

Glossary of Terms

A

Accounting Cycle

The process of recording and processing the accounting events of a company in the general ledger.

Accounting Equation

An equation showing that a company's total assets are equal to the sum of its liabilities and shareholders' equity.

Accounting Period

The span of time covered by a set of financial statements. This could be a month, quarter or year.

Accounting Profit

A company's total earnings, calculated according to Generally Accepted Accounting Principles (GAAP).

Accounts Payable

The amount of money a company owes creditors (suppliers, etc.) in return for goods/services they have delivered.

Accounts Payable Turnover

Measures how quickly a company pays off its suppliers; $\text{Total Supplier Purchases} / \text{Average Accounts Payable}$

Accounts Receivable

The amount of money owed by customers or clients to a business after goods or services have been delivered or used.

Accounts Receivable Days

Average length of time required for a company to receive payment from its customers after a sale has been made; $(\text{Accounts Receivable} / \text{Net Credit Sales}) \times \text{Number of Days in Period}$

Accounts Receivable Turnover

Shows how efficiently a company uses its assets; $\text{Net Credit Sales} / \text{Average Accounts Receivable}$

Accrual

The recognition of revenue when earned or expenses when incurred regardless of when cash is received or paid.

Accrued Expenses

Expenses that are recognized even when they have not been paid yet.

Accrued Income

Money that's been earned, but has yet to be received.

Accumulated Depreciation

The total depreciation for a physical asset or group of assets during a certain timeline.

Acidity

A key component in wine that affects its color, balance, and taste. It adds sharpness and character and helps to preserve the wine over time.

Activity Based Costing (ABC)

A method that identifies and assigns costs to overhead activities and then assigns those costs to goods.

Adjusted Earnings

A company's net earnings that have been modified to eliminate the effects of non-recurring items.

Ageing Schedule

A table which contains details about the receivables or payables amounts which are due to or from a business.

Glossary of Terms (cont.)

Aging

The process of storing wines at a certain temperature for a period of time to improve flavor and aroma.

Amortization

The process of gradually writing off the initial cost of an asset; $(\text{Cost of Intangible Asset}) / \text{Useful Life of Asset}$

Ampelography

The field of botany concerned with the identification and classification of grapevines.

Angel Investor

An individual who provides capital for a business start-up, usually in exchange for convertible debt or ownership equity.

Annual Recurring Revenue (ARR)

The value of the contracted recurring revenue components of your term subscriptions normalized to a one-year period; $\text{Sum of Recurring Revenue for the Year}$

Annual Report

A comprehensive report on a company's activities throughout the preceding year.

Annuity

A series of equal payments at regular intervals, such as weekly, monthly, or yearly.

Anthocyanins

A type of flavonoid (plant compound) responsible for the red, purple, and blue colors in fruits, including the color in red wine.

Appellation

A geographical area recognized for growing certain types of grapes well. This can be as large as an entire country or as small as a single vineyard.

Appraisal

A valuation or estimation of a business or a property.

Articles of Incorporation

A document that is required to form a corporation in the United States.

Asset Turnover Ratio

The amount of sales or revenues generated per dollar of assets; $\text{Net Sales} / \text{Average Total Assets}$

Assets

Any resource owned or controlled by a company that is expected to provide future benefit.

Audit

An official inspection of an organization's accounts by an independent body.

Authorized Stock

The number of share that a corporation is legally allowed to issue.

Average Revenue per User (ARPU)

The revenue generated per user or unit; $\text{Total Revenue} / \text{Total Number of Users}$

B

Bad Debt

A debt that is not collectible and is therefore worthless to the creditor.

Balance

A term that describes the harmony of fruit, acidity, tannins, and alcohol in a wine.

Balance Due

The amount that is owed and yet to be paid.

Balance Sheet

A financial statement that reports a company's assets, liabilities, and shareholders' equity at a specific point in time.

Bank Reconciliation

The process of matching the balances in an entity's accounting records for a cash account to the corresponding information on a bank statement.

Bankruptcy

Legal process for liquidating a business (or property owned by an individual) that cannot fully pay its debts out of its current assets.

Barrel Fermented

Wines that are fermented in small barrels instead of large wine tanks.

Barrique

A French term for a 225-liter oak barrel.

Benchmarking

Comparing a company's business processes and performance metrics to industry bests or best practices from other companies.

Blending

The process of combining different varieties of wines to achieve a specific flavor profile.

