SPIN Selling® Primer

Huthwaite
Focus on the Buyer

SPIN Selling® Primer

Purpose

This primer will take you about half an hour to complete. It is designed to provide an overview of the major concepts in the book, SPIN Selling®, by Neil Rackham, and provide the foundation for an accelerated learning experience during the program itself.

SPIN® is a questioning strategy used to uncover and develop customer needs. In this booklet, each of the four SPIN® questioning behaviors is described. You will be given opportunities to test your SPIN® knowledge and practice developing the four types of questions.

This booklet also covers how to effectively provide the customer with information about your product or service.

During the program, you'll be working on role plays, discussions and other activities which build on this pre-reading.

Background to the Models

Here are a few key points to keep in mind as you read this booklet.

The SPIN® model reflects the skills needed to be successful in complex sales. Huthwaite has found that many of the skills that help in smaller sales actually limit success as the sale grows more complex.
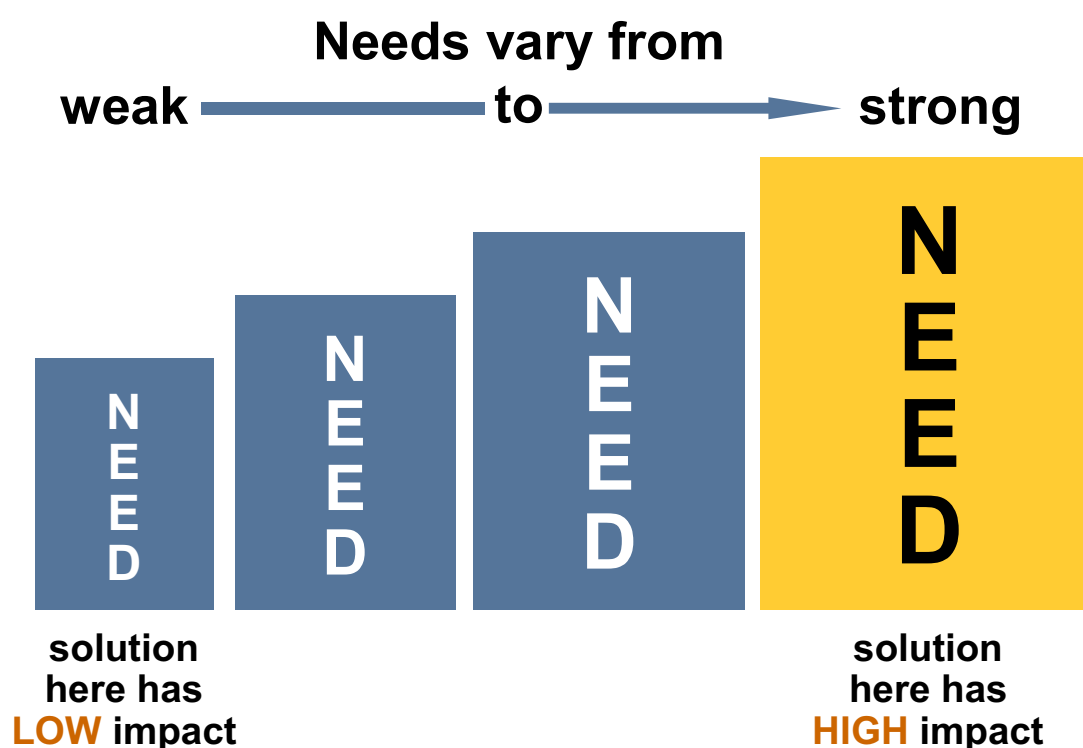
The models are validated by Huthwaite's analysis of 35,000 sales calls over a 12-year period.

The Huthwaite models look at selling as a collaborative process of mutual clarification between seller and customer. The foundation for success is the alignment of sales behavior to the buying process.

Needs: The Starting Point for Selling

The customer's starting point in decision-making—and the beginning of the problem-solving process—is the recognition of a need. Without a perceived need, the customer has no reason to acquire products or services. The seller's function in helping customers recognize needs isn't one of passive listening. It's an interactive, two-way communication. It's not a neutral process: you provide added value to the customer by actively influencing the way needs are defined and clarified. Needs, in a complex sale, normally progress through characteristic stages, beginning with feelings of dissatisfaction and progressing through an increasingly clear perception of the problem to a point where the customer feels a want or desire to take action.

