

SCHOOL ENTERPRISE CHALLENGE BUSINESS TERMS GLOSSARY

Term	Definition
Accounting	The process used to keep track of the money coming in and out of a business. It gives a clear picture of how the business is performing, i.e. if it is making or losing money.
Additional Capital	The money a business team could raise to develop their existing business (similar to new businesses raising start-up capital).
Bond	A written and signed promise to pay a certain sum of money on a certain date.
Brainstorming	A way of generating ideas and information. It can be done in a group or as an individual.
Business Guides	A series of educational guides to support your school through the School Enterprise Challenge programme. You can download them by logging in to your account on the website (www.schoolenterprisechallenge.org)
Business Plan	A written document that describes a business. It covers objectives, strategies, sales, marketing and financial estimations. A business plan helps you to clarify your business idea, spot potential problems, set out your goals and measure your progress.
Cash Book	A book which reports on how the business is growing and developing. It is a useful tool for checking the financial health of the business.
Competitive Advantage	The characteristic that makes a product or service unique compared to similar products or services. A business product, or service, with a clear competitive advantage (for example, a better price, a faster service, or a larger variety) has a greater chance of being successful.
Competitor	A person or business who offers the same (or similar) products or services as your business. For example, a groceries store, or someone who sells vegetables in the local market are both competitors to a school business that grows and sells vegetables.
Competitor Analysis	Looks at the strengths and weaknesses of your competitors. It will help you decide how to make your product/service different or special from others already on sale.
Crowd Funding	A way of raising money from a large number of people through the Internet to support a project.
Customer Service	The act of taking care of the customer's needs by providing and delivering professional, helpful, high quality service and assistance before, during, and after a purchase. Good customer service is important so that people buy from you and not from a competitor.
Direct Costs	The materials, labour and expenses that you will need to buy to make your product, or provide your service. For example, if you are making greetings cards, your direct costs will include card, glue and decorations.

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Entrepreneur	A person who sets up a business or businesses, taking the financial risks in the hope of making a profit.
Feasibility Study	An assessment which helps the business team decide if their business ideas are realistic and likely to become successful, based on the location, time and resources they have.
Financial Plan	A plan which describes each of the activities, resources, equipment, and materials that are needed to achieve a business' objectives as well as the timeframe. A financial plan is critical to the success of any business, as it validates the business plan by confirming that the objectives set are achievable from a financial point of view.
Fundraising Event	An activity to collect money from friends and family or the general public for a specific cause (e.g. to raise the start-up capital for a business).
Gross Profit	The difference between sales income and costs of goods sold. It tells you how much money you would make if you did not have to pay any other general business expenses such as office supplies, electricity, water, rent. Gross Profit = Total Income – Direct Costs
Income (also known as Revenue)	The money which flows into a business from products/services sold. Income is calculated by multiplying the amount of products or service units by the price for which they are sold. Income = Quantity of Products x Sales Price
Indirect Costs	The items that you will need to spend money on to enable you to run your business. However, they are <i>not</i> directly related to the making of your product or service. For example, you may need to rent a shop to sell your product or pay for advertisement posters to be printed. Recording your Indirect Costs will help you to calculate your Net Profit.
Market Research	The process of gathering information about your customers and the market you are operating in. This helps you find out whether there is a market for your product or service (i.e. whether there are people who will buy your product or service), who those people are (i.e. their age, occupation, area they live in) and how much people will be willing to pay for your product or service.
Marketing	What a business needs to do to make the leap between identifying their customers and actually selling their product or service. It is the method through which you reach your customers and then persuade them to buy your product or service.
Mission Statement	A short summary of a business' values and goals. Creating a mission statement can help the business team to be more inspired and energised and ensure that everyone is working towards a common goal.

