**LINGO Part 2**

If you got this far, then you are probably willing to go a little further. In this blog, I explore some commercial terminology, not all, but the more common terms that you might come across. And, what they mean, and how you might equate them to your experience as a Veteran.

Many businesses often refer to Sun Tzu’s “Art of War”, a well-read book in military circles. You may be surprised in the some of the similarities found in business languages and practices to those of the Armed Forces.

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**Accounts Payable (AP)**

Bills to be paid as part of the normal course of business.

*Those who make a fuss are often those who get paid ahead of the rest. And many in credit simply don't "make a fuss."*

**Accounts Receivable (AR)**

Debts owed to your company, usually from sales on credit.

*Veteran owned brand new businesses with no credit history can be eligible for factoring, as can businesses with little credit history. Instead, factoring works as an advance on the invoices you’re already receiving.*

**Acid Test**

Short-term assets minus accounts receivable and inventory, divided by short-term liabilities. This is a test of a company’s ability to meet its immediate cash requirements.

*The best type of citizenship is that citizenship tested by the acid test of service in war and peace.*

**Adventure Capital**

Capital needed in the earliest stages of the venture’s creation before the product or service is available to be provided.

*Adventure Quest (UK) provides a range of free tailor-made outdoor rehabilitation courses delivered in mountainous areas of the United Kingdom to individuals who have left the British Armed Forces (regular, reservists or Territorials) and who are currently experiencing a mental or physical health condition.*

**Advertising Opportunity**

A product or service may generate additional revenue through advertising if there is benefit from creating additional awareness, communicating differentiating attributes, hidden qualities or benefits.

*The Invicta Foundation is a charity supporting individuals and forces families affected by military service in the UK. This includes wounded, injured and sick service personnel and families who may be affected as a result of military service.*

**Agent**

A business entity that negotiates, purchases, and sells, but does not take title to the goods.

*The****Veterans Agency****was an Executive Agency of the UK government's Ministry of Defence (MoD). It was amalgamated into the Service Personnel and Veterans Agency (SPVA) on 2 April 2007 under the brand Veterans-UK.*

**Benchmark**

A benchmark is a standard or guideline used to compare some aspect of a business to some objective or external standard measure.

*We must set criteria and benchmarks to build lasting solutions to Veteran homelessness in the UK.*

**Brand Recognition**

Positions customer’s relative perceptions of one brand to other competitive alternatives.

*To improve voluntary donations from all sections of society, brand awareness of veteran charities can always be improved.*

**Break-Even Point**

The output of the standard break-even analysis. The unit sales volumes or actual sales amounts that a company needs to equal its running expense rate and not lose or make money in a given month.

*Pyrrhic victory, a victory in which the victor's losses are as great as those of the defeated named after Pyrrhus, who defeated the Romans at Asculum in 279 BC but suffered heavy losses.*

**Bundling**

The practice of marketing two or more product or service items in a single package with one price.

*There are often many bundled offers on the Defence Discount Service.*

**Business Mission**

A brief description of an organisation’s purpose concerning its customers, products or services, markets, philosophy, and technology.

*The BLESMA Mission is: Assisting Limbless Veterans to lead independent and fulfilling lives.*

**Business Plan**

The written document that details a proposed or existing venture. It seeks to capture the vision, current status, expected needs, defined markets, and projected results of the business.

**Capital Assets**

Long-term assets, also known as Plant and Equipment, or fixed assets, this can also include property and vehicles.

*The Royal British Legion (RBL) provides a range of support to Veterans who are thinking of starting a business. The RBL has information and guidance on business plans, finances and tax requirements.*

**Cash Flow**

The cash flow in a business plan is the change in the cash balance. For example, the cash flow for a month would be a positive £10,000 if the balance was £10,000 at the beginning of the month and £20,000 at the end of the month.

*The Royal****British****Legion helps to ease the burden of****financial****pressure for thousands of Service and ex-Service people every year.*

**Cost of Goods Sold (COGS)**

The cost of goods sold is traditionally the costs of materials and production of the goods a business sells.

*The Defence Discount Service is a valuable and tangible part of the nation’s recognition and appreciation of the Armed Forces community.*

**Commission**

In business, a commission is compensation paid to the person or entity based on the sale of a product; commonly calculated on a percentage basis.

*The Commonwealth War Graves Commission always welcomes donations, Donate online at -* [*http://www.cwgc.org/*](http://www.cwgc.org/)

**Competitive Advantage**

The strategic development where customers will choose a firm’s product or service over its competitors based on significantly more favourable perceptions or offerings.

