Appendix - A

Checklist
For Organizing and Operating a Small Business

The following checklist should be completed satisfactorily before any person is ready to enter a business for himself:

I. The Decision for Self Employment

1. Have you rated yourself and had some acquaintances rate you on the personal qualities necessary for success as your own boss, such as leadership, organizing ability, perseverance, and physical energy?
2. Have you taken steps to improve yourself in those qualities in which you are weak but which are needed for success?
3. Have you saved money, made business contracts, taken special courses, or read particular books for the purpose for preparing yourself for business ownership?
4. Have you had training or experience in your proposed line of business or in one similar to it?
5. Are you (a) good at managing your own time and energy? (b) not easily discouraged? (c) willing to work harder in your own business than as an employee?
6. Have you estimated the net income from sales or services you can reasonably expect in the crucial "first two years"?
7. Have you compared this income with what you could make working for someone else?
8. Are you willing to risk the uncertainty or irregularity of your self-employment income during the early years of the enterprise?
9. Would you worry less as an employee than you would as the owner of your own business?
10. Have you carefully considered and enumerated the reasons why you want to enter business on your own?

II. Buying a Going Concern

1. Have you checked the proposition against the specific warning issued by Better Business Bureaus and other authorities?
2. Are the physical facilities in sa isfactory condition?
3. Are the accounts receivables, inventory, and goodwill fairly valued?
4. Have you determined why the present owner wants to sell?
5. Have you compared what it would take to start a similar business of your own with the price asked for the business you are considering buying?
6. Have your lawyer checked to see that the title is good, that there are no liens against the business and no past due taxes or public utility bills?
7. Have you compared several independent appraisals of the business, arrived at by different methods?
8. It is a bulk sale, has the bulk sale provisions of the Uniform Commercial Code been complied with?
9. Have you investigated possible developments, such as new shopping centers, new traffic patterns, or changes in zoning or parking regulations, that might affect the business adversely?

III. Justifying a New Business

1. Have you analyzed the recent trend of business conditions?
2. Have you analyzed conditions in the line of business you are planning to enter?
3. If your business will be based on an entirely new idea, have you attempted to secure actual contracts or commitments from potential customers instead of merely getting their polite approval of your idea?
4. Have you discussed your proposition with competent advisors who are in difference occupations or who have different viewpoints?

IV. Acquiring a Franchise

1. Have you viewed the franchise offer in terms of its economic justification or business potential?
2. Have you contacted personally several of the company's franchise holders to see how they like the deal?
3. Have you asked for a business responsibility report on the franchise promoters from your local Better Business Bureau or Chamber or Commerce?
4. Have you engaged the services of lawyer to go over all provisions of the franchise contract?

V. Selecting the Profitable Location

1. Did you compare several different locations before making your final choice?
2. Did you use one or more detailed checklists to guide your selection?
3. Have you arranged for legal counsel before signing the lease and any similar contracts?
4. Are you, and the members of your family affected, satisfied that the community in which you plan to locate will be a desirable place in which to live and rear your children?
5. If your proposed location is not wholly suitable, are there sound reasons (not merely your impatience to get started) why you should not wait and try to secure a more nearly ideal location?

VI. Building and Layout

1. Have you studied your proposed building with function, construction, and modernization in mind?
2. Have you made a personal inspection of the physical plant of other successful businesses similar to the one you plan to start, including both independents and the branches of large organizations?
3. Have you made a scaled layout drawing of your store or shop?
4. If the proposed building does not meet all of your important needs, are there any good reasons for deciding to use it?

VII. Financing and Organizing the Business

1. Have you written down a complete, itemized list of all capital needs for starting your kind of business, including a fair allowance for operating expenses and your own living expenses until the business is able to support itself and provide a substantial reserve for the "one serious error" most businessmen make during their first year of operation?
2. Have you discussed this financial prospectus with a banker and a successful businessman in your proposed field?
3. Have you used as a guide the standard operating ratios for your business in calculating your capital requirements?
4. Have you considered all the factors for and against each legal form of organization?
5. If you plan to secure much of your initial capital from friends or relatives, are you certain that your business will remain free of "friendly" domination?