Board of Directors

A group of people chosen by a company's shareholders that makes decisions on major company issues, including hiring the CEO.

Body

A term that describes the weight and fullness of wine in the mouth. Full-bodied wines are heavier and more intense, while light-bodied wines are more delicate.

Book Value

The value of an asset according to its balance sheet account balance.

Bookkeeping

The process of recording all financial transactions made by a business.

Bootstrapping

Starting a business without external help or capital and continuing to build it using only profits and reinvesting profits.

Botrytis

A beneficial fungus that can cause grapes to shrivel, concentrating their sugars to create sweet, dessert-style wines.

Botte

The traditional Italian term for a large oak barrel.

Bouquet

A term used to describe the complex aromas in aged wines.

Break-Even Point

The point at which total revenue equals total costs.

Brick and Mortar

A traditional street-side business that offers products and services to its customers face-to-face in an office or store.

Bridge Loan

A short-term loan used until a person or company secures permanent financing or removes an existing obligation.

Brix

A measurement of the sugar content in a solution, such as grape juice.

Brut

A French term for a very dry champagne or sparkling wine.

Budget

An estimation of the revenue and expenses over a specified future period of time.

Business Entity

An entity that is formed and administered as per corporate law in order to engage in business activities.

C

CAPEX (Capital Expenditure)

Funds used by a company to acquire, upgrade, and maintain physical assets; (Cash Paid for PPE in the Current Year)

Capital

The wealth in the form of money or property owned by a business.

Capital Expenditure

Money spent by a business or organization on acquiring or maintaining fixed assets, such as land, buildings, and equipment.

Capital Lease

A lease agreement in which the lessee assumes all the risks and rewards of ownership.

Capitalization Table

A spreadsheet for a startup company or early-stage venture that lists all the company's securities such as stocks, bonds, warrants, etc and who owns them.

Capsule

The foil that covers the cork and part of the neck of a wine bottle.

Carrying Value

The original cost of an asset less the accumulated depreciation.

Cash Basis Accounting

A system of accounting where revenues and expenses are only acknowledged when the payment occurs.

Cash Conversion Cycle (CCC)

The time it takes a company to convert its investments in inventory and other resources into cash flows from sales;
 $\text{Days Inventory Outstanding} + \text{Days Sales Outstanding} - \text{Days Payable Outstanding}$

Cash Flow

The total amount of money being transferred into and out of a business.

Category Killer

A large retail chain store that dominates its product category so thoroughly that it drives out competition from both smaller specialty stores and larger general retailers.

Category Management

A retailing and purchasing concept in which the range of products purchased by a business organization or sold by a retailer is broken down into discrete groups of similar or related products.

Cava

A Spanish sparkling wine made in the traditional method of the Champagne region.

Cellar

The storage area for wine in bottles or barrels, where it is usually aged.

Chaptalization

The process of adding sugar to grape juice or must before fermentation, to increase the alcohol content in the finished wine.

Chart of Accounts

A listing of the names of the accounts that a company has identified and made available for recording transactions in its general ledger.

Chateau

A wine estate, especially in the Bordeaux region of France.

Churn Rate

The rate at which customers stop doing business with an entity over a given period; $(\text{Number of Customers Lost during Period} / \text{Number at Start of Period}) \times 100$
British term for Bordeaux wine.

Glossary of Terms (cont.)

Claret

A description of a wine's appearance with regard to sediment and suspended particles.

Clarity

Clear wines are often described as brilliant or crystal clear.

Click and Collect

A type of e-commerce where customers buy or order goods from a company's website and pick them up in a physical store.

Closure

The device that seals the mouth of a wine bottle. Common types include cork, screw cap, and synthetic cork.

Cold Stabilization

A winemaking process where the wine is chilled to near freezing temperatures for several weeks to encourage the precipitation of tartrate crystals.

Common Stock

A form of corporate equity ownership, a type of security.

Consolidation

The process of combining financial data from several departments or business entities within an organization, and presenting it in a single report.

Contingent Liability

A liability that may occur depending on the outcome of an upcoming event.

Contra Account

An account with a balance that is the opposite of the normal balance.

Convenience Goods

Items that the consumer purchases frequently, immediately, and with minimal effort.

Conversion Rate

The percentage of users who take a desired action;
 $(\text{Number of Conversions} / \text{Total Number of Visitors}) \times 100$

Convertible Note

A form of short-term debt that converts into equity, typically in conjunction with a future financing round.

