



## ESL Podcast 196 – A Business Plan

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### GLOSSARY

**to revolutionize** – to change something completely, usually so that it can be done much better

\* The cell phone revolutionized how people communicate with each other.

**goods** – product; merchandize; things that people sell

\* The government just passed a new tax to be paid on all goods sold to customers outside of the U.S.

**investor** – someone who expects to make money by giving money to start or to improve a business

\* To open our restaurant, we need an investor with a lot of money.

**business plan** – a written document that describes a business, its plans, how it will work, and how it will make money

\* Here is our business plan. It should answer any questions you have about how the new business will operate.

**entrepreneur** – someone who starts and owns a business, usually by using some of their own money

\* I'm not sure he will ever be an entrepreneur even though he has good ideas. He doesn't understand how to do business.

**business model** – a plan that shows in detail how a business will work and how it will make money

\* This business model won't work unless all of the employees work for free for the first year.

**in the black/red** – making money (in the black) or losing money (in the red); usually used to describe a business

\* When we started this company, we were in the red for the first two years. But now, we're in the black.

**revenue projections** – a prediction or a good guess about how much money a business will make in the future

\* If the revenue projections are correct, we will have enough money next year to open the new office in Hamburg.



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**to estimate** – to make a good guess that does not need to be exact or exactly right

\* Can you estimate on how much these car repairs will cost?

**gross sales** – the total amount of money a company makes before it takes out the costs, taxes, and other amounts it has or will need to pay

\* These are the highest gross sales the company has ever had.

**target market** – a group of people that a business tries to sell to

\* Are you sure that the target market for these t-shirts are young men between the ages of 18 and 34?

**potential buyers** – people who are likely to want to buy a business's product

\* Don't worry. We have three potential buyers for your house already.

**competitive advantage** – having the things that make one business different and better than other businesses

\* Hiring the new president won't give our company a competitive advantage if the management stays the same.

**to take a chance on** – to risk; to do something that is uncertain but that is likely to have good results

\* I don't want to take a chance on him not being home when I stop by his house. I'll call him first.

**this time next year** – the same time period a year from now

\* She will be graduating from college this time next year.

**to be well on (someone's) way to...** – to be advanced; to have made a lot of progress; to be close to finishing something

\* After three months, the band is well on its way to finishing its new CD.

**business empire** – a very large business owned by one person or one group of people

\* Building a business empire takes a lot of money, hard work, and luck.



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### COMPREHENSION QUESTIONS

1. What advice did Steve give the man in the story?
    - a) Be sure to include in your business plan how much money the business is likely to make.
    - b) Don't include in the business plan any information about target markets.
    - c) Get investors by telling them that they will be in the black after one year.
  
  2. What would the new company do?
    - a) Help people make revenue projections on the Internet.
    - b) Help people sell their products on the Internet.
    - c) Help people find a husband or wife on the Internet.
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### WHAT ELSE DOES IT MEAN?

#### **goods**

The word “goods,” in this podcast, means the products or things that people sell: “What type of goods do you plan to sell at the conference?” Goods are physical things, like cars or pencils. A “service” is something that someone does for you, such as clean your house or fix your car. The words “goods” and “services” are often used together when talking about things that customers pay for: “The bill included all of the goods and services we received on our tour.”

There is an informal phrase, “to get the goods on (someone),” which means to find out someone else’s secrets, usually to do something bad to them: “He got the goods on his boss and tried to get more money out of him.” Or, “She got the goods on the criminals and the police were able to arrest them.”

#### **target market**

In this podcast, the phrase “target market” refers to the group of people that a business tries to sell to: “The target market for health food is young professionals.” The word “target” can be used as a noun to mean a person or thing that has been chosen to be the focus of something, usually an attack: “The thief selected as his target an old man with an expensive car.” As a noun, it can also be used to mean the point or place which someone tries to hit with something, such as a bullet from a gun or a “dart,” a small pointed thing that you throw, in a game of darts: “He got the most points by hitting the center of the target with all three darts.”



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### CULTURE NOTE

Most people in the U.S. who want to start a business and who need investors will write a business plan. The business plan is a good way for an entrepreneur to give detailed information about what the business will be, how it will be managed, and how it will make money.

