MGT601 - SME Management Glossary By www.virtualians.pk

Accounting Records : Records of a firm's financial position that reflect any changes in that position.

Accounts Payable : Obligations to pay, resulting from purchasing goods or services.

Accounts Receivable : Current assets resulting from selling a product on credit.

Advertising : Advertising informs customers of the availability, desirability, and uses of a product.

Affirmative action programs : These provide guidelines to help firms eliminate discrimination against women and minorities.

Agents : Marketing intermediaries who market a product to others for a fee.

Allowances : Allowances are given to customers for accepting quality or quantity reductions.

Apprenticeship training : Training that blends OJT with learning of theory in the classroom

Articles of co-partnership : These are drawn up during the preoperating period to show rights, duties, and responsibilities of each partner.

Articles of incorporation : The instrument by which a corporation is formed under the corporation laws of a given state.

Asset-based financing : Accepts as collateral the assets of a firm in exchange for the loan.

Assets : The things a business owns.

Audit : A formalized examination and/or review of a company's financial records.

Balance Sheet : A statement of a firm's assets, liabilities, and owners' equity at a given time.

Bankruptcy : A formal legal condition of being unable to repay debts. People or businesses can petition courts to be relieved of financial obligation.

Barter : Barter consists of two companies exchanging items of roughly equal value.

Benchmarking : Setting up standards (for reference) and then measuring performance against them.

Bonds : Bonds are a form of debt security with a standard denomination, method of interest payment, and method of principal repayment.

Bonus : A reward—not specified in advance—given to employees for special efforts and accomplishments.

Breakeven Point : That volume of sales where total revenue and expenses are equal, so there is neither profit nor loss.

Brokers : Brokers bring buyers and sellers of goods together to negotiate purchases or sales.

Budgetary Control : System of budgets used to control a company's financial activities.

Budgets : Detailed plans, expressed in monetary terms, of the results expected from officially recognized programs for a given future period.

Business Ethics : The standards used to judge the rightness or wrongness of a business's relations to others.

Business Incubators : They nurture young firms and help them survive during the startup period when they are most vulnerable.

Business Plan : A formal plan prepared to serve as a tool for attracting the other components of the business formation package, including people and money.

Business Services : Services provided to another business or professional.

Buy-Sell Agreement : Agreement that explains how stockholders can buy out each other's interest or how the corporation can buy back a shareholder's stock when he or she leaves the company.

Capital Budget : Budget that plans expenditures for obtaining, expanding, and replacing physical facilities.

Cash Budgets : Cash budgets project working capital needs by estimating what out-of-pocket expenses will be incurred and when revenues from these sales are to be collected.

Cash Flow Budget : Budget that forecasts the amount of cash receipts and cash needed to pay expenses and make other purchases.

Cash Flow : The amount of cash available at a given time to pay expenses.

Combination Franchising : In combination franchising, big-name operations offer both companies' products under the same roof.

Commission : Incentive compensation directly related to the sales or profits achieved by a salesperson.

Common Stock : Common stock, representing the owners' interest, usually consists of many identical shares, each of which gives the holder one vote in all corporate elections.

Common Stockholders : The owners of a corporation, with claims of a share of its profits and the right to vote on certain corporate decisions.

Communication : The transfer of meaning from one person to another.

Competitive Edge : A particular characteristic that makes a firm more attractive to customers than are its competitors. Also called competitive advantage.

Conservation : Practicing the most effective use of resources, while considering society's current and future needs.

Control : The process of assuring that organizational goals are achieved.

Convenience Goods : Products that customers buy often, routinely, quickly, and in any store that carries them.

Cooperative : A business owned by and operated for the benefit of patrons using its services.

Corporate Charter : States what the business can do and provides other organizational and financial information.

Corporation : A business formed and owned by a group of people, called stockholders, given special rights, privileges, and limited liabilities by law.

Cost-Plus Pricing : Basing the price on all costs plus a markup for profit.

Counseling : Helping to provide people with an understanding of their relationships with their supervisors, fellow workers, and customers.

Credit Management : Setting and administering credit policies and practices.

Cross-Functional Teams : Teams that cut across different parts of the organization to monitor, standardize, and improve work processes.

Current Ratio : The amount of current assets divided by the amount of current liabilities.

Customary Price : What customers expect to pay because of custom, tradition, or social habits.

Debit Card : Enables the owner to withdraw money or to have the costs of purchases charged directly to the holder's bank account; is usually plastic.

Debt Financing : Debt financing comes from lenders, who will be repaid at a specified interest rate within a specified time span.

