

COMMON SALES TERMINOLOGY

Learn the sales language you need to be successful!

POWERFUL WORDS TO REFERENCE

Improve your sales terminology and ace your next interview. Being able to recognize these terms serves the purpose of creating an understanding of your knowledge and experience with employers.

- **ABC** is an acronym for “**Always be closing**”. This is a popular term used by sales organizations to encourage reps to always focus on closing the sale.
- **Accounts** contain all the records of customer interactions, including contact information, preferred services, and transactions with your business. An account is created after the first time a customer buys from your business.
- **Account Executive (AE)** is the person responsible for managing customer accounts. They communicate with both prospects and current customers to understand their pain points, address concerns, and close deals. An account executive needs to have extensive knowledge of the business’s value proposition so they can relate it back to the needs of a particular customer.
- An **MQL** is a **Marketing Qualified Lead**. A lead is designated an MQL by marketing when they have shown various indicators that this person might be interested in the product/solution. Someone might become an MQL when they “Request a Demo” or download content from the website, or attend a webinar.
- An **SQL** is a **Sales Qualified Lead**. An SQL is the Account Executive’s indicator that the deal has a decent chance of closing within the fiscal quarter. Most sales leaders don’t forecast/look at deals that are not at a stage of SQL or higher.

SALES TERMS

- **Pipeline** or **Sales Pipeline** is the amount of potential revenue that the sales department is expected to have a chance at closing during that fiscal period.
- **Business Development Representative (BDR)** is a member of the sales team that focuses on outbound leads. This means they reach out to people in hopes they will become a sales opportunity.
- **Buyer Persona** is a term used to describe the purchaser of your product. Typically this will include the title/role that would be the best person to discuss your product with (Head of Sales, Chief Technical Officer, etc).
- **B2B** : Acronym used for **business to business sales**. Companies that sell to other companies instead of consumers.
- **B2C**: Acronym used for **business to consumer sales**. Companies that sell to consumers, instead of other businesses.
- **Churn Rate**: is the percentage of customers that stop doing business with a company over a certain period of time. The churn rate is calculated by dividing the number of customers you lost by the number you had at the beginning of the chosen time frame.
- **Conversion Rate** is the percentage of time that a lead or opportunity successfully converts. If you called 100 leads and booked 10 meetings you would have a conversion rate of 10%.
- **Discovery Calls** can be made by any member of the sales team, usually during the beginning of the sales process, and are used to learn more about the client and qualify whether or not they are a potential buyer.
- **Demos** are typically product demos and are almost always conducted by the Account Executive.
- **Leads** are prospects/accounts that a Salesperson is assigned to work.
- **Ideal Customer/Client Profile (ICP)** is a term used to describe the prospective clients a business wants to sell to. In sales you will have prospects who do not fit your customer profile and then ICP's who do fit.
- **Monthly Recurring Revenue** or **MRR** is the term used to describe the predictable income a business can expect every month. This term can be in the context of a specific client or the business as a whole. For example, a 2 year deal for \$48,000 and \$5,000 in implementation fees (\$53,000 total) has an MRR of \$2,000 ($\$48,000 \text{ deal} - 24 \text{ months} = \$2,000$). Implementation fees typically do not count in MRR calculations as they are often due quickly after contract sign and do not recur monthly.
- **Opportunities** is a stage in CRM/SFDC that a salesperson creates once a qualified meeting has been set. Opportunities then convert to Closed Won/Closed Lost depending on the outcome of the meeting/demo.

SALES TERMS CONT'D

- **Annual Recurring Revenue** or **ARR** is the annual version of MRR and is used to describe the predictable income a business can expect yearly. For example, a 2 year deal for \$48,000 and \$5,000 in implementation fees (\$53,000 total) has an ARR of \$24,000. Do not count implementation fees in your calculation.
- **ACV** can refer to either **Average Contract Value** or **Annual Contract Value**. Annual Contract Value is the total amount a contract is worth each year. For example, a 2 year deal for \$48,000 and \$5,000 in implementation fees has an ACV of \$29,000 in year 1 (add implementation fees to year 1) and \$24,000 in year 2.
- **Average Contract Value** is the average amount that each deal closes for and is an estimate by the sales organization.
- **Total Contract Value** or **TCV** is the total value of the contract. For example, a 2 year deal for \$48,000 and \$5,000 in implementation fees has a TCV of \$53,000.
- **CRM** or **Customer Relationship Management** is a tool used to keep track of all customer interactions. The most common CRM is Salesforce, with approximately 80% market share.
- **Qualified Meeting** is when a prospect and salesperson have aligned on budget, authority, need & timeline and have set a meeting/demo (B.A.N.T.).
- **Quota** is the benchmark/key performance metric organizations use to judge sales effectiveness. Quotas for SDR's most likely include meetings booked & quotas for AE's include revenue or MRR/ARR.
- **RFP** or **Request for Proposal** is a formal evaluation process in which the prospect engages in to evaluate a variety of vendors. It is common for a salesperson to write the RFP for the client, often in their favor.
- **RFI** or **Request for Information** is an informal evaluation of what solutions are in the marketplace. This is usually a buying sign that the buyer will probably buy from you or your competitors in the coming months/year.
- **PIP** is a **performance improvement plan**, used to improve a salesperson's effectiveness. PIP's are formal and failure to complete could result in termination.
- **Sales Engagement Platform** is a software/tool sales reps use to do Outreach to their ICP or book of business. Examples of Sales Engagement Platforms include: Sales Loft, Outreach, Groove.
- **Up Front Contract (UFC)** is a verbal agreement between a salesperson and a prospective buyer. This includes Time, Agenda, & Outcome. "Can I take 5 min to introduce Vendition's apprenticeship program to see if it makes sense for us to partner up?"
- **Unqualified** is a stage leads are placed into if they do not align with your ideal customer profile. The lead is unqualified and cannot be sold to.