*The value of Veteran military skills, experience, and character attributes when translated into usage, and methods in the company and industry work culture equate to a competitive advantage.*

**Competitive Analysis**

Assessing and analysing the comparative strengths and weaknesses of competitors; may include their current and potential product and service development and marketing strategies.

*If business were a military operation, the competitive analysis would be the reconnaissance. It is the careful and methodical evaluation of the opponent, or in this case, the competitors.*

**Concentrated Target Marketing**

A process that occurs when a single target market segment is pursued.

*It's analogous to the military principle of “concentration of force” to overwhelm an enemy. The concentration of marketing energy (or force) is the essence of marketing strategy and helps achieve focus.*

**Core Marketing Strategy**

A statement that communicates the predominant reason to buy to a specific target market.

*"Keep the forces concentrated in an overpowering mass. The fundamental idea always to be aimed at before all and as far as possible." Sun Tzu.*

**Current Liabilities**

Short-term debt, short-term liabilities.

*Armed Force Veterans living on the streets should not be a current liability, it should be dealt with immediately.*

**Doing Business As (DBA)**

DBA stands for “Doing Business As,” which is a company name, also commonly called a “Fictitious business name.”

*Are you a Veteran owned business? The advertise your company as “Veteran Owned”.*

[**Diversification**](http://articles.bplans.com/business-term-glossary/business-terms-d#diversification)

A product-market strategy that involves the development or acquisition of offerings new to the organisation and the introduction of those offerings to the target markets not previously served by the organisation.

*Veterans adapt to change and diversify roles. This is an evolution of capability to meet future opportunity.*

**Early Adopters**

One type of adopter in Everett Rogers’ diffusion of innovations framework that describes buyers that follow “innovators” rather than be the first to purchase.

*“Companies the lead in the recruitment and retention of Armed Forces Veteran employees are the early adopters of success.” – Barry ET Harris MBE*

**Earnings Before Interest Taxes Depreciation and Amortization (EBITDA)**

Earnings Before Interest, Taxes, Depreciation and Amortization: equal to the Gross Margin (The difference between total sales revenue and total direct cost of sales) minus Total Operating Expenses (Tax-deductible expenses incurred in conducting normal business operations, such as wages and salaries, rent, etc.) , plus any Depreciation (The loss of value of assets over time) and amortization. This is similar to Earnings Before Interest and Taxes (EBIT). The difference between the two is that EBIT subtracts all expenses, including depreciation, as an expense, and EBITDA subtracts all expenses except depreciation and amortisation.

**Economies of Scale**

The benefit that larger production volumes allow fixed costs to be spread over more units lowering the average unit costs and offering a competitive price and margin advantage.

*Military economies of scale exist if an increase of x% in all inputs increases an army′s destructive capability by more than x%. Economies of scale did not exist in ancient and medieval warfare. Perceived instances of military scale economies are the expected outcome of the application of a superior weapon system.*

**Entrepreneur in Heat (EIH)**

Entrepreneur in Heat describes an entrepreneur that continues to develop new products and services beyond what the venture can support and inadvertently may diminish the focus and effectiveness of the activities supporting the venture’s primary revenue streams.

**Entrepreneur**

Someone who starts a new business venture; someone who recognises and pursues opportunities others may not see as clearly and finds the resources necessary to accomplish his or her goals.

*“Vetrepreneurship” veterans re-enter civilian life and begin transitioning to new careers; many find they’re perfectly suited to becoming a veteran entrepreneur. Are you the next Veteran entrepreneur?*

**Equity**

Business ownership; capital. Equity can be calculated as the difference between assets and liabilities.

*Members of the A****rmed Forces****and* ***Veterans****as well as widows, widowers are eligible to apply for its shared****equity****schemes.*

**Features, Advantages, and Benefits (FAB)**

A FAB analysis explores the features, advantages, and benefits of a product or service offering.

Benefits and concessions for the Armed Forces, veterans, and their families - <https://www.citizensadvice.org.uk/benefits/armed-forces-and-veterans/benefits-and-concessions-for-the-armed-forces-veterans-and-their-families/>

**Failure Rule, Common Causes**

Entrepreneurial ventures most often fail due to one or more of these four issues: 1) Inadequate sales (39%) 2) Competitive weaknesses (21%) 3) Excessive operating expenses (11%) 4) Uncollected receivables (9%).

*Failure to respond to a call – out or recall notice without leave lawfully granted is an offence under the Reserve Forces Act 1996…..*

**Failure Rule, Exceptions to the Rule**

Exceptions to the failure rule include 1) High potential ventures 2) Threshold Concept 3) Promise of growth 4) Venture Capital backing.

