

# 12. Question-Driven Customer Creation with Selling as Hidden-Effect Analysis

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

- 1) Sales Funnels
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- 3) Interview-based SPIN™ Selling
- 4) Interview-based Solution Selling
- 5) Planning Customer Interviews with SPIN
- 6) Solution Selling
- 7) Reference Stories
- 8) Matrix Canvases

# 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: <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.
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- ▶ 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.
- ▶ C. Warmer, S. Weber, Mission: Startup, DOI 10.1007/978-3-658-06653-6\_18, © Springer Fachmedien Wiesbaden 2014

# 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

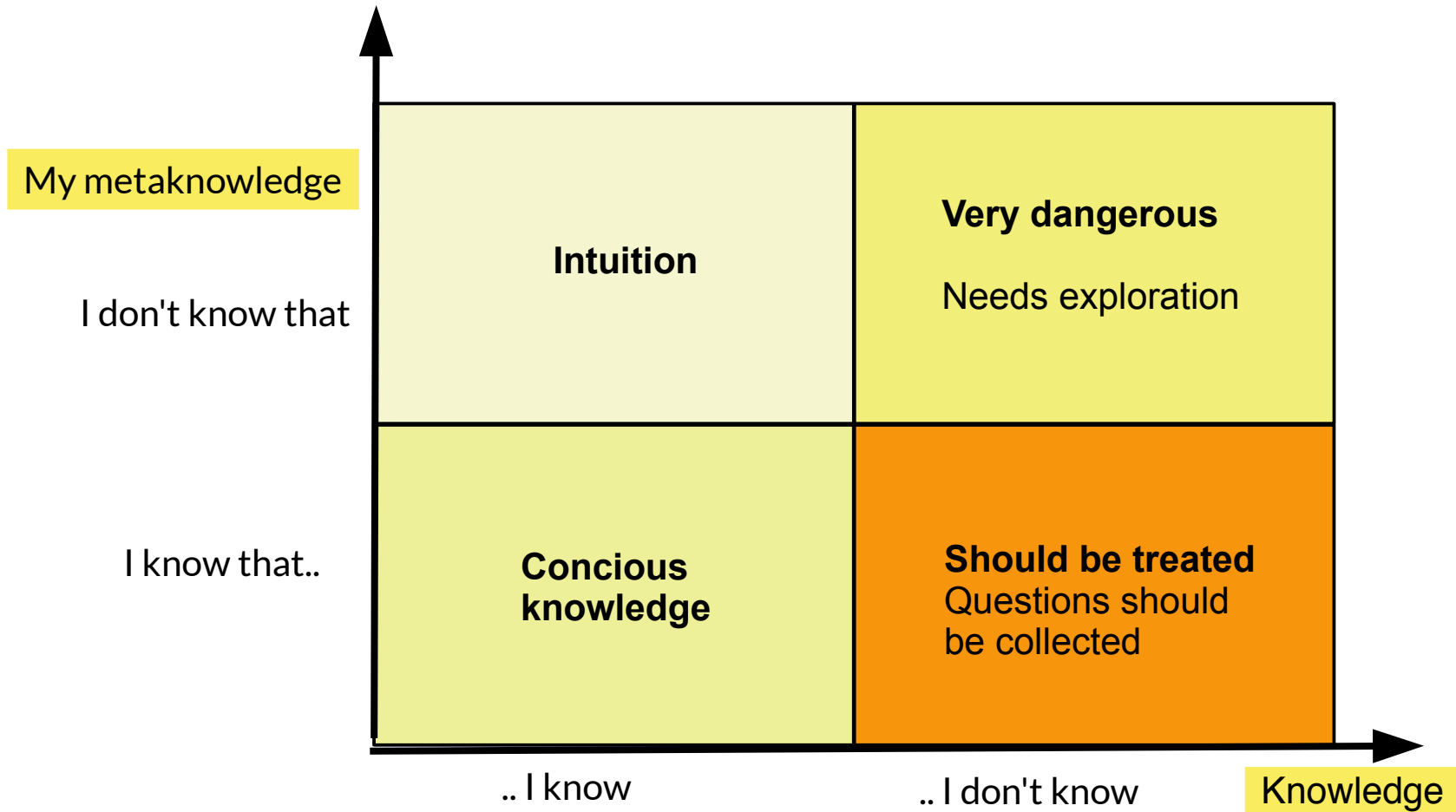


## 12.1. The Sales Funnel

Starting with E. St. Elmo Lewis in 1898  
[[wikipedia:Purchase\\_funnel](https://en.wikipedia.org/wiki/Purchase_funnel)]