Cooperage

The craft of making wooden barrels and casks, or a place where they are made.

Corked

A term that describes a wine that has been contaminated with cork taint.

Cost of Customer Acquisition (CoCA)

The cost associated in convincing a customer to buy a product/service; $(\text{Total Sales and Marketing Cost}) / (\text{Number of New Customers})$

Cost of Goods Sold (COGS)

The direct costs attributable to the production of the goods sold by a company; $\text{Cost of raw materials} + \text{Cost of direct labor} + \text{Overhead expenses directly linked to product manufacturing}$

Cost per Lead (CPL)

The total cost your company spends to acquire a new lead; $\text{Total Marketing Spend} / \text{Total New Leads}$

Covenants

A promise in an indenture, or any other formal debt agreement, that certain activities will or will not be carried out.

CPG

An abbreviation for Consumer Packaged Goods. It refers to consumable goods such as food and beverages, footwear, and apparel, tobacco, and cleaning products.

Credit

An accounting entry that either increases a liability or equity account, or decreases an asset or expense account.

Credit Balance

A credit balance on your billing statement is an amount that the card issuer owes you.

Crowdfunding

The practice of funding a project or venture by raising small amounts of money from a large number of people, typically via the Internet.

Cru

A French term that translates to 'growth place', used to indicate a vineyard or group of vineyards of quality.

Crush

The harvest season when grapes are picked and crushed.

Current Liability

A company's debts or obligations that are due within one year.

Current Ratio

Measures the company's ability to pay short-term and long-term obligations; $\text{Current Assets} / \text{Current Liabilities}$

Customer Acquisition Cost (CAC)

The cost associated with convincing a customer to buy a product/service; $(\text{Costs Spent on Acquiring More Customers}) / (\text{Number of Customers Acquired})$

Customer Lifetime Value (CLTV)

The metric that indicates the total revenue a business can reasonably expect from a single customer account; $(\text{Customer Value}) \times (\text{Average Customer Lifespan})$

Customer Retention Rate

The percentage of customers the company keeps relative to the number it had at the start of the period; $(\text{Number of customers at End of Period} - \text{Number of new customers during Period}) / \text{Number of customers at Start of Period} \times 100$

Cuvee

A French term used to denote a specific blend or batch of wine.

D

Days Payable Outstanding

Measure of how long a company takes to pay its invoices from trade creditors, such as suppliers; $(\text{Accounts Payable} / \text{Cost of Sales}) \times \text{Number of Days in Period}$

Days Sales Outstanding (DSO)

Tells the average number of days it takes a company to collect payment after a sale has been made; $(\text{Accounts Receivable} / \text{Total Credit Sales}) \times \text{Number of Days}$

Deal Flow

The rate at which business proposals and investment pitches are being received by financiers such as venture capitalists and angel investors.

Debit

An accounting entry where there is either an increase in assets or a decrease in liabilities on a company's balance sheet.

Debt to Equity Ratio

Indicates the proportion of the company's funding that comes from creditors versus investors; $\text{Total Liabilities} / \text{Shareholder's Equity}$

Decanting

The process of pouring wine from its bottle into a decanter to separate the sediment from the wine.

Deferred Revenue

Income received by a company for a product or service that it has not yet delivered.

Deferred Tax

A tax that has been assessed or is due for the current period but has not yet been paid.

Dégorgement

The disgorging or removal of sediments from bottles that have undergone secondary fermentation for sparkling wine production.

Glossary of Terms (cont.)

Demi-Sec

A French term meaning 'half-dry' used to describe a sweet sparkling wine.

Depreciation

The measure of wearing out, consumption or other reduction in the useful economic life of a company's fixed assets; $(\text{Cost of Asset} - \text{Salvage Value}) / \text{Useful Life of Asset}$

Dilution

A reduction in the ownership percentage of a share of stock caused by the issuance of new stock.

Direct Cost

An expense that can be directly traced to a cost object, such as a product or department.

Direct Store Delivery (DSD)

A key method of selling and distributing products for a variety of sectors such as food, beverage, home and personal care products, where the supplier delivers the product directly to the retail store, bypassing a retailer's distribution center.

Direct-to-Consumer (D2C)

A form of e-commerce where manufacturers sell directly to consumers, bypassing third-party retailers, wholesalers, or any other intermediaries.

