Mythbusters: How Major Sales are Really Made

By Neil Rackham

Huthwaite®

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Neil Rackham is best known as the founder of Huthwaite, Inc., and as the author of *SPIN® Selling*, *Major Account Sales Strategy*, *Rethinking the Sales Force*, and other books. What is perhaps not so well known is the unusual way in which Neil entered the field of sales performance improvement: he spent 12 years doing research. Sponsored by IBM and other corporations, Neil and his team of researchers in "Project Sigma" observed 35,000 sales calls in 23 countries. "Every expert wants to be the 'world's greatest' something-or-other," Neil says. "I can lay claim to the title, 'world's greatest sales voyeur.'"

After a postgraduate fellowship at Sheffield University in England, Neil became interested in the problem of applying behavior analysis to complex, interactive skills. He developed techniques to measure on-the-job behaviors—and to identify which behaviors distinguished the top performers from their less successful colleagues. The first beneficiaries of these behavior analysis techniques were teachers and therapists. However, it soon became apparent that this sophisticated methodology could be helpful to professionals in other fields as well. Neil didn't know it at the time, but he was about to revolutionize the world of major account selling.

The Research

Prior to Project Sigma, virtually all sales research was conducted via interviews or questionnaires. Trained researchers had never been enlisted to actually observe and analyze sales calls to find out what successful sales representatives were doing that mediocre reps were not. A company might hire two new salespeople, with similar backgrounds and comparable experience, and send them through identical sales training, only to find that when they started calling on customers they achieved drastically different results. One would effortlessly exceed quotas, while the other would struggle to make a single sale. It was no good asking high performers what they did that worked so well; the most successful salespeople usually didn't know themselves—like top performers in any field, they did many things naturally without even realizing what it was that was making them so successful.

In the absence of hard data about effective selling behaviors, generations of salespeople were indoctrinated in the "common knowledge" of the profession—much of which we now know to be misguided or counterproductive. As sponsors of Project Sigma, the question that IBM and other major companies urgently needed an answer to was: In today's environment, can we rely on the traditional advice about how to sell? Neil Rackham's findings challenged the most cherished myths in the business, and sometimes even contradicted his own long-held assumptions. In this paper, we'll examine ten of those myths, and offer practical advice from the "world's greatest sales voyeur," who is also one of the most influential and widely respected thinkers in the field of sales performance improvement.

Myth #1: "Selling is selling—a good salesperson can sell anything"

It is certainly true that selling skills developed in one industry may be applied in another. But skills developed in small sales may actually hurt you in major account selling. Obviously, large sales take longer, are more complex, and require more strategy than small sales. But many sales professionals are unaware that large and small sales also require different fundamental selling skills:

- In small sales, the seller does most of the talking, and may win the business thanks to high energy, enthusiasm, and glowing descriptions of the product. A "feature dump" often works.
- In large sales, the customer must do most of the talking. Neil's research shows that very successful salespeople tend to use a pattern of questions (SPIN®) that allows the customer to talk while at the same time moving the call toward the desired conclusion.

When these facts first began to emerge from the sales calls that members of the Project Sigma team observed, researchers wondered if the findings would be consistent regardless of the customer's industry, nationality, or cultural background. Interestingly, the results from all 23 countries were uniform. Even in Japan, where most American sales training methodologies had failed, and where Neil suspected that certain traditional, culture-based interactions might prove to be the best predictors of success, the questioning model was found to be the most significant behavioral factor in winning the business in major account sales.

Myth #2: "To get more orders, make more calls"

When managers try to improve sales figures, the first thing they usually concentrate on is getting their sales force to make more calls. After all, twice as many calls should bring in twice as much business… well, maybe not twice as much, but certainly a significant increase—right?

"Working in two different divisions at one technology company," Neil says, "we found evidence that this was a myth when it came to the large sale." In the division that sold relatively low-cost electronic equipment, there was a positive correlation between more activity and more sales. In the high-end division, however, there was a negative correlation between the number of calls and the number of sales. The sales reps who were making an average number of calls made more sales than those who made a high number of calls.

