

SALES TERMS

Account

A customer, usually in a B2B or business-to-business organisation. Could be a large corporation, or a national account.

Active Listening

Term used to describe higher levels of listening activities, involves actively seeking to understand how the customer or prospect feels and what their personal and business issues to be addressed during the sales process. This is also done by asking key questions for clarity and understanding.

Added Value

The elements of service or product that the sales person or organisation provides, that a customer is prepared to pay for because of the benefits obtained.

Advantage

The aspect of a product or service that makes it better than another, especially the one in-situ or that of a competitor.

AIDA

Stands for Awareness, Interest, Desire and Action: the four main stages that involve the buying process.

Average Dollar Sale

The average amount of money each customer spends with you. The time of day, the location of a shop, knowledge or skill set can all affect an employee's average dollar transaction.

Benefit

The value of a product or service that a consumer of that product or service experiences. Benefits are distinct from features, and this is what the product or service can 'do' for the client, or what they will gain/achieve.

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B2B

Stands for business-to-business: basically, exchange of products and services between two companies instead of between a company and a customer.

B2C

Stands for business-to-customer: basically, exchange of products and services between a company and a customer.

Buying Process/Cycle

The process potential buyers go through before deciding whether to make a purchase. It can universally be broken down to these three lifecycle stages:

Awareness: Leads have either become aware of your product or service, or they have become aware that they have a need that must be fulfilled.

Evaluation: Leads are aware that your product or service could fulfil their need, and they are trying to determine whether you are the best fit.

Purchase: Leads are ready to make a purchase and buy the product or service.

Buying Signal

A communication from a prospect indicating they are ready to make a purchase, either verbal or non-verbal. An example would be them asking, "When can it be delivered?" or "Is there a discount if I purchase 2"?

Closing Ratio

The percentage of prospects that results in a 'close-wins'. This ratio is usually used to assess individual sales people on their short-term performance, but it can also be used to evaluate profits, forecast sales, and so on. Improving a closing ratio usually requires efforts to bring better-qualified leads into the funnel.

Cold Calling

The process of approaching prospective customers either by telephone or face-to-face "cold," or with no introduction or prior contact.

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Commission

The payment a sales person receives when they successfully sell something; usually a percentage of sales revenue from the successful sale of the product or service.

Consultative selling

Developed by various sales experts and practiced widely today, consultative selling was a move towards more collaboration with, and involvement from, the buyer in the selling process. Strongly based on questioning aimed at gaining useful information and working with the client..

Conversion Rate

The percentage of people who take a specific action you want. E.g.: The percentages of leads that purchase a product or service, website visitors who fill out a form, call your company, or purchase something from you online.

Cross-Selling

The action or practice of selling an additional product or service to an existing customer by recommending extra products or services. Eg. a sales person sells you an iPhone and then successfully sells you an iPhone case or a pair of Apple headphones as well..

Customer Acquisition Cost (CAC)

The CAC can be calculated by dividing all the costs spent on acquiring more customers (marketing expenses) by the number of customers acquired in the period the money was spent. e.g. if a company spent \$100 on marketing in a year and gained 100 new customers in the same year, their CAC is \$1.00 per customer.

Customer Relationship Management (CRM)

Software that let companies keep track of everything they do with their existing and potential customers. This includes all the contact information for customers, contacts, suppliers etc. Functionality also includes to track email, phone calls, deals; send personalised emails, schedule appointments, log every instance of customer service and support, and create a sales pipeline and dashboard of sales.

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Decision-Maker

The person who, or role that, makes the final decision of a sale.

Demographic

The study of people's lifestyle, age, gender, occupation, buying habits, etc. Understanding the **demographics** of your target customers is critical for the success of your business.

Discovery Call

The first call a sales rep makes to a prospect, with the goal of asking them questions and qualifying them for the next step.

Empathy

Understanding how another person feels, and typically reflecting this back to the other person. The ability to feel and show empathy is central to modern selling methods.

Feature

A function of a product that can solve for a potential buyer's need or pain point.

FAB – features advantages benefits

The links between a product description, its advantage over others, and the gain derived by the customer from using it. One of the central techniques used in the presentation stage of the selling process.

Field Sales

The sales team on the ground, out in the field working with clients and the face of a company within a particular territory. They are based mainly out of the office, and meet with their clients face-to-face frequently.