Defined-Benefit Plan : Pension plan whereby the amount an employee is to receive at retirement is specifically set forth.

Defined-Contribution Plan : Pension plan that establishes the basis on which an employer will contribute to the pension plan.

Delegation : Assigning responsibility to subordinates for certain activities and giving them the authority to perform those activities.

Direct Taxes : Those paid directly to a taxing authority by the person or business against which they are levied.

Discipline : Fairly enforcing a system of rules and regulations to obtain order.

Discount : Reduction from the list price given to customers as an inducement to buy more of a product.

Distribution Channel : A distribution channel consists of the marketing organizations responsible for the flow of goods and services from the producer to the consumer.

Distribution : The physical movement of a product from the production line to the final consumer.

Diversification : Adding products that are unrelated to the present product line.

Diversity : Diversity in the work force is achieved by employing more members of minority groups, women, and older workers.

Downsizing : Reducing the number of employees to increase efficiency OR reduce Cost

E-Commerce : Technology-mediated exchanges between parties as well as the electronically based intra- or inter-organizational activities that facilitate such exchanges.

Employee Benefits : The rewards and services provided to workers in addition to their regular earnings.

Employee Relations : Showing interest in and concern for employees' rights.

Employment At Will : Employers may hire or fire workers with or without cause.

Entrepreneur : The goals of an entrepreneur include achievement, profit, and growth, achieved through innovation and strategic management.

Entrepreneurial Venture : In an entrepreneurial venture, the principal objectives of the owner are profitability and growth.

Environmental Protection : Tries to maintain a healthy balance between people and their environment.

Equity Investors : Equity investors are those who actually become part owners of the business.

Equity : Equity is an owner's share of the assets of a company. In a corporation it is represented by shares of common or preferred stock.

Excise Tax : An additional tax on certain items imposed by the federal government.

Executive Summary : The executive summary is a brief overview of the most important information in a business plan.

Expenses : The costs of labor, goods, and services.

Exporting : Marketing our products to other nations.

Facilities : The buildings, machines and other equipment, and furniture and fixtures needed to produce and distribute a product.

Failure : A failure results from inability to succeed in running a business.

Family Limited Partnership : Allows business owners to pass assets to heirs with a minimum of income and estate tax costs while retaining control of assets during their lifetime.

Feedback : The response a receiver gives through further communication with the sender of a message or some other person.

Financial Leverage : Financial leverage is using fixed-charge financing, usually debt, to fund a business's operations.

Financial Planning : Planning that involves determining what funds are needed, where they can be obtained, and how they can be controlled.

Financial Resources : Cash flow, debt capacity, and equity available to finance operations.

Financial Structure : This describes the relative proportions of a firm's assets, liabilities, and owners' equity.

Formal Failures : Failures ending up in court with loss to creditors.

Fractional Ownership : A percentage share of an expensive asset.

Franchise Fee : A one-time fee paid by the franchisee to the franchiser for the business concept, rights to use of trademarks, management assistance, and other related services from the franchiser.

Franchise : An agreement whereby an independent businessperson is given exclusive rights to sell a specified good or service.

Franchisee : Independent businessperson who agrees to sell the product according to the franchiser's requirements.

Franchiser : The franchiser owns the franchise's name and distinctive elements and licenses others to sell its products.

Franchising : Marketing system whereby an individual owner conducts business according to the terms and conditions set by the franchiser.

Fully Integrated Production Networks : Entire geographic regions where a fully integrated supply chain, from raw materials to finished products, is built up.

General Partnership : In a general partnership, each partner actively participates as an equal in managing the business and being liable for the acts of other partners.

Global Marketing : Marketing of products that are produced, bought, sold, or used almost anywhere in the world.

Green Product : Environmentally friendly product offered for sale commercially.

Hardware : The CPU, monitor, keyboard, and other parts of the computer that you can see and touch.

High-Knowledge Industries : Those in which 40 percent or more of the human resources are professionals, technicians, or other "knowledge workers."

Human Relations : The interaction among people in an organization.

Human Resource Planning : The process of converting the business's plans and programs into an effective work force.

Human Resources : The personnel that make up the business's work force.

Immediate-Response Advertising : Advertising that tries to get customers to buy a product within a short time period so that response can be easily measured.

Importing : Purchasing and marketing other nations' products.

Incentive Wage : Extra compensation paid for all production over a specified standard amount.

Income Statement : Periodically shows revenues, expenses, and profits from a firm's operations.

In-Depth Interviews : Detailed, probing, and penetrating interviews seeking to determine the applicant's character and other aspects of personality.

Indirect Taxes : Taxes not paid by a firm or a person, but by someone else.