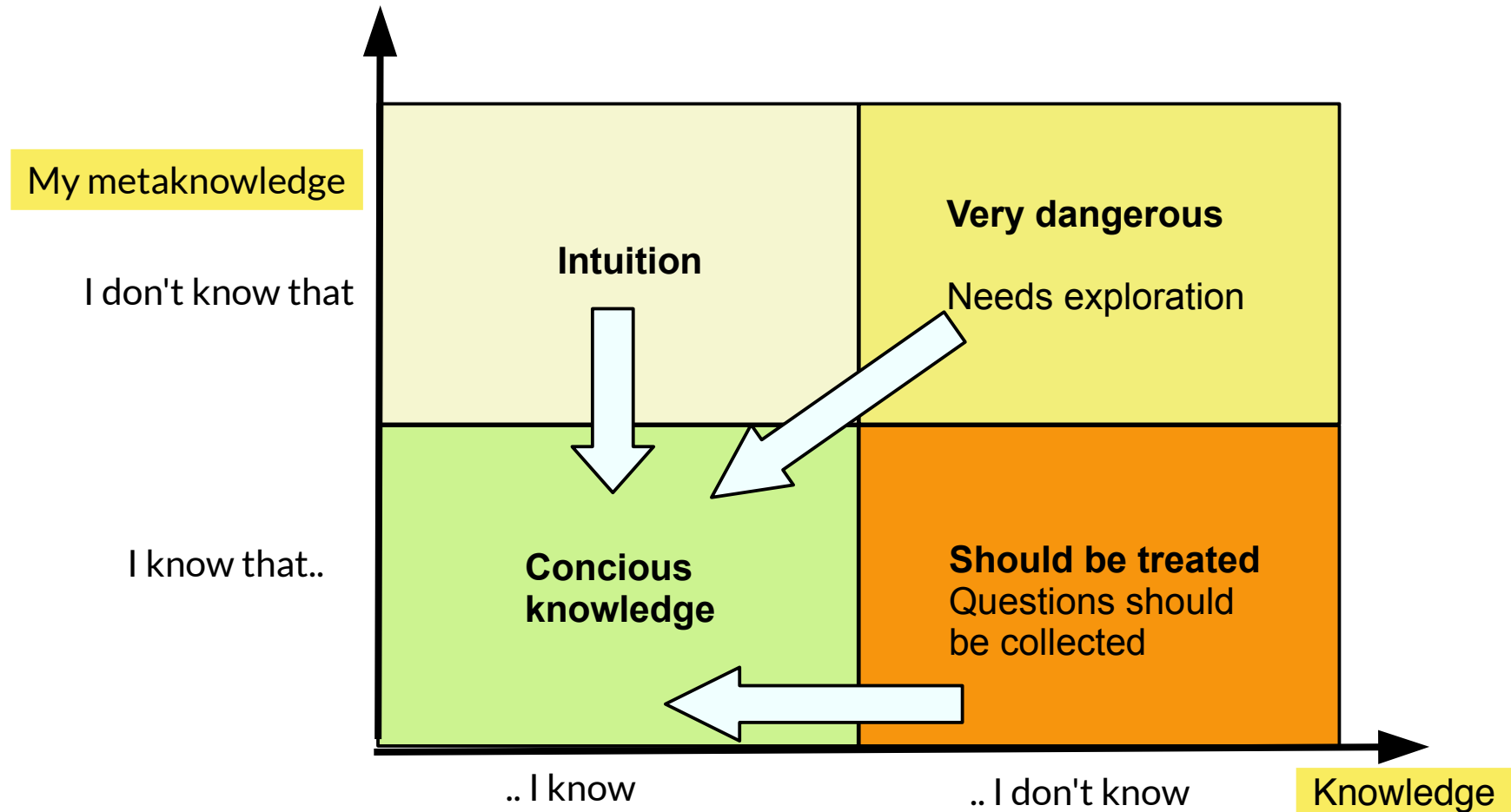
# Rumsfeld Portfolio on Knowledge

- ▶ Potential customers suffer from the Rumsfeld Portfolio
- ▶ "We didn't know that we didn't know"



