

10.5: How to Use SPIN Selling in Your Sales Call

Learning Objectives

- Understand SPIN and how to use it during the sales presentation.

In 1988, Neil Rackham and his company Huthwaite, Inc., researched more than 35,000 sales calls, observing successful and experienced sales professionals doing what they do best. In the process they disproved a number of popular myths about the selling process, and they developed a sales model of their own, which they called SPIN selling. Neil Rackham, *The SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 8; Greg Woodley, “SPIN Selling Is Good,” *SellingandPersuasionTechniques.com*, <http://www.sellingandpersuasiontechniques.com/SPIN-selling.html> (accessed May 16, 2010). Today sales professionals around the world incorporate the SPIN selling model into their sales process with great success—and if you learn a few simple principles, you can too. The following section describes SPIN selling in a nutshell.

What Is SPIN Selling?

SPIN works from the theory that relationship selling is customer-centric. It requires you to adapt your selling process to your customer, and it delivers personal solutions. To make this work, you have to ask your buyer a lot of questions, let him do most of the talking, and give his responses your full attention.

In the SPIN model, there are four components of a sales call: opening, investigating, demonstrating capability, and obtaining commitment. SPIN gets its name from the four kinds of questions that take place during the investigation stage: **S**ituation, **P**roblem, **I**mplication, and **N**eed-payoff.

With smaller sales, these four components of the sale (opening, investigating, demonstrating capability, and obtaining commitment) often happen sequentially and in a short period of time; a customer might walk onto your car lot and commit to buying a car from you an hour later. But often in business-to-business (B2B) sales, especially complex ones, you will incorporate SPIN components into a number of the steps in your selling process. For instance, you will do some investigation during your preapproach, and you might make an early presentation in which you open, investigate, and demonstrate capability. Because larger sales take more time, you won’t close the sale at the end of your first presentation, but you might get a commitment from your customer to move the sale forward. SPIN selling is not a rigid, step-by-step model; rather it provides an effective, flexible framework for customer centered selling. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 38.

Opening

According to Rackham, the **opening** of the sales call is not the most important part, but it does pave the way for the important steps that come after. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 139. At the beginning of every call, you want to set the preliminaries and make any necessary introductions. (In larger B2B sales, you usually won’t spend very long on introductions because 95 percent of the time you will be meeting with an existing customer or a prospect you have already met.) Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 40. If you are following up on an earlier sales call, it’s important to recap the conclusions of your last discussion: “The last time we spoke, we talked about pricing and setting a timeline, and you agreed that you would like to move the sale forward if we could put together a proposal that matched your budget and would meet your deadlines.” Then, most important, you want to begin the conversation by getting your customer’s agreement to let you ask him some questions. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 144. This builds rapport and establishes a buyer centered purpose for your call. “SPIN Selling,” review of *SPIN Selling*, *ChangingMinds.org*, http://changingminds.org/books/book_reviews/spin.htm (accessed May 16, 2010).

Investigation

Investigation—asking questions to uncover your buyer’s needs—is at the heart of SPIN selling. This is the stage during which you ask the types of questions that give SPIN its name: situation, problem, implication, and need-payoff. Here’s how each of these types of questions works during the sales presentation.

Situation Questions

Situation questions deal with the straightforward facts about the buyer’s existing situation and provide a starting place for understanding your buyer’s needs. Greg Woodley, “SPIN Selling Is Good,” *SellingandPersuasionTechniques.com*,

<http://www.sellingandpersuasionechniques.com/SPIN-selling.html> (accessed May 16, 2010). If you ask too many situation questions, you risk boring your prospect and damaging your credibility, so ask situation questions sparingly. If you do careful research before your sales call, you should find out most of the basic information about your customer's current situation before your meeting so that the situation questions you ask are only the ones that will provide information you aren't able to track down elsewhere. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 76; Eric Wolfram, "How to Sell—SPIN Selling," Wolfram, http://wolfram.org/writing/howto/sell/spin_selling.html (accessed May 16, 2010). For instance, if you are selling Internet connectivity, you might ask your buyer, "Which of your offices are currently using DSL?"

Customer:	Our four branch campuses use DSL, but our main offices downtown use a cable service.
You:	Oh, they use cable? Who is their provider?
Customer:	Ajax Communications. We've been with them for about two years.
You:	I understand Ajax sometimes offers their service on a contract basis. Do you currently have a contract with Ajax?
Customer:	We had a contract, but that ended a couple of months ago.

Problem Questions

You already know that your prospect will only be motivated to buy if she recognizes she has a need. Asking **problem questions** helps customers understand their needs, and ultimately it paves the way for you to propose a solution that seems beneficial to your customer. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 90. Problem questions are the most effective in small sales: "Was limited storage space ever an issue with your last computer? How much has the size and weight of your current laptop affected your ability to carry it with you?" But in B2B sales it is still important to ask a few problem questions so that you and your buyer share an understanding of the problem or need. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 93. Sometimes it is tempting to jump right into presenting the benefits of your solution, but keep in mind that your prospect might not always see his problem right away, even if it is already evident to you. "SPIN Selling," review of *SPIN Selling*, Changing Minds Book Reviews, http://changingminds.org/books/book_reviews/spin.htm (accessed May 16, 2010). Imagine you sell tractors. To understand the difficulties your prospect faces with his current machines, you could ask problem questions like "How much does it cost to maintain your current farm machinery?" "How often do your tractors break down?" and "Who is usually responsible for doing the maintenance work?"

