

# BTEC Business and Enterprise

## Jargon buster

### Common terms explained

Please note: These terms are helpful for broadening business vocabulary and should not be used as revision material. Other sources may provide varying descriptions.

Click on a highlighted letter below to search for a term

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

# BTEC Business and Enterprise jargon buster

## A

### **Accounting**

Recording details of your sales and expenses. By law, you must keep accurate financial records, but it's also useful for your business to do this.

### **Adding value**

The difference between the price of the finished product/service and the cost of making inputs involved in making it.

### **After sales marketing**

Most commonly over email, this refers to marketing to existing customers who have recently bought a product or service to encourage them to be repeat and loyal customers.

### **After sales service**

This is providing good service to customers after a sale with things like guarantees and dealing with returns fairly. The purpose is to keep customers satisfied and loyal to your business.

### **AIDA**

Model for communicating with potential customers. Stands for Awareness or Attention, Interest, Desire, Action

### **Aims**

What a business tries to achieve in the long term, e.g. to be the market leader. Often referred to as 'aims and objectives', where objectives are shorter-term.

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**A**  
cont.

## **Ansoff matrix**

A tool used by businesses to plan for growth to help decide on potential strategies for its products or services.

## **Autocratic leadership**

A leadership style where a manager makes all the decisions without consultation.

## **Automatic enrolment**

Your company is legally obligated to put all employees on a pension scheme.

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## B

### **Bond**

A written and signed promise to pay a certain sum of money on a certain date, or on fulfillment of a specified condition.

### **Boston Matrix**

A 2x2 matrix model that analyses a product portfolio according to the growth rate of the market (often linked to product life cycle) and the market share of those products. These are broken into four options known as problem children, dogs, stars, and cash cows.

### **Brand**

A name, term, sign, symbol, design or other feature that helps consumers identify the goods and services of a business and differentiate them from those of competitors.

### **Break-even**

When a business generates just enough revenue to cover its total costs

### **Budgeting**

Making a plan of future income and expenditure or inflows and outflows.

### **Business plan**

A formal document that describes what the business does, who its customers are, what the opportunities and threats are, and what it wants to achieve. It should include the legal format of the business (sole trader/partnership/limited company), market research to find out what customers want and competitors are doing, human/physical/financial resources needed to start up, and financial forecasts. It usually is produced when a business is starting out and trying to get investment, from a bank or investors to demonstrate the likelihood of investors getting a return on their investment.

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A **B** C D E F G H I J K L M N O P Q R S T U V W X Y Z

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## C

### **Cash flow**

Relationship between cash inflows and outflows of your business.

### **Channel**

The distribution channel is the manner your products or services reach a market. Online, offline, exporting, directly to customers, through an agent, etc.

### **Charismatic leadership**

A style of leadership where the supervisor or manager has a strong and confident personality, is good at communicating and who is attractive to their followers. They persuade people to improve their work and the workers comply because they identify with the leader.

### **Contingency plan**

Identify what action can be taken if things don't go according to plan. 'What if' scenarios in case things go wrong, what alternatives can be planned.

### **Companies House**

Government agency that incorporates and dissolves companies. It is a public register of information companies are required, by law, to supply.

### **Competitive advantage**

A situation when a business has some advantage over its competitors, which could be its location, its reputation, the price its able to sell to customers etc.

### **Competitors**

Another organisation selling goods or services similar to the business. They will compete to win rival sales.

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A B **C** D E F G H I J K L M N O P Q R S T U V W X Y Z

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## C cont.

### **Contribution**

The amount of money left over after variable costs have been subtracted from revenue. Each product gives a contribution towards paying off fixed costs and, beyond this, contributes towards profit.

### **Corporate Social Responsibility (CSR)**

Corporate Social Responsibility is a means of self-regulation whereby a business acts responsibly and ethically to its stakeholders, the public and the environment.

### **Credit control**

System of managing money that makes sure credit is only given to customers able to pay and making sure they pay on time.

### **Crowd-funding**

Where a large number of individuals (the crowd) invest in a business or project, avoiding the use of a bank.