VIII. Establishing the Business Policies

1. Have you made an objective investigation of the probable success of your success of your proposed policies?
2. Have you written down the main provisions of your general and major policies?
3. Have you discussed your proposed policies with competent advisors to counteract the beginner's tendency to offer what he likes and wants instead of what his potential customers like and want?
4. Have you written down an adequate statement of the reputation you want your business to acquire with customers, suppliers, and competitors?
5. Have you made adequate provisions to insure that your policies will be understood and enforced and that you will receive ample warning of the need for policy adjustments?

Management and Leadership

1. Have you considered the way you will organize duties and responsibilities?
2. Have you made up a tentative plan or schedule to guide the distribution of your own time and effort?
3. Have you thought about how you would go about preparing standards, budgets, schedules, and other management aids?
4. Have you provided some check on your own actions to insure that you do adequate management planning before making commitments or important decisions covering future activities of the business?
5. Have you arranged to use periodically some checklist covering detailed activities regarding customer relations, maintenance, safety, or whatever type of activity will require close attention to details in your particular business?

Insurance and Risk Management

1. Have you evaluated all the hazards to which your business will be exposed?
2. Have you determined the hazards for which you should provide insurance coverage?
3. Have you determined how much of each kind of insurance you should purchase, and the costs of this insurance?

4. Have you made allowance in your budget of estimated expenses or losses resulting from predictable, uninsured risks (such as shoplifting and bad debts)?
5. Have you considered the nature of the protective devices and precautionary control measures you will need to reduce the business risks you will face?

IX. Personnel and Employee Relations

1. Will you be able to hire employees, locally, who posses the requisite skills?
2. Have you prepared your wage structure, and are your wage rates in line with prevailing wage rates?
3. If you plan to employ friends and relatives, are you sure you have determined their qualifications objectively?
4. Have you planned working conditions to be as desirable and practical as possible?
5. Are you certain the employee incentives you plan to use represent the workers' view point rather that what you think they want?
6. Have you planned your employment, induction, and training procedures?

X. Procurement and suppliers Relations

1. Have you evaluated individual suppliers in terms of the quality and variety of goods best suited to your needs.
2. Have you carefully analyzed the points for and against concentrating your purchases with one or a few vendors, taking into account your personal skill and ability as well as conditions in your line of business?
3. Have you investigated your field of business with reference to the existence of co-operative buying groups, and the advantages of affiliating with one of these groups?

XI. Pricing for Profit

1. Have you thought through the advantages and disadvantages of acquiring the price reputation you plan for your business?
2. Have you considered the probable reaction of competitors to your pricing practices?
3. Have you compared the relative importance in your business of each major marketing instrument, including price?
4. Have you investigated possible legal limitations on your pricing plans?
5. Have you considered possible application of price – lining to your business?
6. Have you decided on the formula or method you will use in pricing each class of goods and services?
7. Have you decided how and to what extent you will meet probable price competition?

XII. Advertising and Sales Promotion

1. Have you analyzed your probable competitions in connection with the direct and indirect sales promotional methods you plan to use?
2. Have you planned definite ways to build and maintain superior customer –relations?
3. Have you defined your potential customers so precisely that you could describe them in writing?
4. Have you decided how you can measure and record the degree of success achieved with each sales promotion so that you can repeat the "hits" and avoid the "duds" ?
5. Have you considered different features of you business that would be appropriate for special promotions timed to your customers' needs and interests?
6. Have you made a list of all the media suitable for advertising your business with some evaluation of each?
7. Have you selected the most promising reasons why people should patronize your business, and have incorporated them in plans for your opening advertising?
8. Have you made use of all appropriate sources in the preparation of a good initial mailing list?
9. Have you given careful thought to the advertising value of the proposed names for your firm, products and services?
10. Have you made plans for some unusual gesture of welcome and appreciation for all customers during the opening of your business?
11. Have you planned how you can measure the effectiveness of your advertising?

XIII. Credit and Collections

1. Have you carefully investigated the need for credit extension by your business?
2. Have you planned specifically the various ways you will secure and use information obtainable from your charge accounts and customers?
3. Have you made personal investigation of the services and costs of affiliating with the local credit bureau?
4. Have you planned the basic procedure you will always follow before extending credit to any applicants?
5. Have you formulated plans to control all credit accounts?

XIV. Inventory Control

1. Have you determined carefully what constitutes a balanced inventory for your business?
2. Have you recorded on paper the exact information you will need for effective inventory control?
3. Have you planned the best methods for securing this information?
4. Have you selected the most appropriate inventory control system to use?
5. Have you planned the best procedures to use for stock or stores keeping?
6. Have you listed the purposes and uses of the information you plan to secure from your inventory control system?

