

is limited, and fumbling for a response to an unexpected situation. Third (and most importantly), once you ask the question, listen to the customer's answer.

SPIN to Customers' Needs. Based on research conducted by Huthwaite, Inc. (and company founder Neil Rackham), the **SPIN strategy** is a comprehensive selling approach based on a series of questions about situation, problem, implication, and need payoff.⁸ This approach works very well with large, important sales. A number of multinational companies have adopted the SPIN selling approach, including UPS and Bank of America. Exhibit 7.6 summarizes the SPIN selling approach.

SITUATION QUESTIONS. These questions provide basic information about the customer's circumstances. Often they are broad questions designed to substantiate information the salesperson already knows. You don't want to overuse these questions, since customers may tire of answering them. Situation questions suffer from the same problems as the data collection questions we discussed earlier, but they do offer a format for establishing rapport with the customer.

PROBLEM QUESTIONS. Based on his or her own research, and responses to the situation questions, the salesperson moves on to more specific problems. Asking directed questions gets the customer concentrating on particular problems and issues. An effective tool when used by experienced salespeople, problem questions are much more useful in identifying the customer's needs than situation questions.

There are two goals for problem questions. First, the customer's responses offer critical information the salesperson will use in discovering the customer's needs. Second, in answering a carefully planned set of questions, customers will (if all goes well) admit they have a problem. While problem questions are valuable, the salesperson must continue to ask questions that will help the customer see the full effect of the problem.

IMPLICATION QUESTIONS. Once a problem has been defined, the salesperson must help the customer recognize its implications for his or her business. Implication questions help customers realize the seriousness of the problem and begin to search for solutions. You must get agreement on the problem before asking

EXHIBIT 7.6 THE SPIN SELLING APPROACH

Situation Questions—Finding facts about the customer's existing situations:

- Are overused by inexperienced salespeople.

Problem Questions—Learning about the customer's problems, difficulties, or dissatisfaction:

- Are used more in calls that succeed (especially for smaller sales)
- Are asked more by experienced salespeople.

Implication Questions—Learning about the effects, consequences, and implications, of the customer's problems:

- Are strongly linked to success in larger sales.
- Build up the customer's perception of value.
- Are harder to ask than situation or problem questions.

Need Payoff Questions—Learning about the value or usefulness of a proposed customer solution:

- Are strongly linked to success in larger sales. Increase the acceptability of your solution.
- Are particularly effective with influencers who will present your case to decision makers.

Adapted from Neil Rackham, *SPIN Selling* (New York: McGraw-Hill, 1988).

implication questions. These questions are instrumental in moving the customer closer to the value proposition you will offer in the presentation. As the customer comes to recognize the full implications of the problem, he or she becomes less concerned with the cost of the solution (your products and services) and more interested in solving the problem.

NEED PAYOFF QUESTIONS. The transition from problem identification and clarification to problem solution begins with need payoff questions. It is not enough to make the customer aware of a problem, nor to define its scope and potential ramifications. At some point the salesperson must move the customer to the solution offered by the company. While problem and implications questions focus on establishing the customer problem, need payoff questions directly connect the problem with the value proposition. If the customer agrees to the need payoff questions, the salesperson is in a strong position to successfully complete the sale. Conversely, if the customer disagrees, the salesperson has not yet established a significant problem for the customer to act on.