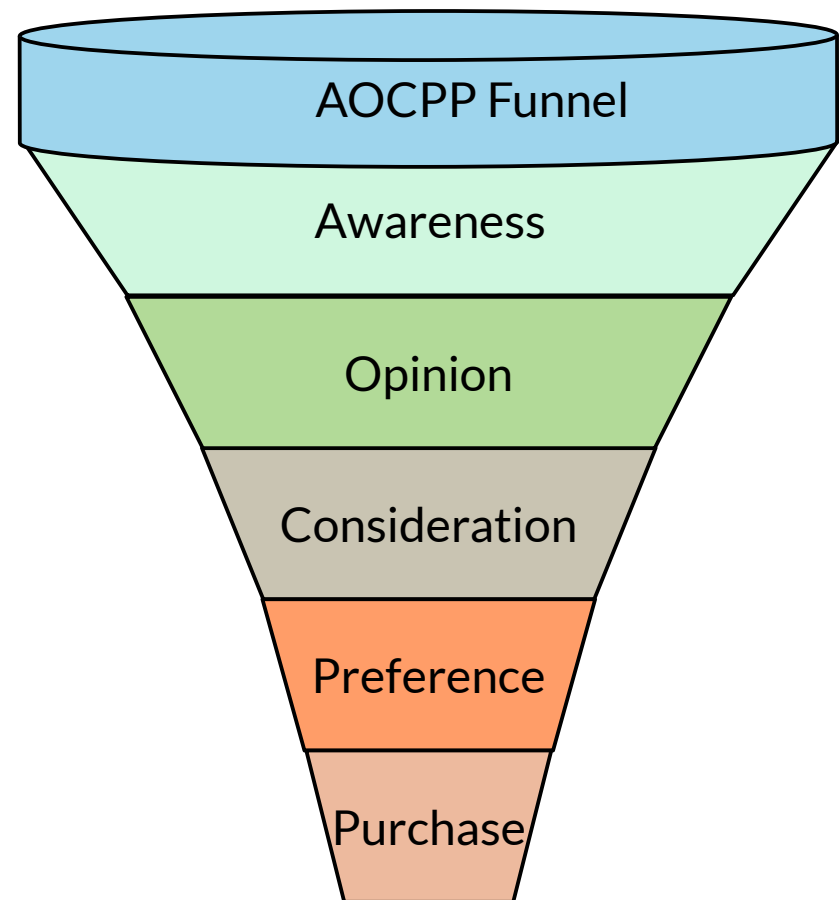
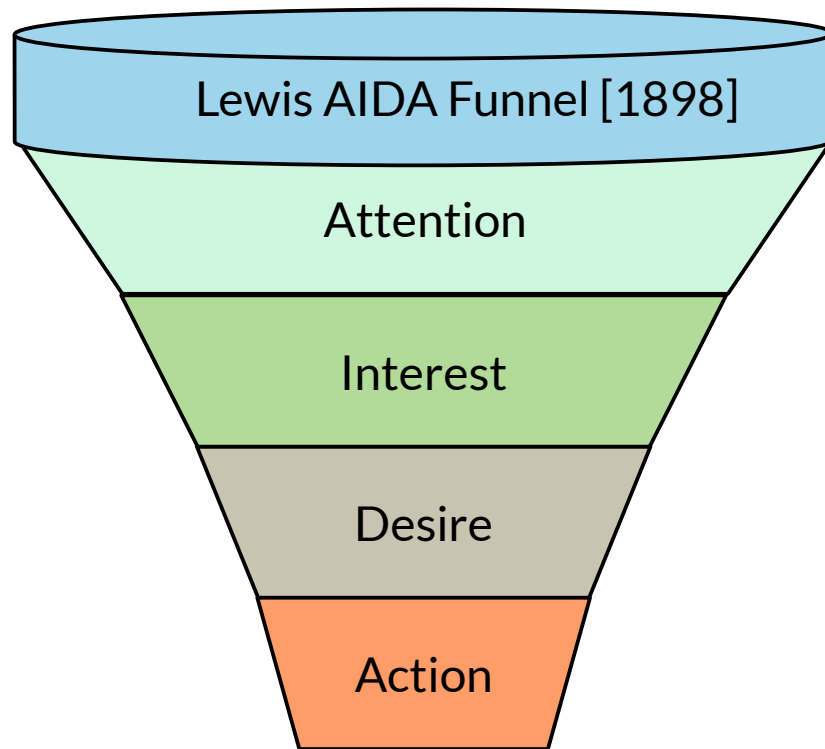
# Travel in the Rumsfeld Portfolio on Knowledge about Benefits, Solutions and Value Proposition