XV. Production Control

1. Have you prepared a production control routine or 'system" suitable for your manufacturing processes?
2. Have you anticipated future production requirements, and have you made plans for increasing the capacity of the plant as needed?

XVI. Profit Planning and Expense Control

1. Do you know what your "Break-even" volume is?
2. Have you made an estimate of what your volume is likely to be during the early years of your business?
3. Have you investigated the standard systems of expense classifications used in your type of business and selected the most appropriate one for your use?
4. Have you determined what are usually the largest items of expense for your type of business and made definite plans for controlling these expenses from the very beginning of the business?
5. Have you determined which, if any, expense items, though normally small for your type of business, very easily become excessively large unless carefully controlled at all times?
6. Have you prepared on paper a flexible expense budget for two or three different probable amounts of volume of business, including provisions for frequent operating expense reports to be compared with planned figures in your budget?
7. Have you determined the standard operating ratios for your field that you plan to use as guides?
8. Have you compared the expense of "farming out," or having certain activities of the business done by outside agencies, with what it would cost you to do the work yourself?

XVII. Regulations and Taxes

1. Have you ascertained from reliable sources all regulations that must be complied with in your business?
2. Have you provided for an adequate system of record keeping that will furnish essential information for all taxation purnoses?
3. Have you planned your record system so that appropriate use will be made of standard operating ratios?
4. Have you provided for securing all information from employees required by law?
5. Have obtained a social security number?
6. Have you complied with regulations governing the use of a firm or trade name, brand names, or trademarks?

XVIII. Records

1. Have you decided what records will be adequate for each division and need of your business?
2. Have you secured the necessary forms to enable you to start keeping adequate records from the first day of operation of the business?
3. Have you planned your record system so that appropriate use will be made of standard operating ratios?
4. Have you investigated the possibilities of using simplified record-keeping systems for some of your needs?
5. Have you considered applications of the "on-book" system to your business?
6. Have you decided by whom each record needed will be kept?
7. Have you investigated the record-keeping system recommended by the trade association in your field? •

• Baumback C.M and Mancuso J.R., Ibid 88-94,

Appendix - B

Selected Terms & Concepts

A

Accounting: A numerical information system whereby the day-to-day monetary transactions of an organization are recorded, classified, summarized, and interpreted. An accounting system monitors the flow of cash and the fluctuations in financial obligations.

Advertising: A sales presentation delivered in some way other than personal contact.

Adaptive firm: A venture that remains adaptive and innovative both through and beyond the growth stage.

A moral management: Management is neither moral nor immoral, but decisions lie outside the sphere to which moral judgments apply.

Assets: Those things of value which a company controls, such as land, equipment, cash, and accounts receivable.

B

Balance sheet: A financial statement that reports the assets, liabilities, and owners' equity in the venture at a particular point in time.

Balance sheet equation: A basic accounting equation that states that assets equal liabilities plus owners' equity.

Bid: Written sales proposal from a vendor.

Book value: The value of a business determined by subtracting total liabilities (adjusted for intangible as sets) from total assets.

Brainstorming: Decision making and problem solving technique in which individuals or group members try to improve creativity by spontaneously proposing alternatives without concern for reality or tradition.

Break-even analysis: A technique commonly used to assess expected product profitability, which helps to determine how many units must be sold in order to break even at a particular selling price.

Brand name: Part of the brand consisting of words or letters that comprise a name used to identify and distinguish a firm's offerings.

Business Plan: Formal document containing a mission statement, description of the firm's goods or services, a market analysis, financial projections, and a description of management strategies for attaining set goals.

Business assets: The tangible (physical) and intangible (e.g., reputed) assets of the business.

Business environment: The local environment for business that should be analyzed to establish the potential of the venture in its present location.

Business incubator: A facility with adaptable space that small businesses can lease on flexible terms and at reduced rent.

Business valuation: The calculated value of the business, used to track its increases or decreases.

Buy/sell agreement: An agreement designed to handle situations in which one or more of the entrepreneurs wants to sell their interest in the venture.

Buyer's market: Marketplace characterized by an abundance of goods and/or services.

