THE SHARK-TIONARY

1. ASSET - Something valuable that an entity owns, benefits from, or has use of, in generating income.

2. BREAKEVEN FORMULA - A formula used to determine the break even point for: (1)Sales volume (number of units): fixed costs / contribution per unit. (2) Sales revenue (dollar amount) fixed costs x price per unit ÷ contribution per unit.

3. BUSINESS MODEL - Description of means and methods a firm employs to earn the revenue projected in its plans. It views the business as a system and answers the question, "How are we going to make money to survive and grow?"

4. CAPITAL - Wealth in the form of money or assets, taken as a sign of the financial strength of an individual, organization, or nation, and assumed to be available for development or investment.

5. COMMISSION - Mutually agreed upon, or fixed by custom or law, fee accruing to an agent, broker, or salesperson for facilitating, initiating, and/or executing a commercial transaction.

6. COMMITMENT - (Lending): Written assurance from a lender to a borrower that a specified amount of loan or line of credit will be made available at a certain rate and during a certain period. Lenders charge a commitment fee for this service.

7. EQUITY - (Accounting): (1) Ownership interest or claim of a holder of common stock (ordinary shares) and some types of preferred stock (preference shares) of a company. On a balance sheet, equity represents funds contributed by the owners (stockholders) plus retained earnings or minus the accumulated losses. (2) Net worth of a person or company computed by subtracting total liabilities from the total assets. In case of cooperatives, equity represents members' investment plus retained earnings or minus losses.

8. FRANCHISING - Arrangement where one party (the franchiser) grants another party (the franchisee) the right to use its trademark or trade-name as well as certain business systems and processes, to produce and market a good or service according to certain specifications. The franchisee usually pays a one-time franchise fee plus a percentage of sales revenue as royalty, and gains (1) immediate name recognition, (2) tried and tested products, (3) standard building design and décor, (4) detailed techniques in running and promoting the business, (5) training of employees, and (6) on going help in promoting and upgrading of the products. The franchiser gains rapid expansion of business and earnings at minimum capital outlay.

9. INVENTORY - (1) An itemized catalog or list of tangible goods or property, or the intangible attributes or qualities.
(2) The value of materials and goods held by an organization (1) to support production (raw materials, subassemblies,work in process), (2) for support activities (repair,maintenance, consumables), or (3) for sale or customer service (merchandise, finished goods, spare parts).

Inventory is often the largest item in the current assets category, and must be accurately counted and valued at the end of each accounting period to determine a company's profit or loss. Organizations whose inventory items have a large unit cost generally keep a day to day record of changes in inventory (called perpetual inventory method) to ensure accurate and on-going control. Organizations with inventory items of small unit cost generally update their inventory records at the end of an accounting period or when financial statements are prepared (called periodic inventory method). The value of an inventory depends on the valuation method used, such as first-in, first-out (FIFO)method or last-in, first-out (LIFO) method. GAAP require that inventory should be valued on the basis of either its cost price or its current market price whichever is lower of the two to prevent overstating of assets and earning due to sharp increase in the inventory's value in inflationary periods. The optimum level of inventory for an organization is determined by inventory analysis. Called also stock in trade, or just stock.

10. INTEREST - (Finance): A fee paid for the use of another party's money. To the borrower it is the cost of renting money, to the lender the income from lending it. Interest on all debt is normally deductible before taxes are assessed on a company's income. Corporate legislation requires disclosure of interest payable on loans, and companies often show a single interest figure in the income statement while providing details in a note that may also include netting out of interest received or some other adjustments. In cost accounting, interest is normally excluded from cost computations on the grounds that (being a payment for capital) it is equivalent to dividend, and hence is a finance item and not a cost item. The rate of interest is usually expressed as an annual percentage of the principal, and is influenced by the money supply, fiscal policy, amount being borrowed, credit worthiness of the borrower, and rate of inflation. the two types of interest are simple interest and compound interest. 11.

11. INVESTMENT - **(1)** Money committed or property acquired for future income. **(2)** Two main classes of investment are (1) Fixed income investment such as bonds, fixed deposits, preference shares, and (2) Variable income investment such as business ownership (equities), or property ownership. In economics, investment means creation of capital or goods capable of producing other goods or services. Expenditure on education and health is recognized as an investment in human capital, and research and development in intellectual capital. Return on investment (ROI) is a key measure of an organization's performance.

