

# 12. Question-Driven Customer Development with Selling Techniques

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<http://st.inf.tu-dresden.de/teaching/saab>

- 1) Sales Funnels
- 2) Sales Meetings
- 3) Interview-based SPIN™ Selling
- 4) Interview-based Solution Selling
- 5) Reference Stories
- 6) Ultimate Competitive Advantage (UCA)
- 7) Early Adopters

# Literature

- ▶ <http://www.huthwaite.co.uk/training-solutions/sales-tools/spin-selling-tools/fact-sheet/>
- ▶ [Rackham] Neil Rackham. The SPIN Selling Fieldbook. McGraw-Hill 1996.
  - <http://www.tracomcorp.com/wp-content/uploads/2014/01/SocialStyle-Whitepaper-HowSocialStyleConceptsMakeSpinSellingMoreEffective.pdf>
  - <http://www.sellingandpersuasionechniques.com/SPIN-selling.html>
  - Slide lectures on <http://de.slideshare.net/HuthwaiteInc/spin20-solution-sheet>
- ▶ [Bosworth] Michael T. Bosworth. Solution Selling. Creating Buyers in Difficult Selling Markets. McGraw Hill 1995.
- ▶ [BlankDorf] Steve Blank, Bob Dorf, Nils Högsdal, Daniel Bartel. Das Handbuch für Startups – die deutsche Ausgabe von 'The Startup Owner's Manual'. Deutsche Übersetzung von Kathrin Lichtenberg. 2014. O'Reilly.
- ▶ [Leicher] R. Leicher. Verkaufen. TaschenGuide. Haufe-Verlag.
- ▶ Hermann Scherer. 40 Minuten für eine gezielte Fragetechnik. Gabal Verlag
- ▶ [Faltin] Günter Faltin. Kopf schlägt Kapital. Die ganz andere Art, ein Unternehmen zu gründen. Von der Lust, ein Entrepreneur zu sein. Dtv. 2012.

# Objectives

- ▶ Knowledge about Sales is important for startups and innovation managers
- ▶ Sales does not mean to persuade people, but to make them aware of their needs
- ▶ The startup must *develop* the knowledge of the need of the customers *before* the customer can realize the advantages of the product

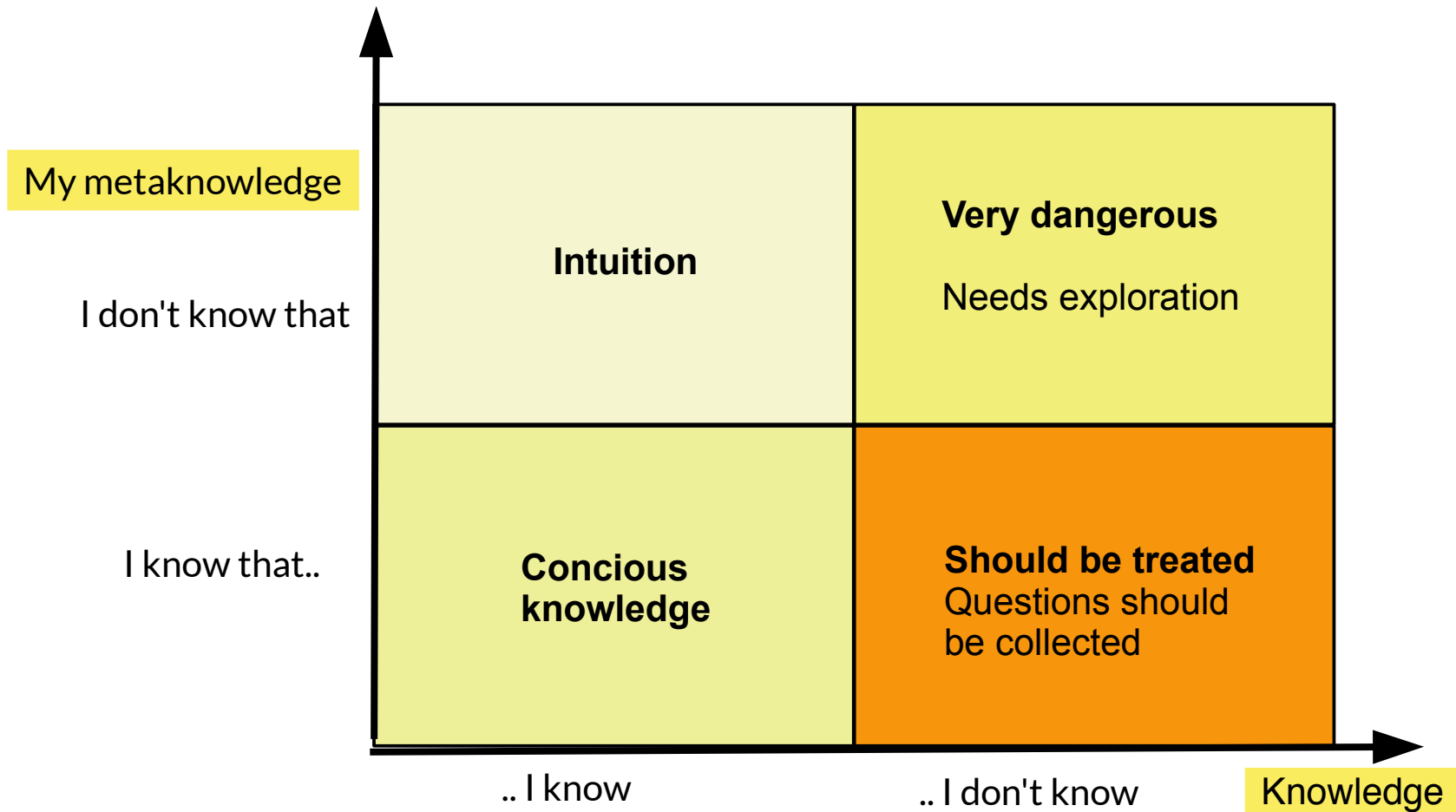


## 12.1. The Sales Funnel

Starting with E. St. Elmo Lewis in 1898  
[wikipedia:Purchase\_funnel]