Budget: A plan or forecast, often financial in nature, in which data is presented in numerical form.

C

Calculated risk taking: Occurs when successful entrepreneurs carefully think out a venture and do everything possible to get the odds in their favor.

Career risk: Whether or not an entrepreneur will be able to find a job or go back to an old job if his or her venture fails.

Cash-flow budget: A budget that provides an overview of inflows and outflows of cash during a specified period of time.

Cash-flow statement: A financial statement that sets forth the amount and timing of actual and/or expected cash inflows and outflows.

Cash discount: Price reduction offered in return for prompt payment of a bill.

Chain store: One of a group of stores which are associated under a common management.

Code of ethics: A statement made by an industry or professional organization specifying standards for ethical conduct. Such a code sets high standards for dealing with other companies or professionals, with respect to honesty, service to the public, and so on.

Code of conduct: A statement of ethical practices or guidelines to which an enterprise adheres.

Collective bargaining: The process of negotiation by a union with the management of a company. This type of bargaining is called "collective" because the negotiators represent all the member-workers as a group.

Collective entrepreneurship: Individual skills integrated into a group wherein the collective capacity to innovate becomes something greater than the sum of its parts.

Common market: (European Economic Community). A cooperative trade community of nine European nations acting together to further common interests by promoting the free movement of labor, capital, goods, and so on among members.

Comparative advertising: Non-personal selling effort that makes direct or indirect promotional comparisons with competing brands.

Consumerism: Social force within the environment designed to aid and protect the consumer by exerting legal, moral, and economic pressures on business and government.

Consumer product: Goods and services purchased by the ultimate consumer for personal use.
Copyright: A legal protection that provides exclusive rights to creative individuals for the protection of their literary or artistic productions.
Corporate entrepreneurship: A new "corporate revolution" taking place due to the infusion of entrepreneurial thinking into bureaucratic structures.
Corporation: An entity legally separate from the individuals who own it.
Creativity: The generation of ideas that results in an improvement in the efficiency or effectiveness of a system.
Current ratio: Current assets of a company divided by current liabilities. Current ratio is a measure of the ability of a company to pay current debts and other obligations.
place in exchange for capital stock in the corporation.
Customer availability: Having customers available before the venture starts.
Customer satisfaction: The ability of a good or service to meet or exceed the buyer's needs and expectations.

D

Dark side of entrepreneurship: A destructive side existing within the energetic drive of successful entrepreneurs.
Debt financing: Borrowing money for short-or long-term periods for working capital or for purchasing property and equipment.
Decision making: The process of identifying and selecting a course of action to solve a specific problem.
Deed: A legal document which transfers ownership of real property to a new owner.
Departmental store: Large store that handles a variety of merchandise, including clothing, household goods, appliances, and furniture.
Discount: The amount below face value at which a bond must be sold when it becomes less valuable to investors because general interest rates have risen above those paid by the bond.
Discount house: Store that charges lower-than-normal prices, but may not offer services such as credit.
Dividend: A portion of the surplus profits of a corporation divided among its owners, or stockholders.
Diversified marketing: A marketing arrangement for portfolio management approaches to product lines.
Dog: According to the portfolio framework, a business with a low relative market share in a slowly growing or stagnant market.
Dual distribution: Network in which a firm uses more than one distribution channel to reach its target market.
Dumping: Controversial practice of selling a product in a foreign market at a price lower than what it receives in the producer's domestic market.

E

Entrepreneur: Either the originator of a new business venture or a manager who tries to improve an organisation unit by initiating product change.
Entrepreneurship: Corporate entrepreneurship ,whereby an organization seeks to expand by exploring new opportunities through new combinations of its existing resources.
Entrepreneurial behavior: An entrepreneur's decision to initiate the new-venture formation process.
Entrepreneurial economy: A new emphasis on entrepreneurial thinking that developed in the 1980s.
Entrepreneurial events approach: The process of entrepreneurial activity including such factors as initiative, organization, administration, relative autonomy, risk taking, and environment.
Entrepreneurial management: The theme or discipline that suggests entrepreneurship is based on the same principles, whether the entrepreneur is an existing large institution or an individual starting his or her new venture single-handedly.
Entrepreneurial marketing: A marketing stage in which the enterprise attempts to develop credibility in the marketplace by establishing a market niche.
Entrepreneurial motivation: The willingness of an entrepreneur to sustain his or her entrepreneurial behavior.
Entrepreneurial stress: A function of discrepancies between one's expectations and one's ability to meet those demands.
Entrepreneurial successor: A successor to a venture who its highly gifted with ingenuity, creativity, and drive.
Environmental assessment: Entails evaluating the general economic environment, the government-regulating environment, and the industry.
Equity : The assets left after liabilities are deducted.
Equity financing: The sale of some ownership in a venture in order to gain capital for start-up.
E-Strategy : A statement of values and principles that explains Why an organization does what it does.
Ethics: A set of principles prescribing a behavioral code that explains what is good and right or bad and wrong.
Exporting: Participating actively in the international arena as a seller rather than a buyer.
External customer: Person or organization that buys or uses another firm's gods or services.