12. INTELLECTUAL PROPERTY (IP) - Knowledge, creative ideas, or expressions of human mind that have commercial value and are protectable under copyright, patent, servicemark, trademark, or trade secret laws from imitation, infringement, and dilution. Intellectual property includes brand names, discoveries, formulas, inventions, knowledge, registered designs, software, and works of artistic, literary, or musical nature. It is one of the most readily tradable properties in the digital marketplace. 13.

13. LICENSE - Revocable written (formal) or implied agreement by an authority or proprietor (the licensor) not to assert his or her right (for a specific period and under specified conditions) to prevent another party (the licensor) from engaging in certain activity that is normally forbidden (such as selling liquor or making copies of a copyrighted work). Intellectual property licenses generally mean that the licensor will not invoke ownership protection laws if the licensed property (art, design, patent, etc.) is copied, sold, or used by the licensee. A license is not a right, because the licensor may not have the legal power to give all necessary permissions that constitute a legal right. It is also not a lease, and is not assignable by the licensee. Also called permit.

14. LIABILITY - **(1)** Finance: A claim against the assets, or legal obligations of a person or organization, arising out of past or current transactions or actions. Liabilities require mandatory transfer of assets, or provision of services, at specified dates or in determinable future. **(2)** Accounting: Accounts and wages payable, accrued rent and taxes, trade debt, and short and long-term loans.Owners' equity is also termed a liability because it is an obligation of the company to its owners. Liabilities are entered on the right-hand of the page in a double-entry bookkeeping system.

15. LIQUIDITY - (Investing): The ability to quickly convert an investment portfolio to cash with little or no loss in value.

16. LOGISTICS - Planning, execution, and control of the procurement, movement, and stationing of personnel, material, and other resources to achieve the objectives of a campaign, plan, project, or strategy. It may be defined as the 'management of inventory in motion and at rest.' 17.

17. MARGINS - Commerce: Difference between the cost price and selling price of a product.

18. MARKET - An actual or nominal place where forces of demand and supply operate, and where buyers and sellers interact (directly or through intermediaries) to trade goods, services, or contracts or instruments, for money or barter. Markets include mechanisms or means for (1) determining price of the traded item, (2) communicating the price information, (3) facilitating deals and transactions, and (4) effecting distribution. The market for a particular item is made up of existing and potential customers who need it and have the ability and willingness to pay for it. 19.

19. MARKETING - The management process through which goods and services move from concept to the customer. As a practice, it consists in coordination of four elements called 4P's: (1) identification, selection, and development of a product, (2) determination of its price, (3) selection of a distribution channel to reach the customer's place, and (4) development and implementation of a promotional strategy.

As a philosophy, marketing is based on thinking about the business in terms of customer needs and their satisfaction. Marketing differs from selling because (in the words of Harvard Business School's emeritus professor of marketing Theodore C. Levitt) "Selling concerns itself with the tricks and techniques of getting people to exchange their cash for your product. It is not concerned with the values that the exchange is all about. And it does not, as marketing invariably does, view the entire business process as consisting of a tightly integrated effort to discover, create, arouse, and satisfy customer needs."

20. MARKET VALUE - The highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.

21. MASS MARKET - Un-segmented market in which products with mass appeal products (aspirin, orange juice, soft drinks, paperback romances, etc.) are offered to every customer through mass retailers or independent stores, and promoted through mass media.

22. NICHE MARKETING - Concentrating all marketing efforts on a small but specific and well defined segment of the population. Niches do not 'exist' but are 'created' by identifying needs, wants, and requirements that are being addressed poorly or not at all by other firms, and developing and delivering goods or services to satisfy them. As a strategy, niche marketing is aimed at being a big fish in a small pond instead of being a small fish in a big pond.

23.OVERHEAD - 1. Resource consumed or lost in completing a process, that does not contribute directly to the end-product. Also called burden cost.2. Accounting: A cost or expense (such as for administration, insurance, rent, and utility charges) that (1) relates to an operation or the companyas a whole, (2) does not become an integral part of a good or service (unlike raw material or direct labor), and (3) cannot be applied or traced to any specific unit of output. Overheads are indirect costs.

