)

Liquidity Ability to convert assets into cash. (p. 330); Ease of converting a non-cash asset (such as a business) into cash. (p. 587)

List-rental company Company that provides names and contact information for specific groups of consumers or businesses. (p. 173)

Local area network (LAN) Network used in a limited area such as an office, school, or other building. (p. 319)

GLOSSARY

Local economy Economy that covers a limited area, such as a community or town. (p. 43)

Logistics (lo-GIS-tix) Handling and organizing of materials, equipment, goods, and workers. (p. 518)

Long-term assets Assets that usually take longer than one year to turn into cash. (p. 305)

Long-term liabilities Debts that usually take longer than one year to repay. (p. 306)

M

Main domain Homepage of a Website. (p. 191)

Maintenance Upkeep and routine care of equipment to keep it in good working order. (p. 515)

Malware Various types of malicious software, including computer viruses, Trojan horses, and spyware. (p. 341)

Management Skillful use and coordination of all the business's resources—money, facilities, equipment, technologies, materials, employees—in a systematic and effective way to achieve particular goals. (p. 491)

Management buyout Exit strategy in which a business owner sells his or her ownership shares to the business's managers. (p. 592)

Manufacturer Business that converts materials into goods suitable for use and sells those goods to others. Also referred to as a manufacturing business. (p. 51)

Manufacturing business Business that converts materials into goods suitable for use and sells those goods to others. Also referred to as a manufacturer. (p. 51)

Markdown price Price created when a retailer wants to reduce the price of an overstocked product. (p. 220)

Market Group of potential customers—people or businesses—who are willing and able to purchase a particular product or service. (p. 167)

Market development Intensive growth strategy that focuses on reaching new target markets, such as customers in another geographic area or customers who have different demographics from current customers. (p. 564)

Market economy System in which suppliers and consumers control the production, allocation, and prices of goods and services. (p. 28)

Market penetration Intensive growth strategy that emphasizes more intensive marketing of existing products. (p. 564)

Market research Organized way to gather and analyze information needed to make business decisions. (p. 167)

Market segment Small group of consumers or businesses within a particular market that has one or more things in common. (p. 170)

Market share Percentage of a given market population that is buying a product or service from a particular business. (p. 212); Percentage of the total sales captured by a product or a business in a particular market. (p. 564)

Marketable securities Investments, such as stocks or bonds, that can be converted to cash quickly. (p. 330)

Marketing Way of presenting your business to your customers that clearly communicates the value of your product or service. (p. 211)

Marketing mix “Recipe” for reaching and keeping customers that combines five marketing elements called the Five P's: people, product, place, price, and promotion. (p. 213)

Marketing plan Detailed guide with two primary parts: marketing goals and strategies for reaching those goals. (p. 211)

Markup Price increase imposed by each link in a distribution chain or channel. (p. 517)

Markup price Price created when a retailer adds an additional amount to the cost of a wholesale product to make a profit. (p. 220)

Mass market Market that includes as many customers as possible. (p. 169)

Media Communication channels. (p. 225)

Memo Brief note that informs employees about a business-related matter (short for memorandum). (p. 79)

Mentor Person who provides free guidance, tutoring, and suggestions for achieving your goals. (p. 18)

Message thread Series in an e-mail that shows every previous message. (p. 80)

Metatags HTML tags that provide information about a Webpage. (p. 369)

Micromanager Individual who interferes too much in the decisions and tasks of associates or employees. (p. 567)

Milestone Significant point of progress in a process or timeline. (p. 513)

Milliseconds Thousandths of a second, which is the unit of measurement used to determine the time it takes to access information on a hard drive. (p. 49)

Mind share Awareness or popularity a certain product has with consumers. (p. 216)

Mixed economy Economic system that blends elements of the command economy and the market economy. (p. 28)

Monopoly Single supplier who is a market's only provider of a certain product. (p. 477)

Multi-user license Legal document allowing multiple users to use software in a networked hardware environment. (p. 403)

Multiple of earnings method Method of valuing a business in which the amount of business earnings over a specific time period (usually one year) is multiplied by a number (typically 3 to 5) to determine a reasonable sales price for the overall business. (p. 589)

N

Nanoseconds Billionths of a second, which is the unit of measurement used to determine the time it takes to access information in primary storage. (p. 49)