### **Current account**

An account at a bank or building society from which money may be withdrawn without notice, typically an active account catering for frequent deposits and withdrawals.

### **Curriculum vitae (CV)**

A CV is a document used in job applications. The candidate gives a potted history (or resume) of their education, experience, and their strengths and interests, which they hope will be eye catching and result in being called for an interview. Often used with a covering letter, which says why the candidate will be ideal for the job applied for.

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**C**  
cont.

## **Customers**

People who buy goods or services from a business are external customers. Internal customers are staff in the business, colleagues who are dealt with on a day to day basis.

## **Customer service**

All businesses should pay attention to the levels of customer service they provide. This can give them a competitive advantage to attract new customers and ensure existing customers are loyal.

**D**

## **Debt factoring**

A financial arrangement in which a factoring company takes responsibility for collecting money relating to a business's invoices. They will pay the business part of the total amount owed on the invoices.

## **Democratic leadership**

A leadership style where managers allow others to participate in decision making. Also called participative leadership.

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## E

### **Economic sectors**

There are four sectors. Primary sector – extracting/growing raw materials, eg agriculture, mining, oil extraction, fishing, forestry. Secondary sector – using raw materials to make goods, eg manufacturing of food, furniture, cars, construction of houses. Tertiary sector – selling of manufactured goods to customers or providing a service, eg supermarkets, restaurants, hotels, banks, hairdressers. Quaternary sector – providing knowledge-based services eg education, research, media, culture, IT.

### **Economies of scale**

The reductions in average costs achieved by a business as output increases.

### **E-commerce**

Business transactions which are conducted online. A memorable phrase to use is “clicks versus bricks”.

### **Electronic point of sale (EPOS)**

This is a computerised system allowing people to pay for goods/services in shops and restaurants using their bank or credit card at the checkout.

### **Enterprise**

A business or company.

### **Entrepreneur**

Someone who has a good idea to start a business and takes a personal financial risk to start a business. They want to be successful and make a living from their enterprise.

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## F

### **Forecast**

A business process which assesses a probable outcome often by using past data and assumptions about the future.

### **For-profit**

A business whose main purpose is to make a profit which can be shared amongst the owners/shareholders.

### **Finance**

Money that enables an owner to start/run/grow their business.

### **Franchising**

A business model in which a business (the franchisor) allows another operator (the franchisee) to trade under their name by selling them a franchise.

### **Functional area**

A business will have different teams of people to be responsible for different functions, like sales, marketing, human resources, production/manufacturing, finance, administration, distribution, research and development, purchasing etc. These functional areas will be staffed by people with skills and qualifications in these areas and they can often get professional qualifications to help them be experts in their field.

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**G**

## **Gross profit**

The direct profit made from selling goods after deducting the costs associated with making the product.

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## H

**HMRC**  
(Her Majesty's  
Revenue and  
Customs)

The UK Government department that's responsible for collecting taxes and administrating other regulatory processes (like the National Minimum Wage).

**Hire purchase**

Hire purchase is a way to finance buying valuable assets. The business will usually pay a deposit and pay off the value in monthly instalments, with the loan secured against the asset. This means the business doesn't own the item until the last payment is made.

**Human resources**  
(HR)

This is a team of people who are employed to look after the staffing side of a business. They manage recruitment and selection, they ensure staff have a contract of employment, they manage appraisals, and discipline of staff. They also have responsibility for identifying skills gaps and training staff. They will also manage any redundancies.

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A B C D E F G **H** I J K L M N O P Q R S T U V W X Y Z

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I

## **Income statement**

A financial statement that shows how much profit or loss a business has made over a certain time period.

## **Incorporation**

The legal process of forming a company, which is a separate legal entity to its owners.

## **Innovation**

The process of creating or developing a new product or service to improve efficiency and/or productivity. Adding value to existing products/services to improve profits

## **Intellectual property (IP)**

Creations of the mind, like inventions, artistic works, designs, symbols, names, etc. All businesses have IP which can be protected.