Implication Questions

In larger sales, **implication questions** are closely linked to success because they increase a prospect's motivation to seek change. Implication questions uncover the effects or consequences of a prospect's problems. These questions are especially effective when your prospect is a decision maker whose success depends on understanding the underlying causes of a problem and its potential long-term consequences. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 108. Say, for instance, your prospect has offices in five locations, but he only has IT staff at two of the locations. To help him understand the implications of this problem, you might ask questions like this:

You:	If a computer crashes at one of your branch offices, who takes care of the problem?
Prospect:	That depends. Our Bellevue and Redmond offices have their own IT people, but when we have a problem downtown or in North Seattle, we call someone from the east side offices to come fix it.
You:	Wow, that must be a hassle for the IT people! How often do they have to drive out to another location for computer trouble?
Prospect:	Usually not more than three or four times each week. If the problem isn't an urgent one, the IT guys usually make a record of it so that they can fix it during their regular visits.

You:	So your IT people have regularly scheduled maintenance visits that they make in addition to the occasional “emergency” trips?
Prospect:	Yes. Someone from IT visits each of the three locations once a week to run maintenance and fix any issues that have come up since the last visit.
You:	The travel time from Redmond to downtown is about half an hour each way, and it can take an hour during rush hour! Isn’t the commute from Redmond to your other locations even longer? In total, how much time and money would you guess your company invests in these maintenance trips each week?

Your buyer might have told you up front that the shortage of IT staff is a problem, but he might not yet realize all the implications of this problem (like higher costs, wasted time, and inefficiency). By asking this set of implication questions you have just asked, you are helping your prospect explicitly state a need (or needs) that you can solve for him. “SPIN Selling,” review of *SPIN Selling*, Changing Minds Book Reviews, http://changingminds.org/books/book_reviews/spin.htm (accessed May 16, 2010).

Need-Payoff Questions

Once you help your prospect uncover his specific needs, you can help him to discover a way out by asking how his problem could be resolved. These questions are called **need-payoff questions**. If you ask your prospect the right need-payoff questions, he will tell you how your solutions can help him; you won’t even need to spend much time talking about your product’s benefits because your prospect will have already convinced himself that your solution will be valuable to him. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 128. For example, following the previous conversation about your customer’s IT problem you could ask “How would it help if the IT staff could fix at least half of your computer problems remotely?” or “How much time would you save if I could help you find a way to cut down on your IT support calls from the branch offices?”

Demonstrating Capability

When you present your solution, you can tell your customer about FAB, as discussed in Chapter 6.

- The product *features*, or what the product *has*: “This car has all-wheel drive, and the back seats fold down to expand the trunk.”
- Its *advantages*: “The all-wheel drive capability makes for better handling in ice and snow, and the ability to fold down the seats means you get a larger storage capacity than you would with other cars of its kind.”
- What the feature *does* and its *benefits*: “The all-wheel drive will give you peace of mind when your daughter drives the car in the winter, and the added storage capacity will be especially helpful for any odds and ends you need to transport during your upcoming move.” This includes what the features *mean*, or the ways in which your solution addresses your prospect’s acknowledged needs. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 148.

All three methods **demonstrate capability**, but which method do you think moves you closer to a sale? If you guessed benefits, you’re right. SPIN selling is all about customization; when you are demonstrating capability, you want to show your prospect how your solution applies to the needs he has expressed. Listing a product’s advantages demonstrates how that product could be useful to anyone (a generic customer), but you don’t want to treat your buyer like a generic customer. OK, so the car you are selling has an excellent sound system that delivers a superior music-listening experience. But what if your prospect only ever listens to talk radio? If you go on at length about the advantages of the sound system, he won’t be impressed.

Rackham and his team concluded that salespeople who demonstrate capability by presenting benefits (rather than advantages) don’t have to deal with as many objections from their prospects. However, you can only demonstrate benefits successfully if you have asked the right questions to uncover your prospect’s specific needs. This is why the investigation stage is so important. Here are examples of some benefits you might share with your prospect:

Dr. Hogue, our software gives you the ability to organize large quantities of information (like those complicated medical records you mentioned) visually. If you use this software, it will be easy to identify relationships between patient’s medical histories so that you and your staff can save time whenever you have to perform a complicated diagnosis.

Ms. Lewis, you mentioned that you have a long commute to work each day, so I think the podcast versions of our training seminars will be a good solution for you. You can download them onto your iPod and listen to them on your way to work so that you can

maximize your time and leave your evenings and weekends open to spend with your family.

Our custom engagement rings will allow you to choose an antique setting in the style you said your fiancée prefers and to pair this setting with a smaller stone that will fit your current budget.

