



TOP 50 SALES

ACRONYMS

Amit Sharma



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HOW CRUCIAL ARE SALES ACRONYMS?

3 months into the Sales Job, I received an email from a client asking - "Send me the MSA with FMV." And I was Clueless.

My colleague mentioned to me MSA is 'Master Service Agreement' but I don't know anything about FMV.

I tried Google but there were so many different answers to it and nothing seemed relevant. He suggested contacting our President for help.

I was hesitant but the client email was screaming for an answer since it was - Ready to Purchase Email. So, I called our President & requested help with FMV.

In a jiffy he said, "It is Fair Market Value. Client is asking for a reasonable price in line with their Budget." It sounded so simple & obvious.

I realized, Sales Conversations with Clients/Sales Managers are full of short terms and to stay ahead, it is crucial to be aware of these terms.

Otherwise, I will always end up looking for help which doesn't make me an Authority.

So, I prepared the list of Top 50 Sales Terms used frequently. Let take a look, shall we?

1. BEGINS WITH LETTER A

- **Account-based Revenue (ABR)** is a framework that entails full coordination of customized care and management of targeted customer accounts across all relevant units of your organization (such as marketing, sales, finance, and product development) as well as the entire customer life cycle from lead generation to after-sales support.
 - **Account Based Marketing (ABM)** is a strategic framework that engages qualified individual prospects or customer accounts as unique markets in themselves, worthy of focused, hyper-personalized treatment by sales, marketing and other teams.
 - **Annual Recurring Revenue (ARR)** is the value of contracted, often subscription-based revenues normalized for one calendar year.
 - **Annual contract value (ACV) is** The annual contract value is the average annualized revenue per customer contract. ACV is usually compared against customer lifetime value to see how long it takes to pay back the cost of acquiring a customer. Example: If you have a customer who signed a 4 year contract for \$100,000, your ACV would be \$25,000.
 - **Average Contract Value (ACV)** is the average revenue you derive from a single customer in a given period. It is called **Annual Contract Value (ACV)** when annualized and **Average Purchase Value (APV)** when the revenue derived is not subscription-based.
 - **Average Sale/Selling Price (ASP)** is a term that may refer to the average price of a product in a given market or channel or the price a certain class of products or services is commonly sold for.
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2.BEGINS WITH LETTER B

- **B2B** is an acronym for Business-to-Business, a model for selling, relationship-building or engagement.
 - **B2C** is an acronym for Business-to-Consumer, a model for selling, relationship-building or engagement.
 - **B2C2B** is an acronym for Business-to-Consumer-to-Business, a model for selling, relationship-building or engagement.
 - **BOFU**: Short for bottom of funnel. This is the closing stage of the sales funnel called decision & purchase and is the final stage of the sales process that leads will go through in their journey towards becoming a paying customer. During this phase, they have decided they are ready to buy and are now looking into the product or solution that is the best fit for their pain points, budget, and goals. Read more about BOFU.
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3.BEGINS WITH LETTER C

- **Call for Proposal (also: RFP is similar)** is the process by which a company asks for something to be sold to them. Competitors usually compete to win the client's business.
- **Customer Lifetime Value (CLV)** Also known as user lifetime value (LTV), CLV represents the total value of a customer over their lifetime with your company.

CLV is influenced by the length of the customer lifecycle, your customer retention rate, churn rate, and average profit margins per customer.

The simple CLV formula (which works well if your annual sales are relatively flat) is: *(Annual revenue per customer * Customer relationship in years) - Customer acquisition cost*

- **C-Level or C-Suite Executives (CxOs)** are usually listed as Chief Executive Officer (CEO), Chief Technology Officer (CTO), Chief Marketing Officer (CMO), Chief Financial Officer (CFO).
 - **Call to Action (CTA)** A short sentence or a phrase used in emails, offers, on landing pages, and websites to encourage prospects to click on it and take action. "Subscribe for our newsletter", "Register for the webinar", or "Download the e-book" are some of the examples.
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Top 50 Sales Acronyms