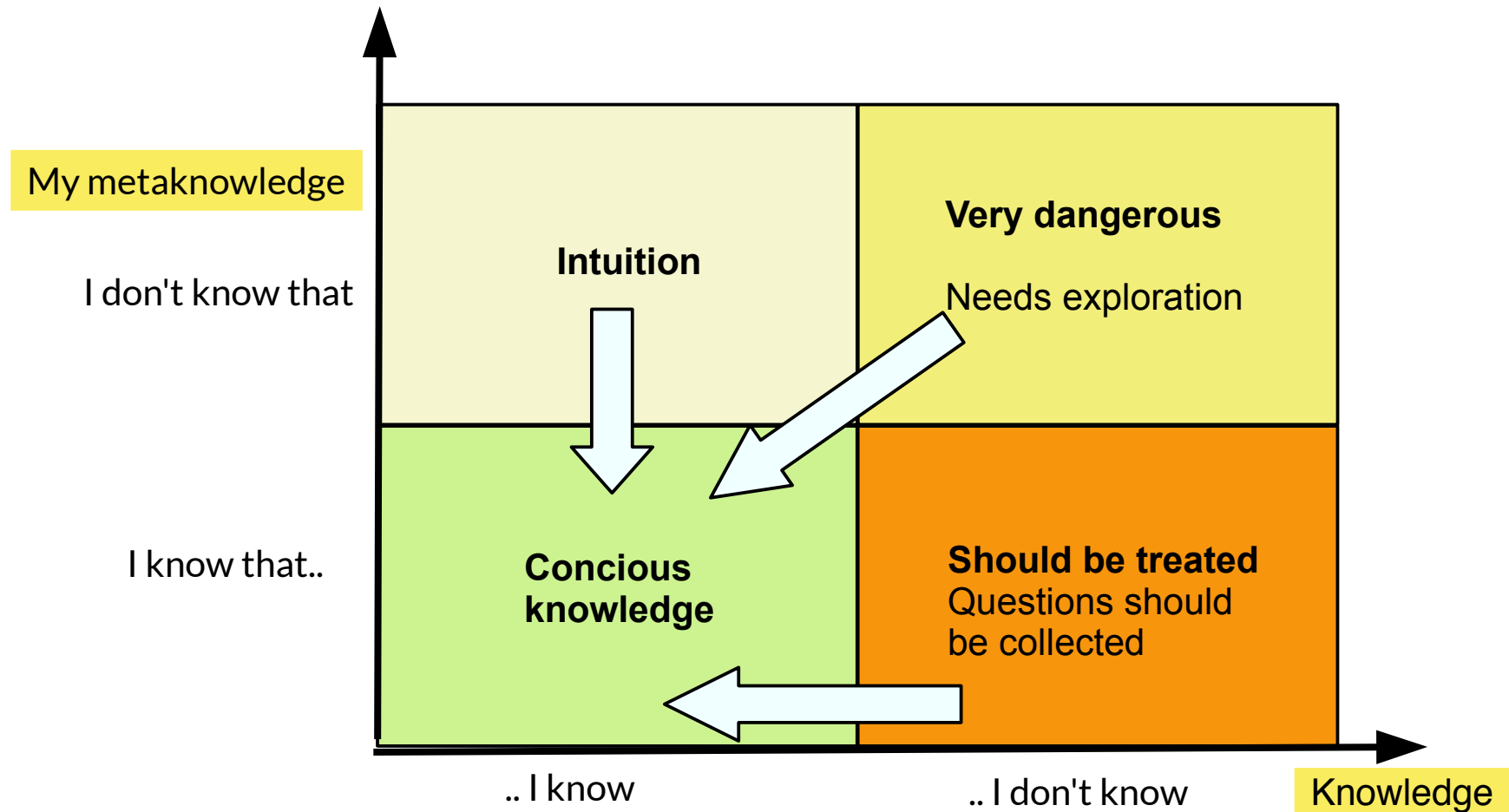
# Rumsfeld Portfolio on Knowledge

- ▶ Potential customers suffer from the Rumsfeld Portfolio



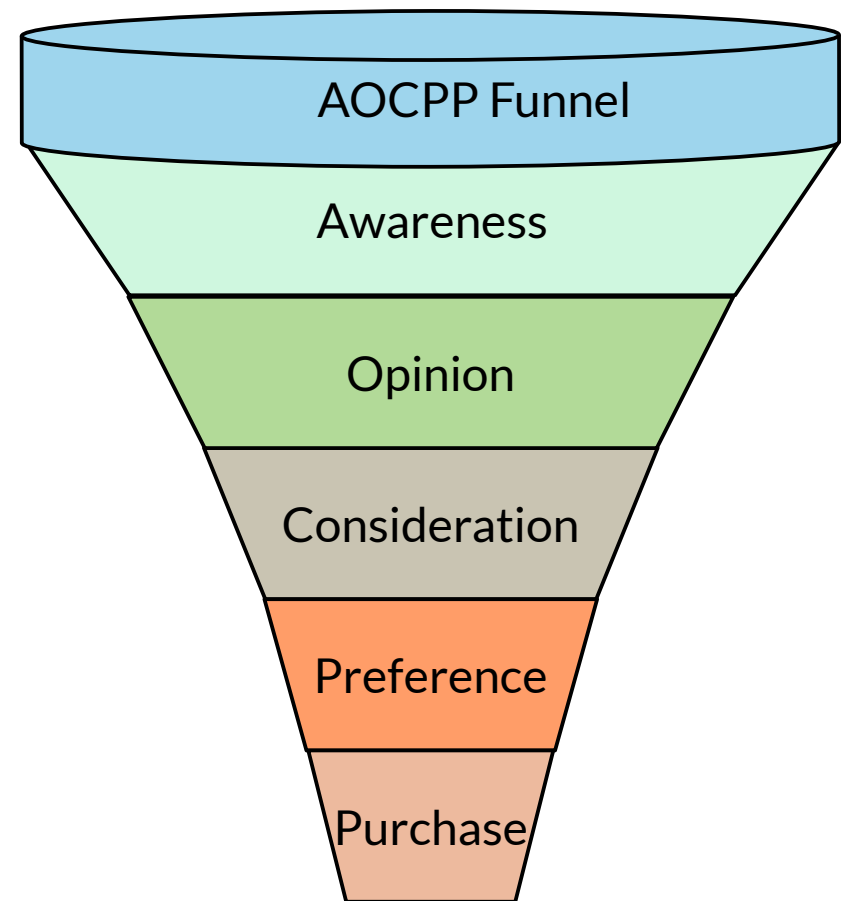
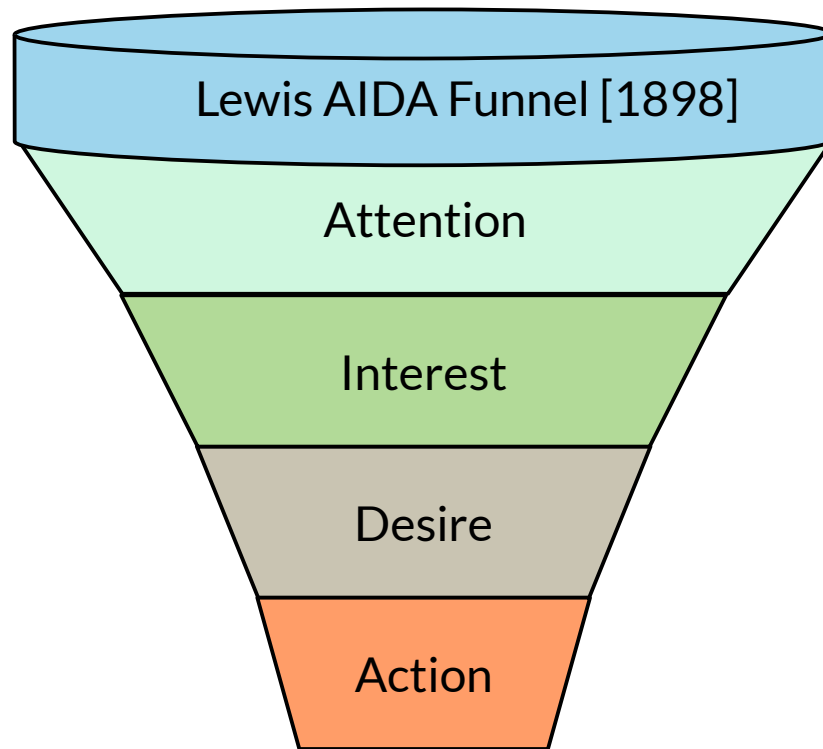
# Travel in the Rumsfeld Portfolio on Knowledge about Benefits, Solutions and Value Proposition

- ▶ Potential customers
  - do not know that they have a problem, nor need a solution, nor a feature
  - must be advanced to KNOW-KNOW

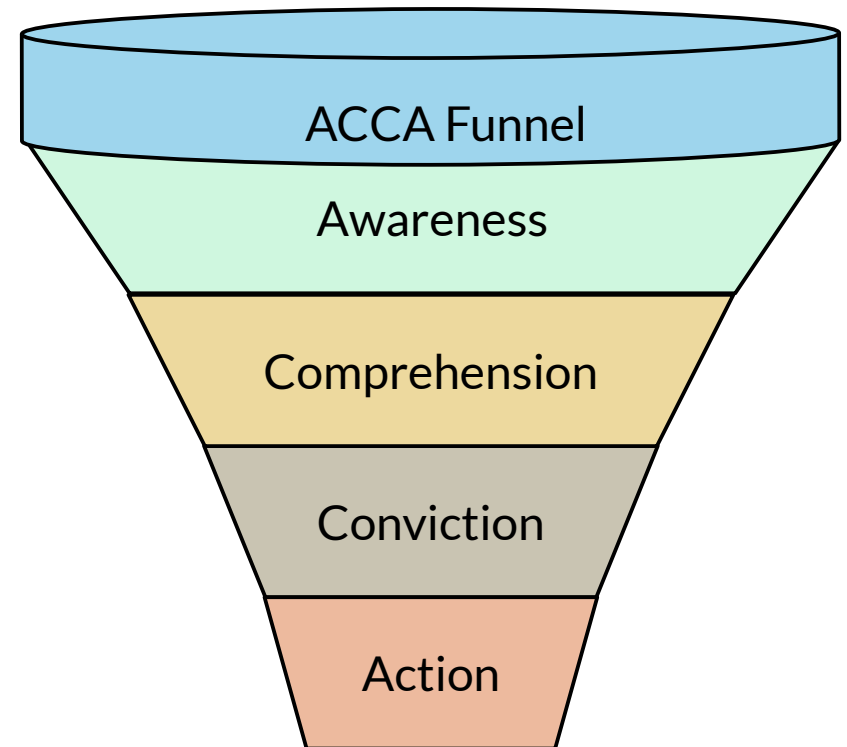
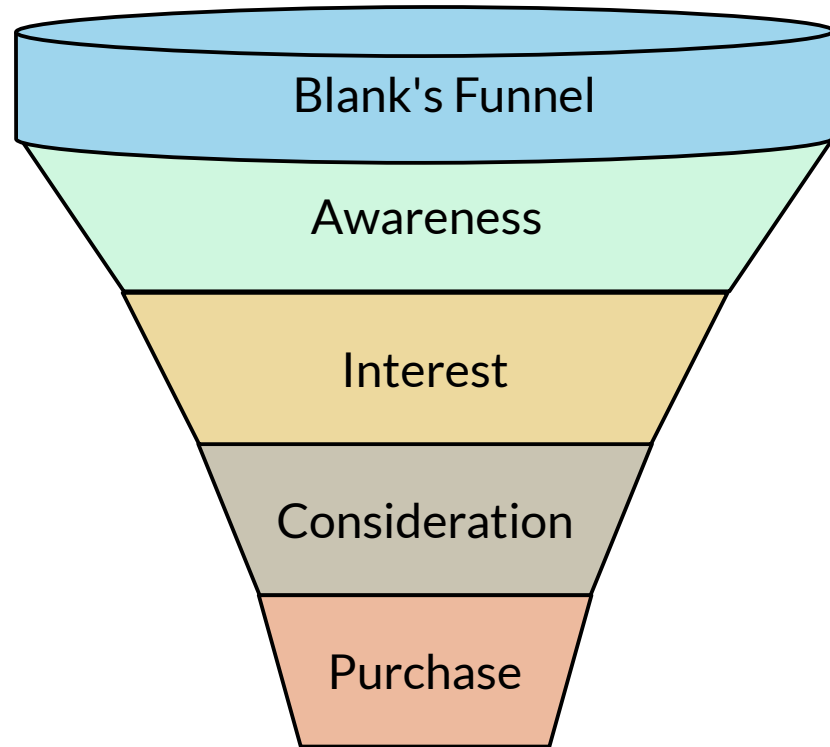


# Sales Funnels

- ▶ A **sales funnel** describes the travel of a customer before buying a product.
  - Part of the funnel describes the wandering in the Rumsfeld portfolio linearly
- ▶ The funnel tightens – not all become customers