Discounted Payback Period

The length of time required to break even on an investment, accounting for the time value of money; $\text{Year before full recovery} + (\text{Unrecovered Cost} / \text{Cash Flow in the year after full recovery})$

Disgorgement

The process in making Champagne or sparkling wine where the sediment from secondary fermentation is removed from the bottle.

Dosage

The addition of a small amount of wine (usually sweet) that is added back to Champagne following dégorgement.

Double Entry

An accounting system in which each transaction is recorded in two accounts, both as a debit and a credit.

Down Round

A financing round where investors purchase stock or convertible notes from a company at a lower valuation than the valuation placed upon the company by earlier investors.

Drag-Along Rights

A right that enables a majority shareholder to force a minority shareholder to join in the sale of a company.

Drop Shipping

A type of retail fulfillment method where a store doesn't keep the products it sells in stock. Instead, when a store sells a product, it purchases the item from a third party and has it shipped directly to the customer.

Dry

A term used to indicate the absence of sweetness in a wine, often because all the grape sugar has been fermented into alcohol.

Due Diligence

An investigation or audit of a potential investment or product to confirm all facts and financial information.

E

E-commerce

Commercial transactions conducted electronically on the Internet.

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

A measure of a company's operating performance.

Earnings Per Share (EPS)

Portion of a company's profit allocated to each outstanding share of common stock; $(\text{Net Income} - \text{Dividends on Preferred Stock}) / \text{Average Outstanding Shares}$

Glossary of Terms (cont.)

EBIT Margin

Measures a company's profitability before taking into account interest and taxes; $\text{EBIT} / \text{Total Revenue}$

EBITDA

Earnings before interest, tax, depreciation, and amortization; $\text{Net Income} + \text{Interest} + \text{Taxes} + \text{Depreciation} + \text{Amortization}$

Efficiency Ratio

A measure of a bank's overhead as a percentage of its revenue; $\text{Non-Interest Expenses} / (\text{Net Interest Income} + \text{Non-Interest Income})$

Employee Turnover Rate

The percentage of employees that leave a company within a certain period; $(\text{Number of employees who left the company} / \text{Average number of employees}) \times 100$

En Primeur

A French wine trade term for wine which is sold as a 'future', i.e., before it is bottled.

Endcap

A display for a product placed at the end of an aisle. It's considered prime real estate in retail stores because it's highly visible to shoppers.

Enology

The science and study of winemaking.

Equity

The ownership interest in a business of the shareholders, also referred to as shareholders' equity.

Equity Financing

The process of raising capital through the sale of shares in an enterprise.

Estate

A designation for a winery that grows, produces, and bottles wine all in the same place.

Everyday Low Price (EDLP)

A pricing strategy promising consumers a low price without the need to wait for sale price events or comparison shopping.

Exit Strategy

A planned approach to mitigate a possible future investment loss in the business.

Expense

The cost of operations that a company incurs to generate revenue.

Extra Dry

In Champagne and sparkling wines, a term used to describe a wine that is slightly sweeter than Brut.

F

Fast-Moving Consumer Goods (FMCG)

A term that refers to items that are sold quickly and at relatively low cost. Examples include non-durable goods such as packaged foods, beverages, toiletries, over-the-counter drugs and other consumables.

Fermentation

The chemical reaction that turns grape juice into wine, typically by the action of yeast.

Financial Accounting

The process of preparing financial statements for a company which are used by outsiders like creditors, investors and regulators.

Financial Model

A mathematical representation designed to represent the performance of a business, project, or other investment.

Financial Statements

Official records of the financial actions of a company, including an income statement, balance sheet, and cash flow statement.

Financial Year

A period of one year which is used for financial reporting.

Glossary of Terms (cont.)

Fining

The process of adding a substance to wine to remove suspended solids and reduce turbidity.

Finish

The impression of textures and flavors lingering in the mouth after swallowing wine.

Fiscal Year

A period that a company or government uses for accounting purposes and preparing financial statements.

Fixed Asset Turnover

Ratio of sales to fixed assets; $\text{Net Sales} / \text{Net Property, Plant, and Equipment}$

Fixed Costs

Business costs, such as rent, that are constant whatever the quantity of goods or services produced.

Flor

A type of yeast that develops on top of Sherry wines as they age in barrels, contributing unique flavors.

Fortified Wine

Wine to which a distilled spirit has been added, often to increase the alcohol content and adjust the sugar level.

Free Cash Flow

The cash a company produces through its operations, less the cost of expenditures on assets; $\text{Operating Cash Flow} - \text{Capital Expenditures}$

Free-run Juice

The juice obtained from crushed grapes before a press is used, generally of higher quality than press wine.