Forecasting

Estimating future sales performance for a forecast period based on historical data. Forecasted performance can vary widely from actual sales results, but helps salespeople to plan their upcoming days, weeks, and months, and helps management set standards for expenses, profit, and growth.

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Funnel

A buying process that sales people lead customers through when purchasing products or services. The sales funnel is divided into what are referred to as stages that take a customer from awareness through to action.

Gatekeeper

Typically a receptionist or an executive assistant or a designated person who is trained and responsible for keeping a key prospect from being bothered by irrelevant callers or interruptions.

Key account

Management (KAM) defines full relationship between your business and the customers you are selling to. It describes the individual approach of sales people to their customers in order to create long everlasting business relationship. A Key Account Manager is assigned to a company head office oversee the **account** team assigned to a particular **account**. It includes sales but also includes planning and managing the full relationship between a business and its most important customers.

Lead

A person or company who's shown interest in a product or service in some way, shape, or form. eg. filled out a form online, subscribed to a blog, or shared their contact information.

Lead Qualification

The process of determining whether a potential buyer has certain characteristics that qualify him or her as a lead. These characteristics could be budget, authority, timeline, and so on.

Lifetime Value (LTV)

Prediction of the profit gained over the course of the entire future relationship with a customer. This quantifies the potential earnings with the individual client.

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Loss Leader

Used in retail to refer to a product sold at a low price (either at break-even or at a loss) for the purpose of attracting customers into the store. The goal is for customers who go into the store to buy other items that are priced to make a profit.

Margin/profit margin

The difference between cost (including or excluding operating overheads) and selling price of a product or service.

Mark-Up

This is the money that a selling company adds to the cost of a product or service in order to produce a required level of profit.

Negotiation/negotiating

The trading of concessions including price reductions, between supplier and customer, in an attempt to shape a supply contract (sale in other words) so that it is acceptable to both supplier and customer. Negotiations can last a few minutes or even a few years, and should be a 'win/win' for both parties.

NLP:Neuro-Linguistic Programming

Developers believe there is a connection between neurological processes (*neuro-*), language (*linguistic*) and behavioral patterns learned through experience (*programming*), and that these can be changed to achieve specific goals. NLP involves language, thinking and communications, and is therefore immensely useful and often features in sales training.

Net Promoter Score (NPS)

A customer satisfaction metric that measures, on a scale of 0-10, the degree to which people would recommend your company to others. The NPS is derived from a simple survey designed to help you determine how loyal your customers are to your business. This helps to identify ways to improve your products and services so you can increase the loyalty of your customers

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Networking

An increasingly popular method of developing sales opportunities and contacts, based on referrals and introductions – either face-to-face at meetings and gatherings, or by other contact methods such as phone, email, social and business networking websites, etc.

Objection

A prospect's challenge to or rejection of a product or service's benefits, and a natural part of the sales process. Common objections often have to do with budget, authority, need, and timing. Modern selling methods tend to identify objections much earlier in the process, and either to filter out the prospect at that stage and abandon the approach, or where objections arise from multiple decision influencers within the organisation, to agree collaboratively a strategy with the main contact at the prospective customer for dealing with objection arising. Spending time upfront to conduct good research, needs analysis, questioning, qualifying and empathic discussion can go a long way to reducing objections and stalling the buying process.

Opt-in

When someone gives you permission to send a series of emails, such as newsletters and online marketing. Opting-in isn't necessary to send a single email, but it's extremely important to have opt-in contacts if you wish to have a solid email marketing strategy.

Package

In a selling context this is another term for the product offer; it's the whole product and service offering at a given price, upon given terms. This is a common way to sell products and services and provides the customer a 'choice' so they are clear on the investment, and the deliverables for what they've purchased.

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Pain Point

A prospect's pain point, or need, is the most important thing for a salesperson to identify in the selling process. Without knowing a prospect's pain points, they can't possibly offer the right benefits to help resolve those challenges and issues.

Pipeline

The step-by-step process salespeople go through to convert a prospect into a customer. The sales pipeline is often divided into stages for each step in the sales process, and the salesperson is responsible for moving opportunities through the stages. It can also refer to a visual representation of the sales process, where every open opportunity is arranged based on the sales stage they're in.

Profit Margin

A ratio of profitability that measures how much money a company actually keeps in earnings. It's calculated either as a) net income divided by revenues, or b) net profits divided by sales.