"Of course," Neil cautions, "the reverse is not true—the fewer the calls, the greater the number of sales. If you make no calls, you make no sales." But generally, increasing the number of calls that salespeople make will not help their sales; it will hurt their sales. (There is an exception to this rule, as we'll see in a moment.) The key to success is to make good sales calls, and good calls require preparation and strategy. In order to fit more calls into their day, sellers typically cut back on planning and preparation, which means that each and every call is less likely to succeed. If, however, a salesperson has time to make more calls and to prepare thoroughly for each one, and to maintain the quality of the customer interaction, then he or she should do so—they are probably not yet making the optimum number of calls.

Myth #3: "Always call high"

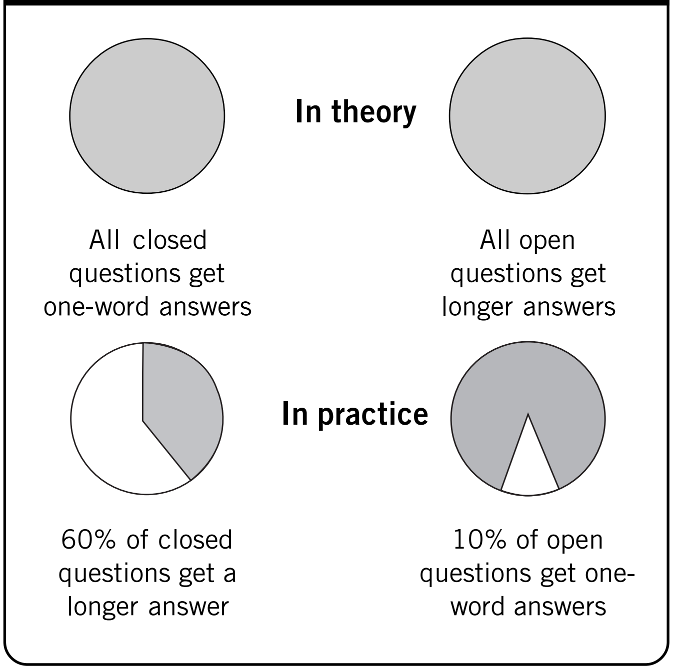
Prior to the Project Sigma research, the conventional wisdom held that the higher you could call in the customer organization the better. Why waste weeks or months working your way up the ladder to the decision maker if you could go straight to the top? But the research clearly showed that successful salespeople were not calling at higher levels than their less successful colleagues. It can be a fatal mistake to call high before you are ready. Poorly prepared sales reps inevitably squander their time with high-level buyers by talking about the features of their products. Lacking an understanding of the customer's problems, they are unable to show how their offering meets a need.

Neil recalls the case of a United States senator's son who was eagerly hired for a sales position by a Fortune 500 company. They reasoned that his easy access to CEOs all across the country would make him a sure winner. Sure enough, he had no trouble making appointments with the "movers and shakers." But because he had not talked to anyone else in the customer's organization to find out what problems needed solving, he could not make a compelling case for his solution. Instead of taking orders, he was simply asked to "give my regards to your father." Meanwhile, his humbler co-workers were winning business by calling at the level where the problems existed—usually in the middle of the organization. First, understand your customer's problems. Then you will be able to build a case that you—or someone on the inside—can take higher.

Myth #4: "Use plenty of open questions—they're more powerful than closed questions"

Among sales professionals, there are field reps, consultants, managers, and trainers who all have unshakable faith in the power of open questions. If the goal of asking questions is to get the customer to talk more—to "open up"—then it stands to reason that open questions, which encourage a longer response, would work better than closed questions, which can often be answered with a "yes" or "no." It was with the greatest reluctance that the Project Sigma team concluded that the "power of open questions" was another myth. "We were astonished," Neil wrote in *Making Major Sales*, "to find that there was no measurable relationship between the use of open questions and success. Calls high in closed questions were just as likely to lead to orders and advances." This is not so strange as it may at first appear. In theory, open questions result in open answers, while closed questions produce one-word answers. But in practice, this is not always the case. In the context of a sales call, 60 percent of all closed questions receive an answer that is longer than one word. In other words, closed questions very often get open answers. And about 10 percent of all open questions get a closed answer. (Imagine an inexperienced seller asking an open question like, "What can you tell me about your business plans?" only to have the bored customer answer, "Nothing.") To some extent, the open/closed distinction is an artificial one. The important thing is to ask skillful questions that move the call forward. "If you're worrying about things like how many open questions you're asking," Neil says, "you're rearranging the deck chairs on a sinking ship. What you should be worrying about is: Are your questions focused on issues that are important to the customer?"