Obtaining Commitment

In smaller sales, **obtaining commitment** is fairly straightforward: either your prospect decides to buy, or he tells you that he isn't interested. In complex sales, on the other hand, fewer than 10 percent of calls have one of these two outcomes. It might take several years before your prospect agrees to purchase your solution, so a sales call that ends without a sale is in no way a failure. In between your first sales call and your prospect's decision to buy, you will have a number of calls in which you either decide to move the process forward, terminate the process, or continue the process without an advance. Any time your prospect ends a call by agreeing on an action that moves you closer to the final sale, you have experienced a successful outcome. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 42–43.

In the SPIN model there are three steps to obtaining commitment:

1. Check whether you have addressed key concerns.
2. Summarize the benefits you presented.
3. Propose a commitment that will move the sale forward. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 44.

Consider this example:

You:	So what I understand from our discussion is that you are concerned your image has become outdated, and you want your television advertising to appeal to a younger generation?
Prospect:	Yes, that's the biggest issue we're facing right now.
You:	As I mentioned earlier, Rockstar Marketing has successfully overhauled the brand image of a number of well-known retailers, and we think we could do the same for you by creating the youthful image you are looking for.
Prospect:	That sounds like it might be a good fit, but I'd have to get the approval of our marketing committee before I could give you an answer.
You:	Then what I'd like to do, if it's OK with you, would be to write up a more specific proposal. If you could agree to arrange a meeting between our sales team and the members of your marketing committee in about two weeks from today, we could discuss the proposal options at the meeting.
Prospect:	All right, that sounds like a good plan. I'll have my secretary arrange the meeting and give you a call to confirm the day and time.

The commitment you propose at the end of the call will depend on your precall objectives. According to Rackham and his team, the most effective precall objectives are those that include actions on the part of the customer, such as “get the prospect to agree to call two of your past customers” or “get the prospect's list of vendor selection criteria.” Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 45.

Why Use the SPIN Model?

In relationship selling, the idea of a sales “presentation” can be misleading. To deliver customized value to your prospect, you have to understand his needs and make sure that you are in agreement with him about a solution he could use. This means the sales presentation is a two-way communication. When you make the effort to listen to your prospect this way and when you work to

understand his needs, not only will you close more sales, but you will also build stronger, lasting customer relationships. Your prospect will come to trust you and to rely on you as a problem-solving expert.

Key Takeaways

- **SPIN selling** is a four-step model that relies on the theory that successful selling is customer centered and offers customized solutions to your prospect's problems.
- There are four steps to a SPIN sales call: **opening**, **investigation**, **demonstrating capability**, and **obtaining commitment**.
- The **opening** stage builds rapport and establishes a buyer centered purpose for your call.
- The **investigation** stage is at the heart of the SPIN model. The goal of this stage is to ask questions that will uncover your buyer's needs.
- There are four types of investigation questions: **Situation**, **Problem**, **Implication**, and **Need-payoff** (SPIN).
- In **demonstrating capability**, you explain the benefits of your solution by showing your prospect how your product or service meets his explicit needs.
- In **obtaining commitment**, you get your prospect to agree to advance the sale, continue the sale without advancing, or make a purchase.

? Exercise 10.5.1

1. Assume you own a business that rents out retail space in a downtown area. You have found out from your prospect, the owner of a bagel shop, that his current store location is on a side street that doesn't get much foot traffic. List at least one each of the following kinds of questions that may help uncover his unstated needs: situation, problem, implication, and need-payoff. Discuss how these questions would work during the investigation stage of your SPIN selling presentation?
2. Envision a selling situation between a travel agency that offers a variety of discount packages for business prospects and a consulting firm whose employees travel frequently for business. As a salesperson for the travel agency, what specific information would you need to know about your prospect's current situation? How much of this information do you think you could find through research? What specific situation questions would you be likely to ask?
3. Your firm offers state-mandated alcohol handler's training for restaurant employees, and you are making a sales call on a manager who has just opened three large restaurants and will be hiring a staff of over seventy-five servers and bartenders. Your training is more comprehensive than that of your competitors because it includes over five hours of training per employee. Many restaurant companies opt to leave the training up to the individual restaurants, which leads to inconsistency and lack of implementation. Companies may not realize how risky this is; the fine for improper implementation is \$10,000 per restaurant. Prepare a presentation that includes the four stages of SPIN selling (opening, investigation, demonstrating capability, and gaining commitment). Include the four types of questions during the investigation stage (situation, problem, implication, and need-payoff).
4. Assume you work for Apple in their B2B division and you are selling iPhones to a major medical supply company for their employees, including their five-hundred-person sales force. They are currently not using smartphones but realize they have a need for them for their employees to stay in touch throughout the day and to access the Internet while they are away from the office. The prospect is also considering other brands of smartphones. Create a short sales presentation for the iPhone using the four stages of SPIN selling (opening, investigation, demonstrating capability, and gaining commitment). Include the four types of questions during the investigation stage (situation, problem, implication, and need-payoff).

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