

“The Dow” (Dow Jones Industrial Average, DJIA)

A concept invented in 1884, “the Dow” is the average value of the stock prices of a small group of the largest US companies in the “industrial” sector. There are 30 companies that make up the DJIA; a number that has held steady since the early 1950’s (the names change from time to time, but the number of companies has stayed the same). These companies are sometimes described as “blue chip” *stocks*, implying they are steady, reliable, and valuable. If a company’s stock price falls too low for too long, they can get removed from the DJIA list, as recently happened to Kodak, but such an event is not the end of the world.

Why you should care:

The Dow is seen as a bellweather of the stock market as a whole – investors and guys on Wall Street are happy when it goes up, and talk about ending in the poor house when it goes down.

Trivia notes: General Electric has been on the list since 1896, when the first list of exclusively industrial stocks (12 of them) was conceived. There is also a Dow Jones Transportation Average, and a DJ Utilities Average.

10K (and 10Q)

Not a race. A 10K is the major report that a public company must file, once a year, with the Securities & Exchange Commission (SEC). Think of it as the company’s annual report to the government. Unlike the annual report to shareholders, it is dull, dry, often quite long, and has a lot more detail. It’s mostly tables of financial information (balance sheet, income statement, in-depth details of same). Even if a company doesn’t publish an annual report, if it is ‘public,’ it must supply a 10K to the SEC.

Why you should care:

If someone says they want the annual report for XYZ company, but you can’t find one, look for a 10K report, using Lexis/Nexis, EDGAR, or the company website.

Synonyms: SEC filing, disclosure document (because it “discloses” a company’s financial situation)

10Q - the Quarterly version of the same thing.

Accounting

“Accounting is concerned with the measurement, recording and control of the central facet of business life – money.” (MBA Companion, 18) ‘[M]anagerial accounting’ describes the activity inside an organization, ‘financial accounting’ is used when reporting to outsiders. (MBA Companion, 21) Accounting is, believe it or not, a really hot topic. It is the heart of the company, and a great deal depends on it. Think of the recent scandals (e.g. Enron) and you get a sense of the power of the Accounting department. And if you think doing your taxes is bad, you can’t imagine how crazy it is for these guys – they are governed by a huge and ever-shifting set of rules devised by something called FASB (the Financial Accounting Standards Board).

Why you should care:

It is a very big deal to become a certified public accountant (CPA), and all these rules and regulations are why. Aspiring CPA’s have to take an exam – like taking medical boards – for which they study for months. They might appear in the library asking if you have the books for studying for the CPA exam.

Advertising

“Whereas advertising messages are frequently focused on individual products/services or products lines to well-defined customer groups, sales forces often sell multiple products/services or product lines to multiple customer groups.” (AMA, 3-3) So, we all know about advertising, right? I just thought this quote made an interesting distinction, and wanted the opportunity again to say: advertising is not the same as marketing. Marketing people do a lot of research; advertising people have to turn their findings into jingles and ads and such.

Analysts' reports

Companies such as Merrill Lynch employ people (analysts) who study certain industries and/or particular companies, and write up their findings (reports). These reports should indicate how well a company is doing, and are used by the company to make decisions about its own investments, as well as what stocks to recommend to their clients ("we like International Paper – their numbers are good, and they're holding their own in the marketplace...") These reports are often mostly numbers, not very textual. Evidently they convey a lot if you know what you're looking at. The database Investext Plus is nothing but analysts' reports, of both industries (e.g. Beverages) and individual companies.

Annual Report

The glossy, slick publication a *public company* provides to its shareholders (people who own *stock* in the company) at the end of the year, telling them what a great job they're doing. Lots of photos of happy workers and happy customers, some upbeat text, and in the back, some basic numbers – usually a fairly simple form of the company's *Balance Sheet* and *Income Statement*. Compare to: *10K*, the document the company must supply to the *SEC*.

Balance sheet

The bedrock of accounting: all the money that came in (your Assets), vs. all the money that went out (Liabilities)... and somehow, at the very end, the columns all come down to the same number – they "balance."

Beta ratio, beta coefficients or beta factors (usually just "beta")

A beta measures the extent to which the price of a given stock varies with respect to the market as a whole. This

variance is seen as a measure of the volatility or risk of a stock. Just to give you a sense of what size of number to expect a beta to look like, the market as a whole is represented by a beta of 1.0. So a beta of 1.5 indicates a stock whose price goes up (or down!) 50% more than the overall market, while a beta of .5 indicates a much calmer stock: it only moves half as much as the market.