Figure 1: Asking Skillful Questions



Myth #5: "Close early and close often"

According to the myth, closing is the most important part of the call—the way you close determines how successful you will be. The reality is that closing is far less important than what happens early in the sales cycle. The most successful calls close themselves. And while Huthwaite sales training goes to great lengths to stress the importance of asking questions in a call, top performers don't ask for the order. This is the one time when you should suggest rather than ask. There are three steps in bringing a call to a successful conclusion:

1. Check for other concerns. The buyer may have other issues that have not yet been addressed.
2. Summarize or re-emphasize the key points. ("It's clear, then, that if we implement this, in the first phase it's going to increase your efficiency by 15 percent, and save you about $120,000 in the first year…")
3. Propose an action that advances the sale. ("So, a good next step would be for us to get a meeting with your boss to go over these figures.")

With regard to the third step, please note that the salesperson proposes, or suggests, an "action." Here again, there is a difference between small and large sales. In small sales, the only action is likely to be an order. In large sales, there are a number of possible intermediate actions that move you closer to the order. Huthwaite calls these actions "advances." Neil recommends that rather than worrying about the close, salespeople should prepare for the call by thinking of as many different advances as possible. The "best practice" here is to plan a variety of flexible advances for each call. Aim for the biggest "increment of commitment" that you think you can realistically achieve.

Myth #6: "You never get a second chance to make a first impression"

Many sales professionals are firmly convinced that the most important part of a call is the opening. "The first 60 seconds make or break the sale," they'll tell you. But the research shows no correlation between openings and success—except in small sales. The first few seconds are indeed very important when the entire sales cycle consists of a single call, as in door-to-door sales. In complex sales, however, buyers will overlook a poor first impression if they think a seller can solve a problem for them.

If the most important part of the call is not the close or the opening, what is it? In Huthwaite's terminology, a sales call has four stages: opening, investigating (uncovering customer needs), demonstrating capability (showing you can meet those needs), and obtaining commitment (getting the advance). The most important stage is investigating—you can't win the business without understanding the customer's issues.

Having said that, it is still necessary to open skillfully. A good opening must do two things: 1) establish a reason for the discussion, and 2) obtain permission for the seller to ask questions. The opening is over when the buyer agrees to answer questions. Suppose you're making a cold call, and you get voice mail: do you deliver your opening to the machine? Neil says that no research has been done in this area, but his opinion is that you must give the customer a reason to call back. Leave a message that establishes a reason for the discussion, but do not "bait the hook" by offering a solution.

Myth #7: "Salespeople are born, not made"

Is there one particular personality type that is best suited for the sales role? In a word: no. But some myths become self-fulfilling prophecies. Studies done in the 1940s and 50s showed far more extroverts among salespeople than in the general population. More recent studies, however, do not show a strong correlation. What has changed? Nothing—except the stereotype! Companies that once actively sought extroverts for sales positions now understand that a broad range of personalities can learn selling skills and function effectively in sales roles.

Look at it from the customers' perspective: what do they want in a salesperson? The evidence is clear that what the overwhelming majority of customers want is someone they can trust. We've all heard the old joke: "Sincerity is the most important thing… if you can fake that, you've got it made." But the fact is that even genuinely sincere sales reps are often unable to generate trust. Customers can't see sincerity. They can't see integrity. They can only see actions. Customers are not looking for a particular personality type to come along to give their business to; they're looking for someone who demonstrates the capability to deliver the right solution.

Myth #8: "Welcome objections—they're a sure sign of buyer interest"

This is a myth that persists despite very strong evidence to the contrary. Like many other myths, the reason it won't die is that it is so comforting. It allows you to believe that when your customers express skepticism about your product or service, it means you are engaging in meaningful dialogue. The reality is that objections are a barrier between you and your customer—and you don't want a barrier there! Objections shouldn't be feared, but they certainly shouldn't be welcomed. An objection is a statement from the customer that they don't want what you're offering—possibly because it's too expensive, but more likely because they don't see a need for it. "Our machine is the fastest one on the market," says the salesperson, and the buyer replies, "But speed is not a factor for us."