Fringe Benefits

Extra benefits supplementing an employee's salary, such as a company car, health insurance, etc.

G

General Ledger

The master set of accounts that summarize all transaction data.

General Partner (GP)

A partner who is fully responsible for the liabilities of a partnership.

Going Concern

An assumption in accounting that a business will continue to operate for the foreseeable future.

Goodwill

An intangible asset that is associated with the purchase of one company by another.

Grafting

A technique in which a section of a stem with leaf buds is inserted into the stock of a tree or vine.

Gross Margin

The difference between revenue and cost of goods sold, divided by revenue, expressed as a percentage.

Gross Profit

The profit a company makes after deducting the costs associated with making and selling its products, or the costs associated with providing its services.

Gross Profit Margin

Shows the revenue left over after accounting for the cost of goods sold (COGS); $(\text{Total Revenue} - \text{COGS}) / \text{Total Revenue}$

H

n/a

Glossary of Terms (cont.)

I

Income Statement

A financial statement that shows company revenues, costs, and expenses during a particular period.

Insolation

The amount of sun exposure a vineyard receives.

Interest Coverage Ratio

Measure of a firm's ability to pay interest on outstanding debt; $\text{EBIT} / \text{Interest Expense}$

Internal Rate of Return (IRR)

A metric used in capital budgeting to estimate the profitability of potential investments.

Inventory

The raw materials, work-in-process products, and finished goods that are considered to be the portion of a business's assets that are ready or will be ready for sale.

Inventory Days

The average number of days items stay in inventory before they are sold; $(\text{Inventory} / \text{Cost of Sales}) \times \text{Number of Days in Period}$

Inventory Turnover

Shows how many times a company's inventory is sold and replaced over a period; $\text{Cost of Goods Sold} / \text{Average Inventory}$

J

Jeroboam

A large bottle holding three liters, the equivalent of four regular wine bottles.

Journal

A book in which all financial transactions of a business are recorded for the first time.

Journal Entry

A record of a business transaction in a journal indicating the relevant accounts affected by the transaction.

Just-in-Time (JIT)

An inventory strategy companies employ to increase efficiency and decrease waste by receiving goods only as they are needed in the production process, thereby reducing inventory costs.

K

n/a

L

Late Harvest

A term used to describe dessert wines made from grapes left on the vine longer than usual to increase their sugar content.

Lead Conversion Rate

The percentage of visitors who become your customers; $(\text{Number of New Customers} / \text{Number of Leads}) \times 100$

Lead Investor

An investor who leads a round of investment and typically contributes the largest amount of capital.

Lees

Sediment consisting of dead yeast cells, grape pulp, seed, and other grape matter that accumulates during fermentation.

Lees Contact

The process of leaving fermented wine in contact with the residual yeast cells, or lees, to enhance complexity and creaminess.

Legs

The tracks of liquid that cling to the sides of a glass after the contents have been swirled. Often said to be related to the alcohol or glycerol content of a wine.

Liabilities

A company's legal debts or obligations that arise during the course of business operations.

Limited Partner (LP)

A partner in a limited partnership who has limited legal liability for the partnership's debts.

Liquidation Preference

The order in which a company pays back its investors if it is sold, shuts down, or goes bankrupt.

Liquidity

The availability of liquid assets to a market or company for meeting short-term obligations.

Lock-Up Period

A window of time when investors or owners are not allowed to redeem or sell shares.

Loyalty Program

A rewards program offered by a company to customers who frequently make purchases.

M

Macération Carbonique

A winemaking technique often associated with the French wine region of Beaujolais, where whole grapes are fermented in a carbon dioxide rich environment prior to crushing.

Magnum

A bottle holding 1.5 liters of wine, equivalent to two standard bottles.

Malolactic Fermentation

A secondary fermentation in wines in which the tart malic acid is converted into smoother lactic acid.

Manufacturer's Suggested Retail Price (MSRP)

The price at which the manufacturer recommends a retailer to sell a product.

Marc

The skins, stalks, and pips that remain after making wine. Also a brandy distilled from this residue.

Mercaptans

Unpleasant, sulfur-like smells that can occur in wine, often due to issues during fermentation or storage.

Merchandising

The promotion of goods and/or services that are available for retail sale, including marketing strategies, display design, and discount offers.