Need Something that people must have to survive, such as water, food, clothing, or shelter. (p. 147)

Negotiation Process in which two or more parties reach an agreement or solve a problem through communication. (p. 87)

Net worth Accounting term that means total assets minus total liabilities according to a company's balance sheet. Also referred to as book value or owner's equity. (p. 589)

Network server Computer that stores files used by the networked computers. It may also store programs. (p. 319)

Networking Process of meeting new people though current friends and business contacts. (p. 228)

Newsgroup Online message board where people post information about a particular topic. (p. 228)

Nondisclosure agreement Legal document in which a person or group agrees to keep certain information confidential. (p. 157); Agreement that binds parties to secrecy and usually concerns employees, investors, and others with whom a business owner needs to share a trade secret or other sensitive information. Also called confidentiality agreement. (p. 441)

GLOSSARY

Nonperiodic reordering Ordering items at irregular intervals. (p. 535)

Nonprofit corporation Legally defined type of business ownership in which the company operates not to provide profit for its shareholders but to serve the good of society. (p. 61)

Nonprofit organization Organization that operates solely to serve the good of society. (p. 37)

North American Industry Classification System (NAICS) Classification system that assigns a numerical code to every industry in North America based on its primary business function. (p. 55)

O

Objections Reasons why a customer may be reluctant or cautious about buying. (p. 239)

Obsolescence (ahb-suh-LESS-ence) Process of becoming obsolete, which means no longer useful or desired. (p. 542)

Occupational Safety and Health Administration (OSHA) The federal agency responsible for setting and enforcing standards of safety in the workplace. (p. 473)

Offshoring Outsourcing and giving the project to a company or individual in another country. (p. 603)

One-user license Legal document giving one user the right to use the program, which is sold with the stand-alone version of the software. (p. 403)

Operating activities In relation to the statement of cash flows, these are the day-to-day activities. Most cash changes fall into this category. (p. 394)

Operating ratio Percentage of each dollar of revenue, or sales, needed to cover expenses. (p. 327)

Operational plan Details the everyday activities that will achieve the goal of the tactical plan (and ultimately, the strategic plan). (p. 492)

Operations Everyday activities that keep a business running. (p. 521)

Operations management Management of the everyday activities that keep a business running. (p. 521)

Opportunity cost Value of what you will give up to get something. (p. 158)

Opt-out Option to deny permission for a business to make contact via the Web. (p. 485)

Order getting Sales role in which the primary responsibilities are finding prospects, presenting the product/service, and helping to “close” sales. (p. 250)

Order taking Sales role in which the primary responsibility is recording and processing orders from customers who seek out your product/service. (p. 251)

Organic growth Growth achieved by expanding a business internally—for example, adding new products or services for sale. (p. 559)

Organizational structure System for dividing work, authority, and responsibility within a company. (p. 408)

Organizing Ongoing process of arranging and coordinating resources and tasks to achieve specific goals. (p. 492)

Orientation Process of gradually integrating an employee into a workplace. (p. 417)

Outsourcing Hiring another company or individual to handle part of a business’s everyday operations or to do special projects. (p. 603)

Owner’s equity Value of the business on a specific date if all the assets were sold and all the liabilities were paid. (p. 305); Accounting term that means total assets minus total liabilities according to a company’s balance sheet. Also referred to as net worth or book value. (p. 589)