Informal Organization : The set of interpersonal relationships that come about as a result of friendships that develop on and off the job.

Inputs : Materials, people, money, information, machines, and other productive factors.

Institutional Advertising : Selling an idea about the company.

Insurance : Another company agrees, for a fee, to reimburse your company for part of a loss.

Intermediaries : Those units or institutions in the channel of distribution that either take title to or negotiate the sale of the product.

Internet Marketing : The process of building and maintaining customer relationships through online activities.

Internet : A collection of computers and computer networks linked together to receive and distribute information around the world.

Internship Training : Training that combines OJT with learning at a cooperating school or college.

Inventory : A formal list of all the property of a business, or the property so listed.

Job Burnout : Physical or mental depletion to a level significantly below a person's capable level of performance.

Job Description : Lists the duties and responsibilities of a given job.

Job Enrichment : Granting workers greater responsibility and authority in their jobs.

Job Sharing : When a single full-time job is retained, but its performance is shared by two or more employees working at different times.

Job Specifications : Detailed written statements of work assignments and the qualifications needed to do the job acceptably.

Job Splitting : When employees divide a single job into two or more different parts, each one doing one of the parts.

Joint Venture : A form of temporary partnership whereby two or more firms join in a single endeavor to make a profit.

Just-In-Time (JIT) : Just-in-time delivery is having materials delivered to the user at the time needed for production.

Kaizen Costing : This sets cost targets for all phases of design, development, and production of a product for each accounting period.

Laptop Computer : A small, battery-powered device that can be used anywhere.

Leadership : The ability of one person to influence others to attain objectives.

Leading : The management function of getting employees to do what you want them to do, by communicating with, motivating, and disciplining them.

Lease : A contract that permits use of someone else's property for a specified time period.

Leased Manpower : Employees obtained from an outside firm that specializes in performing a particular service.

Lenders : Lenders provide money for a limited time at a fixed rate of interest.

Liabilities : The financial obligations of a business.

Limited Liability Partnership : A partnership organized to protect individual partners from personal liability for the negligent acts of other partners or employees.

Limited Partnership : In a limited partnership, one or more general partners conduct the business, while one or more limited partners contribute capital but do not participate in management and are not held liable for debts of the general partners.

Limited-Liability Company : The LLC combines the advantages of a corporation, such as liability protection, with the benefits of a partnership, such as tax advantages.

Line Of Credit : This permits a business to borrow up to a set amount without red tape.

Line Organization : In a line organization the owner has a direct line of command over employees.

Line-And-Staff Organization : One that has specialists to advise and perform services for other employees.

Living Trust : Resembles a will but, in addition to providing for distribution of personal assets on the maker's death, it also contains instructions for managing those assets should the person become disabled.

Management Information System (MIS) : Collects, records, processes, reports, and/or converts data into a usable form.

Manufacturing : Making or processing materials into finished goods.

Market Research : The systematic gathering, recording, and analyzing of data related to the marketing of goods and services.

Market Segmentation : Identifying and evaluating various layers of a market.

Marketing Concept : The marketing concept involves giving special consideration to the needs, desires, and wishes of present and prospective customers.

Marketing Mix : The proper blending of the basic elements of product, price, promotion, and place into an integrated marketing system.

Markup : The amount added to the product's cost to determine the selling price.

Merchandising : Promoting the sale of a product at the point of purchase.

Methods : Methods provide standing instructions to employees on how to perform their jobs.

Mission : Defines the present business scope and broadly de scribes the organization's present capabilities, focus, and activities.

Mortgage Loan : Long-term debt that is secured by real property.

Motivation : The inner state that activates a person, including drives, desires, and/or motives.

Net Profit : The amount of revenue (sales) over and above the total amount of expenses (costs) of doing business.

Networking : The process of establishing and maintaining contacts with key persons in one's own or another organization as informal development or promotion systems.

Niche Marketing : The process of finding a small—but profitable—demand for something and producing a custom made product for that market.

Nonprofit Corporation : Corporation formed for civic, educational, charitable, and religious purposes.

Objectives : The purposes, goals, and desired results for the business and its parts; the goals toward which the activities of the business are directed.

Off-Price Retailers : Those who buy designer labels and well known brands of clothing at low prices and sell them at less than typical retail prices.

On-The-Job Training : Training in which the worker actually performs the work, under the supervision of a competent trainer.

Operating Budget : Budget that forecasts sales and allocates expenses for achieving them.

Operating Systems : Operating systems consist of the inputs, processes, and outputs of a business.

Operational Planning : Operational planning sets policies, procedures, and standards for achieving objectives.