Fig. 1   Strength of Customer Needs

Needs vary from weak to strong

solution here has **LOW** impact

solution here has **HIGH** impact

Working through these stages with a customer ensures that needs are mutually understood and clear—many unsatisfactory engagements can be traced back to a lack of shared understanding and clarity during the discussion of needs.

- The more developed the need, the more likely the customer will be to act—so helping the customer think through these stages of needs development speeds the decision process.

We'll devote considerable program time to the identification and clarification of customer needs. This process is crucial in structuring an appropriate solution for the customer. Furthermore, in on-going customer relationships, helping customers understand their needs allows you to deliver genuine value. The end result is an enhanced relationship with the customer.

Implied and Explicit Needs

During the program, we'll be dividing customer needs into two types:

Implied Needs:

Statements of problems, difficulties or dissatisfactions in areas where you could provide help. Typical Implied Needs might be, "I'm worried about increasing competition from other contractors," "We're not satisfied with the speed of our existing process," or "Our present system can't cope with the throughput."

Explicit Needs:

Statements of wants or desires. Typical examples of Explicit Needs might include, "We need a faster system," "We're looking for a more reliable machine," or " I'd like to have a backup capability."

Fig. 2   Implied and Explicit Needs

it's almost perfect

it's a problem but I can live with it

it's a bigger problem than I realized

I want to **take action** to resolve it

Implied Needs

problems, difficulties or dissatisfaction

Explicit Needs

strong wants or desires

It's important to distinguish between Implied and Explicit Needs because in complex sales, success correlates directly with the ability to convert Implied Needs into Explicit Needs.

Many sellers, perhaps because of their product knowledge and expertise, are much more skilled at uncovering and clarifying Implied Needs than they are at helping customers voice Explicit Needs. Yet, only in relatively small sales is it sufficient to uncover and develop Implied Needs.

Check that you're clear about the difference between Implied and Explicit Needs by working through these examples of customer statements:

Implied and Explicit Need Exercise

Indicate whether each of the following is an Implied Need or an Explicit Need. You may check your answers in the back of this booklet.

		Implied Need	Explicit Need
1.	I need a faster way to handle this operation.	❏	❏
2.	Right now I am experiencing difficulty getting service.	❏	❏
3.	We spend too much money on maintenance for our system.	❏	❏
4.	We must find a better way to speed up turnaround time.	❏	❏
5.	It's difficult to handle our peak period demand.	❏	❏
6.	We have problems measuring the effectiveness of our system.	❏	❏
7.	We need to reduce delays in our system.	❏	❏
8.	We'd like to resolve the problems we've had with our backup capability.	❏	❏

The SPIN® Model

During a successful sales interaction, the seller uncovers and clarifies a customer's Implied Needs and, through exploration and discussion, helps the customer arrive at Explicit Needs, which promote action.

This is achieved primarily through the use of questions.

Our research showed that four types of questions were used by successful salespeople to help them arrive at mutually understood needs. These were:
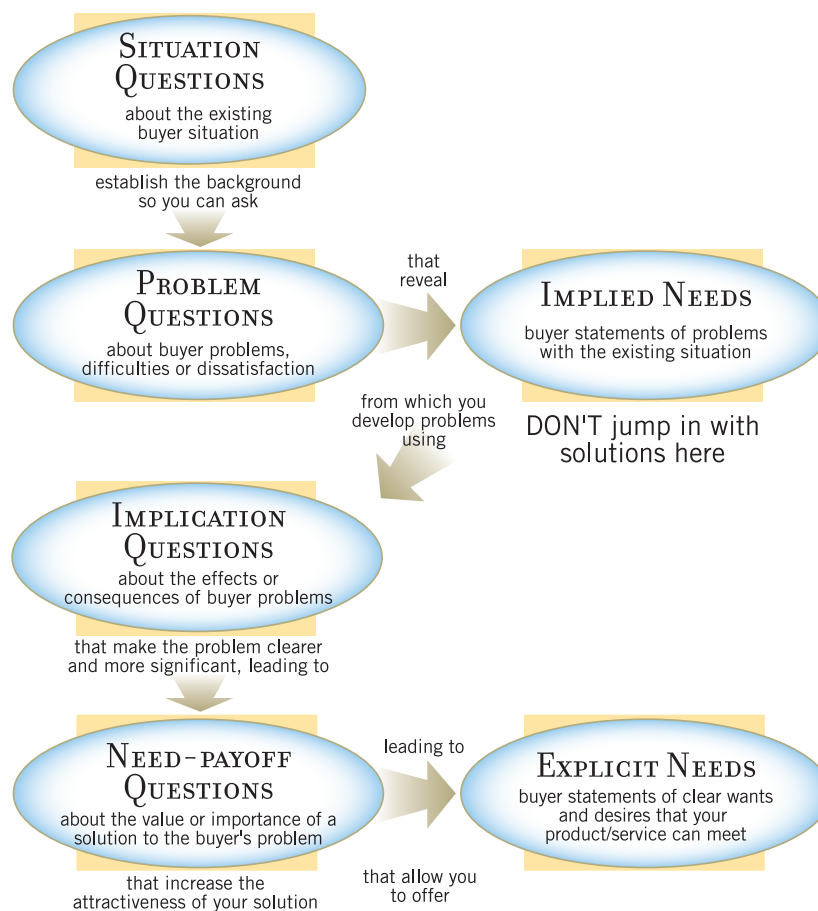
Situation Questions: fact-finding questions to establish a mutual understanding of the customer's present operation.