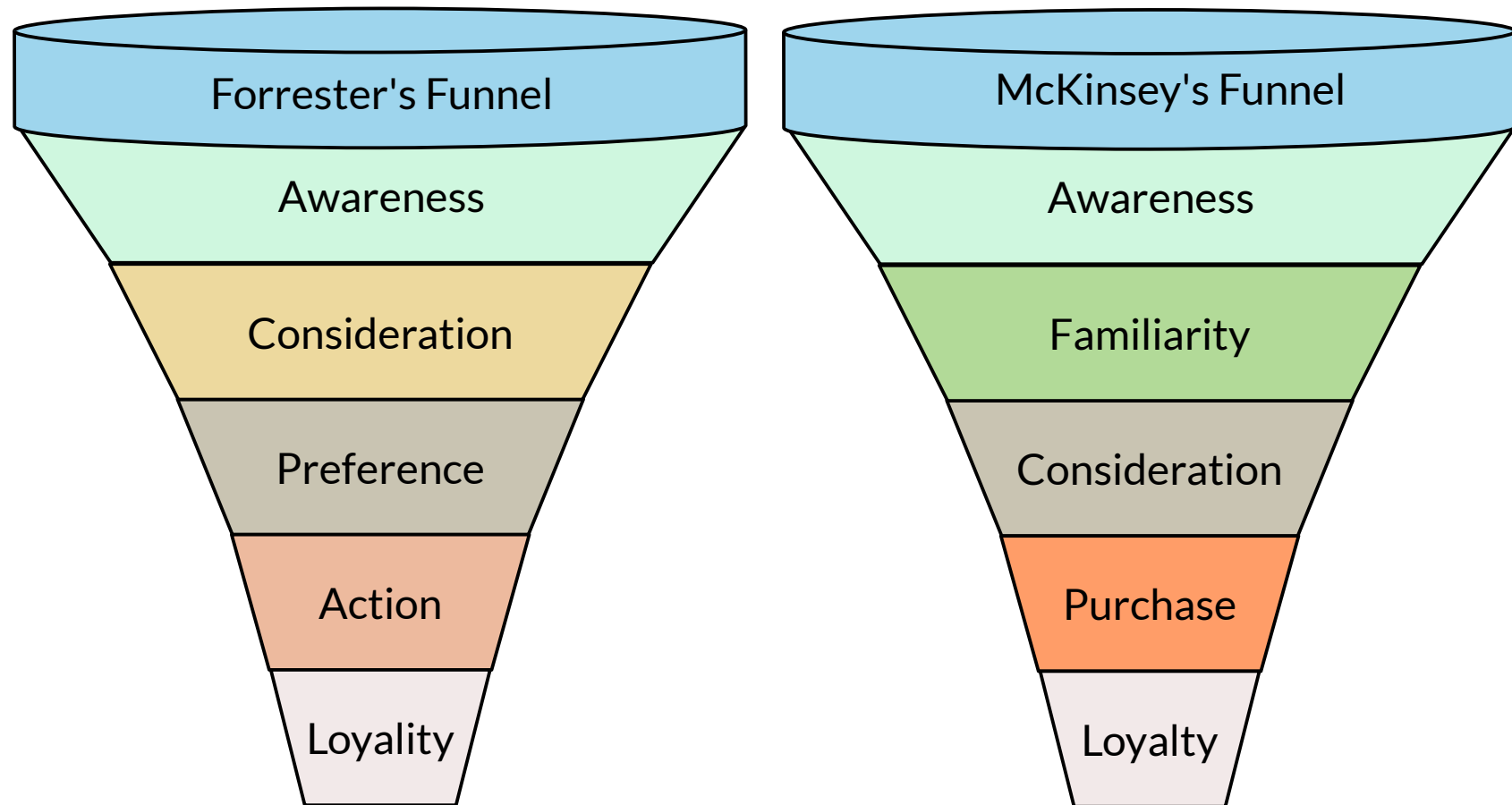


# Sales Funnels



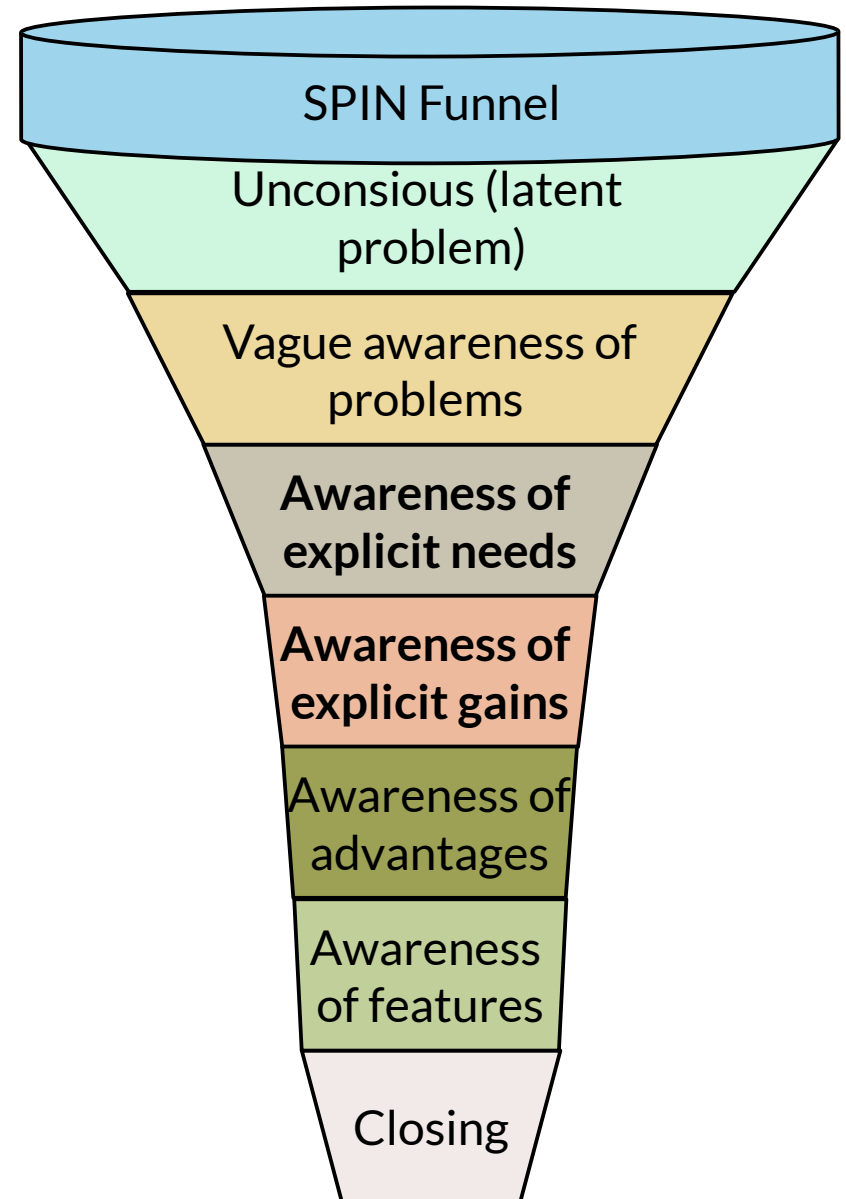


# Sales and Loyalty Funnels



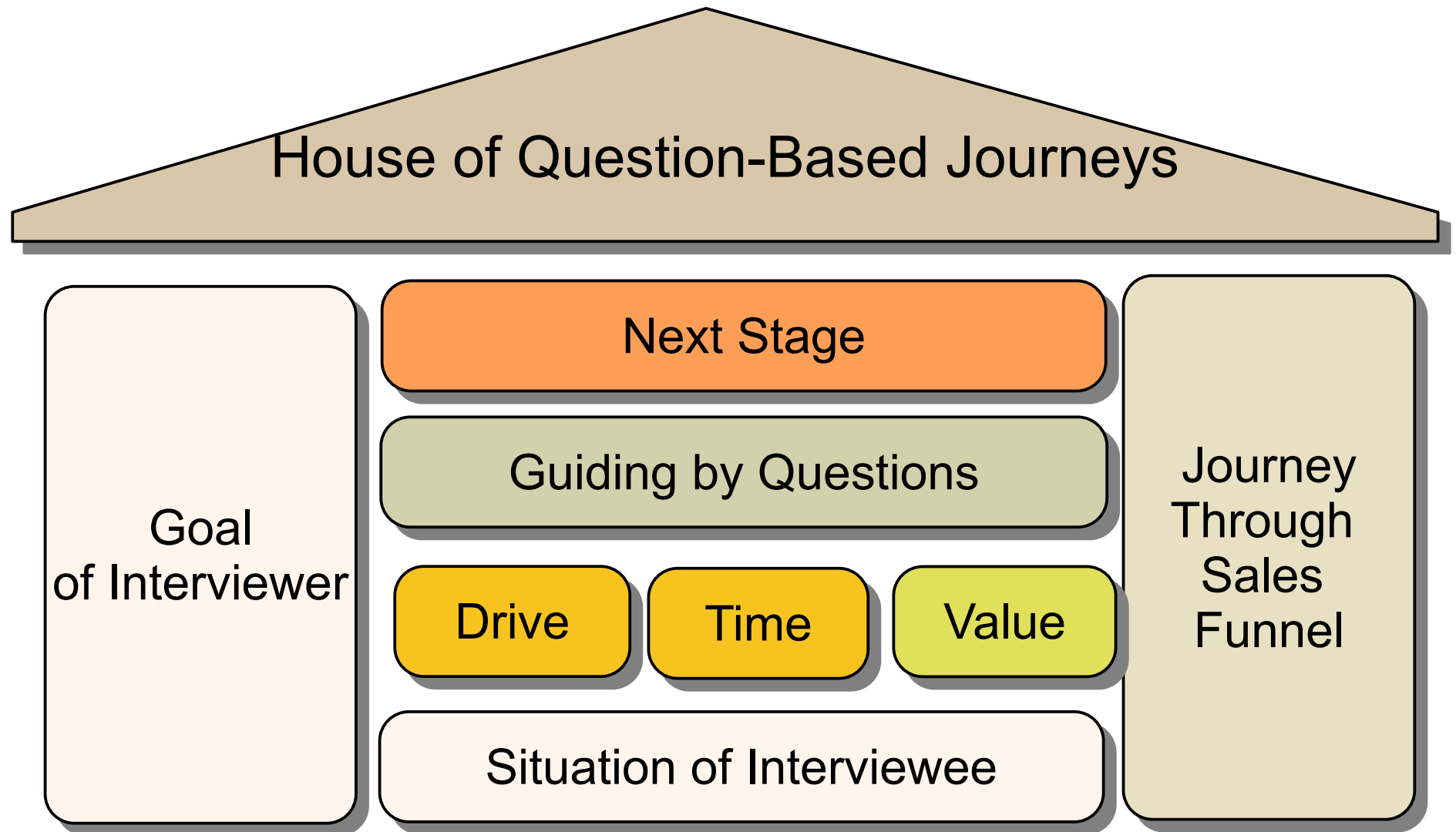
# SPIN™ Funnel

- ▶ The SPIN™ funnel [Rackham] is a sequence of steps **developing the customer's awareness and comprehension**
- ▶ Central step: changing the awareness of hidden needs to explicit needs
- ▶ Only at the very end the product's features are presented – so that the customer has no problem to understand why he needs it
- ▶ Advancement in the funnel is based on questions (question-based traveling)



# House of Question-Based Journeys Through the Sales Funnel

- ▶ The salesperson tries to guide the potential customer on a journey through the sales funnel





## 12.2 Sales Meetings

A Sales Meeting organizes a travel through the sales funnel.

# Planning a Sales Meeting

- ▶ Prepare a sales meeting or a sales call (cold call)
  - **Kind:** Presentation meeting, question interview, telephone call, chat?
  - Analysis of client's **situation** (needs, problems, state of business)
    - Background analysis
    - State analysis (IST-Zustand)
    - Problem analysis is most important (risks, pains, blocking factors)
  - **Goal** analysis (needs, offers, next contact, alternatives, additional offers)
  - **Strategy** (questions, arguments, defending against counterarguments)
    - Questions to drive the customer forward
  - **Feedback Control** of meeting (tape and protocol analysis, achievements, why I failed, further contacts)

[after Leicher]

# Sales Pitches (Presentations) with Value Proposition

- ▶ In order to sell, you must inform the customer about
  - The added value she can buy
  - The pain she can be freed of.
- ▶ A **sales pitch** convinces the customer about a unique selling point of a service or product.
  - Train talking in front of customers
  - Your talks in University are simple preparations
- ▶ The pitch must pose and answer the questions of value proposition for the customer (see NABC pitch):
  - What is my pain I will be freed from?
  - Why will I be happy with this new thing?
  - What is my gain (added value)? Why will I love this new thing?
  - What is the unique selling point of the thing?
  - Why will I live much better than my neighbor?
  - Will the cost of buying it be efficient?
  - Why will it be cheap enough for the gain?

# Sales Meetings and Chats

- ▶ Question interview meetings/calls/chats are better than presentation meetings, because **they challenge the customer to think**
- ▶ **Question planning:** Questions are most important in the travel through the sales funnel
  - For analysis of the customer's needs
  - For giving him ideas
  - For directing the customer advancing in the funnel
- ▶ Sources for **Value Proposition Questions** (and Answers for Sales Pitches)
  - Value Proposition Canvas, Lean Canvas
  - NABC Elevator Pitches
  - Question-Guided Travelling
  - Customer Analysis
    - Business Model You Canvas
    - Customer Feeling Canvas
    - Customer Day
    - Customer's Maslow Needs



## 12.3 SPIN™ Selling, and Interview-Based Selling Method

Help the customer think and develop himself through the funnel...

When I first discovered the SPIN™ model, I realized that I needed to improve my own selling. I was doing too much telling. I was jumping in with solutions too quickly. Most of my questions were Situation Questions. In short, the discoverer of the SPIN™ model was lousy at selling. [Rackham]



# Interview Method “SPIN™ Selling”

- ▶ SPIN™ selling is a question-based problem analysis method for customer interviews, **which reveals hidden needs of the customer**
- ▶ “The ignorant customer with a latent problem”: The premise is that customers do not know
  - Which problem they really have (Problem ignorance, implicit need)
  - Which solution they can get (problem-solution fit)

Only a customer knowing his needs explicitly will buy something.

## Implicit Needs

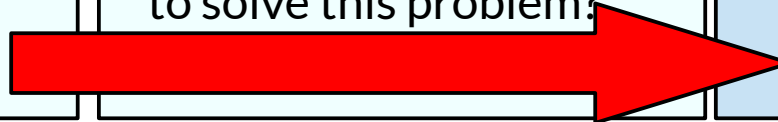
I am a bit unhappy with our state...  
May be, we have got a problem with...  
We loose customers, do not know why  
It is definitely difficult to...  
Our customers have to wait...