Why you should care:

Just in case someone wants to find the "beta" for a company, you'll have at least heard of it. You don't need to completely understand it to point them in the right direction. Betas can be found in the one-page company snapshots in *Value Line*, and in the Financial Snapshot and Comparison Reports in Factiva (a very expensive database from Dow Jones... the Wall Street Journal company). The UR library has a web page about betas at:

<https://www.library.rochester.edu/index.cfm?page=1000>

Feel free to call us (275-4482) if you don't have either of these resources and need us to look up a beta for you.

Bonds

Why bonds seem so much harder to explain than *stocks* I don't know, but they do. Bonds are basically an IOU. A company, institution, state (think California), or city needs money to build something, or pay off other debts, or something. So they issue a bond, and invite the public to buy pieces of it – to loan them money. Like an IOU, the bond issuer promises to pay some interest on a regular basis, and to repay the whole loan at a specified date in the future (5 – 10 years later). This is known as the "maturity date." For example: Rochester wants to build a new soccer stadium. The city issues a "municipal bond," to raise the money needed, and invites the public to buy shares of their bond, their IOU. Because they think the city probably won't default on the loan, and it pays a decent rate of interest, people will probably buy

it. The city will get all the money it needs to build the stadium, and has 5 (or 10, whatever they decided) years to figure out how to come up with the money to pay back all the bondholders. When you buy a bond, you are loaning somebody or something money, and your decision to buy is based on the reliability of the entity offering the bond.

Comparison with *stocks*: Stocks may or may not pay a dividend, and may or may not go up in value. Stocks can be bought in very small amounts, down to a single share. A bond guarantees to pay the investor a certain amount of interest, and when it matures, the investor gets back the same amount of money they put in. Bonds tend to be sold in much larger “chunks” than stocks: often \$5,000 is the minimum investment. With stocks, if you pick a winner, you can make Lots of money – but if you pick a loser, you can lose everything you put in. With bonds you don’t gain greatly, but you’re sort of guaranteed not to lose, either.

Related terminology: another word for an IOU is a debt, and bonds are fairly frequently referred to as “debt equity.”

Brands

A brand is a product plus added values, Tide laundry detergent, for example. A brand is a bundle of functional, economic and psychological benefits for the end user, more simply known as quality, price and image. (MBA Companion, 175) According to Niall FitzGerald (co-chairman of the giant company Unilever), “There are no tired brands, only tired brand managers.” (WSJ, 5/24/04)

Broker, brokerage house

A broker is one who “handles orders to buy and sell securities [*stocks*] and commodities for a commission.” That is, if you wanted to buy some stocks, you could do it yourself, online (the company Charles Schwab was

famous for jumping on this idea early on, and letting people buy and sell through their website) – or you could work through a broker, and have him/her do it for you. A whole company devoted to this activity is known as a brokerage house (or firm). Merrill Lynch, Raymond James, Bear Stearns, Citigroup, Morgan Stanley are all big name brokerage houses.

Corporate Relations

An umbrella term for the many types of “relations” a company maintains, especially nowadays. Basically this is about making nice with all sorts of groups, trying to clean up messes, trying to get or keep various groups talking to one another, as indicated by the range of “relations” departments:

Public relations (“honest, our CEO only spent \$5,000 on shower curtains, not \$15,000”)

Government relations (“really, we are adhering to the EPA rules”)

Media relations (“Yes, we want to buy two 30 second slots during the Superbowl”)

Shareholder and investor relations (see separate entry)

Employee relations and communications (“now, management, listen to your line workers...”)

Business-to-business communications (“let’s talk to the other guys in the Upstate Wine Growers Association about getting a better price for all of us on corks”)

Trade relations (“can we sell this in China and Uruguay both?”)

Philanthropy (“let’s buy the stadium a new sound system and get our name on it”)

Intracorporate International relations (“tell the guys in the Singapore office about the new Human Resources policy”)

Demographics

Information about people: age, sex, race, income, where they live, how many of each category there are...

useful stuff to know. Say you're opening a new convenience store in a certain neighborhood – if you know the demographics of the area, you should be able to plan what to stock – do you need to use up valuable space on diapers, or can you skip them (because the people living near your location don't have infants) in favor of other items (hopefully with higher profit margins)?