Operations : Converting inputs into outputs for customers.

Organization Chart : Chart that shows the authority and responsibility relationships that exist in a business.

Organizing : Determining those activities that are necessary to achieve a firm's objectives, and assigning them to responsible persons.

Outputs : The products produced and the satisfactions to employees and the public.

Owners' Equity : The owners' share of (or net worth in) the business, after liabilities are subtracted from assets.

Partnership : A business owned by two or more persons who have unlimited liability for its debts and obligations.

Penetration Price : Price set relatively low to secure market acceptance.

Performance Appraisal : The process of evaluating workers to see how well they are performing.

Performance Standards : Standards set in advance for acceptable levels to which employee achievement should conform.

Personal Failures : In personal (informal) failures, the owner who cannot succeed voluntarily terminates the business.

Personal Ethic : One's own belief system that tells one what to do if or when the laws and/or any pertinent codes are silent.

Personal Services : Services performed by a business for consumers.

Physical Resources : The buildings, tools and equipment, and service and distribution facilities that are needed to carry on the business.

Planning : The process of setting objectives and determining actions to reach them.

Policies : General statements that serve as guides to managerial decision making and supervisory activities.

Pollution Control : The effort to prevent the destruction or contamination of the natural environment.

Positive Discipline : Positive discipline deals with an employee's breach of conduct by issuing an oral "reminder" (not a reprimand), then a written reminder, followed by a paid day off so the employee can decide if he or she really wants to keep the job. If the answer is "yes," the employee agrees in writing to be on his/her best behavior for a given period of time.

Preferred Stock : Preferred stock has a fixed par value and a fixed dividend payout, expressed as a percentage of par value.

Problem-Solving Teams : Teams that meet on a regular basis to discuss ways to improve quality, efficiency, and the work environment.

Process Layout : Where facilities doing the same kind of work are grouped together.

Processes : Processes convert inputs into products customers want.

Producers : Producers convert materials into products in considerable volume for others to sell to ultimate consumers.

Product Advertising : Product advertising calls attention to or explains a specific product.

Product Layout : Where the facilities are laid out according to the sequence of operations to be performed.

Product Life Cycle : The product life cycle consists of four stages: introduction, growth, maturity, and decline.

Profit (Income) : The difference between revenue earned and expenses incurred.

Profit Goal : The specific amount of profit one expects to achieve.

Profit Motive : Expecting to make a profit as the reward for taking the risk of starting and running a business.

Profit Planning : A series of prescribed steps to be taken to ensure that a profit will be made.

Profit Sharing : An arrangement—announced in advance—whereby employees receive a prescribed share of the company's profits.

Profit : Revenue received by a business in excess of the expenses paid.

Promoting : Moving an employee to a higher position, usually with increased responsibilities, title, and pay.

Proprietorship : A business that is owned by one person.

Prospecting : Taking the initiative in seeking out customers with a new product.

Prospectus : Provides background and financial information about the franchiser and the franchise offering. Sometimes called an offering circular, it is a document that provides information on 20 items required by the Federal Trade Commission.

Publicity : Information about a business that is published or broadcast without charge.

Purchase Order : A purchase order tells the supplier to ship a given amount of an item at a given quality and price.

Purchasing : Purchasing determines the company's needs and finds, orders, and assures delivery of those items.

Pure Risk : The uncertainty that some unpredictable event will result in a loss.

Quality Circles : Small employee groups that meet periodically to improve quality and performance.

Quality : Quality refers to product characteristics and/or the probability of meeting established standards.

Design Quality : Design Quality Covers (materials, form, appearance, functions)

Quality Control : In engineering and manufacturing, quality control or quality engineering is a set of measures taken to ensure that defective products or services are not produced, and that the design meets performance requirements.

Manufactured Quality : Defects in Material, Parts, and Subassemblies May Arise in Manufacturing.Poor Quality is the Result of Poorly Controlled Manufacturing Process.

Ratios : Relationships between two or more variables.

Recruitment : Reaching out to attract applicants from which to choose one to fill a job vacancy.

Recycling : Reprocessing used items for future use.

Reengineering : The redesign of operations, starting from scratch.

Reinvention : The fundamental redesign of a business, often resulting in reduction of size and markets.

Retailers : Retailers sell goods or services directly to the ultimate consumers.

Return On Equity : The percentage of net profit your equity earns, before taxes.

Revenue (Sales Income) : The value received by a firm in return for a good or service.

Risk Assumption : Setting aside funds to meet losses that are uncertain in size and frequency.

Risk Avoidance : Refusing to undertake an activity when the risk seems too costly.