## Impact/Effect Questions Need-Payoff Questions

Does this imply that..?  
Would it pay off to have  
a solution for that?  
What would you require  
to solve this problem?

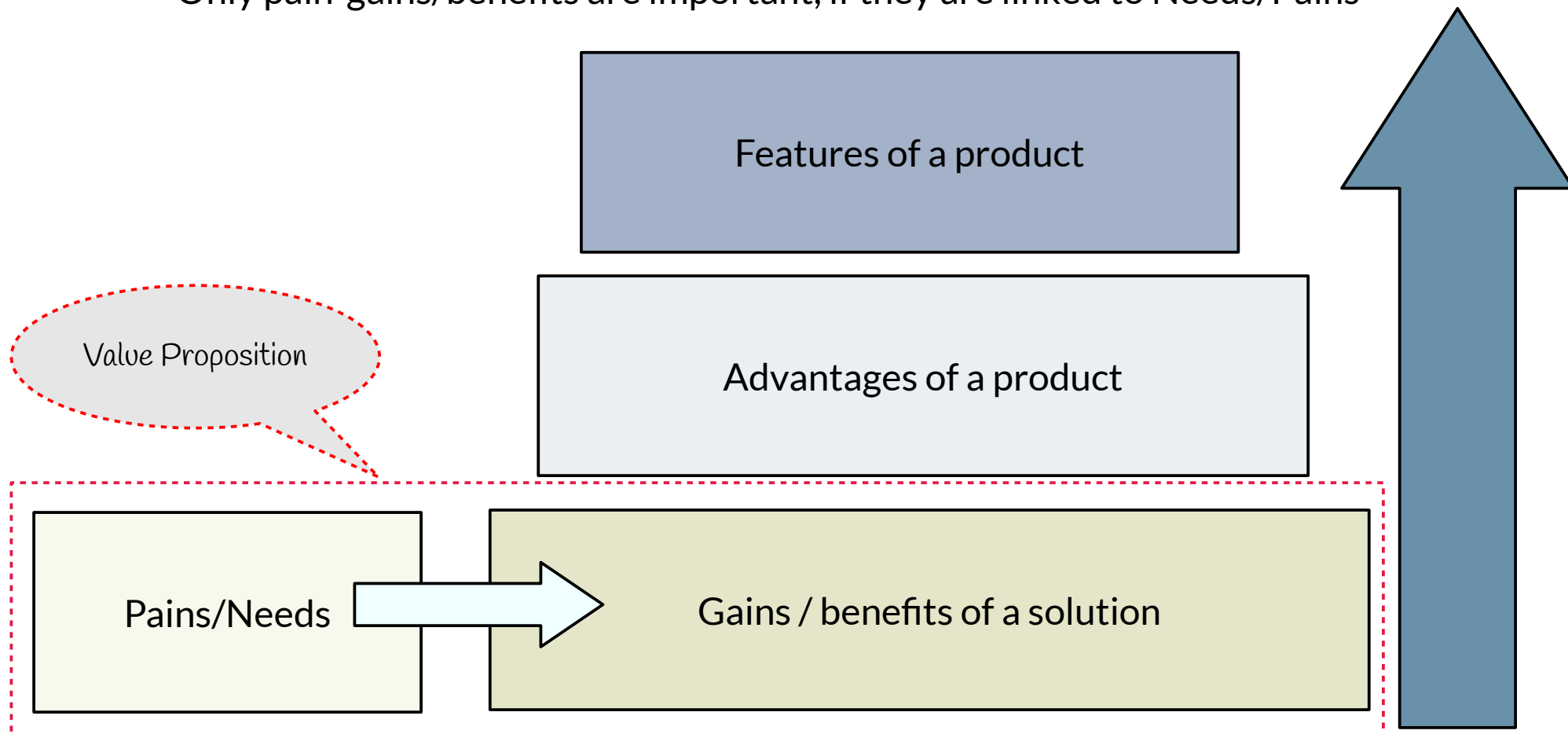
## Explicit Needs

I need..  
I would like to have..  
Urgently, we require..



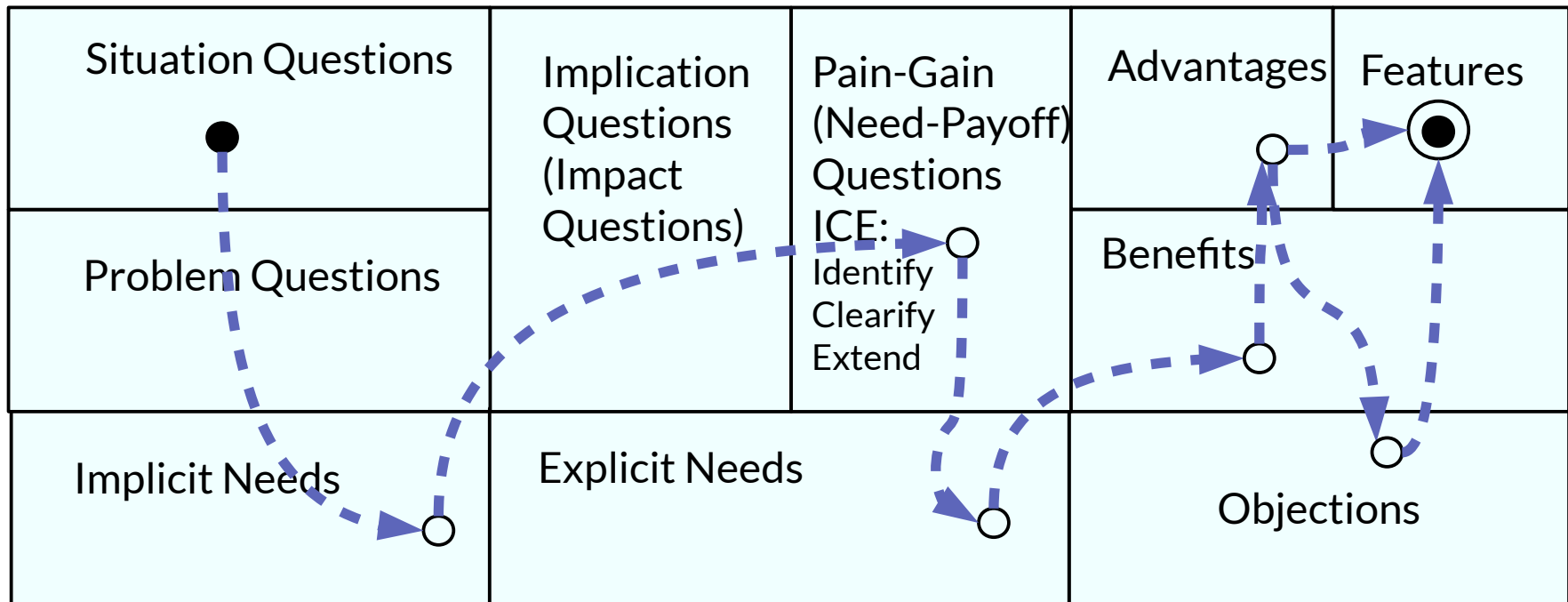
# Gains are not Advantages nor Features

- ▶ Before mentioning the product, it should be very clear which added value (pain-gain benefit) a solution has
- ▶ Only pain-gains/benefits are important, if they are linked to Needs/Pains



# SPIN™ Canvas (derived from SPIN™ Form)

- ▶ [Rackham] SPIN uses a “form” (a canvas) to move the customer from “implicit” to “explicit needs”
- ▶ The SPIN™ canvas supports the progress in the SPIN™ funnel. Use it for preparing a sales meeting/pitch
- ▶ Fill order: Left-to-right



# SPIN: The Importance of Implication (Hidden Effect) Questions

- ▶ **Implication questions (hidden effect, impact questions)** play an important role in SPIN™ selling
  - They **reveal the implicit problems** of the customer
  - They **clarify the situation**
  - They **create the desire** for change and for solutions
  - They **reveal potential pains** of the future
  - They lift to the next level of the SPIN funnel
- ▶ **Exercise: put up 5 implication questions on the state**
  - "My father is getting 65 years old"
  - "My wife gets permanently ill"
  - "My car breaks down"

# spiN: The Importance of Pain-Gain (Need-Payoff) Questions

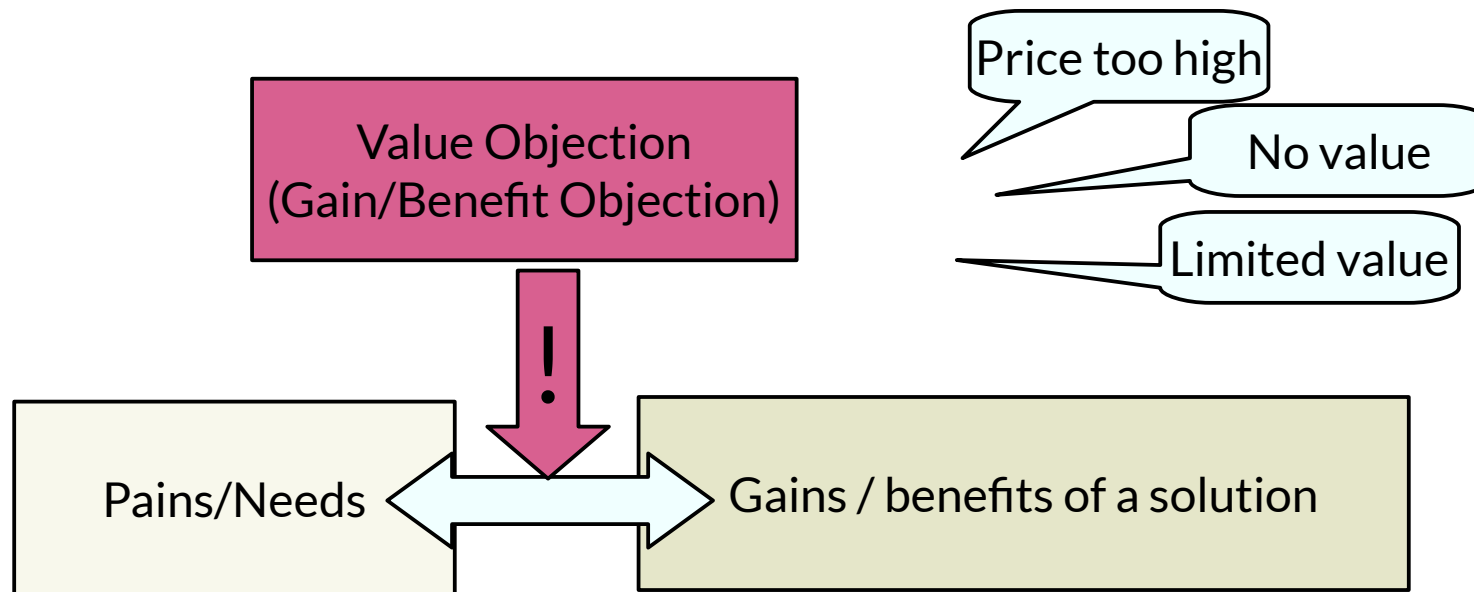
- ▶ **Pain-Gain (benefit, need-payoff) questions** play an important role in SPIN selling
  - They **intensify the desire** for change and for solutions
  - They **reveal the gains (payoff) of a solution** to the customer
  - They **clarify the desired benefits of a solution**
  - They **reveal potential gains** of the future
  - Need-Payoff questions are better than pure benefit questions, because they link a customer's pain to a potential solution
- ▶ **ICE questions** are *specific need-payoff questions to identify, clarify and extend explicit needs*
  - How can a gain be **identified** from an explicit need?
  - How can a gain be **clarified** from an explicit need?
  - How can a gain be **extended** from an explicit need?
- ▶ Exercise: put up 5 pain-gain questions on the state
  - “My father is getting 65 years old”
  - “My wife gets permanently ill”
  - “My car breaks down”
- ▶ Then, **vary the questions with the ICE scheme**