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- **Click Through Rate (CTR)** is typically expressed as a percentage and refers to the number of clicks on a link (usually an ad) divided by the number of times the page containing the link is shown.
 - **Compounded Annual Growth Rate (CAGR)** is the measure of growth over different time periods. Consider it the growth rate that gets you from the initial investment value to the ending investment value - e.g. *we grew 72% CAGR (not the same value as YoY)*.
 - **Content Management System (CMS)** is a computer program or software application used to create, modify, store and manage digital content.
 - **Cost of Goods Sold (COGS)** relates to the incremental cost of producing one *good* (e.g. one subscription.)
 - **Cost Per Click (CPC)** is an advertising metric by which advertisers pay a bidding fee based on the number of people who click their ads. Commonly used in Google Adwords and Facebook Ads.
 - **Cost Per Impression (CPI)** is an advertising metric by which advertisers pay a bidding fee based on the number of eyeballs that are exposed to their ads. Commonly used in Google Adwords and Facebook Ads.
 - **Customer Acquisition Cost (CAC)** The cost of acquiring a new customer. This metric allows you to evaluate the cost and value of scaling up your business. Learning how to control and lower your CAC makes it possible to minimize the cost of landing new customers and maximize your profits.
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- The easiest way to calculate CAC is dividing the time and money spent on customer acquisition for a given period by the number of new customers acquired.

(Money + Time/Resources Spent) / Number of Customers Acquired

For a more detailed approach, there is another CAC formula that breaks down acquisition costs into specific sales and marketing expenses. For example, spending money on PPC campaigns, retargeting, and banner ads all contribute to CAC and could be worked into the equation.

- **CPQ software** CPQ software, also known as configure price quote software, helps businesses automate the process of quoting and sending proposals to customers. This cycle starts when a customer expresses their needs to a business and ends when a quote is sent over. The purpose of using CPQ software is to accelerate the process, produce an accurate quote, and improve customer relations.
- **Customer experience (CX)** - All the interactions a customer has with your business. This could involve usage of your product, engaging with your website, communicating with your sales team, etc.

- **Customer relationship management (CRM) systems**

Customer relationship management software acts as a database full of customer information. There are three types of CRM tools:

1. **Operational CRM:** manages day-to-day information
 2. **Analytical CRM:** analyzes customer data and behavior
 3. **Collaborative CRM:** streamlines communication with customers and makes it easy to share information across any customer-facing department
Contact information, past interactions, and previous purchases can all be found in a **CRM tool**.
 4. CRM is designed to help sales reps create relationships with customers and give customers a personalized experience, resulting in more sales.
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4.BEGINS WITH LETTER D & E

- **Day Sales Outstanding (DSO)** is the time after acquiring a client before actually getting paid.
 - **Doing Business As (DBA)** is simply a rebranding - meaning, the name under which they operate their business differs from its legal, registered name.
 - **EBITDA** (earnings before interest taxes, depreciation, and amortization) - the accounting standard that large companies use.
 - **End of Day (EOD)** also: Close of Business (COB). **EOM/EOQ/EOY** is an acronym for End of Month/Quarter/Year.
 - **Enterprise Resource Planning (ERP)** refers to software that seeks to centralize purchasing, inventory, shipping and fulfillment, product planning, HR, and more.
 - **Entrepreneur in Residence (EIR)** refers to when a venture capital firm hires a successfully exited founder to do deal flow/diligence.
 - **Fair Market Value (FMV)** is the price that a reasonably interested buyer would be willing to pay for a given asset or service.
 - **FUD** Stands for Fear, Uncertainty, Doubt. A sales method used to deter prospects from opting for or remaining with a competitor by playing on buyers' fears.
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7. BEGINS WITH LETTER G, I & K

