



# 33 BUSINESS TERMS

FOR KID ENTREPRENEURS

## Budget

1

*A plan for how to spend your money for a period - usually a year. It includes how much money you plan to make (revenue) and all things you expect to pay for (expenses). Most plans are made with a spreadsheet or Google Sheets because there is a lot of adding and subtracting.*



## Business Model

2

*A plan for how a business makes money. It includes which customers it targets, how it generates revenue from those customers, and what expenses are necessary for the company to run and make a profit.*



## Business Model Canvas

3

*A useful template to determine your business model. It helps you identify Key Partners, Key Activities, Key Resources, Value Propositions, Customer Relationships, Channels, Customer Segments, Cost Structure, and Revenue Streams. Created by Strategyzer. You can download it on the Pitch-a-Kid website.*



## CEO (Chief Executive Officer)

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*The boss of everyone. The top dog. This is a person (can be a female or male) with highest level of decision making authority and responsibility at the company. They set the tone for the entire company.*



## CFO (Chief Financial Officer)

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*The finance top dog. This is the person (can be female or male) with the highest level of decision making and authority for the finances (revenue, expenses, taxes, loans). This person usually reports to the CEO.*



## CTO (Chief Technical Officer)

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*The technical top dog. This is the person (can be female or male) with the highest level of decision making and authority for the information technology for the company and its products or services (email, storage, applications, software, specific company tech product or services). This person usually reports to the CEO.*



## Co-Founder

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*The partner to the founder of the company. This person (can be female or male) started the company with the founder and usually brings skills, expertise, or a perspective the founder may not have. They usually complement the founder.*



## Competition

8

*These are the other companies or individuals that sell a similar product or service to yours. For example, Breyers ice cream is a competitor of Blue Bell ice cream and Walgreens is a competitor of CVS.*



## Channel

9

*A channel is the route or method you take to sell your product or service. You may sell it using your website in which case your channel is the internet. Or you may sell your product at Walmart, in which case your channel would be retail.*



## Cost, Price, and Profit

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*Price is the amount a customer pays for product or service. Cost is what the producer spends to make and sell the product or service. The difference between the price and cost is the profit the business makes when it sells an item. If a customer pays \$5 for a widget and it costs the company \$2 to produce and sell, the company makes a \$3 profit. .*



## COGS (Cost of Goods Sold)

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*Cost of Goods Sold is the direct cost associated with the materials for a product or service AND its direct labor (peoples wages and salaries). For example, the materials for slime include glue, Borax, hand lotion, shaving cream, and water – these are the direct costs for the slime.*



## Customers or Consumers

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*These are the folks (or companies) that purchase your product or service.*



## Entrepreneur

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*An entrepreneur is an individual who starts a business, secures financing, identifies customers willing to pay for a product or service, and grows the business.*



## Expenses

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*Expenses are the costs of things you pay to run your business to make revenue. This can include advertng, cost of supplies, travel, food, and more. There are many different types of expenses and that is why a CFO is usually needed.*



## Forecast

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*This is what you think will happen in the future. You can forecast revenue, expenses, number of employees, market trends – just about anything.*



## Founder

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*The person that starts the business.*



## Gross Margin

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*It's actually not gross at all. It's good. This is the difference in the revenue and cost of goods sold (COGS). It is usually expressed as a percentage and is calculated like this:*

*(Revenue minus COGS) divided by Revenue*

*Example: (\$100 minus \$35) = \$65 divided by \$100 = 65%*



## Hosting

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*Hosting refers to the servers (dedicated computers doing a particular function) that provide access to websites and data. Your website will need to be hosted by a provider for your customers to access your products and services.*



## Income Statement

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*An income statement is a financial document that details over a period of time (usually yearly or quarterly) how the business is doing operationally with revenue and expenses.*



## Invoice

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*An invoice can be thought of as a letter giving details for the customer the number and amount of goods and services (with prices) you have provided for them. It's a fancy word for bill.*



## Logo

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*A logo is a symbol or mark identifying your company. It usually has the name of your company highlighted somewhere in the design. Many folks have a logo designed professionally to capture the essence of their business. The Pitch-a-Kid Logo :*



## Market Research

22

*Market research is the activity of gathering information about your customers likes, dislikes, needs, and wants, as well as information about your competitors to make your product or service successful. You literally are searching the market again. You can think of "research" as searching the market again just like "redo" is doing something over.*



## Market Validation

23

*Market validation is the process of getting proof that your customers want to purchase your product or service in a particular way. This can be done by testing different price points, services, features, or even channels. You can also directly interview customers to gain insights for market validation.*



## Marketing

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*Marketing is the activity you do to get customers to want to purchase your products or services. It includes researching, promoting, selling, packaging, pricing, and distributing your products or services.*



## Pitch

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*A pitch is a presentation about your business where you are explaining your business model, value proposition, market research, market validation, vision, and team and how you are going execute on a plan. You are explaining this in such a way that investors will want to invest in your business.*



## Purchase Order (PO)

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*A purchase order is like an invoice (or bill) but it comes from the buyer not the seller. It is used as a control to make sure everything that is purchased has gone through the proper channels for approval. A buyer generally will issue a purchase order (or PO) that is matched to an invoice for payment*



## Revenue

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*Revenue is the money you receive when you sell your product or service. Revenue can be cash, credit card payment, or check.*



## SEO (Search Engine Optimization)

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*This is the activity of getting visitors to go to your website and tailoring it to make it better for them, so it is high on the search results page with Google.*



## Small Business

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*Most of the businesses in the United States and around the world are small business. There are different measures for “small” but most generally fall into either number of employees (less than 500 employees) and revenue (less than \$10M). Small businesses are usually not venture capital backed.*



## Startup

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*A startup is usually a new company that is developing its business model in the marketplace by understanding its value proposition with customers for its product or service. Startups often times are backed by venture capital.*



## Valuation

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*This is how much your company is worth if you were going to sell it or have people invest in it. A valuation is a fancy word business folks use for price of your business.*



## Value Proposition

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*This is what makes your product or service attractive and unique. It is why a customer chooses to purchase your products or services over someone else's. A value proposition can be enhancing the experience of your customers, lower price, higher quality, better customer service, or even convenience of purchasing.*



## Vision

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*It is what the employees of the company strive for every day. It is like a compass helping employees know the ultimate goal. As an example, here is Amazon's vision: Our vision is to be earth's most customer-centric company; to build a place where people can come to find and discover anything they might want to buy online.*

