Angel Investor. A usually wealthy individual that invests her/his own money in an entrepreneurial venture based on her/his belief in the idea or team. (As opposed to a venture capital firm.)

Barriers to Entry. Factors that make it difficult for competitors to enter the market (e.g., patents, start-up costs).

Business Life Cycle. The changes that occur in a business over time (e.g., ownership structures, financing, and sales).

Channel. See "Distribution Channel".

Conventional Financing. Financing obtained from banks/lenders rather than investors. (See also Debt Financing.)

Core Competency. The most important (sometimes unique) qualifications of a business.

Cost of Goods Sold (COGS). The total cost of providing a product/service (including both variable costs like materials and labor and fixed costs).

Debt Financing. Financing obtained from banks/lenders rather than investors. (See also Conventional Financing.)

Debt Service. Payments required to keep an existing loan from going into default.

Distribution Channel. The process of making a product/service available to a consumer. Examples include: the use of direct sales (e.g., in-house sales force, mail-order/Internet catalog, telephone sales), the use of distributors/wholesalers, and the use of retailers/dealers/resellers.

Due Diligence. The process of investigating a company/business before investing in it.

Early Round Financing. Funds obtained before the business has become established. Angel Investors and Venture Capital Firms are common sources of early round financing.

Exit Strategy. A description of how an investor will be able to turn their investment back into cash. For example, an IPO is often used as an exit strategy by venture capital firms.

Initial Public Offering (IPO). The initial sale (through an established exchange) of stock in a company. Businesses rarely use an IPO for early round financing.

Intellectual Property Rights. The legal rights to "creations of the mind" like names, symbols, designs, processes, and literary and artistic works.

Market Penetration. The percentage of a market held by one product/company.

Milestone. A specific achievement that can be used to evaluate progress towards a goal.

Non-Disclosure Agreement (NDA). A legal contract between two or more parties through which they agree not to disclose some kinds of information to outside parties.

Price Leadership. Setting a price and expecting that other companies will follow.

Product Life Cycle. A description of a product over time. It usually includes four phases: introduction, growth, maturity, and decline.

Return on Investment (ROI). The net profit (after taxes) divided by the total amount of investment.

Stock Keeping Unit (SKU). A unique number assigned to the smallest unit available for order (e.g., one shirt in a particular size, fabric, and color).

Value Proposition. A clear statement of the tangible benefits a user/customer will receive from a project. A value proposition is not a features/capabilities list.

Venture Capital Firm. A firm that pools investments from a number of individuals to invest in start-up ventures (usually in exchange for partial ownership).