Distribution channels

"Distribution channels are the means by which manufacturers or suppliers reach designated sets of buyers." (AMA, 3-19) This is a fancy way of saying, the stores where you sell your product. Say it's candles: the main "distribution channels" are card/gift stores, grocery stores, and mass merchandisers (WalMart).

EDGAR

EDGAR stands for Electronic Data Gathering, Analysis, and Retrieval system.

Why you should care:

This is the database provided by the SEC of the reports they make public companies give them (things like the 10K). The SEC phased in having companies submit their reports electronically over a 3 year period, ending 1996. As of May 1996, all companies are required (with certain wiggle-room), to file electronically. EDGAR is a free web resource (<http://www.sec.gov/edgar.shtml>), but the interface is not very good. Many companies take the same information and repackage it and put a better user interface on it, for example: www.secinform.com – a free web database, or the commercial provider Lexis Nexis (in the Business/Company Financial Reports section).

FASB

Financial Accounting Standards Board. The organization (in the US) that comes up with all the zillion million rules

and regulations for how companies must track and report their money (their accounting).

Related topic:

There is a book called the Miller GAAP Guide, published each year, which is a "restatement and analysis of current FASB Standards." (GAAP = generally accepted accounting principles) It says something about the original documents that Aspen Publishers can repackage all that material every year into their own 2" tome, and sell tons of copies.

Federal funds rate

Here we get into the realm of economic terms, and we really don't want to go there... but references to this ("the Fed" and "will the Fed raise rates?" and analysis of every word Alan Greenspan utters) appear so often in the press we have to at least mention it. "The Fed" is the Federal Reserve Board of Governors, the pinnacle of the whole US banking system. Alan Greenspan is the chairman of the F- R- B- of G-. The federal funds rate is the rate of interest that federal reserve banks charge ordinary banks when they loan them money. (Federal reserve banks are sort of super-banks, or a bank's bank.) If it costs the bank more to borrow money, they will of course pass on the cost when they loan money to their customers, making it more expensive for companies to borrow money. This is a very hot topic – the rate is currently at an all-time low of just 1%, and everyone in the business world is on tenterhooks, wondering when and by how much "the Fed" will raise rates. (And they do it in halves or even quarters of points, e.g. .5, .25 – apparently tiny increments.) Every time it seems imminent, the *stock market* goes down, because all the investors get depressed about money being more expensive. It's weird that something as big and numerical as the stock market could be so prone to every emotional breeze, but there you go. It's pretty nutty.

For further definitions of economic terms and explanations of economic concepts in general, a book I have found to be very helpful is: John, David B. Finding & Using Economic Information: A Guide to Sources and Interpretation Mountain View, CA: Mayfield Publishing Co., 1993.

Finance

"Besides *accounting*, the main finance functions in a company are capital budgeting, choosing the most appropriate capital structure and managing liquidity." (MBA Companion, 63) "Capital" is money, so the Finance guys figure out the budget for the money the company makes (profits), chooses ways to invest it, and decides how much loose cash to keep hanging around ("liquidity").

Hedge Funds

Like stocks, bonds, and mutual funds, hedge funds are another type of investment, a way to "make your money make money." [Or, of course, lose it...] But when you hear the phrase "hedge funds," know that you are *really* in rich man's land, where the rules are few and the big boys play pretty fast and loose. The Standard & Poor's *Investment Services Industry Survey* politely describes them as "a fund, usually used by wealthy individuals and institutions, which is allowed to use aggressive strategies..." The International Monetary Fund (IMF) calls hedge funds "eclectic investment pools, typically organized as private partnerships and often located offshore for tax and regulatory reasons. Their managers--who are paid on a fee-for-performance basis--are free to use a variety of investment techniques, including..."¹ Both definitions then launch into a bunch of further exotic financial terms that I can't begin to explain. Let us just say these are a form of *mutual fund* that goes way beyond stocks, whose effects (as those aggressive managers do their exotic financial transactions) can be

felt around the world. (The IMF links hedge funds to the 1997 currency crisis in Southeast Asia.) Long Term Capital Management is an (in)famous hedge fund firm, that was quietly bailed out in 1998 by various international financial institutions who were afraid it would go bankrupt and upset financial markets around the world. Now that's reach and influence!

