

## Small Business Management Toolbox

### References

#### Quick reference guide

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| Advertising  | Paid, non-personal communication of a product or organisation.   |
| Agenda   | A list of topics to be discussed at a meeting or forum, written in the order in which they are to be covered.  |
| Asset  | Any type of property; anything that adds value.  |
| Australian Business Number (ABN)                       | A number used to identify businesses for all dealings with the Australian Tax Office and other government departments and agencies.  |
| Australian Business Register (ABR)                     | A public register containing details of all ABN registrations. This can be accessed through < <a href="http://www.abr.gov.au">www.abr.gov.au</a> >.  |
| Australian Prudential Regulation Authority (APRA)      | A federal government agency responsible for regulating financial institutions including superannuation funds. This can be accessed through < <a href="http://www.apra.gov.au">www.apra.gov.au</a> >. |
| Australian Securities and Investment Commission (ASIC) | A federal government organisation responsible for enforcing company and financial services laws to protect consumers, investors and creditors.   |
| Australian Workplace Agreements (AWA)                  | Employment contracts made between employees and employers, either individually or collectively. For the agreement to apply to an employee, it needs to be signed by that employee.                   |
| Award  | An industrial agreement between unions and employers that establishes minimum conditions of employment and salary levels for specified jobs.   |
| Balance sheet  | A financial statement about a business at a particular point in time. It lists the business assets, liabilities and proprietorship.  |
| Benchmarking   | The setting of standards, normally within a particular industry, for measuring performance of a product or a system.   |
| Breakeven point  | The level of sales at which all expenses are met and no profit is generated.   |
| Budgeting  | Planning the expected revenue and expenditure of a business for a given period.  |

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| Business Activity Statement (BAS)   | A form for use by businesses registered for GST to report tax entitlements and obligations including GST, PAYG instalments, PAYG withholding and FBT instalments.                                   |
| Business Entry Point (BEP)          | A government website with up to date information on tax and other business related matters. It also contains tools for finding, managing and completing transactions with all levels of government. |
| Business plan                       | A detailed plan of the direction/s in which a business is heading, its goals and objectives and how these will be achieved.   |
| Capital expenditure                 | Money spent in purchasing an asset.   |
| Capital Gains Tax (CGT)             | A tax on the profit made when an asset is sold. Assets such as homes and motor vehicles are usually exempt from this.   |
| Cashbook                            | A book recording a business' financial transactions involving cash, cheque or credit card.  |
| Cashflow projection/<br>cash budget | How much cash your business needs to generate to cover all costs and make an acceptable profit.   |
| Certified agreement                 | A workplace agreement that has been negotiated by an employer with unions or directly with employees. It must be signed by the majority of employees in a workplace.                                |
| Company                             | A separate legal entity incorporated for the conducting of business.  |
| Consultant                          | A person providing specialist advice or services for a fee.   |
| Contractor                          | A person who undertakes a contract to supply materials or perform work at a set price or rate.  |
| Corporations Law                    | Laws regulating companies in Australia (Corporations Law 2001).   |
| Creditor                            | Any person or business that is owed money by another business or person.  |
| Customer                            | The person who benefits from the products or services of a business. (See also internal and external customers.)  |

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| Debtor                    | A person or business that owes money to another business.   |
| Depreciation              | Loss in value of assets over time.  |
| Discrimination            | Unequal treatment or lack of equal opportunity on the grounds of gender, age, religion, ethnic background, nationality, sexual preference, physical or intellectual disability. |
| Distribution              | The channel selected for the physical or virtual delivery of a product to the consumer.   |
| Diversification           | Increasing sales by offering new products to new markets.   |
| Dividend                  | A share of company profits paid to shareholders.  |
| Employee                  | A person who is employed and receives salary or wages.  |
| Employer                  | A person who employs others and pays them salary or wages.  |
| Equity capital            | Capital raised through the investment of partners or shareholders.  |
| Expense                   | Money that is spent.  |
| External customers        | Users of the products and services of a business.   |
| Fixed costs               | Costs which remain constant whatever the level of business activity.  |
| Flowchart                 | A diagram illustrating the steps in a process.  |
| Fringe Benefits Tax (FBT) | Tax payable by employees who receive non-salary benefits from their employer in place of salary or wages, eg use of a car for private purposes.                                 |
| Gantt chart               | A project planning tool that can be used to represent the timing of tasks required to complete a project.   |
| Goals                     | Long-term ideas of where you want your business to be, eg in 5, 10 years' time.   |