- **Global Business Unit (GBU)** is a semi-autonomous component of a multinational corporation that focuses on a specific industry vertical or a specific set of functions, products or services, operating on a global scale.
 - **Go-to-market (GTM)** Go-to-market plan is set of actions a company formulates to optimizing marketing and sales resources and establish the value of a new (or re-branded) product or service using methods such as advertising, distribution, pricing, direct sales and social media engagement.
 - **Ideal Customer Profile (ICP)** refers to a type or class of customer who possesses all the desirable attributes (such as gender, age, location, financial capacity, lifestyle, brand affinity, etc.) that increase the possibility of an opt-in or a purchase, (your perfect type of client).
 - An **independent software vendor (ISV)** is an organization specializing in making and selling software, designed for mass or niche markets.
 - **Initial Public Offering (IPO)** refers to the sale of stock issued by a private company and offered to the public for the very first time.
 - **Inbound Lead Velocity (ILV)** A metric which measures the pipeline development. It refers to the rate at which the percentage of your qualified leads increases month over month.
 - **Key Performance Indicators (KPIs)** are the most relevant measurable values that help indicate whether an organization or individual has succeeded at achieving targets or a desired level of performance.
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9.BEGINS WITH LETTER L & M

- **Lifetime Value (LTV)** is the total value of a customer from a business perspective or in terms of revenue before they churn. $MRR / churn \%$
 - **Low-Hanging Fruit** refers to a class of prospective consumers or a market segment that requires the least level of effort to turn into paying customers.
 - **Minimum Viable Product (MVP)** is a development framework by which a new product or website is built with bare minimum / basic features; just enough to satisfy early adopters. The point is to validate product-market fit and demand. This is usually a fast, crappy product thrown together to see if anyone will buy it. Speed of execution is the goal.
 - **Monthly Recurring Revenue (MRR)** is the amount of reasonably regular and predictable income a company expects to receive every month, typically used in rental and subscription-based businesses. The formula for calculating MRR = ARR divided by 12.
 - **Marketing Qualified Lead (MQL)** A prospect that has shown interest in your business or products. They're not quite ready to make a purchase, but are ready to meet with a sales development rep. Properly nurturing an MQL can turn them into an SQL.
 - **Middle of the Funnel (MiFu)** This refers to the middle stage of the buyer's journey. The prospects who are in the middle of the funnel already exist in your database and are engaging with your brand.
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10.BEGINS WITH LETTER N & O

- **Net Promoter Score (NPS)** A 10-point rating system that allows you to measure your customers' happiness, loyalty, and odds of referring new customers to your business. The basic approach to measuring a customer's NPS is to simply ask, "On a scale of 1 -10, how likely are you to recommend this product or service to a friend?"
 - **Net Asset Value (NAV)** refers to value per share in a mutual fund or ETF.
 - **Net X** indicates payment to be delivered in X days (typical: Net 30/Net 60).
 - **NRR:** Short for net revenue retention. NRR takes into account the total revenue minus any revenue churn (caused by departing customers, or customers who have downgraded) plus any revenue expansion from upgrades, cross-sells or upsells.
 - **Non-Sales-Related Activities (NSAs)** Different administrative tasks, paperwork, and personal activities that sales reps spend their time while at work, and that don't directly lead to sales. In other words, everything that can't be described as prospecting, nurturing, qualifying, scheduling calls and demos, and closing is probably an NSA.
 - **On Track Earnings / On Target Earnings (OTE)** refers to a common sales pay structure composed of a base salary with an additional amount of commission. For example, this would refer to a sales rep's take-home pay if they are meeting quotas and earning expected commissions. OTE is an estimation; over/under quota reps will make different salaries depending on performance.
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11.BEGINS WITH LETTER P

- **Point of Contact (POC)** is the person or unit representing an entity, typically tasked to facilitate decision-making and coordinate the flow of information to and from the entity.
 - **Pro rata** is a Latin phrase that describes a proportional allocation of income, expenses, or other quantities to their component items based on these items' original share of the total amount.
 - **Product Qualified Lead (PQL)** is a potential customer who meets a set of predefined criteria and have used a benchmark product(s), indicating a relatively higher likelihood of making a purchase.
 - **Professional Employer Organizations (PEO)** is a firm that provides business/ administrative services that employers can outsource. Many services can be outsourced via PEOs - such as employee benefits, payroll and workers' compensation, recruiting, risk/safety management, and training and development.
 - **Proof of Concept (PoC)** is a study, prototype, or demonstration attempting to prove that a business idea is feasible and has the potential to be successful.
 - **Purchase Order (PO)** is a document issued by a buyer to a seller to indicate the services or products the buyer intends to subscribe to or purchase at the indicated cost.
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12.BEGINS WITH LETTER R