Problem Questions: questions about a customer's difficulties or dissatisfactions. These questions uncover Implied Needs, which are the basic raw materials out of which a customer's Explicit Needs will be defined.

Implication Questions: questions about the effects or consequences of a customer's problems. These questions are particularly important for ensuring shared understanding of a problem's severity or urgency.

Need-payoff Questions: which are about the value or utility the customer sees from proposed solutions to problems. These questions help the customer clarify the benefits which a solution could provide.

Fig. 3 The SPIN® Model

SITUATION QUESTIONS
about the existing buyer situation

establish the background so you can ask

PROBLEM QUESTIONS
about buyer problems, difficulties or dissatisfaction

that reveal

IMPLIED NEEDS
buyer statements of problems with the existing situation

DON'T jump in with solutions here

from which you develop problems using

IMPLICATION QUESTIONS
about the effects or consequences of buyer problems

that make the problem clearer and more significant, leading to

NEED-PAYOFF QUESTIONS
about the value or importance of a solution to the buyer's problem

leading to

EXPLICIT NEEDS
buyer statements of clear wants and desires that your product/service can meet

that increase the attractiveness of your solution

that allow you to offer

These four questions have the acronym SPIN®. Often they are used in a broad sequence: Situation Questions to establish background, then Problem Questions to uncover Implied Needs—difficulties or dissatisfactions—followed by Implication Questions to establish the seriousness of problems and, finally, Need-payoff Questions to explore the value and benefits of a solution.

Let's look at that sequence more closely, seeing how it's used to explore and clarify customer needs.

Situation Questions: The Philosophy

Finding out information about the customer's existing situation is the first step in uncovering Implied Needs. After all, it is very difficult to investigate a customer's problems (Implied Needs) unless you understand the present situation.

Situation Questions reveal the basic facts about what's happening now and provide the background details which let you proceed to the next step. Who benefits most from Situation Questions—you or the customer? Potentially, both parties *can* benefit, but generally *you* are likely to be the primary beneficiary. The customer is educating you in the hope that, later, the knowledge you're gaining will let you add value. Skilled salespeople ask Situation Questions economically—they obtain the required information using a minimum number of questions.

It is important that the customer views Situation Questions as an attempt on your part to better understand his or her business, not as a demand for information.

In regard to achieving that business perspective, several techniques are useful:

- Link the Situation Question to a previous customer statement.
- Link to a personal observation.
- Link to an outside person or organization.

Situation Questions: Making it Happen

List some typical Situation Questions in your line of business.

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Problem Questions: The Philosophy

After you have developed an understanding of the customer's existing situation, it is useful to move to questions which directly probe for Implied Needs.

Problem Questions are about the customer's problems, difficulties or dissatisfactions with the present situation. Let's suppose you know the essential details of the customer's situation. Where do you go next? A customer who's genuinely satisfied with the way things are now has no reason to take the discussion further. The customer must perceive a problem or a source of dissatisfaction in order to proceed. That's why research shows a high number of Problem Questions in successful sales.

The better your pre-call planning and Situation Questioning have been, the more likely you'll be able to formulate effective Problem Questions—ones which uncover Implied Needs.

Two techniques which are helpful for developing Problem Questioning skills are as follows:

- **Use Linking Phrases.** Problem Questions sound more natural if you relate them to a previous customer comment.
- **Use a Follow-up Strategy.** Problem Questions can be used not only to identify whether a problem exists but also to clarify the problem. Useful areas for asking follow-up Problem Questions are Which? When? Who?