Each business plan is different, but most have an “executive summary,” which is a short review of the entire plan, with information about what is included in the other parts of the business plan. Even though it is a review, it is usually at the beginning of the document and is the most important part of the plan.

Most business plans have a “market analysis,” which includes information about that specific area of business, the target market, and the results of any market research the entrepreneur has done. Another section of the business plan is the new business’s “organization and management.” This includes information about how the company will be owned, the background and experience of people who will manage the company, and how power and responsibility will be organized in the company. Another important part of a business plan is the “marketing” section. This part of the plan tells how the company will sell its goods or services.

Finally, a business plan will always have the company’s “financials,” or information about the money in the company, including a “budget,” or plan showing how much money will be earned and how much it will spend.

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Comprehension Questions Correct Answers: 1 – a; 2 – b



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### COMPLETE TRANSCRIPT

Welcome to English as a Second Language Podcast number 196, “A Business Plan.”

You're listening to English as a Second Language Podcast episode 196. I'm your host, Dr. Jeff McQuillan, coming to you from the Center for Educational Development in beautiful Los Angeles, California.

Remember to visit our website at [eslpod.com](http://eslpod.com). There you will find a complete Learning Guide for this podcast that includes all of the vocabulary, definitions, additional vocabulary and culture notes that we don't talk about on the podcast, as well as a complete transcript of this episode.

Today's episode is about starting a new business with a business plan. Let's get started.

[Start of story]

About a year ago, I came up with an idea that I thought would revolutionize the way people sell their goods on the Internet. After a lot of planning, I decided to try to attract investors by developing a business plan. I got some advice from my friend Steve who is a very successful entrepreneur.

First, he told me I needed to figure out my business model. How would my investors make money? How long would it take for the company to be in the black? Steve said that the proposal would need to show revenue projections for the first five years, and that I should give an estimate of gross sales for that same period.

Steve also said that I should include what I thought was the target market for the new service and my plan for convincing potential buyers that the new service would give them a competitive advantage.

After working on the plan for a few months, I thought it was ready to show to some prospective investors. All I need is just one big investor to take a chance on it. Hopefully, this time next year, I'll be well on my way to building a new business empire.



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[End of story]

This podcast is called “A Business Plan.” A business plan is a document of several pages that describes what your new business is and how you are going to make money. And, if you are starting a new business, it is always a good idea to have a plan: how are you going to make money, what do you need and so forth. If you want other people to give you, or to lend you money for your business, they will usually ask for your business plan.

Well, in today's story we begin by saying that, “About a year ago, I came up with an idea.” To come up with an idea means that you think of - that you imagine an idea. Well, “I came up with an idea that I thought would revolutionize the way that people sell their goods on the Internet.” To revolutionize, “revolutionize,” means to completely change. The word, revolution, as a noun, is when there is a complete or radical change, often in the way that a government is run, but we also use the term for any big or major change in something we can use that term, revolution; well, this is the verb, to revolutionize.

I want to revolutionize the way people sell their goods, “goods,” on the Internet. Their goods are the things that they are selling, such as computers, or cups, or telephones. Anything physical that you sell is a good. The other kind of thing you can sell is a service, “service.” A service is something you do for someone; it isn't something you can give them physically.

Well, I am trying to “revolutionize the way people sell their goods,” their products would be another term, “on the Internet. After a lot of thinking and planning, I decided to try to attract investors.” To attract, “attract,” means to try to get - to try to bring to you. An investor, “investor,” is someone who gives you money for your business, usually someone who expects that they will get a percentage of the profits from your company. So, if I give someone 100,000 dollars, and that is fifty percent of what it cost to start the business, I expect fifty percent of the profit - of the money that the business makes after it becomes successful.

Well, investors want to see a business plan, so I decided to get “some advice from my friend Steve,” Steve “is a very successful entrepreneur,” “entrepreneur.” Entrepreneur is originally a French word, and in English it means someone who is good at starting new businesses - someone who likes to start their own business. Usually, these are small businesses, but sometimes they become



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bigger as they become more successful. So, an entrepreneur is a, usually, small businessperson who likes to start new businesses.