- **Relationship Business Management (RBM)** refers to the process of transitioning customer interactions from a transaction-based paradigm to one of long-term subscription.
 - **Request for Information (RFI)** is a business document that aims to gather textual information about the offerings and capabilities of business entities such as vendors. Less rigorous than RFPs.
 - **Request for Proposal (RFP)** is a business document that requests vendors or service providers to submit a proposal or bid during a procurement process.
 - **Request for Quotation (RFQ)** is a business document asking suppliers or service providers to give a comprehensive quote/pricing for the purchase of an item(s) or the completion of a specific task.
 - **Request for Tender (RFT)** is a formal process where suppliers or service providers are invited to submit a bid for the procurement of an item, commodity or service.
 - **Return on Investment (ROI)** is a metric – commonly expressed as a percentage – that indicates the efficiency or profitability of an investment, computed by dividing the benefit (return) by the cost of investment.
 - **Right of First Refusal (ROFR or RFR)** is a contractual right granting its holder the option to perform a specific business transaction with an entity before any such transaction is offered to a third party.
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13.BEGINS WITH LETTER S & T

- **Sales Pipeline** A visual approach to managing your sales process. A sales pipeline reveals where each of your leads are in the buyer's journey and helps you visualize how many ongoing opportunities you have.
 1. A typical sales pipeline has 4-6 stages, which often include:
 2. Initial Contact
 3. Qualification
 4. Meeting / Demoing
 5. Proposal / Negotiation
 6. Close
 - **Sales Pipeline Coverage (SPC)** How full your pipeline is relative to your sales quota. This metric reveals whether you have enough business coming down the pipeline to continue meeting your goals for the foreseeable future. Here is the formula for calculating your sales pipeline coverage, which is expressed as a ratio:
$$\text{Pipeline Forecast} / \text{Sales Forecast} = (\text{Average Sales Days} / 90 \text{ Days}) * (1 / \text{Close Rate})$$
 - **Sales Qualified Lead (SQL)** is a potential customer that has already met the criteria for MQL and has further shown a higher likelihood of opting in or making a purchase. SQLs are flagged by sales development representatives and forwarded to quota-driven Account Executives (AE) for closing-level engagements.
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- **Selling, General, and Administrative (SG&A)** refers to non-production expenses that are often itemized in a company's income statement under operating costs. These include business management expenses as well as costs incurred in the promotion, sale and distribution of the company's products and services.
 - **Service Level Agreement (SLA)** is a contract between a service provider and a consumer that specifies the quality, availability, restrictions, and other aspects of the service.
 - **Serviceable Available Market (SAM)** is the portion of the Total Addressable Market (TAM) that can be reached by a business based on its current capabilities or prior track record (i.e., how much of the market you could realistically reach).
 - **Serviceable Obtainable Market (SOM)** is the portion of your Serviceable Available Market (SAM) that you can reasonably capture in the short term. This is the smallest of the three market scales (TAM, SOM, SAM).
 - **Share Purchase Agreement (SPA)** is a contract between a company, its shareholders, and investors that sets the basic terms for the purchase and sale of shares. Also called **Share Sale Agreement (SSA)**.
 - **Shareholders' Agreement (SHA)** is a contract among the shareholders of a company prescribing how the company's operations should be conducted and stipulating the rights and obligations of shareholders.
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- **Small & Mid-Size Business (SMB)** is a business organization that straddles the middle of the scale between an office/home office (SOHO) and large enterprises, having varying number of employees and revenue level depending on location. In some classifications, a small business has fewer than 100 employees while a mid-sized business has 100-999 workers.
 - **Statement of Work (SOW)** is a project management document that defines all the parameters – nature, scope, deliverables, activities, costs, schedule – of work being performed by a vendor for a client.
 - **Strategic Investment/Smart Money/Corporate Venture Capital (CVC)** refers to investments made by venture capitalists (VC), angel investors and corporations in startups and businesses they deem promising. In addition to cash investments these types of investors also provide non-cash value such as market insight, customer networks, domain expertise, branding, and promotion.
 - **Subject Matter Expert (SME)** is a person who is considered an authority or an expert in a particular domain, topic, or field.
 - **System of Record (SOR)** is an information storage and management system that protects data integrity, and serves as the authoritative source for specific data items in systems where multiple sources of the same items exists.
 - **Sandbagging** The practice of postponing closing active deals after you hit your quota for the month and keeping extra sales under wraps, in order to make sure that you'll be able to hit numbers in the following month.
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- **Smarketing** The process of aligning sales and marketing teams in an attempt to improve the communication between them, establish and achieve common goals, and create better sales opportunities. Smarketing can help increase revenue and improve the bottom line.
 - **SWOT** A type of analysis used to determine an organization or person's Strengths, Weaknesses, Opportunities, and Threats in an attempt to identify what's good and what should be improved. A SWOT analysis is extremely helpful when it comes to outlining objectives and defining goals.
 - **Total Addressable Market (TAM)** refers to the largest possible revenue opportunity for a specific business.
 - **Total Available Market (TAM)** refers to the total revenue potential for a specific product or service, including its future market imprint.
 - **Total Value to Paid In (TVPI)** refers to the ratio of distributed and undistributed investments in a fund to the amount of invested capital. It is a metric often used to measure fund performance.
 - **TOFU:** Short for top of the funnel. The phase of the sales journey where your prospects are entering the stage of "Awareness & Discovery". During this stage of the sales funnel, prospects are coming into contact with your brand, solution, or product for the first time.
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14.BEGINS WITH LETTER U & W