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

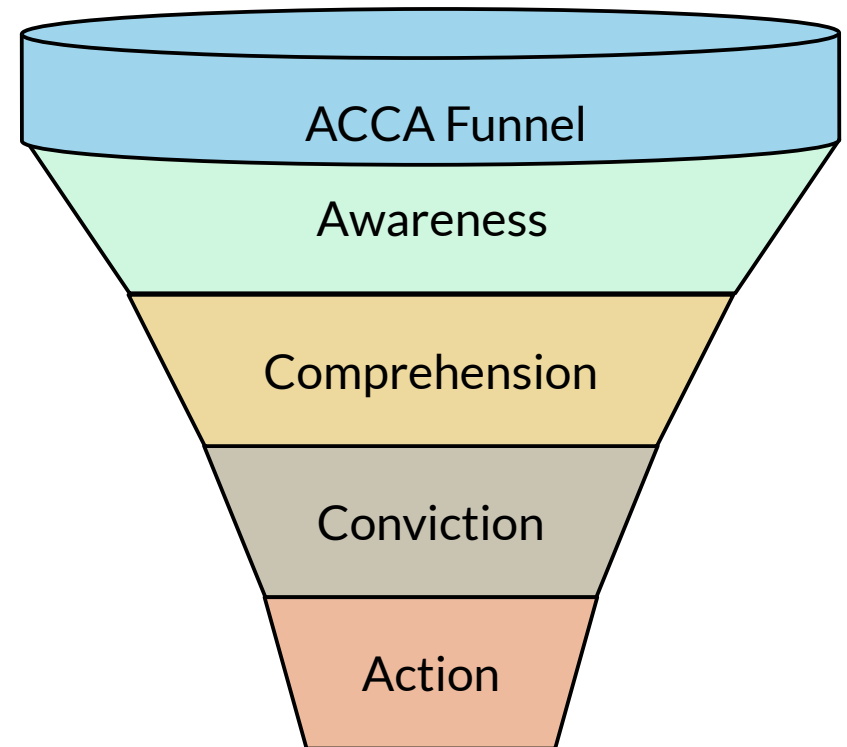
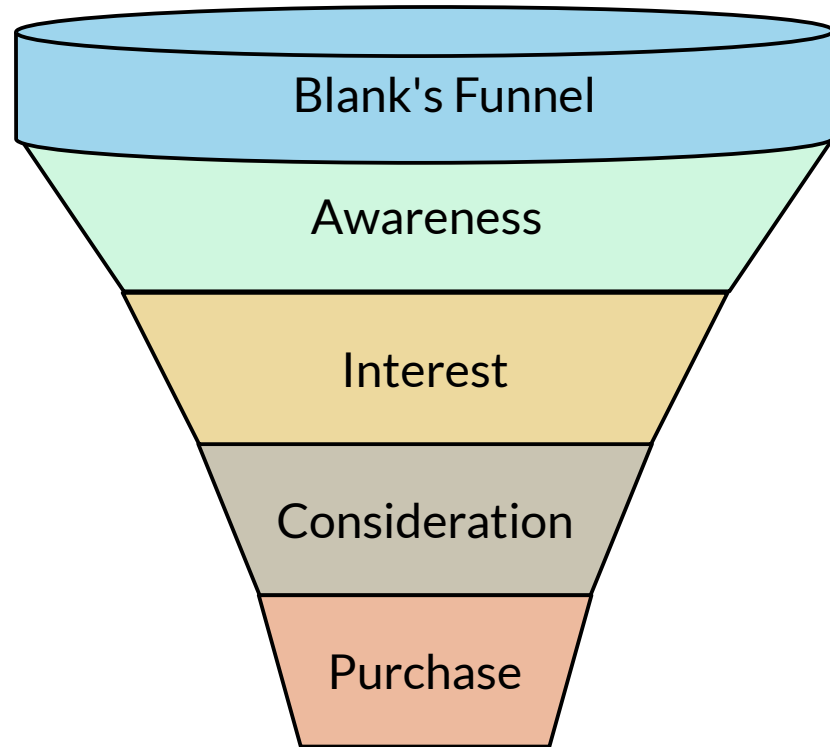