Proposal/sales proposal

Usually a written offer with specification, prices, outline terms and conditions, and warranty arrangements, from a sales person or selling organisation to a prospect. It should be concise yet complete, persuasive yet objective, well specified yet orientated to the customer's applications.

Prospecting

The process of searching for and finding potential buyers. Salespeople seek out qualified prospects and move them through the sales cycle.

Qualified Lead

A contact that opted in to receive communication from your company, became educated about your product or service, and is interested in learning more.

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Rapport

Creating healthy relationships with potential or prospective customers. Listening to their needs and build trust.

Referral

A recommendation or personal introduction or permission/suggestion made by someone, which enables the seller to approach or a new perspective buyer or decision-maker/influencer. Seeking referrals is a widely trained selling technique, in which the seller asks the buyer details of other people who might be interested in the seller's offer, or who might be able to make their own introductions/referrals.

Retention/customer retention

Means simply keeping customers and not losing them to competitors. Modern companies realise that it's far more expensive to find new customers than keep existing ones, and so put sufficient investment into looking after and growing existing accounts.

Sales cycle

The Sales Cycle term generally describes the time and/or process between first contact with the customer to when the sale is made. Sales Cycle times and processes vary enormously depending on the company, type of business (product/service), the effectiveness of the sales process, the market and the particular situation applying to the customer at the time of the enquiry.

A typical Sales Cycle for a moderately complex product might be:

1. Build Rapport and Trust
2. Ask Key Questions
3. How to Qualify Clients
4. Know Your Products
5. Recommend Solutions
6. Handle Objections
7. Close the Sale

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Sales Report

A business report of sales results, activities, trends, etc., traditionally completed by a sales manager, but increasingly now the responsibility of sales people too. A sales report can be required weekly, monthly, quarterly and annually, and often includes the need to provide sales forecasts.

Smarketing

The process of integrating the sales and marketing processes of a business. The objective is for the sales and marketing functions to have a common integrated approach. This can lead to annual revenue growth of up to 20%, according to a study in 2010.

Social Selling

When salespeople use social media to interact directly with their prospects. They provide value by answering prospects' questions and offering thoughtful content until the prospect is ready to buy.

Stage

Parts of the sales pipeline representing each step in the sales process. It's the salesperson's responsibility for moving opportunities from stage to stage. Different companies define their sales stages differently, but each one has behind it a set of requirements that need to be completed in order for an opportunity to move from one stage to the next. Names for sales stages are often termed as: "Prospect," "Qualified Lead," "Demo," "Proposal," "Closed."

Targeting

This involves researching your market and selecting companies or consumers that suit your product. Choosing the right people before they become customers helps focus your time and selling strategies.

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Territory

The geographical area of responsibility of a sales person or a team or a sales organisation. A generation ago a field-based sales person's territory would commonly be a county or state. Now in this globalized age, where so much selling is done online and remotely by phone or skype, rather than by expensive face-to-face selling, field-based sales people's territories can be much bigger, and potentially countries or continental regions.

Unique

A feature that is particular to a product or service or supplier – no competitor can offer it. Uniqueness is a much overlooked aspect of selling. The vast majority of sales organisations focus their efforts on selling 'me too' products and services, where inevitably discussions tend to concentrate on price differences, whereas a lot of enlightened and progressive sales companies strive to develop unique qualities in the propositions, which dramatically reduces competitive pressures.

Up Selling

Offering a more expensive product or something extra to encourage a higher spend.

USP – unique selling proposition

This is what makes the product offer competitively strong and without direct comparison; generally the most valuable unique advantage of a product or service, for the market or prospect in question.

Value Proposition

"Value prop" for short. A benefit of a product or company intended to make it more attractive to potential buyers and differentiates it from competitors.

Weighted Pipeline

A more detailed version of a sales pipeline, in which each opportunity is given a specific value based on which stage they're in in the sales process. For example, potential buyers in the prospecting stage could be assigned a 10% chance of closing the deal, demo stage buyers 60%, closed-won 100%, and so on. A salesperson could say that, instead of having 10 prospects in her pipeline, she has 10 opportunities at 50% or greater likelihood of closing with a weighted pipeline value of \$50,000.

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WIIFM

"What's In It For Me?": the essential question your prospect will ask, directly or indirectly. It's essential that, at selling, the potential customer's WIIFM is considered and the focus is all about the client and the benefits they will receive from your product or service.

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