

SPIN Selling – A Summary

A word of advice.

Reading this summary in NO WAY replaces the experience of reading one of the SPIN Selling books. I cannot hope to cram 200 pages of sales wisdom into a 10 page summary. So, do yourself a favor and buy one of the SPIN Selling books (personally I prefer the SPIN Selling Fieldbook) or better still attend one of the sales courses they run. I'm very confident it will be worth your time and money.

I should also mention that I have never been formally trained in the SPIN Selling model. I was in business to business selling for 23 years selling mainly big ticket items and only found SPIN Selling late in my B2B career. I was surprised at how many of the SPIN techniques and ideas I was already applying. Not surprising really, when you think about it, since SPIN Selling was devised from studying successful big item sales people and I was very successful at doing just that (thanks mainly to some wise mentors I was lucky to be working with).

Anyway, enjoy the summary and if you want to see better sales results apply what you read and further your study by learning more and refining your SPIN Selling ability.

Introduction

In my early days of business to business selling I was lucky enough to have an astute sales manager; hopefully you were also this lucky?

My sales manager had a favorite saying, "you have two ears and one mouth, use them in those proportions". The basic reference of course was to listen during a sales call much more than you talk. I would suspect that this was common wisdom for many years. However, it was only ever a theory.

That was until 1988 when **Neil Rackham** published "**SPIN Selling**".

"SPIN Selling" delivered the results of a huge 12 year study relating to how large sales were made. The extensive research by Rackham, and his company Huthwaite, examined **more than 35,000 sales calls** relating to large, complicated scenarios.

(Please note that Rackham himself says in his books it is not wise to follow a rigid system of selling, that's just not the way it is in the world of selling, you need to maintain your flexibility.(e.g. you may not always follow the SPIN questions in strict order.)

The Results

One of the key findings of this large study was that in successful sales calls it's the buyer who does most of the talking. And how do you get a buyer to talk? By asking questions.

So that long held belief that good salespeople are not necessarily good talkers was finally proven to be correct.

However, this extensive study revealed many more interesting facts about selling. Perhaps the most important being that the good salespeople did not just ask any old questions. It seemed that successful salespeople ask certain types of questions and often in a particular sequence.

Rackham and his team defined those types of questions as:

- Situation (questions)
- Problem (questions)
- Implication (questions)
- Need-payoff (questions)

We'll get into the specifics of these questions later on.

For now you just need to know that the first students trained in the "SPIN" model showed an average of 17% improvement in sales results.

Before you read any further let's check something out.

Before I go on, let me ask you to write down at least four examples of questions you typically ask during a sales call. No cheating. Do not read ahead. Write down your answers now.

Now I'd like you to categorize your questions into one of two types.

Are your questions factual?

Are your questions like the following?

What is your production output?

How many product returns do you get?

What is the turnover rate of your staff?

Or do your questions focus more on problems and difficulties. ?

Is your product output keeping up with your delivery commitments?

*How does your product return rate compare to your major competitors?
What effect is your staff turnover having on your training budget?*

How did you fare? What types of questions are you asking?

Situation Questions

Questions seeking facts are called Situation Questions. They are necessary. They help uncover a context for uncovering buyer problems. You need some facts in order to be able to put forward a reasonable solution / proposal to your prospect. However, let me ask you a question.

Who benefits more from these situation questions, you or the buyer?

That's right, situation questions are of more benefit to the seller and not the buyer.

And here is some more interesting information gathered during the SPIN Selling research.

- The more situation questions in a call, the less likely that call was to succeed
- Most salespeople ask a lot more situation questions than they realized.

So, while it is true that most buyers would rather talk about themselves or their business than listen to a sales pitch the research has shown that the more senior the buyer, the less they like answering factual questions.

And I think this is quite understandable. If you walk into a sales call with no knowledge about the business of your prospect you are showing a lack of respect. You are wasting their time getting them to give you information that you should already have. And if this was important back in the 1980s it is even more important now in 2010.

So, this implies that successful sellers ask fewer Situation Questions because they do their homework. I have often been told in the past that Good selling = good planning. To quote "SPIN Selling" "...effective planning takes you more than half way to effective execution"

Apart from doing your homework to minimize Situation Questions and planning the situation questions you are going to ask before you meet your prospect you need to focus on the key information that you need. I was taught to ask **targeted questions**. (Note this is from me and apart from the SPIN model)

Let me give you an example of targeted questioning.