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Natural Resources	Anything that can be used and is natural. For example, plants, trees, land, water or a river.
Net Profit	The amount of money a business is left with after all the business costs are taken out from the Gross Profit. Net Profit = Gross Profit – Indirect Costs
Operational Plan	The steps you will take to put your business plan into practice. It includes information on staffing, systems and processes, equipment, facilities and risk management.
People, Planet, Profit	The School Enterprise Challenge is designed to help young people to become socially responsible entrepreneurs, who seek not just to make a profit but also think about their planet and the people around them. We refer to these three pillars of sustainability as 'People, Profit and Planet'. In a simple way, the three pillars of sustainability relate to the following questions: <ul style="list-style-type: none"> • People – How will your business help the community? – Start up a business that has a positive impact on the community you live in. • Profit – How will your business be profitable? – Launch a business that turns a profit, and has the potential to grow and develop year after year. • Planet – How will your business benefit the planet? – Design a business that is environmentally friendly.
Physical Resources	Anything that is man-made. For example, a bike, school buildings or bricks, electricity.
Product	An object or item that a business makes or buys and re-sells. For example, growing and selling vegetables, or buying food ingredients and re-selling them as cooked food in a café.
Production Planning	The ongoing tasks a business team needs to carry out daily, weekly or monthly to be able to produce and sell their product or service and to operate their business successfully.
Promotion	The ways you publicise your business, for example giving out free samples, advertising on newspapers, using the internet and social media, etc.
Purchase Ledger	A system for organising the school business expenditures (what the business is spending its money on). Every time the business buys something, the purchase ledger should be updated. Keeping track of what you buy will help you see what your school business is spending most money on and where you can spend less in the future.

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Record Keeping	Maintaining a history of your business activities. Well maintained records provide a solid basis for management decisions by presenting an accurate picture of the real financial position of the business.
Resource Assessment	A tool to identify the resources that your school already has available (natural or physical resources, location, skills), and students' capacity to run a business.
Retail	The sale of products to individual consumers.
Sales Ledger	A record of everything the school business has sold. It is important to ensure that after every sale made, the students write the corresponding transaction in the Sales Ledger.
Sales Plan	Determines how a business will approach its customers and should be designed to sell the products or services as effectively as possible. As part of the sales plan, the business team should consider how they will sell their products (wholesale or per unit) and what the sales techniques will be.
School Business	A business that is owned by a school but that is led, staffed and operated by the students that attend it. School businesses should be sustainable, selling products or services on a consistent basis (i.e. not a one-off event) and at least part of the profits should be reinvested in the school's educational activities or growing the business further.
Service	An activity a business is performing for people in exchange for payment. For example organising events, repairing furniture, renting the use of computers in an internet café, etc.
Shares	A share is a divided-up unit of the value of a business. Shares are sold to raise income for a business. When an individual buys shares in your company, they become one of its owners and are called 'shareholders'.
Social Media	Websites, applications and other online means of communication that allow users to create and share content (text, photos, videos, audio), and to participate in social networking and virtual communities. Some examples are Facebook, Twitter and Instagram.
Start-up Capital	The money needed to get the business started.
Start-up Equipment	The items needed to start a business that are bought only once and expected to last a long time e.g. a sewing machine for a tailoring business.

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Start-up Supplies and Expenses	The costs of all the items the business team will need to buy to start their business and will need to replace in the future (this does not include the Start-Up Equipment). For example, if you are going to open a tailoring business you will have to buy cloth and thread before you can start making clothes.
Student-led	This means that students manage and lead on a team, business or action.
Suppliers	The people or businesses that will give some or all of the materials for the creation of the business' product, or the delivery of the business' service.
SWOT Analysis	An analysis of the S trengths, W eaknesses, O pportunities and T hreats of a business. Strengths and weaknesses are internal to the business and in the present, whereas opportunities and threats are external and in the future.
Target Market	The customers you aim to sell your products/provide your services to.
Template	A ready-to-use form which has been created to help schools plan their school business and reflect back on their progress towards their business goals. There are 3 templates to complete in the School Enterprise Challenge. Bronze and Silver Levels: Step 1: Business Idea template; Step 2: Business Plan template; Step 3: Annual Report template. Gold Level: Step 1: Strategic Plan template, Mid-Year Review template, Step 3: Annual Report template.
Total Costs	The sum of direct and indirect costs. $\text{Total Costs} = \text{Direct Costs} + \text{Indirect Costs}$
Wholesale	The sale of products in larger quantities, usually to retail businesses that will re-sell them to individuals.
4Ps	A marketing term which refers to "Product (or service), Price, Place, Promotion". It is a tool the business team can use to have a better understanding on what they are selling and decide on some important things related to their product or service. The business team needs to decide what their product or service will be, what price they will be selling their products at, where the business will be located or the service provided, and what actions they will take to promote the business in order to get as many customers as possible (e.g. advertising, discounts, free samples, events, social media, etc.).