Enterprise Glossary

Our Enterprise Glossary will help to explain some of the key terms that you will hear used in the social business sector.

Activities

The activities are the things that your organisation will do. This could be the services that you offer, products you sell, workshops run, presentations or events.

Articles of Association

A legal document containing all the rules and regulations that forms the governance of the company. This would include an asset lock. This document can also be amended retrospectively.

Assets

Assets are the 'things' that the organisation owns. This could include computers, equipment, stock and even branding.

Asset lock

This is something that can be a feature of your governance documents and ensures that if the organisation stops running, any assets owned by the organisation are given to other community or public groups who may benefit from them and can't be sold to benefit any individual.

B2B (Business to Business)

B2B refers to a business model where you are selling your goods or services from your business directly to another business. For example, you may produce t-shirt and sell these to other shops to sell. You do not interact with the end user of your t-shirts, but with the other business that will sell them.

B2C (Business to Customer)

B2C refers to a business model where a business is selling goods and services directly to the customer. For example, a shop selling products directly to visiting customers is B2C.

Balance Sheet

A balance sheet is an accounting term. It is a statement showing a financial summary that will include the financial values of things like assets, (money and owned things) and liabilities, (how much it owes).

Beneficiaries

The people that benefit from the activities that your organisation runs. If beneficiaries are the ones directly paying for the activities, they could also be the customers.

Board of Directors

A Company board or Board of directors is a selected group of individuals that could be elected, who meet at regular intervals to set policies, strategy and have an overview of the organisation. Meetings can me monthly or quarterly throughout the year.

Brand

The brand of an organisation is the name, visual design and identity (logos and colours) of an organisation that helps build a connection with your customers. It helps with customer recognition and helps develop brand loyalty, (people buying a certain brand that they know and trust.

Burn rate

This is a term that refers to the rate at which your company is using, consuming money. It is really important to understand your burn rate because it tells you when you will run out of money and helps you to manage your sustainability. It can be something that social investors may look at so see if a company is worth investing in.

Business Plan

A business plan is a document that sets out the future objectives of the business and the strategies needed to get there, a bit like a road map for the business. It can cover things like the finances needed, marketing plans and can be shared with investors or partner organisations. Business plans usually cover a period of time, like a 3 or 5 year plan.

Business Model

The business model refers to how the business will run in terms of generating an income. Examples of this could include B2B or B2C.

Capital goods

Capital goods are things that you would buy for your business that are used for producing other goods or that are key for your business to operate. Examples of capital goods could be buildings, equipment, machines or computers.

Cash flow

Cash flow is an accounting term that refers to the total amount of money that is flowing into and out of a business.

Certificate of Incorporation

A legal document that shows you have formed and registered your business with Companies House (Regulating authority). It shows the official name, company number and date of incorporation.

Charity

A legal structure of an organisation that raises money in order to help others. Charities are regulated by the Charities Commission.

Charities Commission

The Charities Commission registers and regulates charities in England and Wales to ensure that the public can support charities with confidence.

Community cohesion

If your project aims to build the connections in a community, it is often related to as community cohesion.

Community Interest Company (CIC)

A Community interest Company is a type of legal structure that a business can take when they incorporate. This structure provides an additional legal status for businesses with social aims. CIC's are regulated both by Companies House and the Office of the Regulator of Community interest Companies.

Community of Interest

A group of people that are connected by their interest in the same thing.

Companies House

Companies House is a government agency that exist to incorporate and dissolve limited companies, examine and store company information and make this information available to the public.

Competitors

A competitor is anyone else that is trying to get your customers to buy from them instead of you. They could be offering the same as you, something slightly or completely different. For example, if you were running a café, a direct competitor could be another café down the road, an alternative competitor could be a take-away around the corner or supermarket and an indirect competitor could be something that distracts your customers significantly so they change their mind. All very different, but all competing for the attention of your customers.

CSR (Corporate social responsibility)

Corporate social responsibility is something that larger commercial businesses undertake to contribute to social, economic or environmental good. This could mean that they allocate a proportion of profits to invest in social projects or give their staff time to volunteer. It can be useful for social businesses to understand what is available and companies CSR strategies so to see if this could benefit their organisation.

Customers

A customer is anyone who gives you money for your goods or service. Customers may not always be the beneficiaries. For example if a parent pays for their child to take part in a workshop you are running, the parent is the customer. The child would be the beneficiary. Customers could also include funders who give money for you to provide your goods or services. Again, they will not receive the good or service but are the ones paying for it.

Customer segments

If you have different types of customers, we call these customer segments. You would need to assess how you market to each of your customer segments as it could mean a different strategy for each. For example, if you run drama workshops for children within schools but also at weekends at the local community centre and some places are funded, your customer segments would be the schools, the parents (who pay you directly for the weekend workshops) and the funders who have provided funding. They way that you interact with each one will be different.