# Lower the Risk of Benefit Questions

- ▶ [Rackham] **Need-payoff questions should not be used anywhere in the sales interview. They need to be positioned carefully:**
- ▶ **Not too early in the funnel**, but after hidden needs have been made explicit pains
- ▶ **Before the product's features presented**, because the need-benefit questions create a desire for gains, advantages and finally features
- ▶ **When you see that the customer can benefit in several aspects** – then use an Extend question to reveal these other aspects (ICE questions)
- ▶ **When the customer needs to justify his decision to his management** – then he needs a clear understanding of the arguments (“comprehension”)
  - Benefit questions give the customers arguments
- ▶ **When a customer is subjective**, i.e., does not yet know about objective reasons to buy your product, the benefit questions need to be asked carefully, to guide his thinking for more objective reasoning

# Customers May Raise *Value Objections*

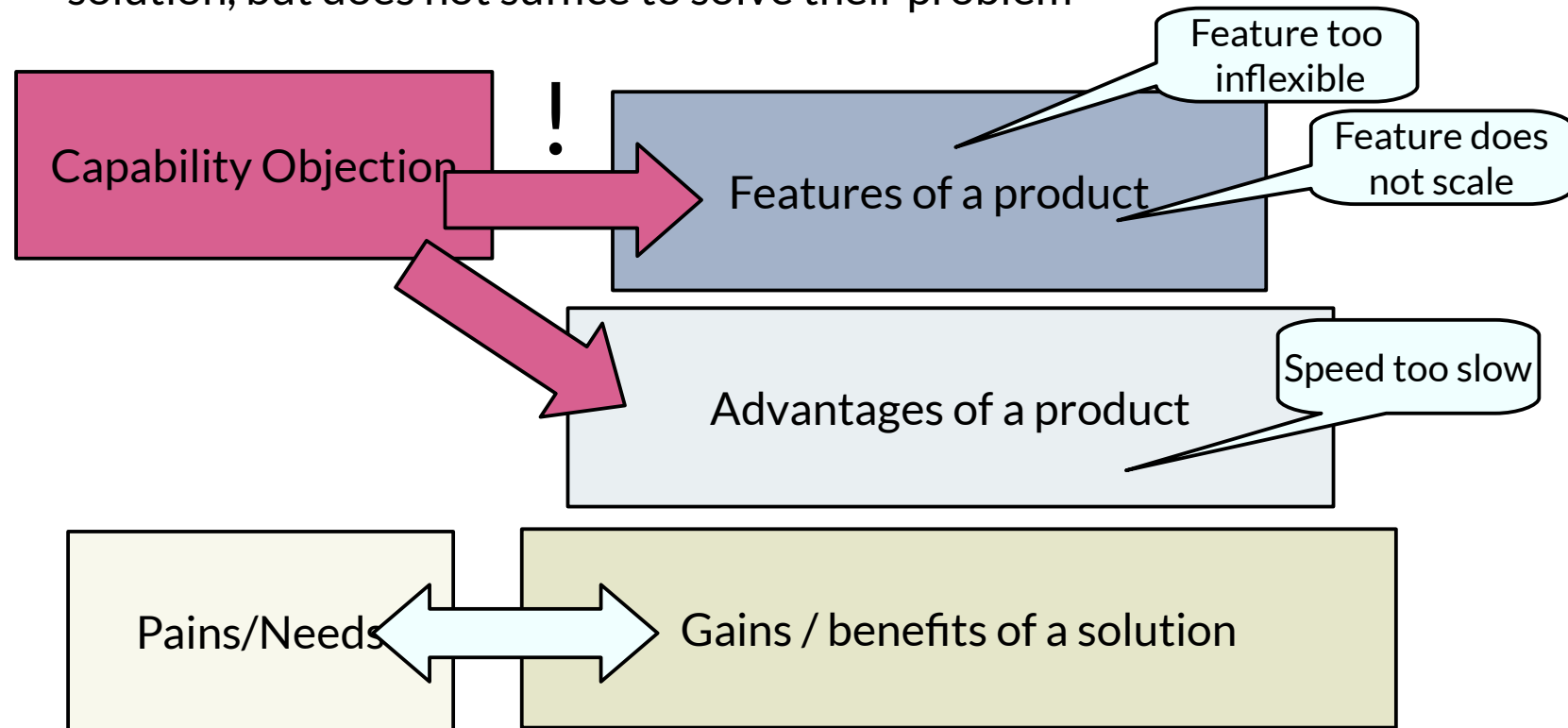
- ▶ **Features** make people think of price and money
- ▶ **Advantages** make people raise objections
- ▶ **Benefits** may create agreement, if Pains are understood
  - If features and advantages are treated too early, **value objections** result



- ▶ Counterarguing Value Objections: Go back in the interview to need-payoff questions and work on the relationship of need and benefit
- ▶ **Preplan objections:** objections should be put up in the SPIN canvas **before** the sales meeting

# Customers May Have *Capability Objections*

- ▶ Customers may have the feeling that your company or product provides a basic solution, but does not suffice to solve their problem

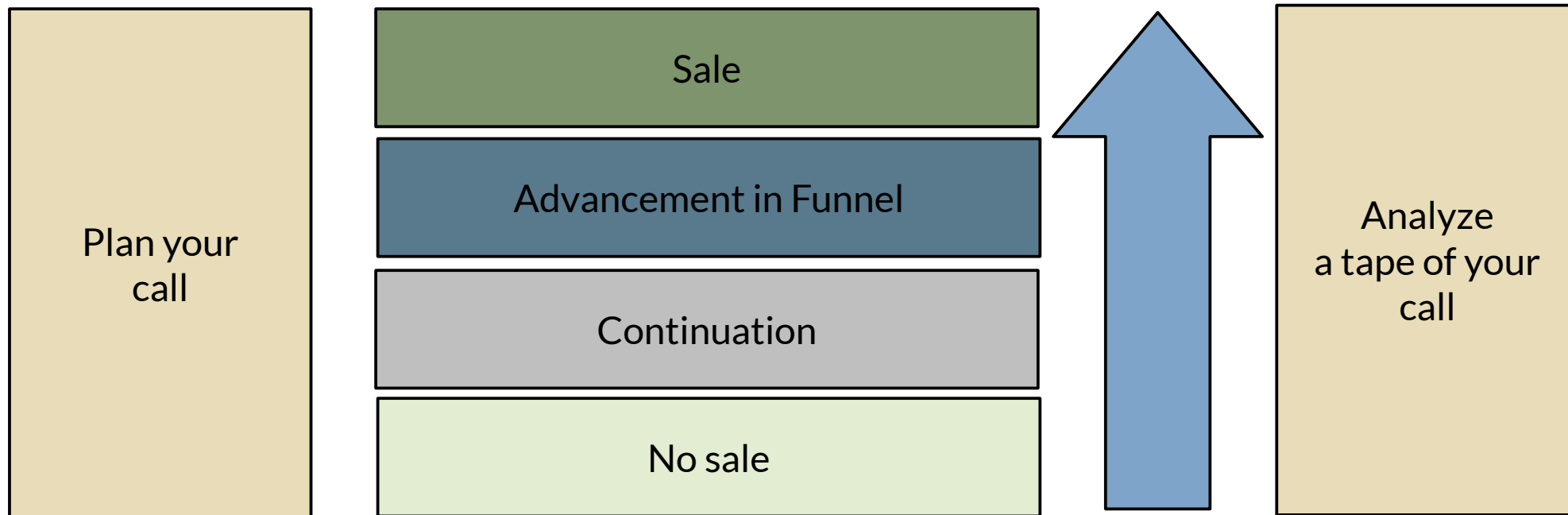


- ▶ Counterarguing Capability Objections: Provide more **evidence** of capability, resources, backup
- ▶ Tell **reference stories**: Provide fotos, provide names of customers
- ▶ Demonstrate capability
- ▶ Promise test period or “money back” (dangerous)



# Cold Calls with SPIN™

- ▶ The SPIN™ canvas can be used to prepare **cold calls**.
- ▶ **Plan questions:** fix implicit need questions, need-payoff questions, advantages, objections before
  - Do not fix on features nor advantages of your product – they come very late into the game
  - Create a **call plan**
- ▶ **Plan the advance** of customer's travel: how far can you guide her in the sales funnel?
  - Do not expect too much: anything but “no sale” is a big win
- ▶ Tape your Call and **analyze the tape** to get feedback



# Introducing a New Product or New Service with a “Customer Interview”

- ▶ Do a SPIN canvas analysis for it
- ▶ Be sure that you answer **need-payoff questions** for a certain customer segment reliably correct
- ▶ Plan value and capability objections
- ▶ Plan counterarguing objections
- ▶ Produce **cold call plans**
- ▶ Advance some potential customers with cold calls

## 12.4 Problem-Solution Sheets

A **problem-solution sheet** is a simple table collecting problem-solution tuples.

It helps to communicate with the customer:

- Prepare discussions, sales meetings, customer interviews, and cold calls
- Collect problem-solution ideas in a diary
- Problem management

# Implicit Needs Transformation Sheet [SPIN]

- ▶ The **Implicit Need Transformation Sheet** shall help to find implicit needs and how they can be made explicit for the customer
  - It presents the current state of problem hypotheses in form of a **problem-solution list**
  - Using “Hidden-effect/impact”-questions
  - Using “What-if”-questions
  - Using “Need-payoff” questions

Implicit Need	Impact	Need-Payoff	Explicit Need

# Bosworth's Pain Sheets and the Pain Diary

- ▶ Every sales person has to work on the problems of his customer's domain
- ▶ [Bosworth] suggests the following 3-step table for thinking about the pains of the customers (**pain sheet**)
  - First think yourself and fix a problem-solution tuple
  - Then find a question to reveal this the customer
- ▶ Before you do a cold call, fill in some pain sheets
- ▶ Collect them in a **pain diary**
- ▶ <https://md.saab18.inf.tu-dresden.de/ProblemDiary>

Reasons (Causes) [Diagnosis]	Impact (neg. effects) [Exploration]	Capabilities (benefits, advantages, Features) [Vision building]
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# Problem Presentation List [Blank/Dorf]

- ▶ The **problem presentation** shall help to find information from the customer about his problem.
  - It presents the current state of problem hypotheses in form of a **problem-solution list**
  - It shall ask questions for problem analysis and VPA, preferably prepared by filling the canvases before
  - Using “What-if”-questions
  - Using “Hidden-effect”-questions
  - Using “Cost” questions
  - Using “Pain” questions

Problem	Solution Today	Solution Tomorrow

## 12.5 Solution Selling and other Matrix Travels

„Solution Selling“ [Bosworth] is a second type of question-guided travel through the sales funnel.