Problem Questions: Making it Happen

List some typical Problem Questions in your line of business.

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Situation and Problem Question Exercise

Check that you're clear about the differences between Situation Questions and Problem Questions by working through this exercise. Indicate whether each of the following is a Situation Question or a Problem Question. You may check your answers in the back of this booklet.

		Situation Question	Problem Question
1.	What's the average weekly output of this plant?	❏	❏
2.	Do you have problems with backorders on any items?	❏	❏
3.	How much inventory do you stock on site?	❏	❏
4.	Is it hard to recruit skilled people?	❏	❏
5.	Have you had any trouble controlling quality?	❏	❏
6.	How do you store your chips?	❏	❏
7.	Do you anticipate any difficulties with output next month?	❏	❏

A Selling Trap

What we've said so far is simple common sense. In discussion with a customer, you ask Situation and Problem Questions to uncover potential problems you can solve. However, at this point, many people fall into a trap which can catch even the most experienced salespeople. One of the epidemic diseases of selling products or services is the temptation to jump in prematurely with discussion of potential solutions.

This trap is particularly severe with experienced people, who often see the answer before their customer has fully grasped the problem. There's a natural temptation to draw links too early between the first expression of the problem and the tools available for its solution.

What's wrong with that? Several things:

- You yourself may not have a solid understanding of the problem required to judge the appropriateness of the solution.

- You may appear more concerned with providing your solution than with understanding the customer's problem.

- Until you and the customer are in agreement about the extent and severity of a problem, it's dangerous to talk about possible approaches to solving it.

This is a particular danger when you perceive a problem as severe, but the customer doesn't. For example, suppose you've a customer who tells you, "I'm uncomfortable with outsourcing some of the workload—but that's just something I've learned to live with." What message is the customer giving you?—that the problem isn't urgent or severe. But suppose you see this as a crucially important issue. Clearly, you must find some way to ensure that you and the customer have a shared understanding of the problem's importance before you offer potential solutions—otherwise the customer may reject your solution.

Implication Questions: The Philosophy

In order to expand and clarify a problem, it is important to assist the customer in developing a better understanding of the consequences of that problem.

Implication Questions explore and expand the effect of a customer's concern by linking an existing problem to the consequences and effects of that problem. As a result of well-focused Implication Questions, the customer sees the problem as more important and hence becomes more committed to finding a solution.

Implication Questions are the most powerful of all selling behaviors. Our research has consistently shown that successful salespeople make higher than average use of them. What's more, customers give positive ratings for professionalism, candor and competence to sellers who use many Implication Questions. Furthermore, the effective use of Implication Questions is likely to diffuse subsequent concerns about cost or price.

Implication Questions are, however, difficult to ask. To ask them effectively, you need application knowledge of your products and services and a good understanding of your marketplace, as well as good questioning skills. Two techniques which are helpful for improving your skill in using Implication Questions are as follows:

- **Make Implication Questions sound natural.** Rather than repeating the same phrase—"What are the implications of your problem with…"—use a variety. Example: "If you continue to outsource, what effect will that have on your budget?"

- **Take advantage of pre-call planning.** Part of the difficulty with asking Implication Questions rests with understanding what the real consequences of the customer's problems are. So, it is beneficial to outline potential customer problems and possible consequences of those problems during pre-call planning.

Implication Questions: Making it Happen

List some typical Implication Questions in your line of business.

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Need-payoff Questions: The Philosophy

The questions we've looked at so far are all concerned with defining the extent of the problem. At some point in the discussion, your attention must turn to the solution—to the benefits which the customer gains from solving the problem.

Need-payoff Questions are an effective probing strategy for directing the customers to think and talk about the value of solving their problems. These are questions like, 'If you upgrade your system, would speed or reliability be more impactful?'

Need-payoff Questions are beneficial for two major reasons.

First, a fundamental notion from the psychology of decision-making tells us that the size of a problem does not necessarily relate to the willingness of the individual to solve it. The additional need ingredient is a desire for a solution.

Second, seeking information is more persuasive than giving information.