Directors

A director is a person from who leads or supervises the either the whole or a particular area of a business, such as Finance director or Marketing director.

An Executive director will have direct responsibility and will usually engage on a day to day basis. They are usually paid/salaried.

A Non-Executive director is a board member and can contribute but does not have direct responsibility for daily management or operations. They may do this as a voluntary role (unpaid).

Dividend

A sum of money paid (usually annually) by a company to its shareholders from the profits.

Feasibility study

A feasibility study is a researched assessment of the projects factors to gauge is a project could be a success or not. It can be used for larger projects and could come before a project is piloted. An example of this could be to assess how much the project would cost, how many people need to be involved and who, what assets are needed or where the best place to deliver the project could be.

Fixed Costs

Fixed costs are the things that your business needs to pay for on a regular basis that do not change from month to month. This could include rent, salaries, monthly insurance payments, phone line rental.

Funding

Funding is money that is given by individuals (philanthropy), an organisation or government for a particular purpose.

Geographical community

If the people that benefit from your business are based in a specific location, this is referred to as a geographical community. This is different from a community of interest.

Governance

Governance refers to the rules, practices and processes by which a business is run. It would include the policies that a business has.

If a business is incorporated, it would also include:

Certificate of Incorporation – A certificate that shows the date, form and registration number

Memorandum of Association – A legal document prepared in the formation and registration process of a business.

Articles of Association – A document comprising of the company rules, regulations and guidelines of how the company will run.

These documents are held online at Companies House and are available for the public to view.

Grants

A grant is the name for a pot of money that is given by an individual, organisation or the government for a specific purpose.

Imposter Syndrome

This is a term used when you doubt your ability. It could be that you feel you have only succeeded due to luck and not because of your hard work or talent. Many describe it as a feeling that soon they are going to be 'found out' as being a fraud. It is good to be aware of this as you can overwork yourself as you push harder.

Income Streams

The term income streams refers to different individual ways that money or income comes into a business. Examples of this could be funding or grants, sales of goods or services directly to customers (B2C), sales of goods or services to other businesses (B2B), or consultancy fees.

Incorporated

Becoming incorporated is a legal process when a business takes on a legal structure and becomes an official thing in its own right. At this point, the income and assets of the business are owned by the business, as are the debts. This can mean that the owners' personal assets are protected.

Inventory

An inventory is a complete list of items owned by a business. This could include property, stock, computer equipment, and tea bags!

Legal Structure

There a many types of legal structure. Each will provide a legal framework that will determine the rules and regulations for how the business will run. This is not something to rush – it is a good idea to establish how you would like the business to run and then choose the legal structure that best fits. For every legal structure there are pro's and con's and so specialist advice is recommended.

Loss

This is an accounting term that refers to when your business spends more than it is bringing in. If the business made a loss, it means that it spent more than it made.

Market

A market is any place where suppliers, makers and distributors sell and consumers buy. Businesses that operate in markets are usually in competition with other businesses.

Marketing

Marketing is the way that you communicate with your stakeholders. This generally covers promotions, advertising and market research. This is different from PR, which is focused more on reputation management.

Marketing Channels

Marketing channels are the different ways that you can get your products and services to your customers. They are useful because they can make your goods and services more available and accessible. Examples could include; wholesalers, retail sales agents or catalogues.

Market research

Market research is where you gather information to help you tailor your goods and service to match the needs of your customers. There are different ways of gathering this from online surveys, interviews, focus groups, questionnaires to secondary research (research compiled by others that is available to share) and also by researching your competitors.

Memorandum of Association

A legal document prepared in the formation and registration process of a business.

Mission Statement

A mission statement states 'HOW' your business will achieve its vision. It describes what it does and for who. This can also be referred to as the businesses social purpose.

Network

A network is your connections with others. Networking is the process of interacting with others to exchange information and build your business contacts.

Not-for-Profit

An organisation that is set up for a 'purpose' other than making a profit. Some or all of the profits are used for good (either to do more of the good stuff that the organisation does or maybe offer cheaper prices to those who would not be able to afford full price) rather than being paid to shareholders or bonuses to directors. Being a not-for-profit organisation does not mean that you can't pay yourself. It defines an organisation by what they intend to do with their profits.

Outcome

An outcome is the result or performance of something or the consequence of it. Outcomes are often used when describing your social impact and value that you have added. For example, as a result of your workshops people were more active, lost weight and were healthier. This is different from outputs, but the two terms often are used together.

Output

Outputs are tangible numbers that result from your activities and often used for reporting. For example, this would show that your workshops have supported 25 people. This would be different from outcomes that would show the difference that your workshops made to the 25 people.

Overheads

The term overheads refers to the cost to you (financially) of running your business. These will include both fixed costs and variable costs.

Pilot/Pilotting

Running a pilot means to practically test a project out to see how it is received and make any changes that need to be made before the project is launched on a grander scale. Running a pilot can save money in the long run, allowing you to conduct market research and test any assumptions that you are making about your goods or services. You may run a pilot following a feasibility study.