- **Unique Selling Point/Proposition (USP)** is a marketing concept that refers to the distinct advantage (lowest price, highest quality, different component materials, or new service features, etc.) a business has over other businesses catering to the same market or audience.
 - **Unit Economics** refers to the application of economic principles as they impact a single entity such as a business or a customer. Taken this way, quantities such as Customer Acquisition Cost (CAC) and Lifetime Value (LTV) become meaningful metrics that help a business tweak its operational model to achieve higher margins or levels of profitability.
 - **Unicorn** is a term used to describe a startup company valued at over \$1 Billion.
 - **WIIFM** An acronym standing for What's in it for me, which is the first question that your email recipients and prospects ask themselves before they decide to open your email, read it, click on your link or accept your offer.
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Authoritative Sales Training Program

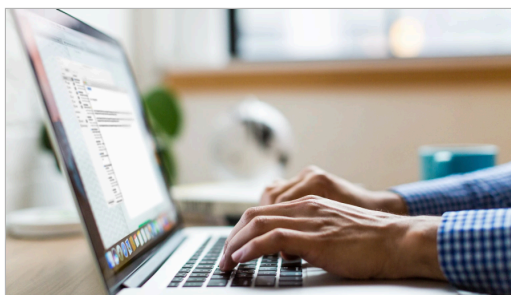
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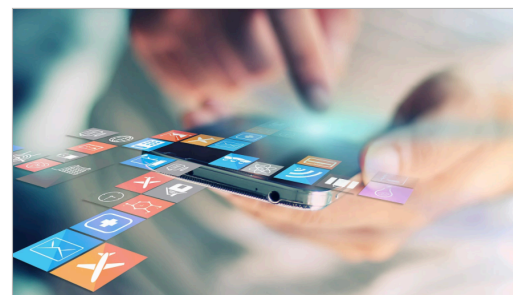
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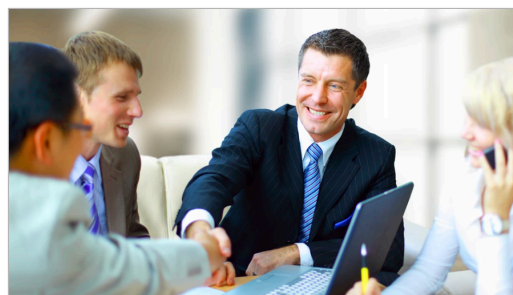
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