Income Statement

The other basic accounting report, or statement: all the money that came in, and from where.

IPO (Initial Public Offering)

AKA "going public." The IPO is the first time a company offers shares of its stock to the public to purchase. Of course there's a great deal of rigamarole and paperwork and such involved, which in the case of a well-known company, gives the media time to run lots of stories about it and generally raise the "hype" factor. Google is currently going through this process, getting ready for its IPO.

M & A (Mergers & Acquisitions)

A very hot topic in the business community, because there are usually very large sums of money involved, not just for the buyers and sellers, but for the institutions (banks and/or brokerage houses) that act as middlemen, or "brokers" for the deals. (Kind of like real estate, where you have buyers and sellers, and real estate agents, banks, mortgage companies – everybody gets a piece of the financial action.) The terms themselves are straightforward: a merger is – well, when two companies merge, as more-or-less equals, e.g. Daimler-Chrysler. Acquisitions are just that: one company (usually larger) buys another company (usually smaller), e.g. Unilever bought Ben & Jerry's.
Why you should care:

There is a whole periodical devoted to this activity, called, appropriately enough, Mergers & Acquisitions. What's hot is the companies that act as matchmakers for the deals – who handled the most deals, who handled the biggest deals... Mergers & Acquisitions runs both monthly and annual lists of the most important M&A activity. The monthly column is called the "M&A Roster;" the annual feature is the "Almanac," and currently appears in the February issue. While Mergers & Acquisitions is searchable and available in full-text on the ABI/Inform database, these two features – of course! – are excluded from the online coverage.

Manufacturing, or: Production and Operations Management

"[C]oncerns the physical processes by which companies take in raw materials, convert them into products and then distribute them to customers (often business customers rather than the consumer end-user)." (MBA Companion, 296)) The foundations of any company that actually makes something.

Why you should care:

There are one or two journals devoted to "operations management," but in general, this aspect of companies doesn't seem to be seen as terrifically sexy or interesting. If someone comes in saying they need to know about operations management at such-and-such company, it's going to be tricky to find much information. Some of the following terms might be helpful in such a search:

supply chain management, quality control, Japanese manufacturing practices, flexible manufacturing systems, factory focus, production systems, re-engineering, benchmarking.

MRP - Material requirements planning – how much raw material do you need, and when do you need it, to produce your product? A one-man shop might do it with

scribbles on a piece of paper, a giant corporation with an elaborate software system.

JIT - "Just-in-time" systems, and just like it sounds: only getting just enough material, at just the moment you need it in your mfg process. Advantageous because you get taxed on the amount of inventory you have on hand.

OEM – original equipment manufacturer.

Market Research

Finding who your customers are (age, income, location, etc. – see also *Demographics*), figuring where and how you should best advertise to get their attention, what other things they buy or do, why they bought a competitor instead of your product... Very number-oriented, statistical, and analytical. Think research, surveys, focus groups. Companies that are in the business of creating "market research reports" (Frost & Sullivan, Gartner Group are well-known), get thousands of dollars for their reports, because the information is difficult to put together and seen as crucial to the companies targeted as customers for the reports. Depending on your company, buying a \$5,000 report on snack consumption among teenagers could well be cheaper than maintaining 2-3 fulltime staff to do the same research.

Market share

The percentage of consumers who buy your product instead of your competitors'; i.e., how big is your slice of the pie chart? Anheuser-Busch has always had the largest market share of beer consumption in the US. Lately Miller has gained a few points on Bud, and you can bet the folks in the A-B *market research* department are working around the clock to figure out why, to reverse this trend, and get their market share back up.

Marketing (as a function within a company)

Marketing is “a demanding and increasingly scientific subject that draws heavily on data collection and analysis.... Marketing is a major contributing factor in the profitability of companies and managers must be able to co-ordinate the marketing effort with all other aspects of a business to achieve success.” (MBA Companion, 164) Rather than one central department, marketing may often now appear as “segment” or “product management” for each product a company sells. Marketing uses all its research not just to figure out how to break into existing – well, markets – but how to create new ones, how to create a need. George Eastman **created** the need and the market for photography at the mass, consumer level.

