

SPIN Selling

SITUATION · PROBLEM · IMPLICATION · NEED-PAYOFF

By Neil Rackham

1. Sales Behavior and Sales Success

Small Sales Selling Techniques

- The traditional selling techniques that most of us have been trained to use work best in small sales – a sale which can normally be completed in a single call and which involves a low dollar value.
- These selling techniques don't work for major sales and in fact can hurt your success as the sales grow larger.

Characteristics of Major Sales

- **Longer Selling Cycle** - Whereas a simple low-value sale can often be completed in one call, a major sale may require many calls spread over a period of months.
- **Building Value is Critical to Sales Success** - As the size of the sale increases, successful salespeople build up the perceived value of their products or services. The building of perceived value is probably the single most important selling skill in larger sales.
- **On-going Relationship** – As the sales grows larger, the customer puts more emphasis on the salesperson as a factor in the decision. In a large sale, product and seller may become inseparable in the customer's mind.
- **The Risk of Mistake** – Customer's become more cautious as the decision size increases. Purchase price is one factor, but fear of making a public mistake may be even more important.

The Four Stages of a Sales Call - almost every sales call, from the simplest to the most sophisticated, goes through four distinct stages:

- **Preliminaries** – These are the warming-up events that occur before the serious selling begins. This includes such things as the way you introduce yourself and how you begin the conversation.
- **Investigating** – Almost every sale involves finding something out by asking questions. Investigating is the most important of all selling skills.
- **Demonstrating Capability** – In every sales call you must convince your customer that you have something to offer.

- **Obtaining Commitment** – Finally, a successful sales call will end with some sort of commitment from the customer. Larger sales contain a number of intermediate steps that we call Advances. Each step advances the customer's commitment toward the final decision.

The SPIN Sequence of Questions

- **Situation Questions** – At the start of the call, successful people tend to ask data-gathering questions about facts and background.
- **Problem Questions** – they explore problems, difficulties, and dissatisfactions in areas where the seller's product can help. Inexperienced people generally don't ask enough Problem Questions.
- **Implication Questions** – are more complex and sophisticated types of questions. Implication Questions take a customer problem and explore its effects, helping the customer understand a problem's seriousness.
- **Need-payoff Questions** – they get the customer to tell you the benefits that your solution could offer. Need-payoff Questions have a very strong correlation to sales success.

The SPIN Model - These four types of questions – **S**ituation, **P**roblem, **I**mplication and **N**eed-payoff – form a powerful questioning sequence that successful sales people use in the Investigating stage of the call.

2. Obtaining Commitment: Closing the Sale

What is Closing? – A close is anything that puts the customer in a position involving some kind of commitment from them.

Consensus among writers of traditional selling is:

- Closing techniques are strongly related to success.
- You should use many types of closes.
- You should close frequently during the call.

A series of studies by Rackham conclude that traditional closing techniques have no place in large sales transactions and can be both ineffective and dangerous.

Conclusions about Closing Techniques

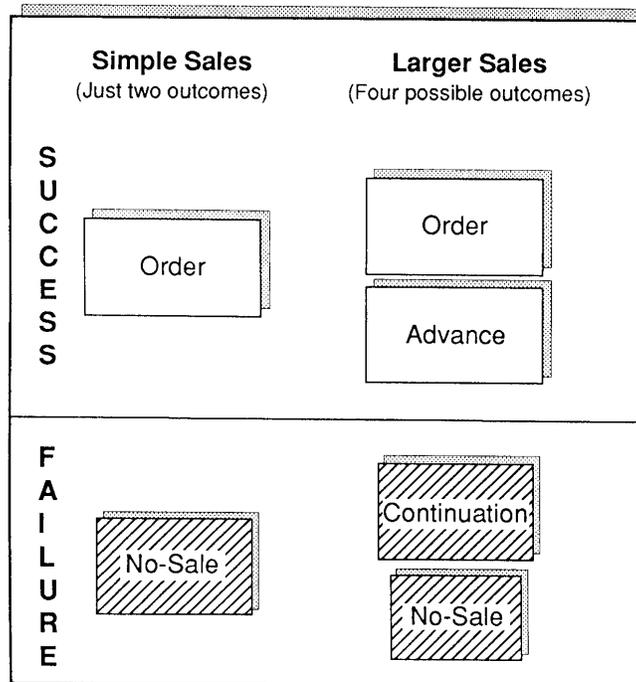
- By forcing the customer into a decision by using closing techniques, it speeds the sales transaction.