*The Pioneer Sergeant is the of the only position within the British Army allowed to have a beard when on parade. Pioneer Sergeants have existed since the 1700s.*

**Fiscal Year**

Standard accounting practice allows the accounting year to begin in any month.

*The current****fiscal year****was adopted by the British colonial government in 1867 to align India's****financial year****with that of the****British****Empire.*

**F**[**ive Forces Model**](http://articles.bplans.com/business-term-glossary/business-terms-f#five_forces_model)

Porter’s model that considers these forces as they impact and industry and the overall competitive climate: 1) Risk of entry by potential competitors 2) Bargaining power of suppliers 3) Bargaining power of buyers 4) Threat of substitute products 5) Rivalry among established firms.

*The United Kingdom’s Armed Forces exist to respond to threats to the UK's security and respond to domestic disaster relief missions. Understanding the enemy forces and structure is essential to effective strategic positioning. The approach suggests that an analysis of the forces shapes strategy.*

**Focus Group**

Small groups of people, usually between 9 and 12 in number, representing target audiences, that are brought together to discuss a topic that will offer insight into product development and marketing efforts.

*Thanks to an informal cross – Whitehall language focus group British Armed forces became a champion of language learning.*

**Goodwill**

When a company purchases another company for more than the value of its assets — which is quite common — the difference is recorded as an asset named “Goodwill.”

*Is a tsunami of goodwill failing to target Veterans in most need?*[*https://www.politicshome.com/news/uk/social-affairs/welfare/opinion/veterans-aid/84581/tsunami-goodwill-failing-target-veterans*](https://www.politicshome.com/news/uk/social-affairs/welfare/opinion/veterans-aid/84581/tsunami-goodwill-failing-target-veterans)

**Gross Margin**

The difference between total sales revenue and total cost of goods sold (also called total cost of sales).

**Guerrilla Marketing**

Examples of mini, maxi, and non-media tools: Mini: canvassing, personal letters, calls, circulars, brochures, classified ads, Maxi: yellow pages and signs Non-Media: public relations, advertising.

*Although guerrilla marketing is low cost, it certainly isn't free; but it’s a great tool for Veteran entrepreneurs.*

**Harvesting**

Harvesting is most often referring to selling a business or product line, as when a company sells a product line or division or a family sells a business.

*A Veteran in the field – many Veterans go into farming after their service in the Armed Forces.*

**Ideas vs. Opportunities**

Ideas are the basis of potential business opportunities. Good ideas do not necessarily represent good opportunities.

*Employers who help Veterans make the transition will be able to most effectively capitalise on this opportunity.*

**Income Statement**

Also called Profit and Loss statement. An income statement is a financial statement that shows sales, the cost of sales, gross margin, operating expenses, and profits or losses.

*When you join a company, teach them how to improve their recruitment and retention of Armed Forces Veterans.*

**Initial Public Offering (IPO)**

A corporation’s initial efforts of raising capital through the sale of securities on the public stock market.

*Veteran entrepreneurs should consider their exit strategy as well as start up.*

**Innovators**

One type of adopter in Everett Rogers’ diffusion of innovations framework describing the first group to purchase a new product or service.

*The culture of innovation in the UK is a Veteran talent, the military mindset: develops a plan, devise tactics, executes and adjusts as necessary. In a word: innovate.*

[**Inventory**](http://articles.bplans.com/business-term-glossary/business-terms-i#inventory)

Goods in stock, either finished goods or materials to be used to manufacture goods.

*“The stores are for storing, if they were for issuing, that would be called “Issues” – Unknown QM.*

**Jobber**

An intermediary that buys from producers to sell to retailers and offers various services with that function.

*The act of losing is called jobbing, and a frequent loser is referred to as a****jobber****.*

**Laggards**

One type of adopter in Everett Rogers’ diffusion of innovations framework describing the risk adverse group that follows the late majority that is not interested in new technology and is the last group of customers to buy.

*We are to****route march****to Fleury-sur-Andelle, and in view of the air activity, we shall make as ... I intend that we cross as a battalion, so I don't want any****laggards****.*

***The Greater Share of Honour*** *By Kim James*

**Liabilities**

Debts; money that must be paid. Usually, debt on terms of less than five years is called short-term liabilities, and debt for longer than five years in long-term liabilities.

*Army Experience: Asset or Liability? One US WW2 Veteran wrote: "It is quite difficult to answer this question. When it was first proposed, I was prompted to answer that my army experience has been a distinct liability ...*

[**Life Cycle**](http://articles.bplans.com/business-term-glossary/business-terms-l#life_cycle)

A model depicting the sales volume cycle of a single product, brand, service or a class of products or services over time described regarding the four phases of introduction, growth, maturity and decline.