Let's look at an example of a real estate sales person and see the difference between targeted and untargeted questions.

I have seen a real estate sales person ask questions like the following:

*“Do you have a deposit?
How much does each of you earn a month?
What other loan commitments do you have to pay?
What are your average monthly expenses apart from the loans we just mentioned?”*

Now, from the perspective of the real estate sales person what does he want to know? He wants to know how much these people can afford to pay on a mortgage, right? Well, he should ask that question and not all the others.

A targeted question would be:
“How much can you afford in monthly repayments on a house?”

The way you formulate targeted questions when you are planning is to look at each question you are going to ask and just ask yourself the question, “What do I really want to know when I ask this question?” and then examine whether the answer to this question gives you the information you want.

SPIN Selling goes into the planning of Situation Questions and also the phrasing of Situation Questions so that they “help the buyer see you as a problem solver rather than a prosecutor.” The right Situation Questions can lead smoothly and naturally into discussion about your prospect’s problems. The book even goes into “Low Risk” and “High Risk” questions to ask and the appropriate times to ask them.

So, SPIN Selling states that sellers need to ask more questions but asking too many situation questions reduces your chances of sales success. Conversely, the more of the other types of questions asked during a sales call the more likely a sale will be made.

Problem Questions

The first of these other questions are Problem Questions. If you are relatively new to selling then practicing problem questions is probably the single most important thing that you can do to improve your sales results.

Problem Questions ask about the difficulties and dissatisfactions the buyer is experiencing and focus the buyer on this pain while clarifying the problem. They give rise to **Implied Needs** which are the raw material for Implication Questions.

An example of a Problem Question could be,
“What prevents you from producing a product with lower return rates?”

Inexperienced sales people ask less problem questions than their more experienced colleagues. And not only do more experienced salespeople tend to ask more problem questions they also tend to ask them sooner in the sales meeting.

It should not be surprising that good sales people talk about problems. Well known sales trainer Tom Hopkins has said for years that if you are a professional sales person you are a PPS = Professional Problem Solver. It's logical isn't it? If everything is OK why would someone want to buy anything? People who buy are either looking to stop something happening they don't like or looking to have or achieve something they couldn't get in the past. Moreover, in order to sell you have to uncover problems that **you** can solve with your product or service.

Problem Questions require planning. SPIN Selling suggests working backwards from the problems your products solves for a buyer to generate these questions. There is a full chapter in the SPIN Selling Handbook that explains how to work backwards to the problems your product (or service) solves.

**So, what problems does your product solve?
Write down your answers now.**

SPIN also advises that after you identify a problem it's important to continue revealing and clarifying the problem until you and the buyer share a thorough understanding of the problem.

This is not surprising, I well remember the quote, (but not the author), that says:
People do not buy from salespeople because they understand their products but because they felt the salesperson understood their problems.

I can't remember the number of times in my sales career that I said, "I get it". Meaning I had arrived at a true understanding of what the prospect's problem was. At that point I usually fed back an example of how the problem would function in their business which was greeted with smiles because **they** knew I had got it. I also think they smiled because so few sales people in the past had "Got it".

The SPIN research uncovered that top salespeople tended to introduce solutions, products or services very late in the discussion after they had understood the problem and uncovered Explicit Needs.

They held back and discussed the effects of the problem before talking about solutions. They also uncovered several problems before asking implication questions. It can be dangerous to focus on one problem as it invites the buyer to raise another area where you solution does not fare so well. (Don't put all your eggs in the one basket)

Implication Questions

Implication Questions discuss the effects of the problem, and develop the seriousness of the problem to increase the buyer's motivation to change. They are best used before talking about solutions.

Implication Questions are the most powerful sales questions and unlike Problem Questioning skills the skill in using Implication Questions doesn't automatically improve with experience.

New salespeople being inexperienced often do not see a clear link between the buyers problem and their solution. As salespeople become more experienced they can more readily see the link between problems and solutions. This leads to another problem. Experienced salespeople seeing this problem/solution link often jump in quickly to offer solutions before the buyer is ready.

In contrast the most successful salespeople held back and discussed the effects of these problems before talking about product or solutions. Questions about the effects of the consequences of the buyer's problem are called Implication Questions. They are the most powerful of all sales questions because they help the buyer see that the problem is serious enough to justify making a change.