- However, closing techniques reduce the chances of making a sale with expensive products.
- Closing techniques, like all forms of pressure, become less effective as decision size increases.
- Most professional buyers have an unfavorable view of closing techniques.
- The more there is a continuing post-sale relationship with the customer the less effective are closing techniques.

But You Must Close – Sales training, over the years has clearly put too great an emphasis on closing. But it would be equally unfortunate if we let the pendulum swing so far the other way that we began to teach people never to close at all.

Defining Closing Success in Larger Sales

There are four possible outcomes of the sales call with larger sales:



- **Orders** – to be an order, the customer must show an unmistakable intention to purchase, usually by signing some kind of paperwork. Calls that result in orders are less common in larger sales than most sellers would like. So there are relatively few occasions when you can close for the order.

- **Advances** – are those times, either in a call or after it, which moves the sale forward toward a decision. Typical Advances might include:
 - A clearance that will get you in front of a higher level of decision maker.
 - An agreement on need, with a promise for the needed information to prepare preliminary loan requests to prospective lenders.
 - A scheduled meeting to discuss lender proposals.

All of these represent an agreement with the customer that moves the sale forward toward the ultimate decision. In larger sales the most **common** objective of closing would normally be to obtain an Advance. Successful closing in the major sales starts by knowing what Advance you can realistically obtain from the call.

- **Continuations** – where the sale will continue but where no specific action has been agreed upon by the customer to move it forward. These calls don't result in an agreed action, yet neither do they involve a "No" from the customer. For example:
 - "Thank you for coming. Why don't you visit us again the next time you're in the area."
 - "We liked what we saw and we'll be in touch if we need to take things further."

In none of these cases has the buyer agreed to a specific action, so there's no concrete sign that the sale has progressed.

Continuations are considered failures because these positive noises at the end of a call are a polite way to get rid of an unwanted seller. Whether a call has been successfully closed should be determined by customer's actions, not by their words.

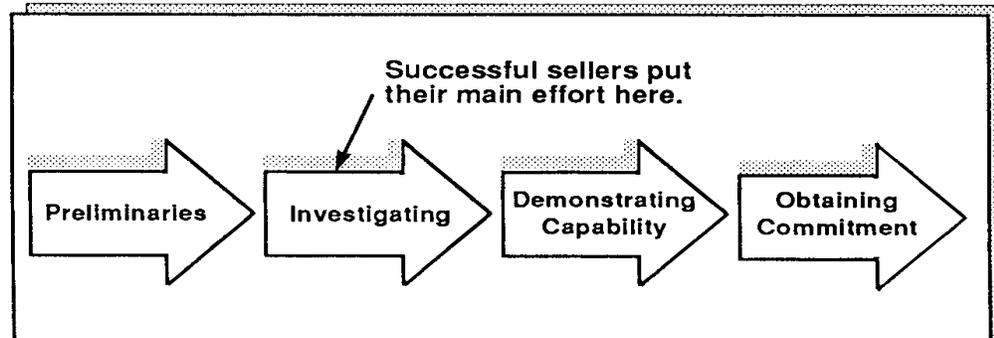
- **No-sales** – where the customer actively refuses a commitment.

The Importance of Having a Clear Understanding of These Four Sales Outcomes

- Our studies of top salespeople consistently showed that they used their understanding of these different outcomes to help them close calls more effectively by turning Continuations into Advances.
- What's more, by understanding what kind of Advance would be required to make a call successful, top salespeople set the kind of realistic closing objectives that moved the sales forward.