# Interview Method “Solution Selling”, a Matrix Travel

- ▶ [Bosworth] introduces another canvas “Solution Selling” for **vision reengineering of the customer** working with **cause and effect questions**
- ▶ The **Solution Selling Canvas** is a 9-field *matrix of complex questions* between
  - **drive type:** open, control, confirm
  - **analysis type:** Bosworth’s **pain sheet** with cause-effect analysis, capabilities (vision, gains)

OCC x RIC	Reasons (Causes) Diagnosis	Impact (neg. Effects) Exploration	Capabilities Vision Building (Visualization)
Open Questions			
Control “Drill-Down” Questions			
Confirm Questions			

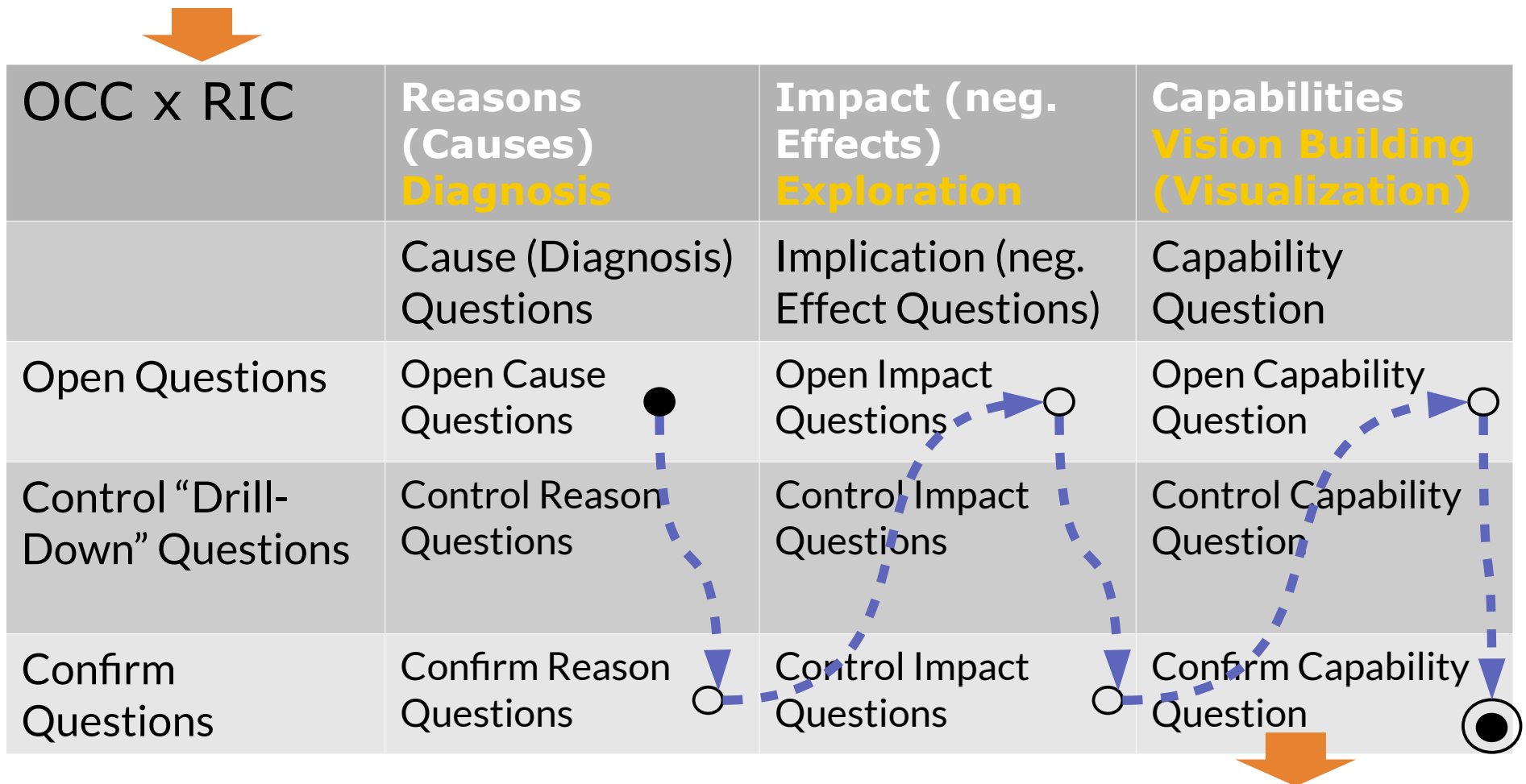




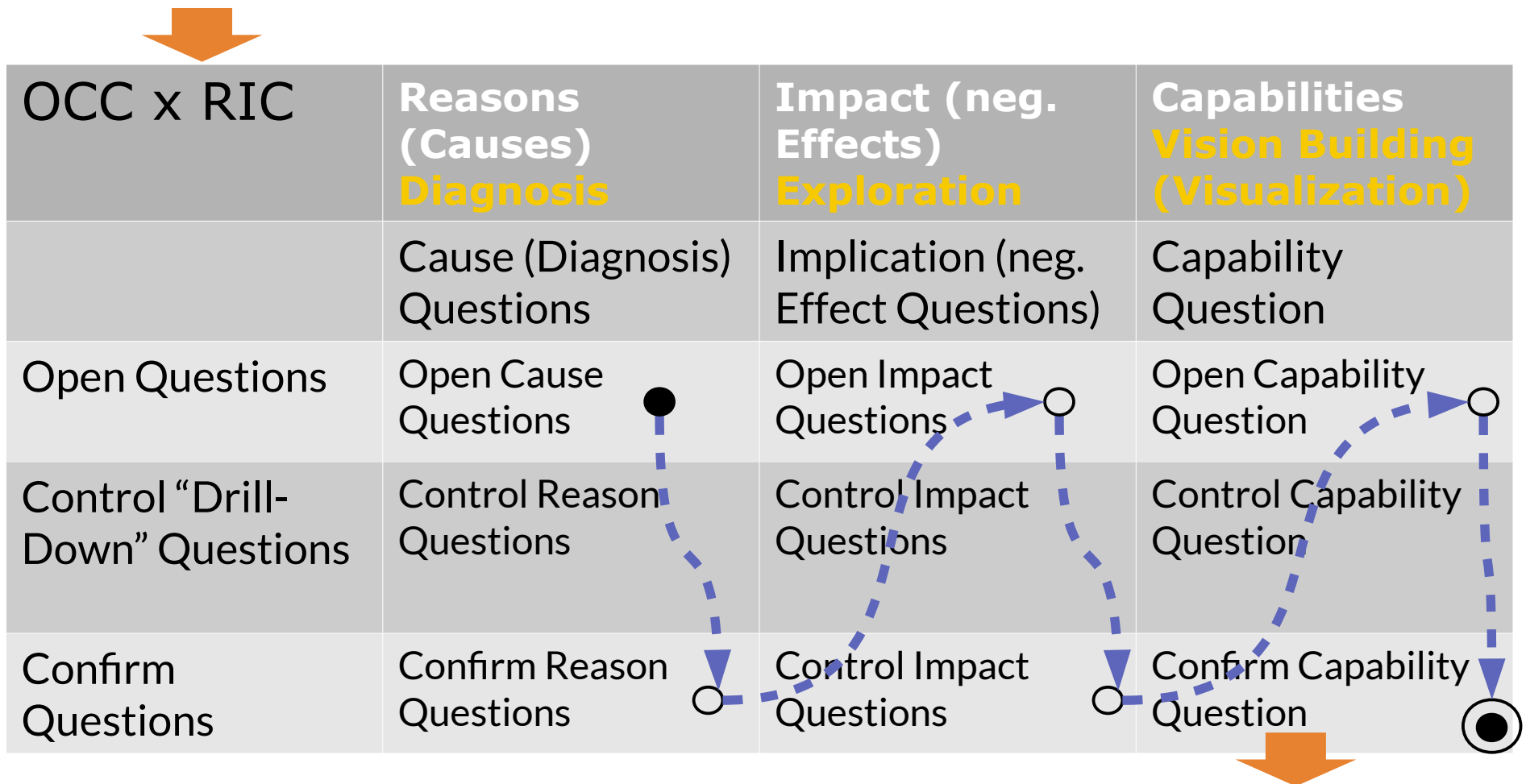
# Control Questions (Ext.)

- ▶ **A control (“drill down”) question** controls the customer and *puts him into a containment*. It puts the customer into a defensive position, but also tries get a step forward in the discussion:
  - **Closed control question:** Closed questions put up the strongest containment for the customer
    - “Is this because...” (control reason question)
    - “Is the consequence of this problem that...” (control impact question)
    - “Wouldn't a new IT system help you?” (control capability question)
  - **Open containment question** asks the customer about a state of the art to
    - “How did you arrive in this problem?” (control reason question)
    - “How will this develop next year?” (control impact question)
    - “How will a new IT-system cure your budget?” (control capability question)

# Solution Selling Question Canvas (for “Vision Reengineering”)



# Exc. Solution Selling Question Canvas for “Vision Reengineering” on Diapers with Water Sensors



# Pain Sheets and the Pain Diary


- ▶ Every sales person has to work on the problems of his customer's domain
- ▶ [Bosworth] suggests the following 3-step table for thinking about the pains of the customers (**pain sheet**)
- ▶ Before you do a cold call, fill in some pain sheets
- ▶ Collect them in a **pain diary**

Reasons (Causes)	Impact (neg. effects)	Capabilities (benefits, advantages, features)
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# Pain Sheet Control Questions

- ▶ Pain sheets assemble causes, effects, capabilities. For a sales meeting, they can be used to derive questions.



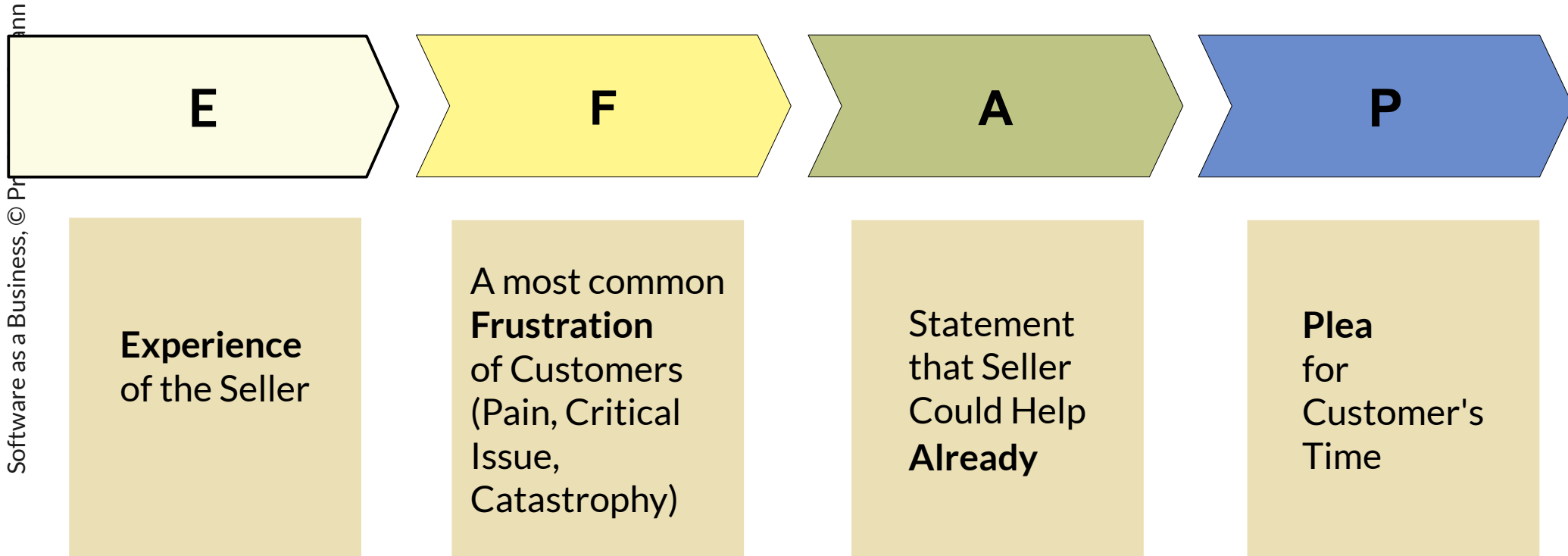
	Reasons (Causes)	Impact (neg. Effects)	Capabilities
Open Questions	Why did your loss happen?	What will happen when the loss reappears?	What would help you to prevent the repeat of the loss?
Control Questions	Do I understand right that the reason for your loss is the lack of a good method?	Does this mean that if the loss reappears, you will be under Chapter 11?	Does this mean that a new method would make you happy?
			