Well, my friend Steve told me that “I needed to figure out,” or to think of, “my business model.” The term, business model, “model,” means the way that you are going to be able to make money: how are you going to make money on something, who are you going to sell your product, your good or your service to and how will you do that; that is your business model - how you will make money.

Back about five - six years ago, there were many entrepreneurs on the Internet who started companies that were not successful, and one reason was that they did not have a good business model. They didn't know how they were going to make money on the Internet. I don't know either!

One question that my business plan has to answer is “How long will it take for” my “company to be in the black?” When we say a company is in the black, we mean they are making money; they are taking in more money than they are spending, or what we would call a profit, “profit.” If you are in the black, you are making money; you are getting a profit from your business. The opposite is to be in the red. If you're in the red, you are losing money on your business. Of course, you can't be in the red for too long because you will no longer have any money left.

Well, Steve said that the proposal that I was trying to put together needed “to show revenue projections.” The proposal, which is the same as the business plan, needed “to show revenue projections.” To show, “show,” here means that it would have to be in the business plan; it would have to be on a piece of paper that said what the revenue projections were.

What are revenue projections? Well, revenue, “revenue,” is another word for the money that you get - that people give you for your product or service, that's your revenue. The opposite of revenue is expenses. Expenses, “expenses,” is the money that you have to spend - to give other people to make your product, or to run your service business. A projection, “projection,” is a prediction; it's what you think will happen. So, a revenue projection is your guess about how much money you will be able to get for your good or your service.

My proposal has to have “revenue projections for the first five years,” of my business and I also need an estimate of the gross sales for that period. An





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estimate, “estimate,” is similar to a projection. It's a guess; it's what I think something will be. Your gross, “gross,” sales, “sales,” is the amount of your product or your service that you sell, not including the refunds or other returns that people might have. So, for example, if I am selling ten staplers, and I sell ten and I make 100 dollars, that would be my gross sales. But, one of my customers might want a refund - a return of the stapler, and so I would have to give them ten dollars back - each stapler is ten dollars, let's say. So, your gross sales are the 100 dollars before any returns or refunds to your customers.

Steve also said that I need to think about the target market for my new service. A target, “target,” market, “market,” are the customers that you are going to sell your goods and services to. A market here just means the people who will buy your product. When we say a target market, we mean the market that is specifically for what you are selling.

In the story, it says that I have to have a plan to convince “potential buyers that the new service” that I am going to give them, “would give them a competitive advantage.” A buyer, “buyer,” is someone who buys; it's a noun for someone who buys your product or service. A potential buyer, “potential,” is someone who might buy your product, but they haven't bought it yet. So, your potential buyers is the same as your potential customers - people who will buy your product or service.

Well, I have to convince people who may be interested in my service that I will give them a competitive advantage. A competitive, “competitive,” advantage, “advantage,” means that they will do better in their own business if they use my service. So, an advantage here means something that will help you be better than other people, and competitive advantage means that you will be able to sell more, for example, of your product if you buy my service.

After working on my plan, I decided to show it to some prospective investors. Prospective, “prospective,” is the same as potential - investors who might want to give me money. “All I need is just one big investor to take a chance on it.” The expression, to take a chance on something, means that you aren't sure if it's going to work, but you are going to gamble. You are going to guess that it might work, and so you try it, even though you don't know if it will work. That is to take a chance on something.





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“Hopefully, this time next year,” meaning by this same date next year, so if it's September in 2006, by September 2007, “I'll be well on my way to building a new business empire.” The expression, to be well on your way, means that you will have made significant progress; you will be very close to your goal or your objective - what you are trying to do.

Well, my goal is to have a business empire. An empire, “empire,” is a large company, which has many, many different offices or sells many, many different things. The opposite of an empire would be the Center for Educational Development!

Now, let's listen to the story, this time at a native rate of speech.

[Start of story]

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[End of story]

The script for today's podcast was by Dr. Lucy Tse.



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That's all we have time for today. From Los Angeles, California, I'm Jeff McQuillan. Thank you, as always, for listening. We'll see you next time on ESL Podcast.

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