Mutual Funds

A collection of stocks that can be bought as if it were one new stock. The price is sort of an average of all the individual stocks’ prices. Here is my cake analogy: rather than making a cake from scratch, and investing in flour, sugar, butter, etc. individually... you go to the store and buy a ready-made cake from the bakery. All the ingredients are in it, but they put ‘em together for you, and you pay one price for the whole thing. (And that price takes account of all the ingredients, plus a bit for profit.) Mutual funds are sometimes seen as a ‘safer’ investment, since if some stocks in the group go down, others might still go up or at least stay the same – it evens out the risk. [Morningstar](#) reviews and evaluates selected mutual funds, and the Wall Street Journal devotes a whole section to mutual funds about once a month.

NAICS

North American Industry Classification System – an updated and expanded list of codes that is slowly replacing the “SIC” system. As businesses change and

new technologies develop, obviously the scheme for classifying them has to change too. Think Library of Congress for describing and classifying lines of business. The whole NAICS coding scheme (including how to translate from SIC to NAICS) is on the web at: <http://www.census.gov/epcd/www/naics.html>

Why you should care:

Like using a subject term in an article database to get all the articles on that subject (no matter what terminology is used in the article text), you use NAICS (or SIC) codes in business directory databases to find all the companies in a particular line of business. Say a person wants to find all the stereo stores in the northeast. In the Million Dollar Database, you would put in: [443112](#) as the NAICS code for the Industry, and then choose the states (NY, PA, NJ, MA, VT, NH, ME...) and get the list.

New York Stock Exchange (NYSE, “the big board”)

The actual building, in New York, where major trading of stocks and bonds (and other, even weirder things) takes place (literally, the place where stocks are exchanged). Despite everything being electronified, lots of people (mostly men), rush around and yell and get very stressed. It’s exciting. Stocks are “listed” on certain exchanges – the NYSE is the largest. There is also the American Stock Exchange (“AMEX”), which is now fairly small (read: much shorter list of companies), and NASDAQ, which is where the technology stocks tend to be listed.

Why you should care:

Should you happen to be helping someone look for a stock price in the Wall Street Journal, you need to know which exchange it “trades” (is listed) on. Or just look through all 3 lists.

Private (company, vs. Public)

Please read about *public* companies first. Now that you understand that – a private company is one that does

not sell shares in itself. It is only owned by its owner(s) – an individual, a family, a partnership, three college buddies... A private company has to figure out other ways to raise money (than by selling shares), but they don't have to report **anything** about what they're doing. They avoid an enormous amount of overhead. Private doesn't necessarily mean small – oddly enough, the giant accounting firms (of which there are 4) are private. Private companies are usually much harder to research than public ones: there are no SEC filings, there are no annual reports, if they aren't particularly large or newsworthy they won't show up in the article databases... they may not even have much of a website.

Why you should care:

It is not the happiest occasion when someone comes in wanting to know "all about" a private company (for their upcoming interview or whatever).

Public (company, vs. Private)

In the simplest terms, a public company is one that offers little pieces of itself for sale. The little pieces are known as shares, or *stocks*, and originally had a satisfyingly physical manifestation as beautifully engraved pieces of paper. To invest in a company, buy stock, buy shares – are all the same: you give the company money, and in return you "own" a little bit of the company, for which they may pay you a dividend (or not), will ask you once a year to vote on matters concerning the company (who to have on the board of directors, what accounting firm to use, and other matters you probably don't have a clue about), and send you a snazzy *annual report* telling you how the company is doing. Doesn't sound like a fair exchange? Well, the idea is that with the help of your money (and all the other shareholders' money), they can make the company better, so its shares will be worth more. Then you can sell your shares in that company for more than you paid for them, and make money yourself.

Why you should care:

Public companies are great to do research on, because they are required to file a lot of information with the *SEC*, thus making a lot of their doings "public." The executives' salaries – all kinds of information! That's their deal with the government: selling shares gives the company a great way to raise money, but in return they have to fill out tons of paperwork and tell you, the investor, and the government, what they're **doing** with that money. Or so the story goes. Public companies also tend to be big and well known, and so they get into the papers (journals, etc.) more. It's always a happier occasion when someone wants to research a public company.

Purchasing

The "traditional role of the purchasing department has been to get the right materials to the right people at the right price and on time.... It affects all steps of the production and marketing processes." (AMA, 10-3) People in purchasing may also be known as buyers... they try to save money on acquisition costs of raw materials, services, and supplies. "One of the few departments within a company that has direct relationships with almost every other department in the company." (AMA, 10-6-7)

Quarters, quarterly

For *public* companies, the year is made up of quarters: Jan-Mar, Apr-June, July-Sept, Oct-Dec. The "end of quarter" months are usually a big deal: companies issue "quarterly reports" saying how they did for that 3 months.