F

Factoring: Providing money in return for accounts receivable, either by discounting or by buying the accounts outright. Factoring is performed by a company.
Financial risk: The money or resources at stake for a new venture.
Fixed cost: One that does not change in response to changes in activity for a given period of time.
Foreign corporation: A corporation doing business in a state other than the one in which it is incorporated.
Franchise: A type of licensing agreement in which a company sells a package containing a trademark, equipment, materials, and managerial guidelines.
Franchisee: A person or a firm who buys a franchise.
Franchisor: A company that develops a product concept and sells others the rights to make and sell the products.
Franchising A method of distributing a product or service, or both, to achieve a maximum market impact with a minimum amount of investment.
Franchise Agreement: An arrangement whereby someone with a good idea for a business sells the rights to use the business name and sell its products or services to others in a given territory.

G

General Agreement on Tariffs and Trade (GATT): International trade accord that has helped to reduce world tariffs

Globalization: The trend for business to operate throughout the world.

Grey goods: Goods manufactured abroad under licenses and then sold in the U.S. market in competition with their U.S.-produced counterparts.

H

High-growth venture: When sales and profit growth are expected to be significant enough to attract venture capital money and/or funds raised through public or private placements.

Home shopping: Use of cable television to sell products via telephone orders.

Hyper-market: Giant mass merchandiser of soft goods and groceries that operates on a low price, self-service basis.

I

Immoral management: Management decisions imply a positive and active opposition to what is ethical.

Import quota: Trade restriction that limits the amount of a good that can enter a country for resale.

Incremental innovation: The systematic evolution or a product or service into newer or larger markets.

Incubation process: The second step in the creative thinking process during which one's subconscious is allowed to mull over the information gathered during the preparation phase.

Industry: A collection of all the businesses that perform similar operations to provide the same general kind of goods or services, for example, the steel industry.

Industrial goods: (1) Goods used to make other products, (2) Goods used in the general operation of a business or an institution.

Innovation :The translation of a new idea into a new company , a new product, a new service , a new process or a new method of production.

Insurance: A means of protecting businesses from various kinds of loss by sharing the risks. Each participant contributes regularly to a fund which is used to reimburse any contributor who suffers a specified type of loss.

Institutional advertising: Promoting a concept, an idea, a philosophy, or the goodwill of an industry, company, organization, place, person, or government agency.

Intermediary: An individual or business that performs some marketing functions in return for discounts from the producer or for markups when the goods are resold.

Intrapreneurship: Entrepreneurial activities that receive organizational sanction and resource commitments for the purpose of innovative results.

J

Joint venture: An organization owned by more than one company – a popular approach to doing business overseas.

L

Leverage: The ability of the owners of a business to control and use the profits from the total amount of capital when part of the capital is borrowed.

Licensing: The selling of rights to market Brand-name products or to use patented processes or copyrighted materials.

Life-cycle stages: The typical life cycle through which a venture progresses, including venture development, start-up, growth, stabilization, and innovation or decline.

Line of credit: The amount of credit a lender agrees to place at the disposal of a borrower. The maximum amount is specified.

Liquidity: The ease with which a possession can be turned into cash.

Loss leader: Product priced at less than cost to attract consumers to stores in the hope that they will buy other merchandise at regular prices.

M

Management: The process used to accomplish organisational goals through planning, organizing, directing, and controlling people and other organizational resources.

Management Information System (MIS): A set of interrelated procedures for collecting, analyzing, and reporting information. **Market**: People with unsatisfied wants and needs who have both the resources and willingness to buy.