Minerality

A term used to describe the taste or smell of minerals in a wine, often associated with wines grown in rocky soils.

Minimum Advertised Price (MAP)

The lowest price a retailer can advertise a product for sale, as set by the manufacturer.

Monopole

A term used in Burgundy to refer to a vineyard owned exclusively by one producer.

Monthly Recurring Revenue (MRR)

Predictable revenue that a company can expect to receive every single month; Sum of Recurring Revenue for the Month

Must

The freshly crushed grape juice that contains the skins, seeds, and stems of the fruit.

Must Weight

The amount of sugar in the must (unfermented grape juice) which indicates potential alcohol level in the wine.

N

Net Income

A company's total earnings, also called net profit.

Net Present Value (NPV)

The difference between the present value of cash inflows and outflows over a period of time; $\sum \{(Cash\ inflow - Cash\ outflow) / (1 + Discount\ Rate)^t\}$

Net Profit Margin

Indicates how much of each dollar of revenue is left over as profit after all expenses are paid; $\text{Net Income} / \text{Total Revenue}$

Net Promoter Score (NPS)

An index that measures the willingness of customers to recommend a company's products or services to others; $(\% \text{ of Promoters}) - (\% \text{ of Detractors})$

New Product Introduction (NPI)

The complete process of bringing a new product or service to market.

Nose

The aroma or bouquet of a wine.

o

Oaky

A term used to describe flavors and aromas in wine caused by aging in oak barrels.

Oenophile

A wine aficionado or connoisseur.

Old Vine

A term often used on wine labels to indicate that a wine is the product of grape vines that are notably old.

Operating Cash Flow

The cash generated from the operations of a company; $\text{Net Income} + \text{Non-Cash Expenses} + \text{Changes in Working Capital}$

Operating Expense Ratio (OER)

Measures a firm's operating costs as a percentage of its income; $\text{Operating Expenses} / \text{Net Sales}$

Operating Income

A measure of profitability resulting from core operations; $\text{Gross Income} - \text{Operating Expenses}$

Operating Profit Margin

Tells how much profit a company makes from its operations, before taxes and interest charges; $\text{Operating Income} / \text{Total Revenue}$

Option Pool

Shares of stock reserved for employees of a private company.

Out of Stock (OOS)

The term used within inventory management to describe a state when inventory is not available for sale or use.

Overhead

All ongoing business expenses not including or related to direct labor, direct materials, or third-party expenses that are billed directly to customers.

Oxidized

Wine that has been exposed to air and undergone a chemical change is described as oxidized. Oxidation is generally considered a fault but in some wines, like Sherry, it's part of the desired flavor profile.

p

Payback Period

The time it takes for an investment to generate an amount equal to the initial investment cost; $\text{Initial Investment} / \text{Net Annual Cash Flow}$

Payroll

The total amount of wages paid by a company to its employees and other workers.

Perishables

Items that are liable to decay or go bad quickly, such as fresh fruits, vegetables, meat, and dairy products.

Phylloxera

A microscopic louse that feeds on the roots and leaves of grapevines, causing damage or death to the vines.

Planogram

A visual diagram, or drawing, that provides details on the placement of every product in a retail store.

Point of Purchase (POP)

The location or medium at which a product is purchased by an end user. A point of purchase may be a physical location, such as at a checkout counter in a shop, or virtual, as with downloadable software.

Pomace

The solid remains of grapes, olives, or other fruit after pressing for juice or oil.

Portfolio Company

A company or entity in which a venture capital firm, a buyout firm, or a holding company invests. All of the companies currently backed by a private equity firm can be spoken of as the firm's portfolio.

Post-Money Valuation

The valuation of a company or asset immediately after an investment or financing.

Pre-Money Valuation

The valuation of a company or asset prior to an investment or financing.

Preferred Stock

A class of ownership in a corporation that has a higher claim on its assets and earnings than common stock.

Price Elasticity of Demand

A measure of the change in the quantity demanded or purchased of a product in relation to its price change.

Price Skimming

A pricing strategy in which a marketer sets a relatively high initial price for a product or service at first, then lowers the price over time.

Price to Earnings Ratio (P/E)

Ratio for valuing a company that measures its current share price relative to its per-share earnings; Market Value per Share / Earnings per Share (EPS)

Primary Shelf

Refers to the main, eye-level shelf where products are displayed in a store. This is often considered the best location due to its visibility to shoppers.

Private Equity

Capital that is not noted on a public exchange, composed of funds and investors that directly invest in private companies, or that engage in buyouts of public companies.