Setting Call Objectives – in your planning, always include objectives that result in *specific action* from the customer. Know the difference between Continuations and Advances and become dissatisfied with setting call objectives that result only in a Continuation.

Obtaining Commitment: Four Successful Actions – we found that there are four clear actions that successful people tend to use to help them obtain commitment from their customers:



- 1. Giving attention to Investigating and Demonstrating Capability** – Successful salespeople give their primary attention to the Investigating and Demonstrating Capability stages. If you can convince buyers that they need what you are offering, then they will often close the sale for you.
- 2. Checking that key concerns are covered.** The most effective salespeople take the initiative and ask the buyer whether there were any further points or concerns that needed to be addressed.
- 3. Summarize the Benefits.** Successful salespeople summarize key points of the discussion, especially Benefits, before moving to the commitment.
- 4. Proposing a commitment.** At the point of commitment, successful salespeople “don’t ask for the order” – they tell. The most natural, and most effective, way to bring a call to a successful conclusion is to suggest an appropriate next step to the customer.

Propose the highest realistic commitment that the customer is able to give. Successful sellers never push the customer beyond achievable limits. Your objective is not to close the sale but to open a relationship.

3. Customer Needs in the Major Sale

Different Needs in Small Sales and Large

- Needs take longer to develop in the Investigating stage.
- Needs are likely to involve several people.
- Needs are more likely to be expressed on a rational basis even if the customer's underlying motivation is emotional.
- A decision that doesn't meet the needs of the client is likely to have a more serious consequence on the decision maker.

Definition of "need" – any statement by the buyer which expresses a want or concern that can be justified by the seller.

- **Implied Needs** – statements by the customer of problems, difficulties and dissatisfactions with the present situation. For example, "I'm not happy with my current loan."
- **Explicit Needs** – specific customer statements of wants or desires. For example, "We need a loan with a longer amortization."

Explicit Needs and Success

- As sales grow larger it becomes increasingly important to obtain Explicit Needs, not just Implied Needs.
- Explicit needs are the buying signals that predict success in larger sales.
- The real skill is how to convert Implied Needs into Explicit Needs so that the buyer wants to take action. When the customer starts to talk about action, that's when I hear "buying signals."
- **The purpose of questions in the larger sale is to uncover Implied Needs and to develop them into Explicit Needs.**

4. The SPIN Strategy

Situation Questions

- Collect facts and background data about the customer's existing situation.
- They are not positively related to sales success.
- They are an essential part of questioning but they must be used sparingly so as not to bore or irritate the client.

Problem Questions

- These questions probe for problems, difficulties or dissatisfactions. Each invites the customer to state Implied Needs.
- However, they are not positively related to sales success in larger sales.
- Problem Questions are necessary. If you can't solve a problem for your customer, then there's no basis for a sale.
- By asking Problem Questions, they uncover the Customer's Implied Needs.

Implication Questions

- Are questions about the effects, consequences or implications of the customer's problems? For example, "How does a shorter amortization affect your cash flow from the property?"
- Are strongly linked to success in larger sales.
- The central purpose of Implication Questions is to take a problem that a buyer perceives to be small and build it up into a problem large enough to justify action.
- They are "sad" questions because they identify the problem.

Need-Payoff Questions

- They ask about the value or usefulness of solving a problem. For example, "Is it important to reduce your monthly mortgage payment?" "Why would you find this solution helpful?"
- They focus the customer's attention on the solution rather than the problem creating a positive problem-solving atmosphere.
- They get the customer telling you the benefits. For example, "Why would a 10 year fixed rate loan be a benefit to you?" "Because I have the peace of mind of knowing that my rate is fixed for a long period of time."
- They are "happy" questions because they identify the solution.

The SPIN Model – Asking questions that are important to the customer is what makes the SPIN model a success.