Successful salespeople get far fewer objections than less successful salespeople. Why? Because rather than handle objections, they prevent objections. In the example above, instead of talking about features of the product ("it's the fastest"), the skillful seller would first employ the SPIN® questioning model to ask, "How important is speed to you?" Then, upon learning that speed is not important, he or she could avoid steering the conversation in a direction that would generate buyer objections. The number of objections can be reduced by more than 50 percent when sellers are trained to: 1) ask questions to discover customer needs, and 2) only talk about the features of their offering that are relevant to those needs.

Readers of this paper may find confirmation of this in their own experience: When you were new to the sales profession, did you get more objections than you do now? Most sales consultants agree that objections diminish with experience. Huthwaite recommends "objection prevention" training as part of a comprehensive sales performance improvement program. The objections that cannot be prevented are usually the most serious ones. The best way to handle these is to be frank, acknowledge your weakness, and then concentrate on your competitive strengths.

Myth #9: "Never attack the competition"

Many companies believe that you shouldn't even mention the competition, in the belief that any negative talk boomerangs and damages the seller. This used to be a policy at IBM—no sales rep was allowed to mention any competitor or competing product by name at any point in the sales cycle. But Huthwaite's research shows that top-performing salespeople do talk about the competition… if the customer wants them to. Although they would not normally volunteer information about a competitor, if the customer asks them how their offering compares to a rival's, they do not dodge the question.

The critical factor is how you talk about the competition. The best practice is to quickly shift the terms of the discussion from the competitor's weaknesses to your strengths. When the customer says, "tell me about SlowCo's machine," the seller may be tempted to respond, "it's one of the slowest machines on the market—40 percent slower than ours." But it would be better to reframe the answer like this: "SlowCo? Yes, our machine is 40 percent faster than theirs. In fact, our machine is one of the fastest on the market."

A little-known, but very effective, tactic for talking about the competition is to highlight the generic weaknesses of the competitor's offering rather than appearing critical of a specific company or product. Suppose, for example, that you are representing a small firm that is competing for a piece of business with one of the largest companies in the industry. "How do you compare to GiantCo?" the customer asks. Instead of responding that, "GiantCo is too big to give you personal service," the skillful seller might say, "Well, there are a lot of differences between a large company and a small company. We're a small company, so we're able to give personal attention to each customer's needs. As a company grows in size, it becomes more difficult to do that. Instead of being one of 50 customers, you're now one of 5,000 customers." Successful salespeople attack the competition all the time—but they do it in a way that does not reflect negatively on their own organization.

Myth #10: "Give the most attention to your biggest accounts"

As recently as ten years ago, the biggest accounts tended to be the most profitable accounts. And the more attention they were given, the more profitable they were likely to be. However, we now live in an age where the old rules no longer apply. The most profitable accounts now may very well be the middle-sized accounts. "In fact," says Neil, "your largest accounts may turn out to be a pain in the neck, requiring a lot of resources and squeezing you so hard on margins that you end up with razor-thin profits. Mid-sized accounts, on the other hand, may occupy a space where the competition for their business is not so intense, and where higher margins are possible, and therefore offer greater potential for profitable business. Smart companies now are no longer 'performing unnatural acts' for clients just because of the size of the account. Instead, they're looking at potential, profitability, and the ability to lock in revenue stream—and they're discovering that their most valuable accounts, in terms of lifetime value, are not necessarily their largest accounts."

There are two strategic questions here: First, how does an organization deploy its most talented resources? Traditionally, top-performing sales reps have been assigned to the largest accounts. As we've seen, this may be a mistake. Second, most territory reps have a range of accounts: how can they best invest their time and energy? Sales managers often teach their people the "80/20" rule: 80 percent of the profit comes from 20 percent of your accounts. That can be a good rule of thumb, provided you don't confuse large accounts with profitable accounts.

Myths we live and die by

Economists hardly know what to make of the marketplace today. Traditional patterns of business appear to be changing. The new economic realities are bringing new challenges to sales professionals. Overall business efficiency is increasing, and sales forces are shrinking. Taken together, the ten myths described in this paper represent a view of selling that may not have much relevance in the 21st century. "Work smarter, not harder" has never been a more appropriate motto, and working smarter should be the aim of any serious sales performance improvement effort.

Huthwaite is the world's leading sales performance improvement organization. Founded on scientifically validated behavioral research, our methodologies—which include the internationally renowned SPIN® Selling—guarantee sales success. Huthwaite assesses your organization's needs and develops customized sales performance improvement and coaching programs that drive real business results.

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