

Key Terms

- **"C" corporation:** A common type of business organization in which the business's owners are its shareholders.
- **"S" corporation:** A common type of business organization that gives the business's owners partnership tax status and corporate liability protection.
- **Advisory Board:** A group of outside advisors who add credibility to a startup e-business by supplying the experience and business background that might be missing from the startup business's management team.
- **business description:** The section of a business plan that provides the reader with a summary of a business's background and business idea, the legal form of the business, when and where the business was formed, its history to date, key personnel, and future goals.
- **business plan:** A formal business planning document that identifies the business and its mission, names the key players on the management team, describes the products or services to be offered, provides an analysis of the current marketplace in which the business operates, identifies customers and competitors, determines the resources necessary for profitable operations, and sets a timetable for profitability.
- **corporation:** A taxable entity owned by shareholders who are protected from liability.
- **cover sheet:** The top page of a business plan; it usually includes the title of the document, the preparer's name, the plan copy number, and a "Confidential" notation.
- **executive summary:** The third or fourth page of a business plan; it provides a brief overview of the entire business plan.
- **exit strategy:** A section of a business plan that describes the entrepreneur's long-term plans for a new business and how potential investors will recover their investment.
- **financial plan:** The section of a business plan that explains how a business idea, as well as the goals and strategies associated with this idea, translate into profits.
- **general partnership:** A legal business entity that consists of multiple co-owners of a for-profit business that is operating under a partnership agreement.
- **industry:** Businesses that make or sell similar, complementary, or supplementary products or services.
- **issues analysis:** A portion of a business plan that identifies the threats or opportunities a new business faces.
- **limited liability company (LLC):** A business organization that combines the limited liability feature of a corporation with the tax status of a partnership or sole proprietorship.
- **limited partners:** Participants in a limited partnership.
- **limited partnership:** A partnership in which the general partner assumes management responsibilities and unlimited liability for the partnership, and the limited partners have no management responsibility and are legally liable only for the amount of their capital contribution.
- **marketplace analysis:** The section of a business plan that includes information about the specific industry that the business is a part of plus a description of the business's targeted customers and competitors.

- **mission statement:** A statement of challenging but achievable actions a business takes to realize its vision.
- **operational plan:** The section of a business plan that describes the business's location as well as the equipment, labor, and other processes (such as Web site operations) required to sell the business's products or services.
- **partnership:** A form of business organization in which two or more owners of a business operate under a partnership agreement.
- **planned cash flow statement:** A statement of expected cash flows, describing both the cash coming in to the business and how that cash is spent.
- **pro forma balance sheet:** A financial statement that provides a "snapshot" of a business's assets, liabilities, and capital at a specific point in time.
- **products section:** The portion of a business plan that describes the products or services the business will offer, including details about what the products or services are, what they do, and how they benefit the customer.
- **projected income statement:** A financial statement that shows estimates of revenues, expenses, taxes, and net profits or losses over a specific period of time.
- **services section:** *See* products section.
- **sole proprietorship:** A form of business organization in which the business and the owner are one and the same for tax and liability purposes.
- **table of contents:** The third or fourth page of an business plan; it provides page number references for the major sections and subsections of the plan.
- **title page:** The second page of an business plan; it repeats information from the cover sheet, adds the preparers' contact numbers, and adds the name of the person receiving this copy of the plan.
- **vision statement:** A business's statement of long-term dreams and goals.