## **Interviewer/ Interviewee**

In the selection process, the Interviewer works for the business and runs the interview, asking questions and making judgements. The interviewee is the person applying for the job and being interviewed.

## **Invoice**

A statement sent by the seller to the customer, giving details of the quantities/cost of goods or services showing the amount the customer has to pay. Invoices must include certain details like what's been supplied, price, quantity sold, VAT, etc.

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**J**

## **Job description**

A document used in recruitment. It lists the job title, place of work, hours and pay, and lists the duties and responsibilities of the person the business is looking to recruit.

**K**

## **Key performance indicators (KPIs)**

These help the business measure how it is performing in particular areas, helping it to improve. An example of a KPI would be revenue growth, leads generated for sales, etc.

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L

## **Laissez-faire leadership**

A leadership style where employees are encouraged to make their own decisions, within certain limits.

## **Leasing**

Capital goods like buildings or vehicles or machinery are often leased by a company rather than purchasing them outright. Can be the most cost-effective solution.

## **Liability (limited and unlimited)**

Liability refers to the extent someone is responsible for the debts of a business. Limited liability refers to a someone who has put money into a business by buying shares. If something goes wrong, they may lose the money they invested in shares, but won't have to pay any more to pay the debts of the business, which is known as a limited company. Unlimited liability refers to someone who will lose the money they put into the business if something goes wrong. They may have to pay more from their own personal savings/house to pay off the people the business owes money to, like suppliers or staff. This is often the case with a sole trader.

## **Limited company**

A business organisation that has a separate legal entity from that of its owners. If an entrepreneur or sole trader sets up a limited company, they become an employee and pay income tax and National Insurance contributions. This means that the personal finances and property of the owner is not at risk if the business fails.

Click on a bold letter below to find a term

A B C D E F G H I J K **L** M N O P Q R S T U V W X Y Z

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**L**  
**cont.**

## **Limited liability partnership**

A type of business structure, popular with solicitors, accountants, and dentists. Partners aren't personally liable for business debts, but rather the money invested.

## **Liquidity**

The degree to which an asset can be quickly turned into cash.

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## M

### **Margin**

The difference between the sale price and the cost of bringing a product or service to market.

### **Margin of safety**

The range of output between the break-even level and the current level of output, over which a profit is made.

### **Market**

An arrangement that allows buyers and sellers of goods and/or services to communicate and trade. Also an area in which commercial dealings are conducted.

### **Marketing**

The management process which identifies, anticipates and satisfies what consumers want. Includes market research, advertising, communications, etc.

### **Marketing mix**

This is a tool for planning how a business will reach its customers. It also known as the 4 Ps and stands for Product, Price, Promotion and Place.

### **Market research**

Collecting, presenting and analysing information relating to the marketing and consumption of goods and services.

### **Market segment**

A group of customers who share common characteristics/demographics.

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A B C D E F G H I J K L **M** N O P Q R S T U V W X Y Z



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## N

### **National Living Wage (NLW)**

Available to over-25s, the NLW is the minimum hourly pay almost all workers are entitled to. Not paying this (or the NMW) is a criminal offence.

### **National Minimum Wage (NMW)**

Minimum hourly pay workers over the school leaving age are entitled to. Different rates apply depending on the worker's age. The rates change each year. Not paying this (or the NLW) is a criminal offence.

### **Net profit**

The overall profit made by a business after all expenses are deducted from the revenue. May also be known as "profit for the year".

### **Non-current assets**

Assets purchased by a business which are not for resale and are purchased to help generate future profits.

### **Not-for-profit**

This describes a business where the sole purpose is not to make a profit to share amongst the owner(s). The purpose of a not-for-profit business will be to improve the service or cause. A charity is a good example of a not-for-profit.

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# BTEC Business and Enterprise jargon buster

## O

### **Objectives**

The goals or targets set by a business to help achieve its long-term purpose and aims.

### **Opportunity cost**

When choosing between different alternatives, the opportunity cost is the benefit lost from the next best alternative to the one that has been chosen.

### **Organic growth**

A business growth strategy that involves a business growing gradually using its own resources.