- *It's questioning sequence taps directly into the psychology of the buying process.*
- *Buyer's needs move through a clear progression from Implied to Explicit.*

- *The SPIN questions provide a road map for the seller, guiding the call through the steps of need development until Explicit Needs have been reached.*
- *The more Explicit Needs you can obtain from buyers, the more likely the call is to succeed.*

How to Use SPIN Questions

- To ask SPIN questions effectively, begin by recognizing that your role in a sales call is that of problem solver.
- **How To Plan Problem Questions**
 - Before going into a sales call, write down at least three potential problems which the buyer may have and which your products or services may solve.
 - Then write down some examples of actual Problem Questions that you could ask to uncover each of the potential problems you've identified.
- **How To Plan Implication Questions**
 - The Problem Questions are identified, then ask yourself what related difficulties this problem might lead to, and write these down.
 - Think of these as the implications of the problem.
 - For each difficulty, write down the question it suggests.
- **Using Need-Payoff Questions** – unlike Implication Questions, Need-payoff Questions have wide generality. Some generic Need-payoff Questions are:
 - Why is that important?
 - How would that help?
 - Would it be useful if...?
 - Is there any other way this could help you?

5. Giving Benefits in Major Sales

The Differences Between Features, Advantages & Benefits

- **Features** – facts or information about your products or services. They do little to help you sell.

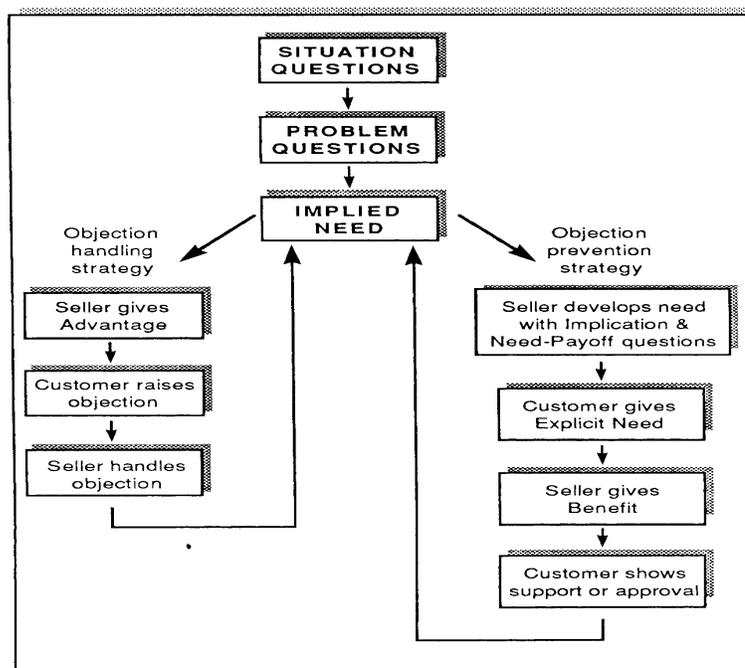
- **Advantages** – show how a product or service can be used or can help the customer but aren't tied to Explicit Needs.
- **Benefits** – show how a product or service meets an Explicit Need expressed by the customer.

Demonstrating Capability Effectively

- **Beware of Features & Advantages** – most of us give far too many Features and Advantages when selling. The first thing to ask yourself about any new sales opportunity is, "What problems can I help solve with my product or service?" When you understand the problems it solves, you can plan SPIN questions to develop Explicit Needs.
- **Don't demonstrate capabilities too early in the call** – it's important in large sales to develop Explicit Needs by using Implication and Need-payoff Questions before you offer solutions. Presenting capabilities too soon is one of the most common mistakes in large accounts.

6. Preventing Objections

Objection Handling versus Objection Prevention – the best way to handle objections is through objection-prevention strategies, where the seller first develops value using Implication and Need-payoff Questions before offering solutions.



Preventing Objections from Your Customers

- **Objections early in the call.** Most objections are to solutions that don't fit needs. If you're getting a lot of objections early in the call, it probably means that instead of asking questions, you've been prematurely offering solutions. The cure is simple: Don't talk about solutions until you've asked enough questions to develop strong needs.
- **Objections about value.** If most objections you receive raise doubts about the value of what you offer, you are probably not developing needs strongly enough. The solution lies in better needs development, not in objection handling. Cut down on the use of Features and instead concentrate on asking Problem, Implication and Need-payoff Questions.