Risk Management : The process of conserving earning power and assets by minimizing the shock from losses.

Risk Prevention : Using various methods to reduce the possibility of a loss occurring.

Risk Transfer : Shifting a risk to someone outside your company.

Royalty Fee : Continuous fee paid by the franchisee to the franchiser usually based on a percentage of the franchisee's gross revenue.

Sales Forecast : An estimate of the amount of revenue expected from sales for a given period in the future.

Sales Promotion : Marketing activities (other than advertising or personal selling) that stimulate consumer purchasing and dealer effectiveness.

Sales Tax : A tax added to the gross amount of the sale for goods sold within the taxing jurisdiction.

Selection : Choosing the applicant who has the qualifications to perform the job.

Self-Managing Work Teams : Teams that take over managerial duties and produce an entire product.

Service Companies : Companies that provide a service to customers and have some characteristics of both retailers and producers.

Shopping Centers : Shopping centers vary in size and are designed to draw traffic according to the planned nature of the stores to be included in them.

Shopping Goods : Goods that customers buy infrequently, after shopping at only a few stores.

Skimming Price : Price set relatively high initially in order to rapidly skim off the "cream" of the profits.

Small Business Investment Companies : Private firms licensed and regulated by the SBA to make "venture" investments in small firms.

Small Business Owner : A small business owner establishes a business primarily to further personal goals, including making a profit.

Small Business : A business that is independently owned and operated, is not dominant in its field, and doesn't engage in new or innovative practices.

Small Company Offering Registration : The sale of common stock to the public through a regulated board such as Nasdaq or Amex without the hassle of an initial public offering.

Social Objectives : Goals regarding assisting groups in the community and protecting the environment.

Social Responsibility : A business's responsibility to follow desirable courses of action in terms of society's values and objectives.

Social Security : Federal program that provides support for the retired, widowed, disabled, and their dependants.

Software : The programs, manuals, and procedures that cause the hardware to operate in a desired manner.

Specialization : Using employees to do the work that they are best suited for.

Specialized Small Business Investment Companies : These assist socially and economically disadvantaged businesses with venture capital.

Specialty Goods : Goods bought infrequently, often at exclusive outlets, after special effort by the customer to drive to the store.

Staffing : Planning for recruiting, selecting, and training and developing employees, as well as compensating them and providing for their health and safety.

Standing Orders : These set predetermined times to ship given quantities of needed items, at a set price.

Strategic Planning : Strategic planning provides comprehensive long-term direction to help a business accomplish its mission.

Strategies : The means by which a business achieves its objectives and fulfills its mission.

Supply Chain Management : The process of planning, organizing, directing, and controlling a supply chain from origin to consumption.

Supply Chain : An integrated-coordinated system of activities to transform your materials into finished products delivered to the end consumer.

Synergy : The concept that two or more people, working together in a coordinated way, can accomplish more than the sum of their independent efforts.

Target Market : The part of the total market toward which promotional efforts are concentrated.

Taxable Income : Total revenues minus deductible expenses.

Test Marketing : Simulates the conditions under which a product is to be marketed.

Trade Credit : Trade credit is extended by vendors on purchases of inventory, equipment, and/or supplies.

Trade Show (Trade Fair) : An exhibition of products or services by companies in the same industry.

Transferring : Moving an employee from one job to another, without necessarily changing title or pay.

Transportation Modes : Methods used to transfer products from place to place.

Unit Pricing : Listing the product's price in terms of some unit, such as a pound, pint, or yard.

Upgrading : Retraining workers so they can do increasingly complex work.

Validity : Making sure that the test given actually relates or corresponds to job performance.

Variable Work Schedule : Work schedule that permits employees to work at times other than the standard five 8-hour days.

Venture Capital Firms : Make investments based on projected future income and generally require a substantial return as either equity or profit.

Wholesalers : Intermediaries who take title to the goods handled and then sell them to retailers or other intermediaries.

Workers' Compensation : Payments made to employees for losses from accidents and occupational diseases.

Working Capital : Current assets, less current liabilities, that a firm uses to produce goods and services and to finance the extension of credit to customers.

Zero-Defects Approach : Approach that uses pride in workmanship to get workers to do their work "right the first time."

Statistical Quality Control : Statistical Process Control or SPC is a method for achieving quality control in manufacturing processes. Process of Application of Statistical Principles and Techniques in Stages of Design, production, maintenance and Service.

ISO : The International Organization for Standardization (Organisation internationale de normalisation), widely known as ISO, is an international-standard-setting body composed of representatives from various national standards organizations.