### **Organisation structure**

A business can be divided into different departments and different levels of authority and responsibility. A tall structure is known as a hierarchy and there are many levels from top-down, with managers at the top and the staff at the bottom; a flat structure has fewer levels but there are still managers and operatives; a matrix structure is divided into project teams; a holacratic structure spreads authority and decision-making within self governing teams, with little or no centralised power.

### **Outsourcing**

The practice of getting other people or businesses to undertake work that was originally carried out by the business itself.

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A B C D E F G H I J K L M N **O** P Q R S T U V W X Y Z

# BTEC Business and Enterprise jargon buster

**O**  
cont.

## **Overdraft**

An agreement between a business and a bank that allows a business to spend more money than it has in its account (going 'overdrawn'). The overdraft limit is agreed and interest is only charged when the business goes overdrawn.

## **Overheads**

These are ongoing costs of running a business, which are not directly related to the goods/services it sells. Things like insurance, rent, utilities, taxes, heating, etc. Sometimes called 'fixed costs' as they have to be paid regardless of how many products are made or sold.

## **Owners**

Term used by for-profit businesses. The person/people who have invested money in a business and who benefit from the profits of the business. They will be liable for the money they invested which means they could lose that money if the business fails

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A B C D E F G H I J K L M N **O** P Q R S T U V W X Y Z

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## P

### **Paternalistic leadership**

A leadership style where the leader makes decisions but takes into account the welfare of employees.

### **Person Specification**

A document used in recruitment. It gives the qualities and skills and qualifications which the ideal candidate needs to possess

### **PESTLE analysis**

A tool for analysing the external environment a business has to operate in. Stands for Political, Economic, Social, Tecnological, Legal and Environmental.

### **Point of sale (POS)**

Place where a transaction is made and completed. For example, this could be a shop counter or website. There is also electronic point of sale, known as EPOS.

### **Price elasticity of demand**

Price elasticity of demand measures the responsiveness of the quantity demanded to a change in price.

### **Primary research**

A type of market research involving gathering new data first hand.

Click on a bold letter below to find a term

A B C D E F G H I J K L M N O **P** Q R S T U V W X Y Z

# BTEC Business and Enterprise jargon buster

**P**  
**cont.**

## **Private/Public sector**

The private sector includes businesses and organisations which operate to benefit the owners or a cause. They can be for-profit or not-for-profit and will include sole traders, limited companies, franchises, charities. The public sector is operated by the government and funded by taxes to provide necessary services. This will include the NHS, schools/colleges, the police and fire service, the armed forces, parks and leisure centres, libraries, etc.

## **Product life cycle**

Shows the different stages in the life of a product (from development, introduction, growth, maturity and decline) and the sales that can be expected at each stage.

## **Productivity**

A measure of the efficiency of a process when converting inputs into outputs.

## **Promotional mix**

Promotion part of the marketing mix. This stands for different ways of marketing product/service: advertising, sales promotion, personal selling, public relations and direct marketing

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A B C D E F G H I J K L M N O **P** Q R S T U V W X Y Z

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## R

### **Receipt**

A document confirming the purchase of items from a business. This can be printed or digital.

### **Receipts**

This is the collective term to describe all cash inflows into a business.

### **Recruitment and Selection**

Recruitment is the process of advertising vacancies and encouraging people to apply. Selection is the process of narrowing it down to the best candidates to interview (known as shortlisting) and then selecting someone to offer the job to.

### **Revenue**

This is the amount of money coming into a business, its regular income, as a result of selling its goods/services.

### **Risk assessment**

When planning activities or an event, consideration of what could go wrong and its likely impact in terms of high, medium or low risk.

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A B C D E F G H I J K L M N O P Q **R** S T U V W X Y Z

# BTEC Business and Enterprise jargon buster

## S

### **Secondary research**

This is a type of market research. It involves a business accessing and using data that already exists, to help its market planning.

### **Self-employed**

Someone who works for themselves, also known as a sole trader. They pay tax on business profit, not total income, and they are personally liable for business debts. This is known as unlimited liability.