7. Preliminaries: Opening the Call

First Impressions – over the years I've come to doubt the importance of first impressions during the Preliminary stage of the call.

Relating to the buyer's personal interests – the last thing a busy prospect wants is to tell the tenth seller of the day all about his last game of golf.

A Framework for Opening the Call - there isn't one best opening technique but there is a framework that successful people use.

- **Focusing on Your Objective** – What's the purpose of your opening? To get the customer's consent to move on to the next phase – the Investigating stage. You want them to agree that it's OK for you to ask them some questions. In order to this you must establish:
 - *Who you are*
 - *Why you're there (but not by giving product details)*
 - *Your right to ask questions – you want to establish your role as the seeker of information and the buyer's role as the giver.*
- **Making Your Preliminaries Effective** – the most important test of whether you're handling Preliminaries effectively is whether your customers are generally willing to move ahead and answer your questions. Be concerned about these three points.

1. *Get down to business quickly.* Don't dawdle. A common mistake for inexperienced salespeople is to spend too long on pleasantries.
2. *Don't talk about solutions too soon.* Offering solutions too soon causes objections and greatly reduces the chances that the call will succeed.
3. *Concentrate on questions.* Never forget that the Preliminaries are not the most important part of the call. Plan ahead by preparing a list of questions to be used to interview the buyer.

8. Turning Theory into Practice

The Four Golden Rules for Learning Skills – most people can greatly improve their ability to learn skills if they stick by four simple rules.

Rule 1: Practice Only One Behavior at a Time – one principle for successfully learning a skill is to work on one behavior at a time. Don't move on to the next until you're confident you've got the first behavior right.

Rule 2: Try the New Behavior at Least Three Times – you have to try any new behavior several times before it becomes practiced enough to be both comfortable and effective.

Rule 3: Quantity Before Quality – When you're practicing, concentrate on quantity: use a lot of the new behavior. Don't worry about quality issues, such as whether you're using it smoothly or whether there might be a better way to phrase it. Use the new behavior often enough and the quality will look after itself.

Rule 4: Practice in Safe Situations – Always try out new behaviors in safe situations until they feel comfortable. Don't use important sales to practice new skills.

A Strategy for Learning the SPIN Behaviors

- **Focus on the Investigating Stage** – practice your questioning skills and the other stages of the call will generally look after themselves. Use the SPIN questions to get your customers to feel a genuine need for your product.
- **Develop Questions in the SPIN Sequence** –

- First decide whether you're asking enough questions of any type. If your selling style has been to give a lot of Features and Advantages, then start by asking more questions.
- Concentrate on building up the quantity of your Problem Questions.
- When I'm planning Implication Questions, I find it useful to imagine a customer who's saying, "So what? Yes, I've got that problem – but I don't think it's serious." I list the arguments I'd use to convince the customer that the problem really is serious.
- Then turn your attention to Need-payoff Questions. Instead of giving benefits to the customer, concentrate on asking questions that get the customer to tell you the benefits. Ask questions like:
 - How would that help you?
 - What do you see as the pluses of this approach?
 - Is there any other way our product could be useful?
- **Analyze Your Product In Problem-Solving Terms** – stop thinking of your products in terms of Features and Advantages. Instead, think of each product in terms of its problem-solving capabilities. Analyze products by listing the problems they are designed to solve. Then use your list to plan questions you can use in calls.
- **Plan, Do and Review** – after each call, ask yourself such questions as these:
 - Did I achieve my objectives?
 - If I were making the call again, what would I do differently?
 - What have I learned that I can use elsewhere?

Top salespeople stand out from their peers in two ways:

- They put great emphasis on reviewing each call – dissecting what they've learned and thinking about possible improvement.
- They recognize that their success depends on getting details right. They can translate strategy into effective sales behavior – they know what to do in the call. They understand details, which may be why they put such emphasis on planning and reviewing each call.