24. PATENT - Limited legal monopoly granted to an individual or firm to make, use, and sell its invention, and to exclude others from doing so. An invention is patentable if it is novel, useful, and non-obvious. To receive a patent, a patent application must disclose all details of the invention so that others can use it to further advance the technology with new inventions.
Patentable items fall under four classes (1) Machine: apparatus or device with interrelated parts that work together to perform the invention's designed or intended functions, (2) Manufacture: all manufactured or fabricated items, (3) Process: chemical, mechanical, electrical or other process that produces a chemical or physical change in the condition or character of an item, and (4) Composition of matter: chemical compounds or mixtures having properties different from their constituent ingredients. In most of the world, patents are granted on the 'first to apply' basis, with a protection period of 7 years (India) to 20 years (European Union). In the US, they are granted for 17 years on the 'first to invent' basis. Responsibility of identifying, locating, and suing the patent violators, however, rests solely with the patent holder; patent law provides only means of prosecution and determination of just compensation. 25.

25. PARTNER - Individual who joins with other individuals (partners) in an arrangement (partnership) where gains and losses, risks and rewards, are shared among the partners.

26. PRICE - A value that will purchase a definite quantity, weight, or other measure of a good or service. As the consideration given in exchange for transfer of ownership, price forms the essential basis of commercial transactions. It may be fixed by a contract, left to be determined by an agreed upon formula at a future date, or discovered or negotiated during the course of dealings between the parties involved. In commerce, price is determined by what (1) a buyer is willing to pay, (2) a seller is willing to accept, and (3) the competition is allowing to be charged. With product, promotion, and place of marketing mix, it is one of the business variables over which organizations can exercise some degree of control. It is a criminal offense to manipulate prices (see price fixing) in collusion with other suppliers, and to give a misleading indication of price such as charging for items that are reasonably expected to be included in the advertised, list, or quoted price. Also called sale price and selling price.

27. PROFIT - The surplus remaining after total costs are deducted from total revenue, and the basis on which tax is computed and dividend is paid. It is the best known measure of success in an enterprise.Profit is reflected in reduction in liabilities, increase in assets, and/or increase in owners' equity. It furnishes resources for investing in future operations, and its absence may result in the extinction of a company. As an indicator of comparative performance, however, it is less valuable than return on investment (ROI). Also called earnings, gain, or income.

28. PROJECTION - Planning: Process of moving forward in time through imagining of future events, or estimates based on certain assumptions or past trends.

29. PROPRIETARY - Planning: Process of moving forward in time through imagining of future events, or estimates based on certain assumptions or past trends.

30. RECOUPMENT - 1. Direct or indirect recovery of funds spent (such as R&D costs) on an activity (such as from licensing the resulting know how).

31. REVENUE - The income generated from sale of goods or services, or any other use of capital or assets, associated with the main operations of an organization before any costs or expenses are deducted. Revenue is shown usually as the top item in an income (profit and loss) statement from which all charges, costs, and expenses are subtracted to arrive at net income. Also called sales, or (in the UK) turnover.

32. ROYALTY - Compensation, consideration, or fee paid for a license or privilege to use an intellectual property (brand, copyright, patent, process) or a natural resource (fishing, hunting, mining), computed usually as a percentage of revenue or profit realized from the use. See also technology licensing.

33. SALES REVENUE - The amount realized from selling goods or services in the normal operations of a company in a specified period.

34. STOCK - 1. Equity capital raised through sale of shares.2. The proportional part of a company's equity capital represented by fully paid up shares.

35. VALUE - 1. Accounting: The monetary worth of an asset, business entity, good sold, service rendered, or liability or obligation acquired.2. Economics: The worth of all the benefits and rights arising from ownership. Two types of economic value are (1) the utility of a good or service, and (2) power of a good or service to command other goods, services, or money, involuntary exchange. 3. Marketing: The extent to which a good or service is perceived by its customer to meet his or her needs or wants, measured by customer's willingness to pay for it. It commonly depends more on the customer's perception of the worth of the product than on its intrinsic value.