### **Skills audit**

An audit of the personal and communication skills a person might have and a way of identifying weaknesses which they can then work on to improve.

### **Small and Medium Enterprises (SMEs)**

Small and medium enterprises. SMEs make up the largest type of business in the UK. Micro business - up to 10 staff; small business between 11-49 staff; medium business 50-249 staff.

### **Social enterprise**

A business that exists to tackle social problems, improve communities, people's life chances, or the environment.

### **Stakeholders**

Anyone who has an impact or influence on the business. Can be internal stakeholders, like employees or managers, or external stakeholders like customers, pressure groups, or suppliers.

### **Start-up**

A newly established business.

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A B C D E F G H I J K L M N O P Q R **S** T U V W X Y Z

# BTEC Business and Enterprise jargon buster

**S**  
cont.

## **Statement of financial position**

A financial statement that shows the value of the business of a firm's assets, liabilities and capital at a specific point in time.

## **Statutory Maternity Pay**

Paid for up to 39 weeks of an employee's maternity leave. Currently 90% of weekly earnings for the first six weeks, then 90% of weekly earnings or 146.68 per week (whichever is lower) for the remaining 33 weeks.

## **Statutory Paternity Pay**

Paid to most employees who are new fathers. Paid for one or two weeks' ordinary paternity leave at £146.68 or 90% of average weekly earnings (whichever is lower).

## **Statutory Sick Pay**

Currently £94.25 per week, paid by the employer for up to 28 weeks. Many employers choose to pay more.

## **Stock management**

This means keeping an eye on items a business has in stock and being ready to restock when items get low.

## **Strategy**

A plan of action designed to achieve a long-term or overall aim. Strategy and objectives would be explained within its business plan.

## **SWOT analysis**

An analysis of the internal strengths and weaknesses of the business and the opportunities and threats presented by its external environment.

Click on a bold letter below to find a term

A B C D E F G H I J K L M N O P Q R **S** T U V W X Y Z



# BTEC Business and Enterprise jargon buster

## **Subsidies**

Grants given to producers, usually to encourage production of a certain good.

## **Supply and Demand**

Supply and demand are closely linked. Supply refers to the amount of a product that suppliers make available at any given price in a given period of time. If supply increases, price will fall. If supply falls, the price will increase. Demand refers to the amount of a product that customers will buy, at any given price in a given period of time. If demand rises, the price will also rise but if demand falls, the price will also fall. Price changes will affect both supply and demand.

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# BTEC Business and Enterprise jargon buster

## T

### **Tariff**

A tariff is a trade barrier. It is a way of protecting a market by imposing taxes on imports or exports which make it more expensive to import/export goods between countries. It is often used to protect a country's own production of goods like food, cars or washing machines from cheaper imports.

### **Transactional leadership**

This is a style of leadership where the supervisor or manager gets people to do their work by a system of rewards or punishment. They will set goals which if reached, will result in rewards. Worker will do their best to get rewards but if they fall behind, they might be punished.

### **Transformational leadership**

This is a style of leadership where the supervisor or manager works with people, inspiring them and motivating them to work at their best. They nurture loyalty and team spirit and encourage self-determination and creativity and achieving common goals.

## U

### **Unique Selling Point (USP)**

The feature of a product or service that clearly distinguishes it from its rivals.

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A B C D E F G H I J K L M N O P Q R S **T U** V W X Y Z

# BTEC Business and Enterprise jargon buster

**V**

**VAT**  
(Value Added Tax)

A tax applicable to the sale of goods and services. VAT registration threshold is £85,000 and the business must become VAT registered if sales exceed this amount.

**Venture capital**

Financing that venture capitalists provide to small or medium sized businesses that are believed to have long-term growth that may be considered too risky for other investors.

**W**

**Working capital**

The funds left over to meet day-to-day expenses after current debts have been paid. It is also called net current assets (current assets - current liabilities).

**Z**

**Zero hours contracts**

An employment contract that does not guarantee any particular number of hours work.

Click on a bold letter below to find a term

A B C D E F G H I J K L M N O P Q R S T U **V W** X Y **Z**