**Business Management Vocabulary**

**Strand 1**

business plan

document detailing a business's future objectives and strategies for achieving them

SWOT analysis

study of an organization to identify its internal strengths and weaknesses, as well as its external opportunities and threats

strategic planning (long-term planning)

organization's process of defining its direction and making decisions on allocating its resources to pursue this plan

operational planning (short-term planning)

specific goals or activities for each area of the business that support the strategic plan

mission statement

sort, specific statement of an organization’s purpose or direction, focuses on tomorrow and what an organization wants to ultimately become

vision statement

organization’s reason for existing, focuses on today and what an organization does to achieve its vision

**Strand 2**

sole proprietorship

business owned by one person, no separate existence from its owner

partnership

business owned by 2 or more people

corporation

business authorized to act as a single entity (legally a person) and recognized as such in law

franchise

business that legally uses someone else's expertise, ideas, and processes

LLC (Limited Liability Corporation)

type of corporation that combines the tax benefits of a partnership or sole proprietorship with the limited liability of a corporation

S Corporation

type of LLC that meets specific Internal Revenue Code requirements

stockholder

owner of a corporation

board of directors

ruling body of a corporation

centralized management structure

decisions and processes are handled strictly at the top or the executive level

decentralized management structure

decisions are made by mid-level or lower-level managers, rather than being made by top executives

**Strand 3**

autocratic

leadership style in which one person makes all decisions with little input from group members

democratic

leadership style in which workers are encouraged to share in decision making

laissez-faire

leadership style in which employees are given little or no direction

**Strand 4**

supply chain

sequence of processes involved in the production and distribution of a commodity

TQM (total quality management)

continual process of reducing errors in manufacturing, streamlining supply chain management, improving customer experience, and ensuring that employees are up to speed with training

supply chain management

process required to plan, control, and execute a product’s flow from manufacturer to consumer

**Strand 5**

asset

anything of value that is owned

liability

amount owed by a business (mortgage, taxes)

owner’s equity

owner’s share of the assets of a business

revenue

income received from doing business

expense

costs incurred from business operation

income statement

shows company revenues and expenses for a period of time

balance sheet

shows assets, liabilities, and capital of a business on a specific date

cash flow statement

shows money coming into and going out of a business

break-even analysis

shows the price point at which the sales revenue is equal to the costs, generating zero profit

**Strand 6**

supply & demand

amount of goods and services available compared to the amount of goods and services people want to buy

gross domestic product (GDP)

total values of goods and services produced in an economy during a period of time

import

products bought from another country

export

goods produced by one country and sold to another country

tariff

tax on goods imported to a country

embargo

government restrictions on what goods and services can be exported or imported

monopoly

firm who is the sole seller of its product where there are no close substitutes

oligopoly

limited competition, market is shared by a small number of producers or sellers

**Strand 7**

market segmentation

dividing a market of potential customers into groups based on different characteristics

target market

particular group of consumers at which a product or service is aimed

penetration pricing

low price for a new product during its initial offering for the purpose of attracting customers

skimming pricing

charging the highest initial price that customers will pay and lowering it over time to attract more price‑sensitive customers

**Strand 8**

Theory X

assumes workers are lazy, have little ambition, and are motivated by coercion and threats

Theory Y

assumes workers are motivated by an internal need to excel and actively pursue responsibility

Theory Z

focuses on increasing employee loyalty to the company by providing a job for life with a strong focus on the well-being of the employee, both on and off the job

Herzberg’s Theory

certain factors in the workplace cause job satisfaction, while a separate set of factors cause dissatisfaction, all of which act independently of each other

Maslow’s Hierarchy of Needs

people move through different stages of five needs that motivate behavior

**Strand 9**

business ethics

[rules](https://dictionary.cambridge.org/us/dictionary/english/rule), [principles](https://dictionary.cambridge.org/us/dictionary/english/principle), and [standards](https://dictionary.cambridge.org/us/dictionary/english/standard) for [deciding](https://dictionary.cambridge.org/us/dictionary/english/deciding) what is [morally](https://dictionary.cambridge.org/us/dictionary/english/morally) [right](https://dictionary.cambridge.org/us/dictionary/english/right) or [wrong](https://dictionary.cambridge.org/us/dictionary/english/wrong) when doing [business](https://dictionary.cambridge.org/us/dictionary/english/business)

code of ethics/conduct

set of rules outlining social norms, rules, and responsibilities of an organization

corporate philanthropy

corporation promoting the welfare of others, generally through charitable donations of funds or time

whistle blowing

reporting an employer's misconduct

**Strand 10**

sexual harassment

unwelcome and inappropriate sexual remarks or physical advances in a workplace

discrimination

unjust treatment of different categories of people, especially on the grounds of race, age, or sex

employee benefits

form of compensation paid by employers to employees over and above regular salary or wages