P

- Pacioli check column** Column in an accounting worksheet that ensures that the accounting equation always balances after each transaction. (p. 387)
- Packing slip** List of all items in a shipment. (p. 539)
- Parked domain** Web address that has been bought but remains unused. (p. 191)
- Partial inventory system** Combines elements of the perpetual inventory system and the periodic inventory system. (p. 547)
- Partnership** Legally defined type of business organization in which at least two individuals share the management, profit, and liability. (p. 58)
- Partnership agreement** Legal document that clearly defines how the work, responsibilities, rewards, and liabilities of a partnership will be shared by the partners. (p. 60)
- Pass-through business** Business in which the business owner is taxed in the same way as income earned as an employee since the business's income is the owner's personal income as well. (p. 466)
- Patent** Exclusive right to make, use, or sell a device or process. (p. 111)
- Pay-per-click** In affiliate marketing, commission the affiliate receives when visitors on the affiliate's site click on the link to get to the merchant's site. (p. 575)
- Pay-per-lead** In affiliate marketing, commission the affiliate receives when the visitor registers or fills out a form on the merchant's site. (p. 575)
- Pay-per-sale** In affiliate marketing, commission that the merchant pays the affiliate when a customer actually buys an item. Also known as cost-per-sale or revenue sharing. (p. 575)
- Payback** Amount of time, measured in months, that it takes a business to earn enough in profit to cover the start-up investment. (p. 349)
- Payee** Person to whom a check is written. (p. 372)
- Periodic inventory system** System that calculates inventory value for accounting purposes at periodic times—for example, at the end of the month or end of the year—when a physical inventory count is performed. (p. 547)
- Periodic reordering** Ordering items at regular time intervals. (p. 535)
- Permanent cookie** Cookie that is stored on the hard drive. Also called persistent cookie. (p. 509)
- Permit** Legal document that allows a business to take a specific action. (p. 478)
- Perpetual inventory system** System that tracks inventory on a continual basis and calculates the inventory value, for accounting purposes, after each inflow or outflow occurs. (p. 547)
- Perpetual life cycle** Product life cycle in which a product never undergoes a final decline, because it remains in the maturity stage forever. (p. 562)
- Persistent cookie** Cookie that is stored on the hard drive. Also called permanent cookie. (p. 509)
- Personal selling** Direct (person-to-person) effort made by a company's sales representatives to get sales and build customer relationships. (p. 225)
- PERT chart** Scheduling diagram that shows tasks as a sequence of steps and illustrates how steps are dependent on each other. (p. 514)
- Philanthropy** Donating money and other resources for a socially beneficial cause. (p. 124)
- Phishing** Spam scam in which you receive an e-mail that appears to be from a legitimate business, such as your bank, requesting that you click on a hyperlink to verify certain information, such as your social security number or bank account number. (p. 531)

GLOSSARY

- Pilfering (PILL-fur-ring)** Stealing, particularly of small amounts over time. (p. 545)
- Pitch letter** Cover letter that's often sent with a press release to introduce it. (p. 227)
- Planning** Ongoing process of setting goals, deciding when and how to accomplish them, and determining how best to accomplish them. (p. 492)
- Policy** Written contract between the insurer and the policyholder. (p. 445); Procedure or set of guidelines that specifies exactly how something should be done or handled. (p. 521)
- Pop-up** Ad that appears, or "pops up," in its own window on top of a Web page. (p. 431)
- Posted** Act of writing a transaction in the accounting worksheet. (p. 384)
- Premium** "Give-away" item or free gift that usually has the company's name, address, and telephone number printed on it. (p. 227); Amount of money the policyholder pays for coverage. (p. 445)
- Press release** Written statement, typically consisting of several paragraphs of factual information, that's sent to the news media about a product or business. (p. 226)
- Price discrimination** Charging competing buyers different prices for the same product. (p. 477)
- Price fixing** Competitors agreeing to set the price of goods or services, or the terms of business deals. (p. 477)
- Primary data** New information that is collected for a particular purpose. It is obtained directly from potential customers. (p. 171)
- Primary storage** One of two types of storage used by the computer. It is contained in the computer and is directly accessed by the central processing unit (CPU). The data stored in primary storage is wiped clean when you turn off your computer. Also known as random access memory (RAM). (p. 49)
- Privacy policy** Policy that a Website has saying it won't give, sell, or rent your e-mail address to other companies or people. (p. 531)
- Procurement** Act of purchasing. (p. 533)
- Product development** Intensive growth strategy in which businesses develop new products or enhance their existing products. (p. 564)
- Product life cycle** Series of stages—introduction, growth, maturity, and decline—that a product may pass through while it is on the market. (p. 561)
- Product mix** Combination of products that a business sells. (p. 215)
- Product placement** When a company pays a fee to have a product displayed during a movie or television show. (p. 226)
- Product positioning** Process of creating a strong image for your product; a way of influencing customers to distinguish your brand's characteristics from those of the competition. (p. 216)
- Product specification** Written detailed description of the characteristics (size, shape, capabilities, etc.) of a product. (p. 538)
- Production management** Management of the processes that produce goods and services. (p. 513)
- Productivity** Measure of business output compared to business input—for example, the number of items produced per employee or the number of customers served per day. (p. 514)
- Profile** A user's own Web page placed on a social or business networking site (p. 457)
- Profit and loss statement** Another name for an income statement. (p. 316)
- Profit motive** Incentive that encourages entrepreneurs to take business risks in the hope of making a profit. (p. 35)
- Project organization** Employees from more than one department working together as a team on a specific goal. (p. 409)

