



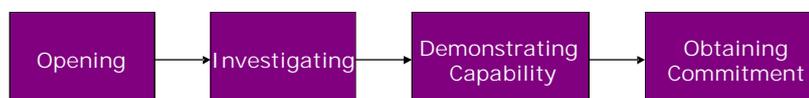
SPIN SELLING

- Based on 10 years of research by Huthwaite Corporation that analyzed over 35,000 sales transactions, presented in the book Spin Selling by Neil Rackham
- Largest-ever investigation of selling success - researched selling in 27 countries
- Concluded that traditional selling methods don't work for high-value sales
- Found that top salespeople were using a probing (investigating) strategy called SPIN

DIFFERENCES IN MAJOR SALES

- Length of selling cycle is longer
- Size of customer's commitment, as reflected by the price of the product, is greater
- Ongoing relationship between buyer and seller is more likely
- Risk of mistakes is higher because the price of the product or service is higher in major sales

FOUR STAGES OF A SALES CALL



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- ◉ Opening - warming up events, including introductions and how you begin the conversation
- ◉ Investigating - asking questions is the most important of all selling skills in larger sales
- ◉ Demonstrating Capability - demonstrate to customers that you have something worthwhile to offer
- ◉ Obtaining Commitment - larger sales involve a number of intermediate steps called Advances

SPIN SELLING

- ◉ Situation questions
- ◉ Problem questions
- ◉ Implication questions
- ◉ Need-payoff questions

SITUATION QUESTIONS

- ◉ At the beginning of the call, successful salespeople ask data-gathering questions, called Situation Questions, such as:
 - "How long have you had your present equipment?"
 - "Could you tell me more about your growth plans?"
- ◉ Don't overuse these questions

PROBLEM QUESTIONS

- ◉ Once sufficient information has been gathered from Situation Questions, then you move to a second type of questions - Problem Questions
 - "Have you had any problems with your current bank?"
 - "Are you satisfied with the service you get from your other suppliers?"
- ◉ Salespeople often don't ask enough Problem Questions

IMPLICATION QUESTIONS

- ◉ Successful salespeople also need to ask more complex Implication Questions, such as:
 - “How will this problem affect your future profitability?”
 - “What effect does this problem have on your overall customer satisfaction?”
- ◉ Even experienced salespeople rarely ask good Implication Questions

NEED-PAYOFF QUESTIONS

- ◉ Successful salespeople ask Need-Payoff Questions that get the customer to tell you the benefits that your solution could provide
 - “Would it be useful to speed up this operation by 10 percent?”
 - “If we could improve the quality of this process, how would that help you?”
- ◉ Top performing salespeople ask **10 times** as many Need-Payoff Questions compared to the average

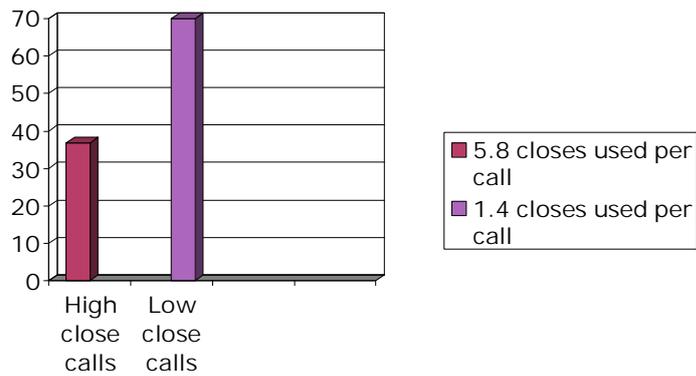
Spin Selling

OBTAINING COMMITMENT: CLOSING THE SALE

TRADITIONAL SALES TRAINING

- ◉ Emphasizes the importance of Closing as the most crucial stage of the sale
- ◉ Suggests that successful sellers close more often and use more types of closing techniques
- ◉ In summary, says:
 - Closing techniques are strongly related to sales
 - You should use many types of closes
 - You should close frequently during the call

SUCCESS RATE OF CALLS



Source: Figure 2.1 in SPIN Selling by Neil Rackham, p. 24 (1988)

PHOTO STORE STUDY

Closing Low -value Goods			
	Average transaction time	Number of closes per transaction	% transactions resulting in a sale
Before training in closing	2 minutes 11 seconds	1.3	72 %
After training in closing	1 minute 47 seconds	1.9	76 %

Source: Figure 2.1 in SPIN Selling by Neil Rackham, p. 24 (1988)

PHOTO STORE STUDY

Closing High-value Goods			
	Average transaction time	Number of closes per transaction	% transactions resulting in a sale
Before training in closing	12 minutes 35 seconds	2.7	42 %
After training in closing	8 minute 40 seconds	4.3	33 %

Source: Figure 2.1 in SPIN Selling by Neil Rackham, p. 24 (1988)

TWO CONCLUSIONS ...

- ◉ #1 - By forcing the customer into a decision, closing techniques speed up the sales transaction
- ◉ #2 - Closing techniques may increase the chances of making a sale with low-priced products, but with expensive products or services they reduce the chances of making a sale

HOW CAN THIS BE EXPLAINED?

- Closing is a method of putting pressure on the customer
- Psychological effect of pressure seems to be:
 - If someone asks you to make a small decision, it might be easier to say “yes” than to argue
 - The bigger the decision, the more negatively people react to pressure
 - Therefore, the larger the decision, the less effective closing techniques are likely to be

EXAMPLE - PROFESSIONAL BUYERS

- Most professional buyers have an unfavorable view of closing techniques
- In a study of professional buyers, when asked the question “If you detect that a seller is using closing techniques on you, what effect (if any) does this have on your likelihood of buying?”
 - More likely to buy = 2
 - Indifferent = 18
 - Less likely to buy = 34

TRADITIONAL CLOSING TECHNIQUES

- ◉ Ineffective or have a negative effect when:
 - Sale is large, involving high-value goods
 - Customer is sophisticated, such as a professional buyer
 - There is a continuing post-sale relationship with the buyer

FOUR POSSIBLE OUTCOMES

- ◉ Order - customer makes a firm commitment to buy
- ◉ Advance - when an event takes place that moves the customer forward towards a decision
- ◉ Continuation - discussions may continue, but no specific action has been agreed upon by the customer to move it forward
- ◉ No-sale - where the customer actively refuses a commitment

SPIN SELLING

- ◉ SPIN Selling is all about asking the right questions ... in the right order ... Situation, Problem, Implication and Need-Payoff
- ◉ SPIN Selling focuses on:
 - Understanding the customer (Situation)
 - Identifying the customer's main problem(s) or pain (Problem)
 - Asks the customer how significant this problem is (Implication)
 - Confirms how important or valuable a solution would be for the customer (Need-Payoff)

SPIN SELLING

- ◉ So ... if you as the salesperson ask the right SPIN Selling questions and get responses from the customer that suggest an opportunity for you to solve their problem(s) or pain by providing the appropriate product or service ... then you have the opportunity to Demonstrate Capability and hopefully Close
- ◉ The customer has told you what they need ... and assuming you have a product or service that satisfies that need and solves their problem(s) ... and you Demonstrated Capability ... closing is now much easier