# Sales Funnels as a Way Out of Unknowns

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

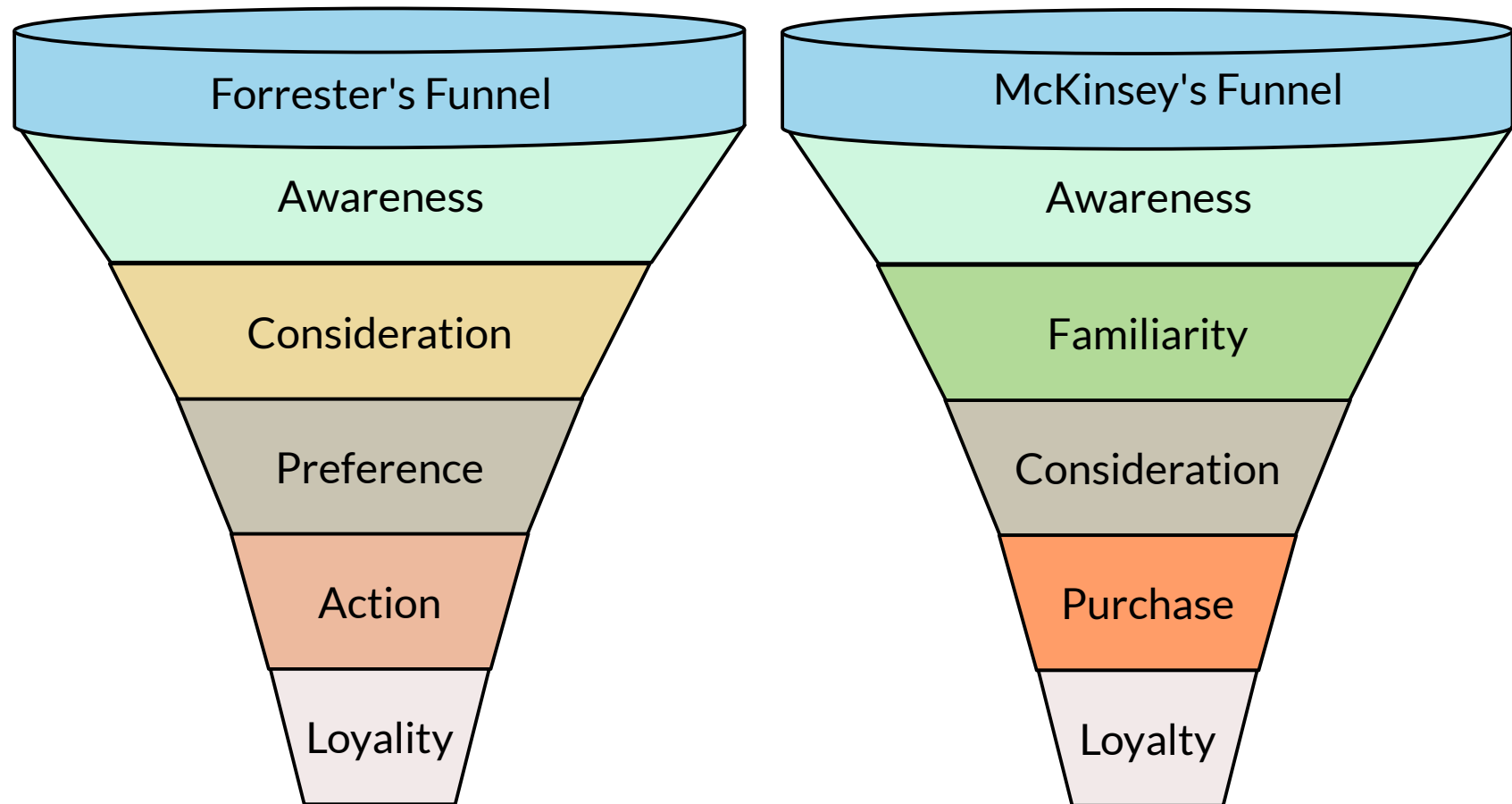


# Sales Funnels



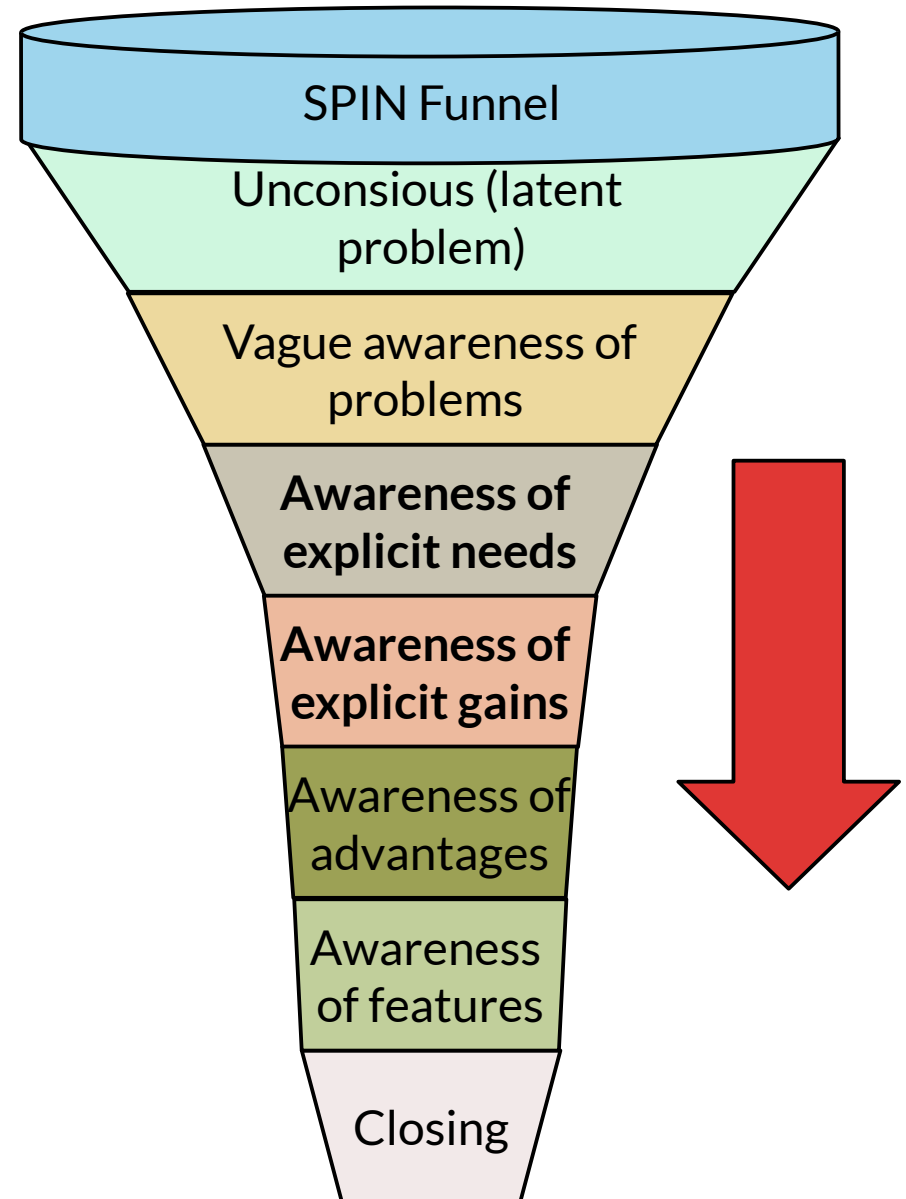