## 12.5 Reference Stories in Sales Meetings

# Cold Calls with Reference to Reference Stories

- ▶ [Bosworth] recommends the following scheme E-F-A-P for the introduction of Cold Calls
- ▶ If the plea for time is successful, the reference story should be told



# Telling Reference Stories with SiCRViDR


- ▶ Every sales person has to have several *reference stories* in this mind (to counter value or capability objections)
- ▶ [Bosworth] suggests the following 6-step canvas (fill order left to right)
- ▶ Before you do a cold call, fill in some Reference Story Canvases
- ▶ Encounter value and capability objections

Situation of the Customer	Reasons	Required Helping Vision	Delivery of our Company
Critical Issue			Result for the Customer




# Other OCC Matrices: SPIN Selling Question Canvas

## OCC x SPIN



	Situation	Problem	Implied Need	Need-Benefit
Open Questions				
Control Questions				
Confirm Questions				

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It is possible to combine OCC drive questions with SPIN steps to arrive at another matrix travel.

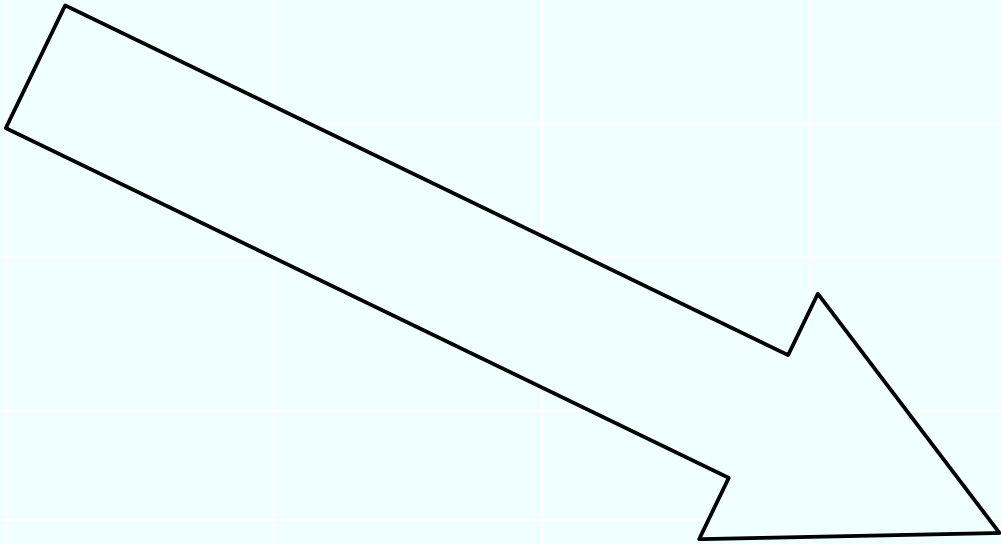
# Matrix Canvas: Drive x Topic

Start



A **matrix canvas** spans up a matrix between two (ordered) dimensions. Its progress is a **wavefront** along the dimensions.

	Situation Background Commonality	Problems Blocking Factors	Effect Implied Need <small>Risks What-if</small>	Need-Payoff Pain-Gain Benefit (Olympic, Efficiency)	Benefit (Olympic, Efficiency)	Advantage (Olympic, Efficiency) Feature
Open Questions						
Control Questions						
Confirm (Summarization) Questions						
Containment questions						
Closed questions						



End



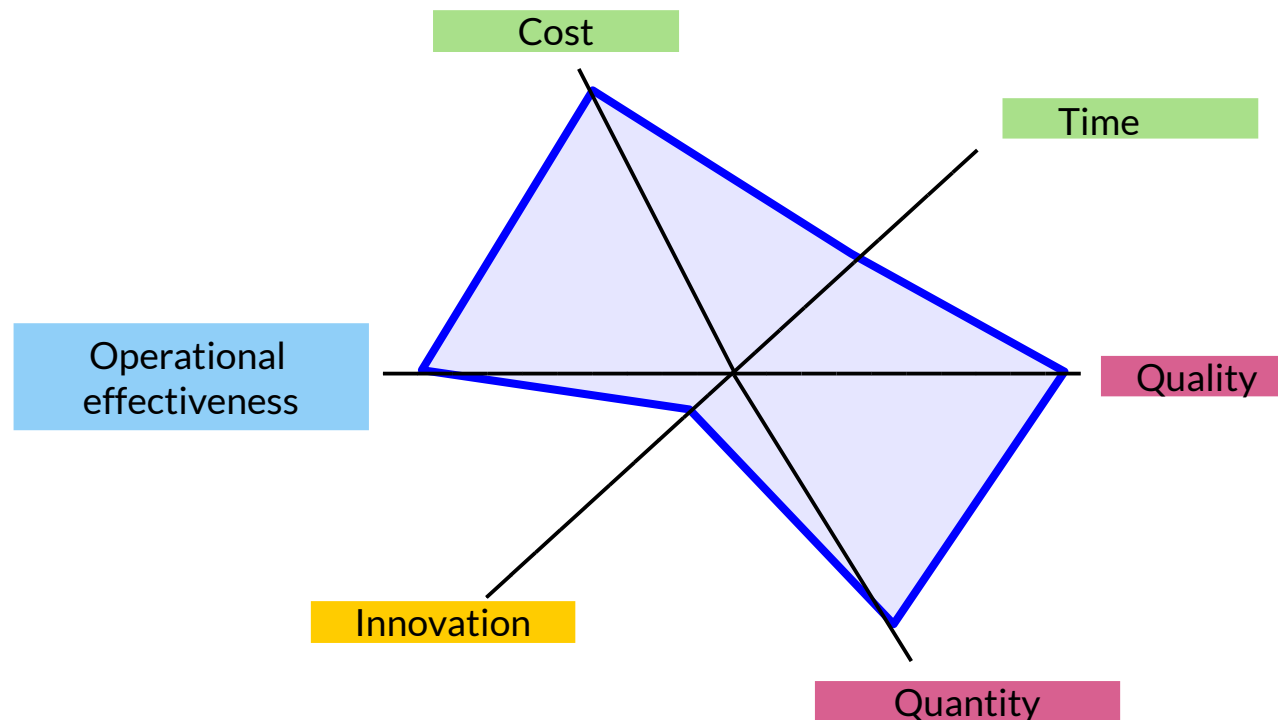
## 12.6 The Ultimate Competitive Advantage (UCA)

When we are talking about the features of our products, an UCA is important to beat the competition.

„Werden Sie Entrepreneur. Es gibt keine bessere Alternative.“ [Faltin]

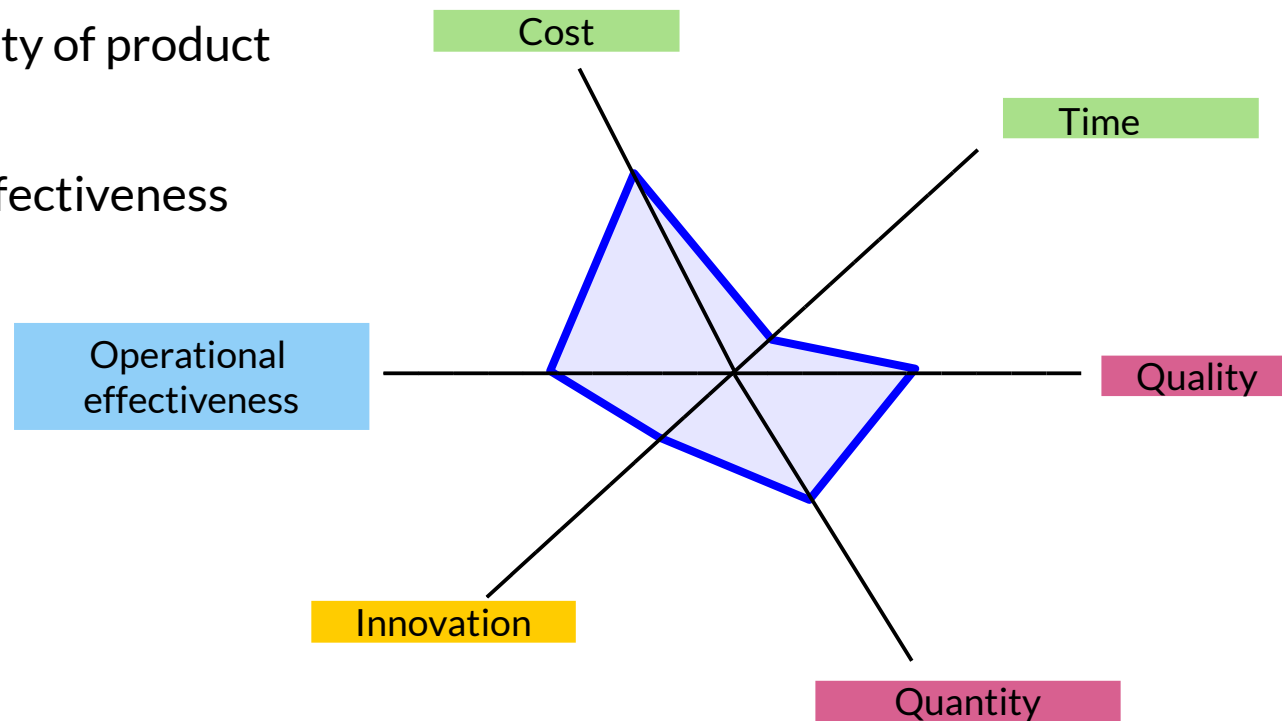
# Ex.: Faltin's “Kopf schlägt Kapital”

- ▶ Faltin founded in 1997 the company “Teekampagne”. Its **ultimate competitive advantage** is to reduce the product of price \* quality (an efficiency product)
  - Importing entire containers of fresh, high-quality Darjeeling (*one sort*) from India by ship
  - Distributing very cheap by internet and mail in Germany in large packets of kilograms



# Competitive Advantage

- ▶ [http://en.wikipedia.org/wiki/Competitive\\_advantage](http://en.wikipedia.org/wiki/Competitive_advantage)
- ▶ In a market your company is not al one. Competition is strong. Therefore, you needto find a *competitive advantage* along one of the four dimensions:
  - Cost leadership
    - Time to delivery
  - Feature Differentiation (uniqueness of feature)
    - Quality of product
    - Quantity of product
  - Innovation
  - Operational effectiveness



# Ultimate Competitive Advantage (UCA) is about Beating the Competition by Factor 10

- ▶ A **viral** product/service is one about which news spreads easily, because people talk about it.