Marketing: The process of studying the wants and needs of others and then satisfying those wants and needs with ideas, goods, and services.

Market price: Price determined by supply and demand.

Market-segmentation: The breaking down of a market into subgroups that are homogeneous in some way.

Marketing research: Systematic research with the goal of identifying and characterizing markets and of forecasting future market trends.

Marketing Audit: A thorough, objective evaluation of an organization's marketing philosophy, goals, policies, tactics, practices, and results.

Marketing ethics: Marketers' standards of conduct and moral values.

Marketing mix: Blending the four strategy elements of marketing decision marking–product, price, distribution, and promotion–to satisfy chosen consumer segments.

Marketability: Assembling and analyzing relevant information about a new venture to judge its potential success.

Micro-marketing: Targeting potential customers at basic levels such as by ZIP code.

Multinational corporation: A corporation that carries on operations in a number of different countries.

Multinational marketing strategy: Application of market segmentation to foreign markets by tailoring the firm's marketing mix to match specific target markets in each nation.

N

New Products: Products that are unknown due to a lack of advertising or that take time to be understood.

New-venture development: The first stage of a venture's life cycle that involves activities such as creativity and venture assessment.

Niche: A homogeneous group with common characteristics, such as people who all have a need for a newly proposed good or service.

Nonrole: Refers to unethical instances where the person is acting outside of his or her role as manager yet committing acts against the firm.

O

Odd pricing: Pricing policy that uses a price ending with an odd number – for instance, $9.99 rather than $10.

Operating budget: A budget that sets forth the projected sales forecast and expenses for an upcoming period.

Opportunity: Situations that occurs when circumstances offer an organization the chance to exceed stated goals and objectives.

Opportunistic marketing: A marketing stage in a growing venture in which the organization attempts to develop high sales volume through market penetration.

P

Patent: An intellectual property right granted to an inventor giving him or her the exclusive right to make, use, or sell an invention for a limited time period (usually 17 years).

Penetration pricing: Setting as low a price to introduce & popularize a new product.

Personal selling: Interpersonal influence process involving a seller's promotional presentation conducted on a person-to-person basis with the buyer.

Planning: Process of anticipating the future and determining courses of action necessary to achieve organizational objectives.

Point-of-purchase (POP) advertising: Any kind of sales message presented at the place where the goods are actually bought, especially retail stores.

Positioning: Aiming a product at the specific market segments that would be most likely to buy it.

Price : Price means different things to different people. Price to a manufacturer means something different from what it means to a distributor, a retailer, and a consumer. This may be seen as under:

Price to a Manufacturer Means:

- The costs of materials and supplies used in producing the product.
- The cost of labor that is involved in producing and assembling the product.
- The cost of packaging for the product.
- The cost of shipping of distributors.
- Any overhead costs (utility bills, rent, and so on) that are involved in the production process.
- Administrative and selling costs
- Profit

Price to a Distributor Means:

- The costs of buying the manufacturer's products.
- The distributor's costs of selling the product (promotion and sales personnel).
- Overhead costs (management salaries, utilities, and so on) involved in distribution process.
- Profit

Price to a Retailer Means:

- The costs of buying the product from the distributor
- The selling costs involved in selling the product to consumers
- Overhead costs
- Profit

Price to the Consumer Means: The amount of money that must be paid by the consumer to the retailer to obtain the benefits of the product.

Privatization: The process of selling public enterprises owned by the government of a country to the private owners --- local or foreign or under joint ownership.

Product: Bundle of physical, service, and symbolic attributes designed to enhance buyers' want satisfaction.

Product line: Series of related products offered by a firm.

Product mix: Assortment of product lines and individual offerings.

Product life cycle: The set of stages through which most finished products move, usually identified as introduction, growth, maturity, and decline.

Product availability: The availability of a salable good or service at the time the venture opens its doors.

Protective tariff: A tax levied on imported goods by a country in order to discourage the importation of certain products.

Productivity: The amount of money left from income made by selling goods and services after all the costs of producing the goods and services have been paid for.

Psychic risk: The great psychological impact on and the well-being of the entrepreneur creating a new venture.

Pure risk: A type of business risk. *Pure risk* refers to the possibility of loss caused by accidental fire, injury, or other damage to property or life.

Pushing strategy: Promotional effort by a seller to members of the distribution channel to stimulate personal selling of the good or service, thereby pushing it through the marketing channel.