**CADMID** - Concept, Assessment, Development, Manufacturing, In-Service, Disposal. Through-life management of military equipment and systems is a great job for a Veteran.

**Loss**

The loss is an accounting concept, the exact opposite of profit, normally the bottom line of the Income Statement, which is also called Profit or Loss statement.

*The loss is a well-known psychological theme of combat. Do not be alone, seek help.* [*http://www.combatstress.org.uk/medical-professionals/what-is-ptsd/*](http://www.combatstress.org.uk/medical-professionals/what-is-ptsd/)

**Loyalty Programs**

Activities designed to encourage repeat purchasing through a formal program enrollment process and the distribution of benefits.

*Ren-leave, oh how I wish I had taken it…*

**Marketing**

The set of planned activities designed to positively influence the perceptions and purchase choices of individuals and organisations.

*A good CV for veterans needs to be a unique and well-written document that is specific to the job you’re targeting, as well as showing your best qualifications, skills and accomplishments – Good Marketing!*

**Mission Statement**

A statement that captures an organisation’s purpose, customer orientation and business philosophy.

*A clear intent initiates a force’s purposeful activity. It represents what the commander wants to achieve and why; and binds the force together; it is the principal result of decision-making*.

**Net Cash Flow**

This is the projected change in cash position, an increase or decrease in cash balance.

**Net Profit**

The operating income less taxes and interest. The same as earnings, or net income.

**Not Invented Here (NIH)**

A negative response to innovations and inventions from sources outside the venture’s research and development activities.

*In large enterprises, one can experience the opposite of NIH. There is no name for it, but it goes to the tune of “you will get fired if you choose the competitor's product over our own”. Sometimes the safe choice is conventional wisdom.*

**Offering**

The total benefits or satisfaction provided to target markets by an organisation.

*Veterans are a great source of talent for civilian employers. Veterans bring distinctive capabilities and valuable skills developed through real-world, high-pressure experience.*

**Operating Expenses**

Expenses incurred in conducting normal business operations. Operating expenses may include wages, salaries, administrative and research and development costs, but excludes interest, depreciation, and taxes.

*Veterans have many transitions to make, including pursuing a further training, when they become a Service Leaver. Following a sound budgeting process can help to make the transition smoother.*

**Opportunities vs. Ideas**

Ideas are the basis of potential business opportunities. Good ideas do not necessarily represent real opportunities (that is, actual business opportunities).

**Original Equipment Manufacturer (OEM)**

The process that is facilitated through licensing or other financial arrangements where the initial producer of a product or service enters into an agreement to allow another entity to include, remanufacture, or label products or services under their name and sell through their distribution channels.

**Outsourcing**

Purchasing an item or a service from an outside vendor to replace the performance of the task with an organisation’s internal operations.

*Getting somebody else to do the job for you.*

**Partnership**

Partnerships are harder to describe because they change so much. Laws govern them. However, partnership agreements are the real legal core of the partnership, so the legal details can vary widely. The agreements can define different levels of risk. The agreement will define what happens if a partner withdraws, buy and sell arrangements for partners, and liquidation arrangements if that becomes necessary.

**Payables**

Short for Account Payables; Bills to be paid as part of the normal course of business.

**Payroll**

Wages, salaries, employee compensation

**Payroll Burden**

Payroll burden includes payroll taxes and benefits.

**Perceived Risk**

The extent to which a customer or client is uncertain about the consequences of an action, often relating to purchase decisions.

*All decisions involve risk, yet the subject can be poorly understood and difficult to define. Understanding risk is vital for military leaders that prepare their forces to operate in risky environments against adversaries that seek to impose a risk upon their enemies. It’s no different in Civvy Street.*

**Perceptual Map**

A two or three-dimensional illustration of customer’s perceptions of competing products comparing select attributes based on market research.

*What? We all knew certain individuals who couldn’t read a normal map!*

**PEST Analysis**

**Political, Economic, and Social Trends (PEST) analysis** – PEST is a popular framework for situation analysis, looking at political, economic, and social trends.

**Portfolio**

The complete array of an organisation’s offerings including all products and services. Also called an offering mix.

**Positioning**

Orchestrating an organisation’s offering and image to occupy a unique and valued place in the customer’s mind relative to competitive offerings.

*The expression “level playing field” implies a fair contest. In battle, as in marketing, a level field is the last thing we want. Military strategists have all understood the advantages of taking the high ground.*

**Product Line**

A group of closely related products with similar attributes or target markets.

**Profit**

Profit is an accounting concept, normally the bottom line of the Income Statement, which is also called Profit or Loss statement.