Promotion Process used to make potential customers aware of your product/service and to influence them to buy it. (p. 214)

Promotional campaign Group of specific promotional activities built around a particular theme or goal. (p. 229)

Promotional mix Combination of promotional elements that a business chooses (advertising, visual merchandising, public relations, publicity, personal selling, and sales promotions). (p. 224)

Property insurance Protects a business's possessions in the event of fire, theft, and damage from the weather. (p. 445)

Prospect Person or company with many of the characteristics of the target market, including some key characteristics. (p. 242)

Protégé Person who receives guidance in a mentoring relationship. (p. 418)

Prototype Model on which future reproductions of an invention are based. (p. 156)

Psychographics Psychological characteristics of consumers, such as attitudes, opinions, beliefs, interests, personality, lifestyle, political affiliation, and personal preferences. (p. 170)

Public domain Status of creative works for which the copyright or patent has expired. (p. 112)

Public relations (PR) Activities aimed at creating goodwill toward a product or company. (p. 224)

Publicity Form of promotion for which a company does not pay; sometimes referred to as "free advertising." (p. 224)

Purchase order Detailed, written record of a business's request for supplies or inventory, often referred to as a PO. (p. 374); Document issued by a buyer to a vendor that lists the items to be purchased, their quantities and prices, and other relevant information, such as delivery or payment terms. (p. 538)

Purchase-triggered donation Practice in which a business contributes a certain amount of money or a certain percentage of an item's purchase price. (p. 124)

Purchasing Buying materials, products, and services for business purposes. (p. 533)

Pure risk Chance of loss with no chance of gain. (p. 444)

Q

Quality circle Group of employees who provide input and suggestions about ways to improve the quality of the goods or services that they produce. (p. 516)

Quality control program Program used by a business to ensure that its products or services meet specific quality standards. (p. 496)

Quantity discount Discount given to buyers for purchasing a large quantity of a product or service from a vendor. (p. 536)

Query Question or phrase that you type into a search engine when looking for information. (p. 369)

Quick ratio Comparison of cash to debt, based on the concept that a business should have at least enough money on hand to pay its current debts. (p. 330)

Quota Limit on the quantity of a product that can be imported into a country. (p. 41)

R

Random access memory (RAM) Another name for primary storage. (p. 49)

GLOSSARY

Rapport (ra-POR) Emotional connection between people based on feelings of mutual trust and respect. (p. 244)

Recall Notice for customers to return a product that poses a risk of injury or illness. (p. 476)

Receipt Detailed written proof of a purchase. (p. 374)

Recruit To find and hire qualified candidates for a job. (p. 410)

Referral One person providing contact information for another who may be interested in your product/service. (p. 242)

Repeat customers Customers who come back again and again (p. 524)

Replacement cost Cost of replacing property at current prices. (p. 445)

Request for proposal (RFP) Formal way of asking a company to make a bid for a sale; includes details about what the prospect wants. (p. 246)

Reseller's permit Special permit, required by most states, that retailers must have to purchase goods tax-free from wholesalers and collect sales tax from end buyers. (p. 52)

Reserve for fixed expenses Money that a business should have set aside to cover their fixed expenses for at least three months. (p. 348)

Reserve price Minimum price the seller will take for an item. (p. 553)

Résumé Written summary of work experience, education, and skills. (p. 407)

Retailer Business that buys goods, often from wholesalers, and resells the goods in small quantities directly to consumers. Also referred to as a retailing business. (p. 52)

Retailing business Business that buys goods, often from wholesalers, and resells the goods in small quantities directly to consumers. Also referred to as a retailer. (p. 52)

Return on investment (ROI) Profit on an investment expressed as a percentage of the total invested. (p. 331)

Return on sales (ROS) Financial ratio calculated by dividing net profit by sales. (p. 327)

Revenue sharing In affiliate marketing, commission that the merchant pays the affiliate when a customer actually buys an item. Also known as cost-per-sale or pay-per-sale. (p. 575)