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| Goods and Services Tax (GST)      | A tax of 10% levied on the majority of goods and services consumed in Australia.   |
| Intellectual property             | Ideas and creations of the mind or intellect, including inventions, designs, products and processes, that can be protected by copyright, trade marks, patents etc.                           |
| Internal customers                | Employees of a business.   |
| Job description                   | A description of the duties and responsibilities involved in a specified job.  |
| Key performance indicators (KPIs) | Criteria used for measuring essential tasks and skills involved in a job to assess how well it is being performed.   |
| Key result areas (KRAs)           | The main areas of responsibility in a job in which performance will be assessed.   |
| Market penetration                | Increasing sales of existing products to existing target markets.  |
| Market positioning                | The way the product is defined by consumers in comparison with other like products.  |
| Market segment                    | A group of consumers who respond in a similar way or share similar characteristics.  |
| Market share                      | The proportion of the total market which purchases from the business.  |
| Marketing                         | The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and corporate objectives. |
| Marketing mix                     | Controllable marketing variables that can be blended to produce a desired response from the target market.   |
| Mission statement                 | A single statement which captures the vision of a business.  |
| Networking                        | Making contact with people or businesses, in order to share knowledge and information.   |

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| Non-profit or not-for-profit business | A business that does not operate for the profit or gain of its individual members.  |
| Objectives                            | Measurable, quantifiable purpose statements set within a specific timeframe.  |
| Operating expenses                    | Money spent on unrecoverable costs related to the production of goods or services.  |
| Organisational chart                  | A diagram of the basic structure of a business showing jobs and their functions, areas of job responsibility and reporting relationships.   |
| Overheads                             | Costs associated with the overall running of a business.  |
| Partnership                           | Two or more people carrying on a business together with a view of profit.   |
| Pay As You Go (PAYG)                  | A system for reporting and withholding amounts and tax on business and investment income. This includes tax deducted from wages to employees and tax withheld from businesses not quoting an ABN. |
| Payroll                               | Money paid by an employer to employees as wages.  |
| Peak body                             | An umbrella organisation for a particular industry or area of operation, eg the ACTU is the peak body for unions in Australia.  |
| Performance appraisal                 | A formal, systematic way of assessing staff performance and monitoring the need for any training and development.   |
| Person specification                  | A set of knowledge, skills and attitude criteria necessary to be able to fulfil a position.   |
| Planning                              | A systematic way of using reliable information to make business decisions.  |
| Position description                  | A set of tasks and responsibilities expected to be carried out by a person in a specified position.   |
| Potential market                      | The total of all customers who could purchase from a business.  |

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| Price               | Something of value that is exchanged for something else.  |
| Primary data        | Information gathered from original research.  |
| Product             | Tangible and intangible attributes offered to a buyer to satisfy needs.   |
| Product development | Increasing sales by offering a new or increased range of products.  |
| Product life cycle  | The course of a product's sales and profits over its lifetime – development, introduction, growth, maturity and decline.  |
| Product mix         | The total set of products that a business sells.  |
| Promotion           | Communicating with potential customers to gain attention, interest, desire and action.  |
| Publicity           | Unpaid, non-personal communication of a product.  |
| Quality system      | Procedures used by an organisation to control its processes in order to ensure that products or services and processes are consistently of the same dependable quality. |
| Receipt             | A document confirming that a payment has been made.   |
| Redundancy          | Termination of employment brought about by organisation restructure or job redesign making a position unnecessary.  |
| Retrenchment        | Termination of employment brought about by cost cutting, which may be required because of a reduction in income to a business.  |
| Secondary data      | Information available in published reports or statistics.   |
| Sexual harassment   | Unwelcome conduct of a sexual nature which makes a person feel offended, humiliated or intimidated, including verbal and non-verbal behaviour.                          |

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| Small business              | A business which: <ul style="list-style-type: none"> <li>• is independently owned and managed</li> <li>• is controlled by the owner/manager/partners</li> <li>• has all major decisions made by owner/manager/partners.</li> </ul> |
| Sole trader                 | A person who is the principal owner of a business.   |
| Stock                       | Items produced, manufactured, acquired or purchased by a business for manufacture, sale or exchange.   |
| Superannuation              | A system of providing financially for retirement by placing money in a fund.   |
| SWOT analysis               | An analysis of the <b>S</b> trengths, <b>W</b> eaknesses, <b>O</b> pportunities and <b>T</b> hreats relevant to a business.  |
| Target                      | An objective or result at which to aim.  |
| Target marketing            | Evaluating market segments and selecting specific segments.  |
| Tax File Number (TFN)       | A unique number assigned to individuals and organisations by the Australian Tax Office for identification in taxation matters.   |
| Tax invoice                 | A document issued by a supplier showing the price of goods or services and an indication of whether this price includes GST. It must also show the ABN of the supplier.  |
| Turnover                    | The amount of money that passes through a business during a financial year.  |
| Variable costs              | Costs which vary in direct relation to the production of goods or services.  |
| Venture capital             | Capital raised through unsecured investment of an individual or company.   |
| Wine Equalisation Tax (WET) | A tax levied on wine. For more detail, go to < <a href="http://www.ato.gov.au">www.ato.gov.au</a> >.   |

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| Withholding Tax | A tax that is deducted from certain payments to non-residents and residents who have not provided their Tax File Number. |
| Working capital | Liquid funds available to the business represented by current assets, less current liabilities.                          |