

B2B Sales Glossary

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Essential terms • Simple formulas • Quote/Order Confirmation mini-checklist

Essential Terms

- **Lead:** A person or company that might buy (incl. a name/company on your target list). Not qualified yet.
- **Opportunity:** A qualified deal with scope, value, and a booked next step.
- **BANT:** Budget • Authority • Need • Timeline — quick reality check for opportunity qualification.
- **Technical Fit vs Commercial Fit:** It works vs the terms work (price, Incoterms, payment, lead time). You need both.
- **Sales Forecast:** Your internal, date-specific prediction of bookings. Not gut feel: dates + amounts + names.
- **Customer Forecast:** Non-binding projection from the customer (planning signal). Not a PO.
- **Purchase Order (PO):** Buyer's formal offer to buy; includes a PO number (often with buyer T&Cs).
- **Order Confirmation:** Seller's acceptance (or counter) of the PO; confirms items, price, Incoterm + place, payment terms, delivery window.
- **Incoterms (EXW/CPT/DDP):** Define who pays for what and where risk transfers. Always write term + named place.
- **Terms & Conditions (T&Cs):** Rules of the sale (delivery, payment, warranty, liability, governing law). They differ by company — confirm in writing.

Core Formulas

- **Win Rate:** $\text{Deals Won} \div (\text{Deals Won} + \text{Deals Lost})$
- **Conversion Rate:** $\# \text{ at Next Stage} \div \# \text{ at Previous Stage}$
- **Sales Cycle Length:** $\text{Average}(\text{Close Date} - \text{Opportunity Created Date})$
- **Average Deal Size (ASP):** $\text{Total Revenue from Won Deals} \div \# \text{ Won Deals}$
- **Markup:** $(\text{Price} - \text{Cost}) \div \text{Cost}$
- **Margin:** $(\text{Price} - \text{Cost}) \div \text{Price}$
- **Forecast Accuracy:** $1 - |\text{Forecast} - \text{Actual}| \div \text{Forecast}$
- **Attainment:** $\text{Booked Revenue} \div \text{Quota}$ • $\text{Gap} = \text{Quota} - (\text{Booked} + \text{High-Confidence Forecast})$

Quote/ Order Confirmation – Mini Checklist

- **Scope & Specs:** What exactly is included; offer validity.
- **Incoterm + Place:** E.g., "CPT Munich, Incoterms® 2020". Name the place or it's vague.
- **Unit → Total Math:** Show calculation; tooling/freight/duties/indexation clear.
- **Payment Terms:** Advance/milestone/Net X; any early-pay discount trigger.
- **Indexation:** If used, state index source, base month, frequency, floor/ceiling, worked example.

- **Reference Agreements:** Supply/Frame/Scheduling Agreement ID + T&Cs.
- **Documents Needed:** Do they require COO, EUR.1/statement on origin, inspection certificates?

Shipping & Origin – Quick Notes

- **Commercial Invoice:** Must mirror order confirmation and packing list; include HS/Commodity codes and country of origin.
- **Packing List:** Packages, weights, dimensions, packing method; must match transport doc.
- **Transport Docs:** Sea: Bill of Lading • Air: Air Waybill • Road (EU): CMR — must match invoice/packing list.
- **Certificate of Origin (COO):** States origin. Preferential origin may require EUR.1 or a statement on origin.
- **HS / Commodity Code:** Customs classification (e.g., chocolate tablets HS 1806.32). Lock before you ship.