Rework Manufacturing term meaning the work performed to correct defects in a product. (p. 523)

Rider Amendment to policy that changes the benefits or conditions of coverage. (p. 449)

Risk Possibility of loss. (p. 444)

Risk transfer Shifting risk to another party. (p. 444)

Royalty fee Regular, ongoing payment to a franchisor based on a percentage of the sales a franchisee earns. (p. 155)

Rule of 72 Quick way to figure how long it will take to double your money at a given rate of return. (p. 593)

S

Safety stock Minimum amount of inventory kept to protect against a stock-out due to unusually high demand or unusually long lead times on delivery. (p. 544)

Salary Fixed amount of money that an employee is paid on a regular basis, such as weekly, biweekly, bimonthly, or monthly. (p. 252); Weekly, bi-monthly, or monthly payment to employees for jobs where the hours and schedule vary. (p. 411)

Sales account Established customer. (p. 246)

- Sales call** Contacting a sales lead, prospect, or established customer by telephone or in person. (p. 243)
- Sales contract** Agreement that includes the items sold, the selling price and how it will be paid, and the date and location of the transaction. Also describes each party's right and obligations. (p. 440)
- Sales force** Employees in a company who are directly involved in the process of selling; another term for salespeople or sales representatives. (p. 239)
- Sales forecast** Prediction of the amount of future sales your company expects to achieve over a certain period of time. (p. 255)
- Sales forecasting** Predicting future sales based on past sales data or other available information and expected market conditions in the future. Also referred to as demand forecasting. (p. 534)
- Sales invoice** Itemized list of goods delivered or services rendered and the amount due. (p. 375)
- Sales lead** Person or company with some characteristics of your target market. (p. 242)
- Sales promotion** Short-term activity or buying incentive, such as providing coupons or free samples or conducting product demonstrations. (p. 225)
- Sales quota** Target amount of sales per month or quarter that a salesperson is expected to achieve. (p. 252)
- Sales support** Positions that mostly involve assisting others with selling activities. (p. 251)
- Sales tax** The most common consumption tax required by some local and state governments on goods that are used, or consumed. (p. 465)
- Sales territory** Specified geographical area for which a salesperson is responsible, such as a city, county, state, or region. (p. 253)
- Salutation** "Greeting" that begins a letter. (p. 77)
- Salvage value** Amount for which equipment can be sold at the end of its business life. Also called disposal value. (p. 270)
- Same-size analysis** Comparison of total revenue or other financial data against that same data converted into percentages of sales. (p. 325)
- Savings account** Bank account in which money is deposited and on which the bank pays interest to the depositor. (p. 372)
- Scarcity** State when there are not enough goods or services to meet the demand. (p. 28)
- Screen recorder** Type of spyware that takes a picture of your computer screen. (p. 341)
- Search engine optimization (SEO)** Variety of techniques that improve a site's ranking. (p. 369)
- Search engine ranking** Order of specific words or groups of words in a particular search engine. An e-business owner's goal is to be on the first page of search results. (p. 101)
- Secondary data** Existing information that was previously gathered for a purpose other than the study at hand. (p. 171)
- Secondary storage** One of two types of storage used by the computer. It is a more permanent type of storage, not directly accessed by the central processing unit (CPU), and does not lose data when the computer is turned off. The most common type of secondary storage is a computer's hard drive. (p. 49)
- Secure sockets layer (SSL)** Security measure that "locks" the site, making it secure so it cannot be read by outsiders. It is important for credit card processing online. (p. 69)
- Seed money** Another term for start-up capital or start-up investment. (p. 347)
- Selective distribution** Type of distribution that allows a product to be sold at a moderate number of sales outlets, but not all, in a particular geographical area. (p. 218)
- Self-assessment** Evaluating your strengths and weaknesses. (p. 14)