Private Label

Products that are manufactured or provided by one company for offer under another company's brand.

Private Placement

A sale of stock shares or bonds directly to private investors, rather than as part of a public offering.

Pro-Rata Rights

The right of an investor to participate in a subsequent investment round to maintain their ownership percentage in the company.

Product Life Cycle (PLC)

The course of a product's sales and profits over its lifetime.

Profit & Loss Statement (P&L)

A financial statement summarizing the revenues, costs, and expenses incurred during a specific period of time.

Profitability Index

The ratio of payoff to investment of a proposed project; (Present Value of Future Cash Flows / Initial Investment)

Promotional Lift

The boost in sales volume that can be attributed to a promotional campaign.

Punt

The dimple at the bottom of a wine bottle.

Q

QR Code

Short for Quick Response Code, a type of matrix barcode (or two-dimensional barcode) first designed in 1994 for the automotive industry in Japan.

Quick Ratio

Measures the ability of a company to use its near cash or quick assets to extinguish or retire its current liabilities immediately; $(\text{Current Assets} - \text{Inventory}) / \text{Current Liabilities}$

R

Racking

The process of transferring wine from one container to another, leaving sediment behind.

Reserve

A term without legal definition often used by wineries to indicate a high-quality wine.

Restricted Stock Units (RSUs)

A company's promise to give a specific number of shares or an equivalent cash payment to an employee at a future date, once vested.

Retail Analytics

The process and techniques for analyzing detailed data on the performance of a retail sector, store, or product to improve and optimize decisions throughout the retail company.

Retailer Margin

The difference between the price at which retailers purchase goods from suppliers (or manufacturers) and the price at which they sell these to consumers.

Retained Earnings

The percentage of net earnings not paid out as dividends, but retained by the company to be reinvested in its core business or to pay debt.

Return on Assets (ROA)

Measures how effectively a company uses its assets to generate profit; $\text{Net Income} / \text{Total Assets}$

Return on Equity (ROE)

Shows the return on the money the investors have put into the company; $\text{Net Income} / \text{Shareholder's Equity}$

Return on Investment (ROI)

A performance measure used to evaluate the efficiency of an investment or to compare the efficiency of several different investments; $(\text{Net Profit} / \text{Cost of Investment}) \times 100$

Revenue

The income generated from normal business operations and includes discounts and deductions for returned merchandise.

Revenue Growth Rate

The increase (or decrease) in a company's sales from one period to the next; $(\text{Revenue in Current Period} - \text{Revenue in Previous Period}) / \text{Revenue in Previous Period}$

Revenue per Employee

A measure of how efficiently a company is utilizing its employees; $\text{Total Revenue} / \text{Current Number of Employees}$

Rosé

A type of wine that incorporates some of the color from the grape skins but not enough to qualify it as a red wine.

S

Sales Growth

The rate at which a company's sales revenue is growing or declining from one period to another; $(\text{Sales Revenue in Current Period} - \text{Sales Revenue in Previous Period}) / \text{Sales Revenue in Previous Period}$

Sales per Rep

The average revenue generated by each sales representative; $\text{Total Sales Revenue} / \text{Number of Sales Representatives}$

Glossary of Terms (cont.)

Sec

A French term that translates as dry, denoting wines with minimal residual sugar.

Second Wine

A wine produced by a winery that is less expensive and less prestigious than the winery's 'Grand Vin'.

Secondary Market

Where investors buy and sell securities they already own. It is what most people typically think of as the 'stock market'.

Seed Funding

The initial capital used when starting a business, often coming from the founders' personal assets, friends or family, for covering initial operating expenses and attracting venture capitalists.

Series A/B/C Funding

Refers to the development stages of companies raising venture capital, with each round having certain characteristics based on the growth stage of the company.

Shelf Space

A term for the space where a retailer displays its merchandise.

Shrinkage

The loss of products between point of manufacture or purchase from supplier and point of sale.

Silky

A term used to describe a wine with an especially smooth mouthfeel.

SKU

An abbreviation for Stock Keeping Unit, it's a unique identifier for each distinct product and service that can be purchased.

Slotting Fees

A fee charged to producers or manufacturers by supermarket distributors (retailers) in order to have their product placed on their shelves.

Social Commerce

A subset of electronic commerce that involves social media, online media that supports social interaction, and user contributions to assist online buying and selling of products and services.