Why you should care:

March is particularly notable, since the *10K* and *Annual Reports* are typically issued in March of the next year. If someone comes looking for an annual report in January 2004, they are probably going to have to settle for the

2002 report – the company won't have published 2003 yet.

Sales

"Whereas advertising messages are frequently focused on individual products/services or products lines to well-defined customer groups, sales forces often sell multiple products/services or product lines to multiple customer groups." (AMA, 3-3) Just to point out this distinction again – *marketing* does the research, *advertising* thinks up the gimmicks, and sales gets out there and tries to make the sale, move the product ("Carry Pepsi exclusively in your convenience store, and we'll give you 3 cases a month for free!")

SEC (Securities & Exchange Commission)

A government agency created in the 1930's to oversee large companies in which people owned stock, as well as the people who sell and trade stocks ("brokers"). According to the SEC website (<http://www.sec.gov>), the "primary mission of the U.S. Securities and Exchange Commission (SEC) is to protect investors and maintain the integrity of the securities markets." Securities Act of 1933 required companies to provide the SEC with an accounting of their financial dealings, also known as "disclosure" (which is why a vendor of this information would name their CD-ROM product "Compact Disclosure"). (The sister piece of legislation, the Securities Exchange Act of 1934, governs the behavior of people engaged in selling and trading stocks, obliging them to tell you the risks and put your best interests first.) These laws were supposed to keep things much more honest and aboveboard, to prevent unpleasantness like the stock market crash of 1929 and resultant depression from recurring. Of course, companies still find ways to be very creative with their accounting/reporting, which can lead to their being

"investigated by the SEC," lots of stories in the news, etc.

SEC Filings

The documents that public companies must "file" with (provide to) the SEC. The 10K is the most basic. Others are the 10Q, proxy statements (form DEF 14A), prospectuses, annual reports from foreign companies trading in the US (form 20F)... a full list is available on the SEC website:

<http://www.sec.gov/info/edgar/forms/edgform.htm>

Shareholder and investor relations

"The basic mission of investor relations is to create an understanding about a company so that current and potential investors can make an informed judgment about its potential." (AMA, 11-11) "Shareholder publications have matured beyond their originally assigned role as disclosure documents. The annual report now frequently serves as a corporate statement about its mission and culture." (AMA, 11-12-13)

Why you should care:

If you are looking for a company's *annual report* on their website, the section it's under is often called "Investor Relations."

SIC

Standard Industry Classification – a numerical code system developed by the US government to identify, or classify, all the different kinds of businesses. Think of it as a call number system for industries. For example, 1521 is the SIC code for General Contractors-Single-Family Houses (Mark IV Construction), 5411 is the SIC for Grocery Stores (Wegmans, Tops), 5441 is the SIC for Candy, Nut, and Confectionery Stores (Stever's on Park Ave.). The SIC system was developed in 1987, and obviously business, and the kinds of businesses that exist, has changed a lot since then. The SIC system is

being phased out in favor of *NAICS*, but you still see the term *SIC* (and the codes) being used a lot.

SOHO

No, not the place in New York City. SOHO=Small Office/Home Office – a topic of some interest in these days of more people working at home. I just learned about this term recently, in response to a reference question... and now realize I've been seeing a book in our reference collection called "The SOHO Desk Reference" for years (!) [duh].

Stocks

Public companies offer to people ("investors") to buy 'stock' in their company. It's like owning a little tiny piece of the company. You can buy one share of stock, or 50 or 100 or whatever. Corporations will buy blocks of other companies' stocks in the thousands (companies have investments too: this is one of the things the Finance department does). What those stocks are worth goes up and down, depending on whether people are all trying to buy the stock, or if they all decide to sell it at the same time. Buying stock at one price and selling it at a higher price is a good thing.

Why you should care:

Current stock prices are available in countless places on the web (Yahoo Finance, for one). Stock prices – high, low, close - (for the previous day), are reported each day in the C section of the Wall Street Journal (WSJ). Sometimes people will call or come in, needing to find a stock price on a particular day in the distant past. There is a resource called the *Daily Stock Price Record*, with separate editions for the NYSE, AMEX, and NASDAQ (see *NYSE*), which goes back to 1977. If you need something older, microfilm of the WSJ could be the answer.