GLOSSARY

- Self-financing** Obtaining the funds for growth from existing operations, for example, by reinvesting cash reserves (profits). (p. 569)
- Server** Computer that contains all the information you see on the Website. (p. 25)
- Service business** Business that provides and sells services to customers for a fee. (p. 52)
- Service contract** Agreement that includes the service provided, the price and how it will be paid, and the date and location of the transaction. Also describes each party's right and obligations. (p. 440)
- Service mark** Word, phrase, or symbol a service provider uses to identify its services. (p. 438)
- Session cookie** Cookie that is erased when you close the browser. (p. 609)
- Severance pay** Amount of money given to employees when they are terminated for reasons other than performance. (p. 474)
- Share of stock** Unit of ownership in a corporation. (p. 60)
- Shared Web hosting** Process of sharing server space with other Websites. (p. 263)
- Shareholders** Owners of a corporation. Also referred to as stockholders. (p. 60)
- Shopping cart** A type of payment system used by e-commerce sites to process orders. Shoppers place selected items in the "cart" and pay for them when they finish shopping. (p. 69)
- Sidebar ad** Ad that appears in a vertical format at the side of a Web page. (p. 431)
- Sidebar** Area on the left or right side of a Web page where there are links to pages within the site or to other Websites. (p. 165)
- Signature** In an e-mail program, text that is added to a letter along with your name. (p. 131)
- Site registration** Signing up to a site by providing an e-mail address. (p. 485)
- Site traffic** Number of visits a Website gets over a specified period. (p. 101)
- Site traffic analyzer** Tool that shows the number of visitors who came to the site on a hourly, daily, and monthly basis, as well as a visitor's location and type of browser. (p. 509)
- Site-ranking portal** Web company that lists top-ranking Websites. (p. 101)
- Skill** Ability that's learned through training and practice. (p. 16)
- Social media** Interactive electronic forms of communication. (p. 108)
- Social networking sites** Sites where people can share information. (p. 457)
- Sole proprietorship (pruh-PRY-uh-tur-ship)** Legally defined type of business ownership in which a single individual owns the business, collects all profit from it, and has unlimited liability for its debt. (p. 57)
- Source document** Original record (source) of a transaction, including receipts, cancelled checks, invoices, bank deposit slips, and other records. (p. 376)
- Sourcing** Choosing appropriate vendors to supply desired business goods or services. (p. 535)
- Spam** Junk e-mail. (p. 341); Unsolicited bulk e-mail—"junk" e-mail that's usually advertising a product and sent to hundreds of thousands of recipients. (p. 531)
- Spam blocker** Program that stops spam from going into your e-mail inbox. Also called a spam filter. (p. 531)
- Spam bots** Programs that crawl the Internet to collect e-mail addresses. (p. 531)
- Spam filter** Program that stops spam from going into your e-mail inbox. Also called a spam blocker. (p. 531)
- Spam folder** Separate folder in which spam e-mails accumulate. (p. 531)
- Spammer** Person who sends out spam. (p. 531)
- Speculative risk** Risk that holds the possibility of either gain or loss. (p. 444)

- Spiders (search engine robots)** Computer robots that scan individual Web pages. (p. 369)
- Sponsorship** Sponsoring a community event or service in exchange for advertising. (p. 123)
- Spoofing** Hiding the origin of an e-mail message—the information in the “from” field. (p. 531)
- Spyware** Software that lets computer users spy on other users. (p. 341)
- Start-up capital** Another term for seed money or start-up investment. (p. 347)
- Start-up investment** One-time sum required to start a business and cover start-up costs. Also called seed money or start-up capital. (p. 347)
- Static content** Web content that stays the same over time. (p. 287)
- Stationery** Pre-set selection of fonts, font color, background color, and graphics that resemble printed stationery and make your e-mails look more finished and attractive. (p. 131)
- Stock-out** Item in inventory is completely gone. (p. 542)
- Stockholders** Owners of a corporation. Also referred to as shareholders. (p. 60)
- Storefront creation** Designing a Website that can list products, prices, payment terms, and shipping costs, as well as process orders. (p. 603)
- Straight-line method of depreciation** Method used to calculate the depreciation of equipment based on how long the equipment will last. (p. 270)
- Strategic plan** Lays out a broad course of action to achieve a long-term goal, typically three to five years in the future. (p. 492)
- Subchapter S corporation** Corporation that differs from a C corporation in how it is taxed. Its income or loss is applied to each shareholder and appears on their tax return. (p. 61)
- Subdomain** Domain within a Website, such as an individual product page. (p. 191)
- Subsidy** Financial aid from the government to support an industry or public service. (p. 460)
- Supply** Quantity of goods and services a business is willing to sell at a specific price and a specific time. (p. 30)
- Supply and demand curve** Graph that includes both a supply curve and a demand curve. It shows the relationship between prices and the quantities of a product or service that is supplied and demanded. (p. 32)
- Supply curve** Curve on a graph that shows the quantity of a product or service a supplier is willing to sell across a range of prices over a specific period of time. (p. 31)
- Sustainability** Another term for sustainable economic development. (p. 43)
- Sustainable** Meeting the planet’s current needs while preserving resources for future generations. (p. 120)
- Sustainable economic development** Economic development that does not harm society or the environment. It ensures that human and natural resources are maintained for future generations. (p. 43)
- SWOT analysis** Business evaluation method that draws its name from the four areas it evaluates: Strengths, Weaknesses, Opportunities, and Threats. (p. 158)
- Synergistic diversification** Growth strategy in which a business adds new products or services that are related to its existing products or services. (p. 565)