Sommelier

A trained and knowledgeable wine professional, often working in fine restaurants, who specializes in all aspects of wine service.

Spätlese

A German term used to identify wines made from late-harvested grapes.

Stock Option

A contract which gives the buyer the right, but not the obligation, to buy or sell shares at a specific price within a specific time period.

Subscription Box

A recurring delivery of niche products as part of a marketing strategy and a method of product distribution.

Sulfites

Chemicals used in winemaking as preservatives to prevent oxidation and maintain freshness.

Supply Chain

The connected network of individuals, organizations, resources, activities, and technologies involved in the manufacture and sale of a product or service.

T

Tag-Along Rights

Also known as co-sale rights, allow minority shareholders to sell their shares when majority shareholders sell theirs, and on the same terms.

Tannin

A naturally occurring polyphenol found in grapes, seeds, and stems that gives wine a bitter, dry, or puckery feeling in the mouth.

Term Sheet

A non-binding agreement setting forth the basic terms and conditions under which an investment will be made.

Terroir

A French term used to describe the combination of soil, weather, and other factors that affect a wine's character.

Total Shareholder Return (TSR)

The total return of a stock to an investor, or the capital gain plus dividends; $(\text{Change in Share Price} + \text{Dividends}) / \text{Initial Share Price}$

Trade Spend

Refers to a promotional campaign in which a manufacturer offers allowances, discounts, or incentives to retailers or distributors to carry and promote its product.

Traditional Method

A method of producing sparkling wine, where the secondary fermentation occurs in the bottle. Known as *méthode champenoise* in Champagne.

Trial Balance

A bookkeeping worksheet in which the balances of all ledgers are compiled into debit and credit account column totals that are equal.

Turnover

In the context of inventory, turnover is the number of times inventory is sold or used in a time period such as a year.

U

Upselling

A sales technique where a seller induces the customer to purchase more expensive items, upgrades or other add-ons in an attempt to make a more profitable sale.

V

Variable Costs

Costs that change in proportion to the good or service that a business produces.

Varietal

A term used to describe the grape variety used in the production of a wine.

Venture Capital

A form of private equity and a type of financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential.

Veraison

The onset of ripening when the grapes change color and begin to soften.

Vesting Schedule

An incentive program set up by an employer which, after meeting the vesting criteria, gives an employee shares or stock options.

Vigneron

French for a grape grower or wine maker.

Vin de Pays

French term for 'country wine', a level of French wine classification that designates high-quality wines that are still a step below Appellation d'Origine Contrôlée (AOC) wines.

Vin de Table

French for 'table wine' - the most basic level of wine, with few regulations other than it must be produced in France.

Glossary of Terms (cont.)

Vin Doux Naturel

A French term for a style of fortified wine where the fermentation process is stopped by adding a neutral grape spirit.

Vineyard

An area of land where grapevines are planted for wine production.

Viniculture

Another term for viticulture, the cultivation and harvesting of grapes for the purpose of winemaking.

Vinification

The process of making grape juice into wine.

Vintage

The year in which the grapes were harvested.

Viticulture

The cultivation, science, and study of grapes.

Viticulturist

A person who practices or studies viticulture.

Vitis Vinifera

The species of wine that includes all of the world's most popular grape varieties, including Cabernet Sauvignon, Chardonnay, and Pinot Noir.

Volatile Acidity (VA)

A measure of the wine's volatile (or gaseous) acids, including acetic acid (which imparts a vinegar smell in high concentrations) and ethyl acetate (giving a nail polish remover smell in high concentrations).

W

White Label Product

A product or service produced by one company (the producer) that other companies (the marketers) rebrand to make it appear as if they had made it.

Wholesale

The sale of goods in large quantities to be retailed by others.

Winemaker

The person who makes the key decisions in the process of turning grapes into wine.

Working Capital

The difference between a company's current assets and current liabilities; Current Assets - Current Liabilities

Working Capital Ratio

Indicates whether a company has enough short-term assets to cover its short-term debt; Current Assets / Current Liabilities

Write-off

A reduction of the recognized value of something. In accounting, this is a recognition of the reduced or zero value of an asset.

Y

Yeast

A microorganism that is essential to winemaking, because it conducts fermentation.

Yeast Autolysis

The process where yeast cells break down, releasing compounds into the wine, often associated with flavors of bread dough or toast in sparkling wines.

Yield

The amount of grapes harvested in a particular year.

Z

Zymology

The science of fermentation.