



Book Review: Spin Selling By Neil Rackham

KEYWORDS

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A sales team's effectiveness and productivity have always remained some of the key challenge not only for the management but also for the individual salesperson themselves. Unlike in small sales, in the large complex sale situations where the stakes are higher, resolving these concerns becomes even more vital to the success of the organization. According to Neil Rackham the author of SPIN SELLING, first published in 1988, the book is an outcome of research carried out by Huthwaite Inc – www.huthwaite.com, over a period of more than ten years where they analyzed over 35000 sales transactions in 27 countries and studied 116 factors that they thought might play some part in affecting sales performance.

This book explains with examples, how one can become more effective in the sales profession especially in large sales situations. So in the beginning itself, the author differentiates between large and small sales primarily on four aspects.

1. Length of Sales Cycle: If the sale can be completed in one sales call and is typically of low-value then it is considered a small sale. In such cases hard-pushing your product, overcoming objections and closing hard usually helps in selling. But in large sales these skills backfire on you.
2. Size of Customer's Commitment: Unlike in small sales, e.g. in consumer goods, in large sales the cost of the product is higher, as perceived by the client.
3. The Ongoing Relationship: Mainly because the post-sale services are critical in large sales, a healthy buyer-seller relationship becomes a very important factor differentiating large sales from small ones.
4. The Risk of Mistakes: In a small sale, because the decision can be made mostly by an individual based on impulses and without any proper justification and because the perceived impact of such risks is relatively small, these situations are very different from large sale situations.

The author argues that based on his research, selling techniques that have been taught and practiced by sales professionals for more than 50 years are not only insufficient but are counterproductive in the new environment of complex and large deals.

The author simplifies the sales cycle into four major logical steps.

Figure 1.1. The Four Stages of a Sales Call



According to their research the INVESTIGATING stage, and not the OBTAINING COMMITMENT stage, is most important stage of a sales cycle.

Rackham, says that trying multiple closing techniques multiple of times during a sales call do increase the chances of

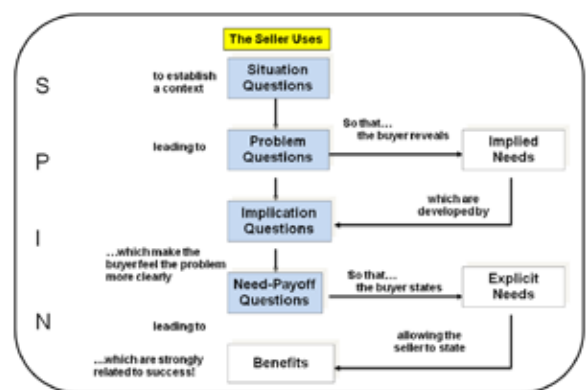
making a sale but only in smaller sales. In large sale situation, these closing tactics may actually boomerang.

In larger sales, the success of a sale is not defined in black and white terms of No-Go and Go but in shades of grey. If the call is advancing to next logical step of the sales call then it's considered a successful call else not.

The SPIN questioning techniques are a part of Investigating stage of the sales cycle. SPIN stands for:

1. Situation Questions help you establish the baseline situation at the client's business, e.g. "What is the existing system /technology / product you use?"
2. Problem Questions help you find out point of dissatisfaction, however small, in the existing scheme of things. These questions uncover the pain points of the client aka Implied Needs, e.g. "Are you satisfied with the existing IT network in terms of its uptime and response times?"
3. With Implication Questions you explore the implications of the problems/opportunities unearthed in the previous steps. This step helps your prospect realize the magnitude (implications) of the problem/opportunity.
4. Need Payoff Questions are the positive questions which paint a picture close to ideal but realistic future situation.

Figure 1.2 The SPIN Model



In the 3rd stage of a sales cycle, the Demonstrating Capabilities Stage, Rackham argues that seller's capabilities can be demonstrated by showing a) the features, b) the advantages and c) the benefits of the solution. He states that features and advantages can certainly help you in selling small low-end product but it's the benefits of a solution which make a positive difference in making a large complex sale.

Finally, the author confesses that he's not focused much on the first stage of the sales cycle, The Preliminaries since he believes that initial appearances are far less important in large sales as over time credibility and rapport become important. So in the first stage, he simply advises sales people engaged in large deals to get the client to agree to move to the ever critical Investigating Phase.