For **sales**, produce a pain killer, gain deliverer, and UCA.

Carlson-Wilmot NABC

Hook

Need

Approach/  
Solution

Benefit  
for  
Cost

Competition

Conclusion

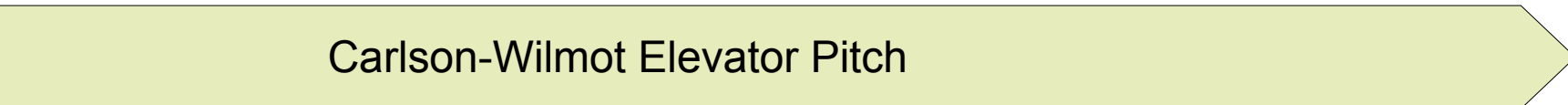
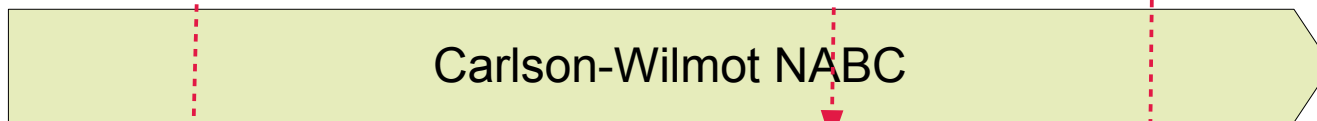
Carlson-Wilmot Elevator Pitch

# Domain Porting: Olive Oil

- ▶ <http://www.artefakten.net/>
- ▶ Founder: Conrad Bölicke
- ▶ Focussing on olive oil, with the same business model as Teekampagne
  
- ▶ <http://www.zait.de>
- ▶ Founder: Thomas Fuhlrott
- ▶ Olive oil products

# What is a Good Pitch?

- ▶ A **viral** product/service is one about which news spreads easily, because people talk about it.



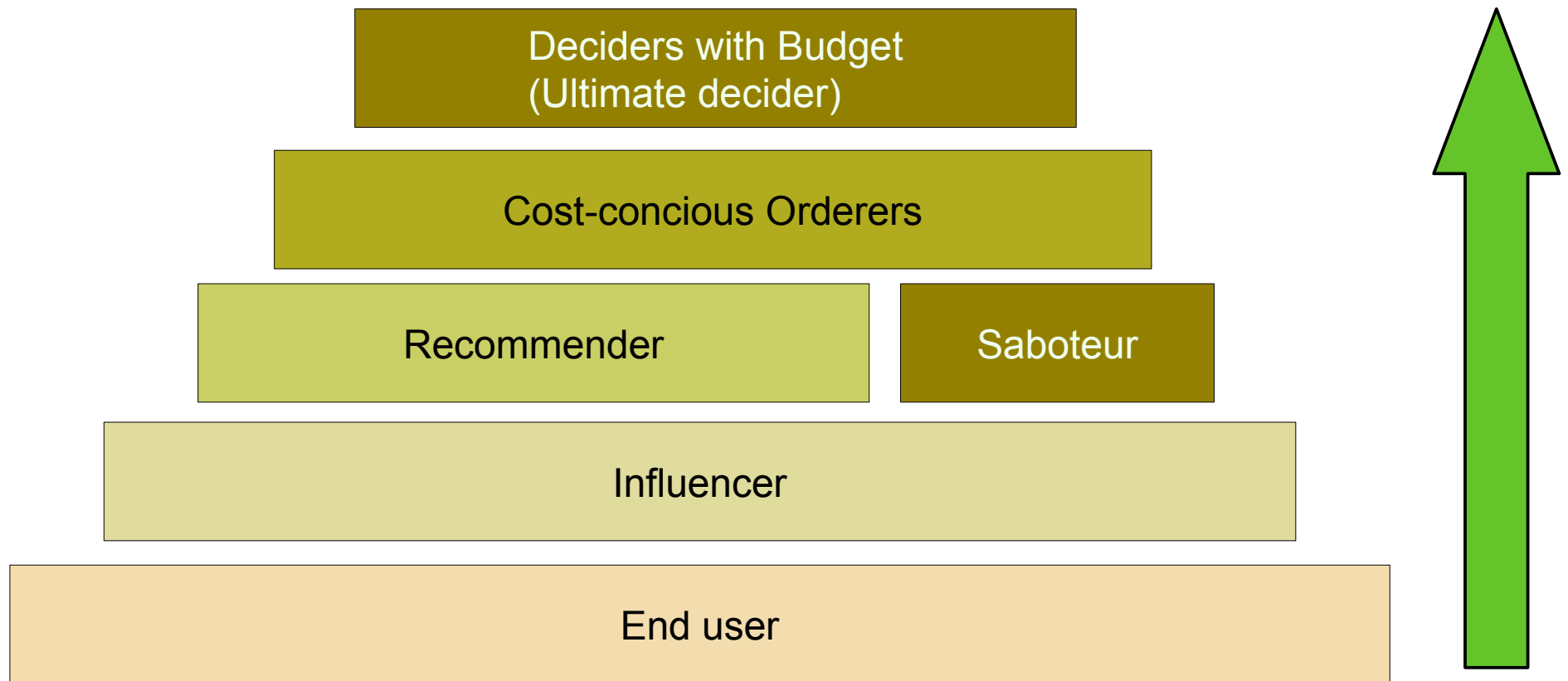




## 12.7 Early Adopters for Reference Stories (Early Evangelists, Brand Advocates)

# Classes of Customer Capabilities in B2B Selling

- ▶ To sell to a company, a decider has to be reached [AccountSelling], but most startups start to interview end users
- ▶ An **entry strategy** is required to enter the customer's firm and find the decider [AccountSelling]



# Characteristics of an Early Adopter

- ▶ Few visionary people believe in a visionary product (“the Innovators Dilemma”)
- ▶ Early adopters are the first ones to be relieved from the Rumsfeld dilemma

Newton ist ein eigenartiges Produkt.  
Zu seinen Lebzeiten wurde er belächelt.  
**Nur eine kleine Gemeinde erkannte sein Potenzial.**

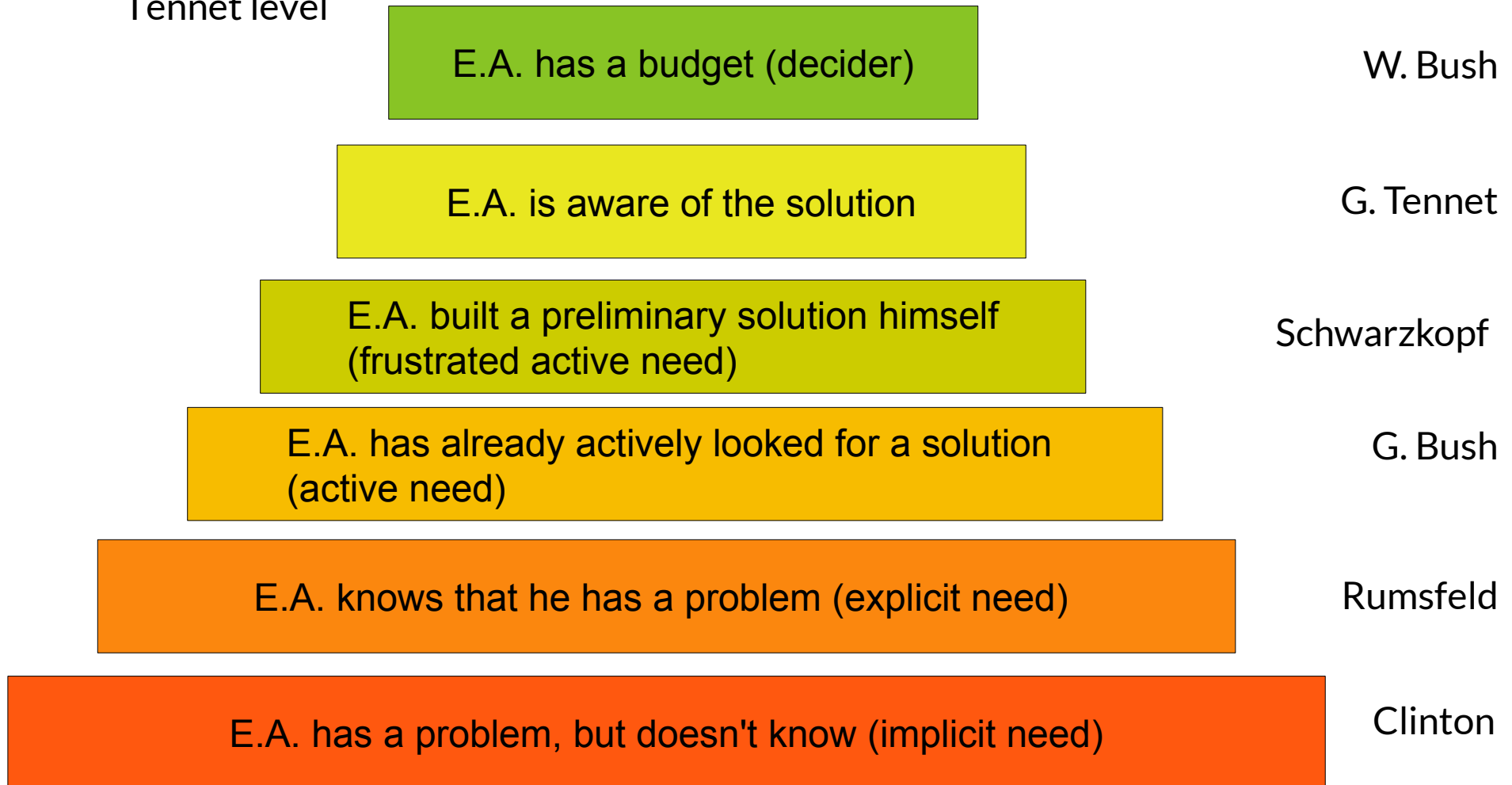
Das Potenzial des Digital Hub.

Dies wäre seine Berufung gewesen, seine Bestimmung, sein Durchbruch.

<http://www.macprime.ch/applehistory/story/apple-newton-im-kreuzfeuer-des-digital-hub/>

# Classes of Dissatisfaction of Early Adopters (and also all Customers)

- ▶ Most startups discover a situation in which customers have already tried in vain to build a solution. [Blank/Dorf] (“Schwarzkopf problems”)
- ▶ [Rackham] claims that need-payoff questions must be used to lift an E.A. to the Tennen level



# The End

- ▶ Explain the difference of implication questions and need-payoff questions.
- ▶ Why is it important to travel with the customer from implicit needs to explicit needs?
- ▶ How do you encounter a value objection?
- ▶ How do you encounter a capability objection?
- ▶ How can you use “drive questions” in the customer journey of “Solution Selling”?
- ▶ Explain the Schwarzkopf type of Early Adopter.
- ▶ Why is it important to have a competitive leading edge?
- ▶ Explain the difference of a problem diary and a pain diary.
- ▶ Explain how you would prepare a cold call.
- ▶ Why is it important to explain the advantages of your product very late in the customer journey?