Need-payoff Questions can be used to achieve three major purposes:

- Identify whether or not a problem is at the Explicit Need level; that is, one that the customer really wants to solve.
- Clarify an Explicit Need—unless the need is clear in the buyer's mind, it is unlikely that any solution will hold high value.
- Help the buyer think about additional reasons why addressing the Explicit Need would be beneficial.
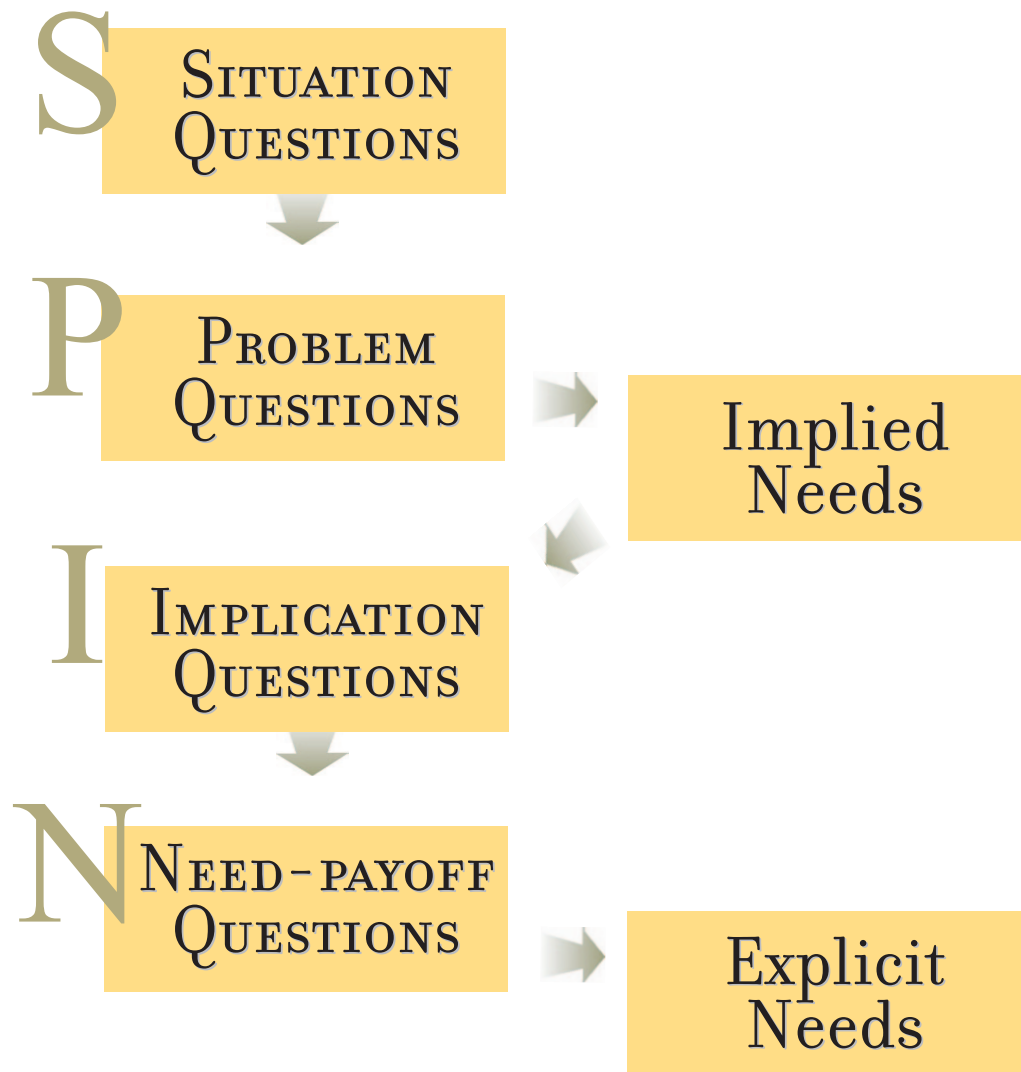
Need-payoff Questions: Making it Happen

List some typical Need-payoff Questions in your line of business.

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Implication and Need-payoff Question Exercise

Check that you're clear about the differences between Implication Questions and Need-payoff Questions by working through this exercise. Indicate whether each of the following is an Implication Question or a Need-payoff Question. You may check your answers in the back of this booklet.