**Profit or Loss**

Also called Profit and Loss statement. An income statement is a financial statement that shows sales, the cost of sales, gross margin, operating expenses, and profits or losses. Gross margin is sales less cost of sales, and profit (or loss) is gross margin less operating expenses and taxes. The result is profit if it’s positive, loss if it’s negative.

**Public Relations**

Communications often in the form of news distributed in a non-personal form which may include newspaper, magazine, radio, television, Internet or another form of media for which the sponsoring organisation does not pay a fee.

**Publicly Traded**

A company owned by shareholders who are members of the general public and trade shares publicly, as on the stock market.

**Questionable Costs**

Costs that may be considered as variable or as fixed costs, depending on the specifics of the situation.

**Receivables**

Short for Account Receivables; Debts owed to your company, usually from sales on credit.

**Return on Investment (ROI)**

Net profits divided by net worth or total equity; yet another measure of profitability. Also called ROI.

**Sales Break Even**

The sales volume at which costs are exactly equal to sales.

**Sales Forecast**

The level of sales a single organisation expected to be achieved based on a chosen marketing strategy and assumed competitive environment.

**Seed Capital**

Seed capital is investment contributed at a very early stage of a new venture, usually in relatively small amounts.

**Shareholders**

Individuals or companies that legally own one or more shares of stock in a company.

**Situation Analysis**

The assessment of operations to determine the reasons for the gap between what was or is expected, and what has happened or will happen.

*In a military planning context, situation awareness is essential for commanders to conduct effective decision-making and planning activities. Situation awareness concerns the identification and perception of the elements in the relevant environment, the comprehension of their meaning, and the projection of their status into the near future. Situation analysis is defined as a process that examines a situation, its elements, and their relations, and that is intended to provide and maintain a state of situation awareness for the decision maker/commander.*

**Slotting Allowances**

Payments to store chains for acquiring and maintaining shelf space.

*This is not what some Veterans might think it is…..*

**Sole Trader**

This is the easiest and quickest form of corporation for a small, privately-owned business.

**Success \factors**

Primary success factors include considerations regarding 1) The choice of business based on the status of the market 2) Education and experience 3) People and collaboration 4) Creativity and innovation versus business skills and networks 5) Incubation potential 6) Leveraging available resources 7) Management practices.

*As Clausewitz stated, a****successful military****strategy may be a means to an end, but it is not an end in itself.*

**SWOT Analysis**

A formal framework for identifying and framing organisational growth opportunities. SWOT is an acronym for an organisation’s internal Strengths and Weaknesses and external Opportunities and Threats.

**Tactics**

A collection of tools, activities and business decisions required to implement a strategy.

*Military tactics are the science and art of organising a military force, and the techniques for combining and using weapons and military units to engage and defeat an enemy in battle.*

**Target Market**

The target market is a defined segment of the market that is the strategic focus of a business or a marketing plan.

**Traffic**

In broad, general terms, the number of visitors and visits a website receives.

**Types of Entrepreneurs**

Entrepreneurs may be categorised into 11 areas including:

* Solo self-employed individuals;
* Team builders;
* Independent innovators;
* Pattern multipliers;
* Economy of scale exploiters;
* Capital aggregators;
* Acquires;
* Buy – sell artists;
* Conglomerates;
* Speculators;
* Apparent value manipulators.

**Unpaid Expenses**

A Business Plan will use this term to refer to other short-term liabilities in the Start-up table.

**Valuation**

Used as a noun, Valuation is what a business is worth, as in “this company’s valuation is £10 million.”

**Venture Capitalists (VC)**

Venture capitalists are thought of in two ways. First, some people think of any wealthy individual who invests in young companies as a venture capitalist. Second, within the more informed investors, analysts, and entrepreneurs, a venture capitalist is a manager of a mainstream venture capital fund.

**Venture Capital**

Venture capital nowadays is used two ways. First, people often take venture capital as any investment capital obtained through private investment or public investment funds directed to high-risk and high-potential enterprises. Second, within the more informed and sophisticated business circles, venture capital is defined more narrowly as investment money coming from the mainstream venture capital firms, a few hundred major firms, different from investment money from other private investors, angels, etc.

**Working Capital**

The accessible resources needed to support the day-to-day operations of an organisation.

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Your experience in the field or on deployment during your career as a Tiger can provide situational awareness skills that those in the civilian workforce don't have. However, as a Veteran Tiger, you may find yourself weak in Commercial Awareness, an interest in business and an understanding of the wider environment in which an organisation operates. Commercial Awareness questions feature strongly in interviews. An understanding of the terms described in this blog, and others, will help a Veteran get that job he or she is applying for.