Pitch

A pitch is a type of short presentation that informs the audience about the details of a business that has an aim or function. This could be to provide information that will help people make a decision. There is usually an action request as a result of a pitch. Examples of this could be pitching to investors, a sales pitch wanting people to buy your goods or services, or pitching in a competition.

Policies

These are official documents that outline how the organisation will act. Some examples are (but not exclusive to):

Health and Safety Policy - Sets out your approach and what arrangements you have in place for managing the health and safety in your business.

Safeguarding Policy – How the organisation will operate to ensure the safety of children and vulnerable adults.

Equal Opportunities Policy – Emphasising how the organisation will treat all people fairly, unhampered by barriers, prejudices or preferences.

PR

PR is the process of managing your reputation through generating positive media coverage. It can be:

Pro-active - where you are setting the tone and largely in control

Re-active - where you are having to respond to either positive or negative media coverage.

Procrastination

This is the act of putting something off. It can be due to anxiety, needing perfection, having 'plenty of time' and wanting to have fun instead of doing the task.

Profit

The money that is left over when you have paid for everything, including you!

Resources

A resource is anything that you need in order to carry out the activities of an organisation. This could be money, but could also include land, a workforce, products, energy, information, expertise, and time!

Revenue

Revenue is another word for income – any money that comes in.

Shareholder

A person who has purchased (invested) shares of a business. This entitles them too have the right to vote on how the company is run, but also they are entitled to receive part of the company's profits called a dividend.

Social enterprise

A business that is driven by making a difference to communities or the environment. The communities could be a community of interest or geographical community. As with all businesses, they will compete to deliver goods and services. The difference is that social purpose is at the very heart of what they do and any profits they make are reinvested towards achieving that purpose.

Social entrepreneur

A person who is the founder of a social business. Their main driver and reason for starting the business is to make a difference to a community and/or the environment, rather than 'just' making money.

Social franchising

Social franchising is when you package the processes, policies, branding and ways of working to sell to others who can then replicate and deliver the same service in another area. This is different from 'just expanding' as the person who buys the franchise, usually has to pay an annual fee and so this can become a new income stream.

Social impact

The social impact can be defined as the difference that your organisation will make. This could be the improvement to your beneficiaries and/or environment beyond. An example of this could be an improvement in wellbeing, reducing isolation, building a sense of community, reducing pollution or people getting fitter.

Social investment

This is money (or a loan) that needs to be repaid back to the investors. The money is there specifically to help the organisation with its social purpose and to do the good work. An example of this could be that by having some social investment, an organisation is able to grow their business, increase the amount of activities and therefore increase the number of beneficiaries and social impact.

Social purpose

The social purpose of a business describes what it does and for who. This can also be called the mission statement.

Sole trader

A Sole trader is a person who is the exclusive owner of a business and is entitled to keep all of the profits after tax, but is also responsible for the debts and losses. This business will not be incorporated and the Sole trader will need to be registered with HMRC and complete annual self-assessment tax returns.

Stakeholders

A stakeholder is anyone who may have an interest in your organisation. The interest could be positive but also negative. Examples of stakeholders could be your suppliers, customers, funders, beneficiaries and competitors.

Strategy

A strategy is an action plan designed to achieve a long term goal.

Suppliers

A supplier is anyone who sells goods or services to you. It is who you buy from.

Sustainability

This is the ability to keep a business going and maintained at a certain rate or level.

It can also be referred to in terms of environmental sustainability where you are avoiding the depletion of natural resources in order to maintain the environment.

Traded income

Traded income refers to income specifically generated from the sale of goods or services.

Turnover

This refers to the amount of money taken by a business in a particular period of time. If referred to as staff turnover, this would be the rate that employees leave and are replaced.

Unincorporated

If a business is unincorporated, it means that it does not have a separate legal identity from the owner and therefore the owner will be fully responsible and bear full liability for any action or inaction that results in the business being sued. Unincorporated businesses include sole traders, partnerships and family trusts.

Values

These are the core principles and standards that represent your beliefs and guide how your social business will run. Examples of these could include, equality, well-being,

Value proposition

This is a marketing and business term that describes the special thing that your organisation is offering that makes it attractive to your customers and beneficiaries. It is the thing that could be unique to your organisation and sets you apart from your competitors. It is the thing that your customer needs.

Variable Costs

Variable costs are costs that could change from month to month depending on the activities that you are doing. For example, if you need to hire a venue to run your workshops and have 10 workshops to run in February but only two workshops in March, the venue hire would be a variable cost.

Vision Statement

A vision statement outlines ‘WHY’ your organisation exists. This is usually a very short, broad statement that is very idealistic. A good way to think about it is that if you achieved your vision, your organisation would not need to exist anymore. For example, this could be ‘to ensure everyone has access to creative arts’. This is different from the mission statement which details how the organisation will achieve the vision.