T

- T-account** Double-sided presentation that shows credits and debits. (p. 379)
- Tactical plan** Outlines specific major steps for carrying out the strategic plan. (p. 492)

GLOSSARY

- Target market** Limited amount of customers who are most likely to buy a specific product or service. (p. 169)
- Tariff** Fee, similar to a tax, that importers must pay on the goods they import. (p. 41)
- Tax avoidance** Using legal strategies to reduce one's tax liability. (p. 467)
- Tax credit** Dollar-for-dollar reduction in taxes owed. (p. 469)
- Tax evasion** Trying to avoid paying taxes through illegal or deceptive means. (p. 464)
- Tax-increment financing (TIF)** Strategy of spending taxpayer money to encourage businesses to locate in an area or improve their property there, with the goal of starting a cycle of growth and prosperity. (p. 462)
- Taxes** Money required by the government to support its various functions. (p. 459)
- Team building** Motivating individuals in a group to work together to achieve a shared goal. (p. 493)
- Telecommuting** Working from a location other than the business site, linked by telecommunication technology. (p. 421)
- Telemarketing** Promoting or selling products/services one-to-one over the telephone. (p. 228)
- Texting** Another name for instant messaging. (p. 85)
- Third party transaction** Occurs when a third party collects the money from the buyer and then pays the seller. (p. 403)
- Third-party providers** Professionals or companies to which jobs are outsourced. (p. 603)
- Top-level domain (TLD)** For a Website, this is identified by the domain suffix (such as .com). (p. 191)
- Trade barrier** Governmental restriction on international trade. (p. 41)
- Trade business** Term used to refer to a wholesale business or a retail business. (p. 52)
- Trade credit** Extended payment time given by one business to another business for purchased goods or services. (p. 500)
- Trade discount** Discount given to resellers who are in the same trade, industry, or distribution chain as a vendor. (p. 536)
- Trade secret** Any information that a business or individual keeps confidential to gain advantage over competitors. (p. 439)
- Trade show** Convention where related businesses come to promote their products or services. (p. 150)
- Trade-out** As a promotion strategy, a bartering practice whereby you trade your company's products or services for free air time on a radio station. (p. 231)
- Trademark** Symbol that indicates that the use of a brand or brand name is legally protected and cannot be used by other businesses. It is a type of intellectual property. (p. 111)
- Traffic log** Record of the raw traffic data that a server collects. (p. 509)
- Transaction** Any payment or income received. (p. 376)
- Transparency** Openness and accountability in business decisions and actions. (p. 107)
- Trojan horse** Software program that takes control of your computer without your knowledge. (p. 341)
- Typeface** Design of a printed character (font). (p. 237)

U

- Unicast ad** TV/Web commercial that appears in its own window. (p. 431)

Unit of sale What a customer actually buys from you. It's the amount of product (or service) that you use to figure your operations and profit. (p. 275)

Universal values Values shared by all cultures throughout history. (p. 106)

Unlimited liability Business owner can be legally forced to use personal money and possessions to pay the debts of the business. (p. 56)

Uptime Amount of time that a Website is online. (p. 263)

V

Value analysis Process for assessing the performance of a good or service relative to its cost. (p. 534)

Values Intangible things that you believe are worthwhile and important. (p. 93)

Variable expense Expense that changes based on the amount of product or service a business sells. (p. 272)

Vendors Businesses that sell products to other businesses. (p. 533)