Q

Quality: The degree of excellence or superiority of an organization's goods and services.

R

Radical innovation: The breakthroughs launched from experimentation. **Ratio analysis:** Financial analysis designed to show relationships among financial statement accounts.

Rebate: Refund of a portion of the purchase price, usually issued by the manufacturer.

Retailer: A company or an individual who buys products for resale to ultimate consumers.

Retailing: All activities involved in the sale of goods and services to the ultimate consumer.

Retail advertising: Nonpersonal selling by stores that offer goods or services directly to the consuming public.

Right brain: The part of the brain that helps an individual understand analogies, imagine things, and synthesize information.

Risk: The chance of loss, the degree of probability of loss, and the amount of possible loss.

S

Safety stock: A minimum supply of materials or goods or an inventory, for example, for one-week's use. This stock is kept on hand in case regular deliveries are delayed.

Sales promotion: The category of promotion that includes all promotional activities except actual selling and advertising.

Sale forecast: Estimate of company sales for a specified future period.

Sales quota: Level of expected sales or profits for a territory, product, customer, or salesperson against which actual results are compared.

Sales corporation: A corporation that retains some of the benefits of the corporate form while being taxed similarly to a partnership.

Self-managed team: Group of employees who work with little or no supervision.

Seller's market: Marketplace characterized by a shortage of goods and/or services.

Shopping goods: Goods that consumers will take time to examine carefully and compare for quality and price.

Skimming: The practice of setting the highest price consumers are likely to accept.

Small business: Business that are locally owned and managed often with very few employees working at a single location.

Software: (1) Instructions readable by a computer, that tells the computer what to do, for example, computer programs, or (2) the procedures for gathering, preparing, checking, and distributing data and output.

Specialty product: Product with unique characteristics that cause the buyer to prize it and make a special effort to obtain it.

Start-Up: Intending to introduce either a new product or a new production process.

Start-up problems: A perceived problem area in the start-up phase of a new venture, such as lack of business training, difficulty obtaining lines of credit, and inexperience in financial planning.

Start-up activities: A formal business plan, searching for capital, carrying out marketing activities, and developing an effective entrepreneurial team.

Stock split: The procedure of dividing each share of the existing stock of a corporation into two or more new shares in order to reduce the price of single shares.

Strategy: The broad program for defining and achieving an organization 's objectives and the organization's response to its environment over tome.

Strategic business unit (SBU): Related group of products or businesses within a multiproduct firm with its own managers, resources, objectives, and competitors; structured for optimal planning.

Subsidy: Direct financial aid from the government for use in business operations such as agriculture.

SWOT analysis: A strategic analysis that refers to Strengths, Weaknesses, Opportunities, and Threats.

T

Tariff: Tax levied against imported goods.

Target market: Group of people toward whom a firm markets its goods, services, or ideas with a strategy designed to satisfy their specific needs and preferences.

Telemarketing: The use of telephone communications to directly contact and sell merchandise to consumers.

Total quality management (TQM): A people-focused management system that aims at continuous increases in customer service at continuously lower real costs.

Trademark: A distinctive name, mark, symbol, or motto identified with a company's product(s).

Trade discount: Payment to a channel member or buyer for performing marketing functions; also called a *functional discount.*

Trade fair: Periodic show at which manufactures in a particular industry display wares for visiting retail and wholesale buyers.

Trade promotion: Sales promotion techniques aimed at marketing intermediaries rather than the ultimate consumers.

Trust: A scheme by which a company gives dividend-paying trust certificates in return for voting control of the stock of another company.

U

Union shop: An industry or company that requires all employees to join a recognized union within a specified time after they are hired.

V

Vale added: A basic form of contribution analysis in which sales minus raw material costs equals the value added.

Variety store: A type of general store offering a large range of goods and often specializing in inexpensive merchandise.

Variable cost: A cost that changes in the same direction as, and in direct proportion to, changes in operating activity.

W

Wholesaler: Wholesaling intermediary that takes title to the goods it handles; also called a *jobber* or *distributor.*

Women entrepreneurs: Women who own their own businesses.

World Trade Organization (WTO): A newly created international organization which replaced GATT (General Agreement on Tariffs and Trade).

Z

Zone pricing: Prince quotation based on geo-graphic regio

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12.2

Appendix- C
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