Related terminology: stocks are also known as **securities**; this is how they are referred to in the titles of many business reference books.

Stock market (securities market, stock exchange, "the markets")

In concrete terms, a place (known as an "exchange," cf. NYSE) where professional stockbrokers buy and sell stocks (securities). There are stock exchanges all over the world where this activity takes place (in Paris it's called the Bourse). In a more general sense, business people often talk about "the market" – the market is up, the market is down – meaning, generally, stock prices are up, or stock prices are down.

Ticker symbol (stock ticker, stock symbol)

A "ticker symbol" is a brief shorthand, or code, that uniquely identifies every *public* company and *mutual fund* that gets traded on the stock market. Tickers can be obvious, such as EK for Eastman Kodak, or DELL for Dell Computers, while others are not so obvious: the ticker for AT&T is simply T. Some are fun: Anheuser-Busch's ticker is BUD, and others are just mysterious: why is Coca-Cola's KO? Or Constellation Brands STZ? The answer is probably on the web somewhere. The term "ticker symbol" arose from the days of "ticker tape machines." Ever see an old movie where the rich guy is fascinated by the little strip of paper coming out of what looks like a bell jar? That's a ticker machine, printing ticker tape. They wanted to keep everything as brief as possible, so rather than printing out the full name of the company, they would choose a short code, to save space and time. The ticker symbol would be followed by whatever the current stock price was.

Interesting trivia:

For most stock symbols, the letters are simple identifiers. One- or two-letter symbols always trade on the [New York Stock Exchange](#) (NYSE), three letter codes may trade on either the NYSE or [American Stock Exchange](#) (AMEX), Four- and five-letter codes trade on the Nasdaq, although five-letter ticker symbols are

usually a special class of stock. For example, the ticker symbols of **mutual funds** must be five letters long and end in "X". (This and more interesting facts may be found at: <http://www.free-definition.com/Stock-symbol.html>)

Why you should care:

Besides that this is just sort of interesting, references to "tickers" or "symbol" appear on every website where you can look up stock prices. It's the quickest and more exact way to do a look up, because it's unique – no confusion about what company you mean. Ticker symbols also appear in the Wall Street Journal stock price listings. And someone might say "I need to find the ticker symbol for..." This is one of the easier business terms, and one you should know.

Wall Street Journal (WSJ)

The business newspaper of record. If you want to acclimate yourself to the business world, this is a good place to start. The reporting is excellent and well-written, and if nothing else, a daily glance down the "What's News – "section of the front page, plus simply browsing through and looking at the ads, will start to give you the vocabulary of the business world and a sense of who the players are (what companies are in the news, who is advertising, what are they selling...). The middle column on the front page is always something interesting, totally readable, often quirky, not hard business at all. The second, or B, section is called the Marketplace, and has stories about marketing, selling, advertising, health and/or technology on certain days. They've been running a new regular feature on "Style and Substance," about the fashion industry, that's quite readable and interesting and something one can relate to (who doesn't like clothes?). The third, or C, section is called Money and Investing, and this is where the hardcore stuff is, including the lists of stock prices (and bonds, commodities (e.g. soybeans), currencies, and

ever more mysterious things: options, futures... whatever kind of "financial instrument" you can buy and sell!). The fourth section varies quite a bit: on most Mondays it will be devoted to a special topic (such as Mutual Funds, or Year in Review, or Technology Report), Tuesday - Thursday it's called Personal Journal and is covers "chatty" topics, on Fridays it's called Weekend Journal and has movie reviews, wine tasting notes, etc.

Key:

AMA = AMA Management Handbook, 3rd ed. John J. Hampton, editor. AMACOM, 1994.

MBA Companion = The Complete MBA Companion. Lanham, Md.: FT Pitman Pub., c1997.

Websites: <http://www.investorwords.com> and <http://www.commerce-database.com/> are both good sites for definitions.

¹ "Hedge Funds: What Do We Really Know?" Eichengreen, Barry and Donald Mathieson. Economic Issues No. 19, September 1999. ©1999 International Monetary Fund. Website: <http://www.imf.org/external/pubs/ft/issues/issues19/> accessed 3/24/05.