Venture capital Money invested in a potentially profitable business by a specialized company whose purpose is to invest in start-ups. (p. 359)

Vertical integration strategy Intensive growth strategy in which one business acquires another business in its own supply chain, but not at the same supply chain level. (p. 565)

Videoconference Meeting in which participants in different locations see and hear each other through monitors, cameras, microphones, and speakers. (p. 83)

Viral marketing Word-of-mouth promotion on the Internet. (p. 431)

Vision "Picture" of what you want the future to be. (p. 19)

Visual inventory system Physically counting inventory items. (p. 546)

Visual merchandising Use of artistic displays to attract customers into a store and visually promote products inside a store. (p. 224)

Volatile Changing frequently and unpredictably—stock prices that change in reaction to information are volatile. (p. 597)

Volume buying Purchasing a large quantity from a vendor, typically to take advantage of a quantity discount. Also referred to as buying in bulk. (p. 536)

Volume discount Discount for buying greater quantities. (p. 274)

Voluntary exchange Transaction in which both suppliers and consumers believe they benefit. (p. 30)

W

Wage Payment to employees per hour worked or piece of work completed. (p. 411)

Want Product or service that people desire. (p. 147)

Warranty Statement from a seller, usually in writing, that promises that purchased goods or services meet certain standards and describes the conditions under which particular problems will be taken care of by the seller at no cost to the buyer. (p. 525)

Web 2.0 For the first time, allowed interaction between Websites and Web surfers on the Internet, opening the door to commerce. (p. 457)

Web analytics software Various programs that measure and monitor the traffic to a Website. (p. 509)

GLOSSARY

- Web analytics tool** Tool used by e-commerce Website owners to track daily traffic, length of stay on the site, sales, and conversion rates. (p. 69)
- Web banner** Electronic advertisement that you pay other companies or organizations to embed on their Web sites. (p. 226)
- Web browser** Software that enables you to navigate the Web. (p. 25)
- Web designer** Professional who designs Websites that will stand out from other Websites. (p. 165)
- Web domain** Primary part of a Website's address (as in www.domain.com) (p. 191)
- Web hits** Number of visitors to a site, tabulated by the Web host. (p. 263)
- Web host** Business that stores all the information for a Website on its servers. (p. 69)
- Web page** Document on a Website. (p. 25)
- Web search engine** Way of finding information online. (p. 237)
- Web surfing** Process of visiting one Website after another. (p. 25)
- Web template** Pre-made Website that includes already-created graphics and an established layout. (p. 165)
- Web traffic** Number of visitors a site gets over a specific time period. (p. 69)
- Webcasts** Web presentations where there is no interaction (p. 485)
- Webinars** Short for Web-based seminars or lectures. (p. 485)
- Webmaster** Person who manages a Website. (p. 369)
- Website** Collection of Web pages (p. 25)
- Website slogan** Short phrase that describes what the company does. (p. 237)
- Whistle-blower** One who reports illegal or unethical conduct to superiors or to the public. (p. 108)
- Wholesaler** Business that buys goods in large quantities, typically from manufacturers, and resells them in smaller batches to retailers. Also referred to as a wholesaling business. (p. 52)
- Wholesaling business** Business that buys goods in large quantities, typically from manufacturers, and resells them in smaller batches to retailers. Also referred to as a wholesaler. (p. 52)
- Wide area network (WAN)** Network that connects large geographic areas such as one city to another or one country to another, through the Internet. (p. 319)
- Wikis** Collaborative Websites where anyone can edit, delete, or modify content. (p. 457)
- Window of opportunity** Period of time in which you have to act before a business opportunity is lost. (p. 148)
- Wireless network** Network that operates on a radio frequency, in much the same way that cell phones work. (p. 319)
- Word of mouth** Verbal communications or publicity. (p. 524)
- Workers' compensation insurance** Covers losses to employees due to job-related injury or illness. (p. 447)
- Workplace climate** General feeling in a business shaped by the psychological state and attitudes of the people who work there. (p. 496)
- World Wide Web** Important part of the Internet—huge set of documents, pictures, and other elements that are linked together. (p. 25)

Z

- Zoning laws** Local laws that specify the types of development and activities—residential, commercial, industrial, or recreational—that can take place on particular pieces of property. (p. 511)