An example of implication question:

“Could the higher return rate of your products give your competitors an advantage in the marketplace?”

Implication questions are powerful because they induce pain. They build the consequences of the buyers problem and in so doing make the buyer more anxious for a solution that will take the pain away and stop after all people buy when the pain of the problem is greater than the cost of the solution.

In Spin Selling terms these questions are so effective because they take **Implied Needs** and develop them into **Explicit Needs**.

Implication Questions are harder to plan for than Problem and Situation Questions and to use them you must have a certain amount of business knowledge and be very aware of the problems your product solves. The SPIN Selling Fieldbook goes into how to plan these questions, how to vary the questions that you ask and how to link your questions. The idea behind doing this is to make your questions sound fluid and natural rather than an interrogation.

Furthermore, the book states that you should “ask Implication Questions as much to understand as to persuade”. This is similar to the 5th habit from "The Seven Habits of Highly Successful People" (by Steven Covey) which says "Seek first to understand then to be Understood".

Need-Payoff Questions

Need-Payoff Questions get the buyer to tell you about their **Explicit Needs** and the benefits your solutions offers, rather than forcing you to explain the benefits to the buyer. What these questions do is probe for explicit needs and getting the buyer to state the benefits has greater impact while sounding a lot less pushy.

It is often said that selling is not about convincing buyers but about creating the right conditions to allow buyers to convince themselves.

Needs Payoff Questions ask about the value, importance or usefulness of a solution.

For example:

“How much would you save if we could reduce the return rate of your products?”

“What effect would that have on your reputation in the marketplace?”

The thing is these questions focus on solutions and because of this buyers rate calls that are high in need payoff questions as positive, constructive and useful.

Need payoff questions are a mirror image of implication questions.

For example an implication question might be

“Could the higher return rate of your products add to your costs?”

Whereas a needs payoff question might be

“If you had lower return rates would that cut costs and improve profitability?”

These questions have a unique function in that they get the buyer to tell you about the benefits your solution offers rather than forcing you to explain the benefits. Getting buyers to talk about the benefits you offer is more impactful and seems a lot less pushy. It also has a tendency to reduce sales objections. And during the thinking process initiated by your needs payoff questions buyers often extend the payoff to new areas. Not only that but since they've thought of the payoffs they are more committed to your solution since they experience some sort of ownership.

Given that there are often no perfect solutions in a complex sale getting your prospect to generate a number of payoffs is wise because if you focus on only one positive result you run the risk of the buyer focusing on the areas that you don't solve rather than the ones you do.

Once again the book goes into details about how to plan **Need Payoff Questions** (and using the ICE Method), how to phrase them, and when to use them.

Using the SPIN Model

Rackham and Huthwaite contend there are four stages to a sale:

- Opening
- Investigating
- Demonstrating Capability
- Obtaining Commitment

They contend that, in small sales an order is a win and a no-sale is a loss. But in large complex sales it's different because of the time required to complete the sale. In SPIN they write about An **Advance** or a **Continuation**.

Rackham defines success versus failure for larger sales by evaluating the level of commitment. An action that the buyer agrees to take which moves you closer to a sale, is termed an **Advance** and constitutes a successful outcome. A buyer's request for a proposal is not an Advance unless the buyer also agrees to take some action. The outcome of a call that does not reach agreement on action that moves the sale forward is termed a **Continuation** and considered unsuccessful.

So, in larger sales:

- There are multiple meetings.
- The key is to obtain the right commitment.
- Success in Obtaining Commitment depends on skillfully conducting the Investigation
- It's crucial to set realistic call objectives that make Advances possible.

And their research also shows that the Investigating stage is the most crucial in large, complex sales. This is in contrast to the belief held by many old-school sales trainers that closing is the most important

What is Investigating according to the SPIN model? It is defined as systematically discovering, exploring, clarifying and understanding the buyer's needs and problems. Plainly, this is done by questions which are the most effective form of persuasion.

Interestingly, in looking at closed and open questions Rackham's team discovered no evidence to establish a link between open questions and sales success.

Opening the Call

Rackham states that most large sales involve existing customers (internet marketers believe something similar often offering something free to start with, thus creating a customer, and then a low cost item and then a more expensive item) in fact less than 5% of meetings with major accounts are first calls.