	Implication Question	Need-payoff Question
1. How has the increased workload affected turnover among your support staff?	❏	❏
2. Would you like an easier way to handle the staffing issues?	❏	❏
3. What do you see as the advantages of taking this approach?	❏	❏
4. Has the shortage of support staff impacted your ability to respond quickly to client calls?	❏	❏
5. Have these staffing problems led you to lose any clients?	❏	❏
6. Would it be helpful if I could show you a way to manage the increasing workload?	❏	❏
7. How much would you save annually if we could eliminate your seasonal overtime costs?	❏	❏

S SITUATION QUESTIONS

P PROBLEM QUESTIONS

→ Implied Needs

I IMPLICATION QUESTIONS

N NEED-PAYOFF QUESTIONS

→ Explicit Needs

A Summary

- **Situation** and **Problem Questions** are used to uncover **Implied Needs**.

- To move from an **Implied** to an **Explicit Need** level, a probing strategy is employed that helps expand the problem and create a desire for a solution.

- **Implication Questions** uncover the business effects and consequences caused by the problem. Hence, they are effective for expanding and clarifying the difficulties, concerns and dissatisfactions (Implied Needs) revealed by the customer.

- **Need-payoff Questions** create the second ingredient needed to move to a point where the customer is willing to make a purchasing decision. They help the customer understand the worth or utility of solving the problem.

Features, Advantages and Benefits

However skilled the salesperson is in uncovering and developing needs, the customer will be unlikely to make a purchasing decision until an adequate amount of information about your products and services is presented.

There are, however, various ways of describing an organization's products and services, and some ways are more persuasive than others.

A **Feature** describes some characteristic of the product or service. Some examples of Feature statements are:

"Our consultants have a background in educational psychology."

"There is a five-week delivery period for this equipment."

An **Advantage** describes how a Feature can help the customer; some examples are:

"...which means it's less expensive to operate."

"The automatic feed will save you time."

But, customers buy because they have needs, and if the salesperson can directly relate the product or service to those needs, then the probability of making the sale is increased.

Statements which show how an Explicit Need of the customer can be met by a product or service are called **Benefits**. Benefits are the most powerful way in which a salesperson can describe a product or service. Examples:

"You've emphasized to us that the time has come to redefine your approach to date management, which our proprietary data model will let you do."

"This will give you the faster speed you're looking for."

Closing Remarks

- SPIN® was developed by investigating how successful salespeople uncover and develop customer needs.

    - Therefore, there is no single answer to the question, "How many of each type of the SPIN® questions should I ask?" No magic number exists; it depends on the situation.

    - It's important to recognize the dangers of adopting any mechanistic selling formula. The SPIN® approach isn't a rigid sequence although it frequently is sequential. That's because it's generally true, for example, that you need to find something out about the situation before you discuss problems—and you wouldn't normally start to explore the value of a solution before the problem has been defined.

- The SPIN® strategy is based on the powerful notion that seeking information (questioning) is more persuasive than giving information.

- SPIN® recognizes that a major barrier to improving sales productivity is the salesperson's jumping in too early with a solution—the model provides an approach for developing the customer's need to a level where a discussion of solutions will have a greater impact.

Answers to the Exercises

Implied Need and Explicit Need (page 5)

1. Explicit Need: "I need …" is an expression of a want or desire.

2. Implied Need: The customer states a difficulty.

3. Implied Need: "We spend too much…" is an expression of dissatisfaction.

4. Explicit Need: The customer is stating a want or desire for a better way.

5. Implied Need: An expression of difficulty.

6. Implied Need: The customer describes a problem.

7. Explicit Need: The customer states a want or desire.

8. Explicit Need: Despite the mention of problems, the statement is a want or desire, 'We'd like to …'.

Situation Question and Problem Question (page 10)

1. Situation Question: Asking for facts about the present situation.

2. Problem Question: Asking for difficulties or dissatisfaction.

3. Situation Question: Asking about a detail of the present situation.

4. Problem Question: Asking directly about a potential difficulty.

5. Problem Question: "Have you had trouble…" probes for difficulties.

6. Situation Question: Asking for further clarification of the present facts.

7. Problem Question: Asking for further problems.

Answers to the Exercises

Implication and Need-Payoff Question Exercise (page 14)

1. Implication Question: This question is problem-centered. Implication Questions explore the effects or consequences of problems, while Need-payoff Questions explore the value or benefits of potential solutions.

2. Need-payoff Question: Explores the customer's perception of the value or benefits of a course of action.

3. Need-payoff Question: Further exploration of the value or benefits from a proposed course of action.

4. Implication Question: Explores the consequences or effects of the problem, not the value of a solution.

5. Implication Question: Again, the question centers on the **problem**, not the solution.

6. Need-payoff Question: The question now returns to the solution or action.

7. Need-payoff Question: Further exploration of the solution.

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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