SPIN suggests that opening benefit statements work in smaller sales but much less so in bigger sales. SPIN Selling strategy would contend that the purpose of the opening is to gain the buyer's agreement to ask questions, to establish a buyer-centered purpose (most important) and communicate who you are and why you are there. And remember do not introduce your solution too soon.

It's all about Obtaining Commitments

Obtaining Commitment:

- Starts before the meeting, by setting realistic objectives
- Is easier if you've developed strong needs while Investigating
- Has three steps
 - Check you've addressed their key concerns
 - Summarize the Benefits
 - Propose a realistic commitment (Advance)

Successful sales people close more sales by turning Continuations into Advances, understanding what are the best Advances and setting realistic objectives before the call.

Top sellers reach their goals by consistently planning and conducting calls that move the sale forward in steps. "SPIN Selling" rationale suggests that you start by brainstorming to identify the widest variety of Advances that would move you towards a sale. Really skilled sellers then select those ingenious small actions that the buyer is likely to agree to. They also generate alternative actions to propose as needed for the actual sales visit.

You Need the Right Mindset to Apply SPIN Selling

- SPIN works but it's harder to use than it seems. So you need coaching and practice.
- To sell well you must plan well.
- You have to have a problem solving orientation.
- You have to believe it's more important to understand than to persuade.

Demonstrating Capability

There are three ways to describe capabilities:

- Features
- Advantages
- Benefits

The book also proposes in relation to Demonstrating Capability that you need to sell Benefits rather than Features and Advantages.

In the SPIN model a Benefit shows how a product or service meets an **Explicit Need** expressed by the buyer. Moreover, the author contends that if you try to sell using Advantages it leads to objections which slow down the sales process.

The SPIN Selling Fieldbook offers explanations and exercises to make sure you can recognize a Benefit.

No matter how well you use the SPIN model and demonstrate benefits and use Implication Questions and Need Payoff Questions to build value some objections will occur.

You should develop your skills in handling objections BUT REMEMBER “it’s always preferable to prevent objections than to handle them.” (Yes, yes, yes = totally agree with this).

Rackham also contends:

- Objections are NOT buying signals
- A majority of objections are caused by the seller
- Many objections occur because the seller offered a solution too soon

And also states there are two types of objections:

- Value Objections – where the buyer raises doubts about the worth of your solution, *“It’s good but too expensive”*.
- Capability Objections – where the seller raises doubts as to whether the product will solve their problem or whether your organization can deliver on the promise, *“I’m not sure it’s as easy as you claim.”*

They also divide the capability objections into two types being “Can’t Objections” (you don’t have the capability to meet a need of high value to the prospect) and “Can Objections” (you do have the capability but the buyer doesn’t perceive you have it).

The SPIN Selling Fieldbook goes into how to handle these specific sorts of sales objections.

Wind Up

OK that summarizes what’s mentioned in the SPIN Selling Fieldbook.

The model is good. Much of what Rackham and his team states I discovered for myself during my years of business to business selling. I wish SPIN Selling was one of the trainings I did in those early days, it would have saved me a lot of time in trial and error learning.

I guess that’s the point. Following some aspects of the model could save you a lot of trial and error learning too.

Once again you need to keep in mind that reading this small summary in no way gives you the full story and you may like to consider buying the book so you can better implement the strategies and concepts. Better still, attend a Huthwaite sales training.

There is a caveat though.

The SPIN model is not a panacea for all your sales problems. As mentioned earlier you should be very familiar with the model so you can be flexible in using it because it’s not a cookie cutter approach to selling like following a checklist.

OK here are some personal comments.

The whole focus of the book is on logical objective planning, investigation of the prospects needs and selling the Benefits of your offering (Benefits which are based on the prospects needs). I believe the results generated by the rational, objective approach of the SPIN Selling model could be enhanced by the application of various other selling techniques that focus on the individual in front of you.

After all I’m sure you’ve heard that most purchases are based on emotions and justified by logic. So, wouldn’t it make sense to make sure a prospect feels like buying your product from you?

Likewise, SPIN Selling is based on asking questions and there is a very large difference in the effectiveness of a question depending on how it is phrased. And such skill is easier learned from someone else than by trial and error over years of selling.

In fact, Huthwaite's themselves state that in their work with Xerox Corporation, they proved that in the absence of follow-up coaching and reinforcement, 87% of the skills change brought about by even the best sales training is lost.

So, it could well be wise for you to invest in some good sales coaching from someone experienced in business to business selling.