# Sales and Loyalty Funnels



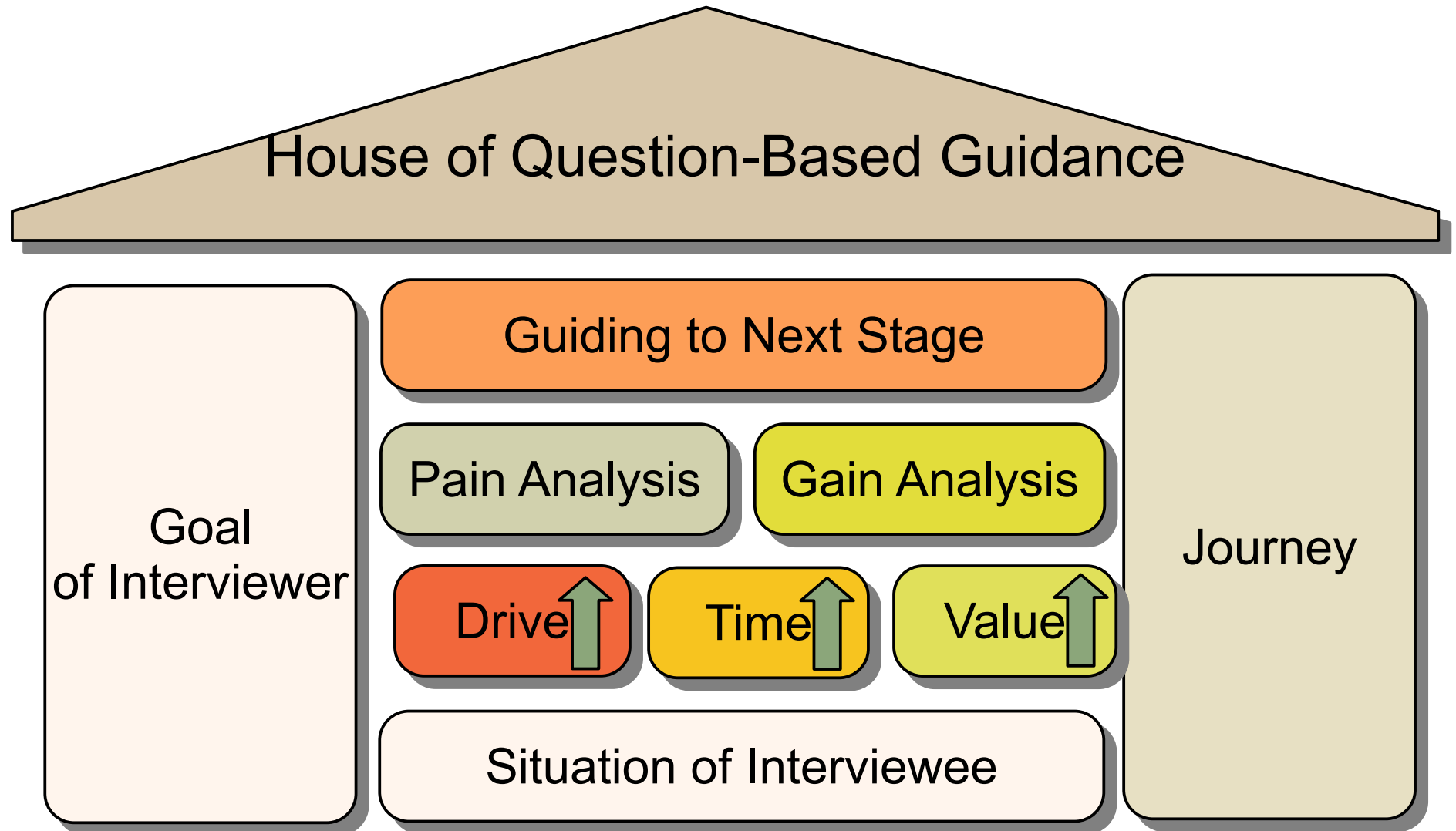
# SPIN™ Funnel

- ▶ 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





## 12.3 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

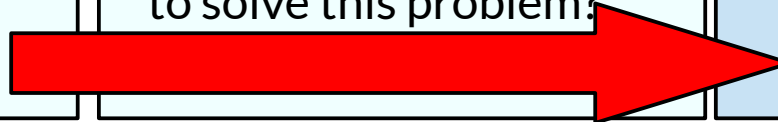
I am a bit unhappy with our state...  
May be, we have got a problem with...  
We loose customers, do not know why  
It is definitely difficult to...  
Our customers have to wait...

## 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..

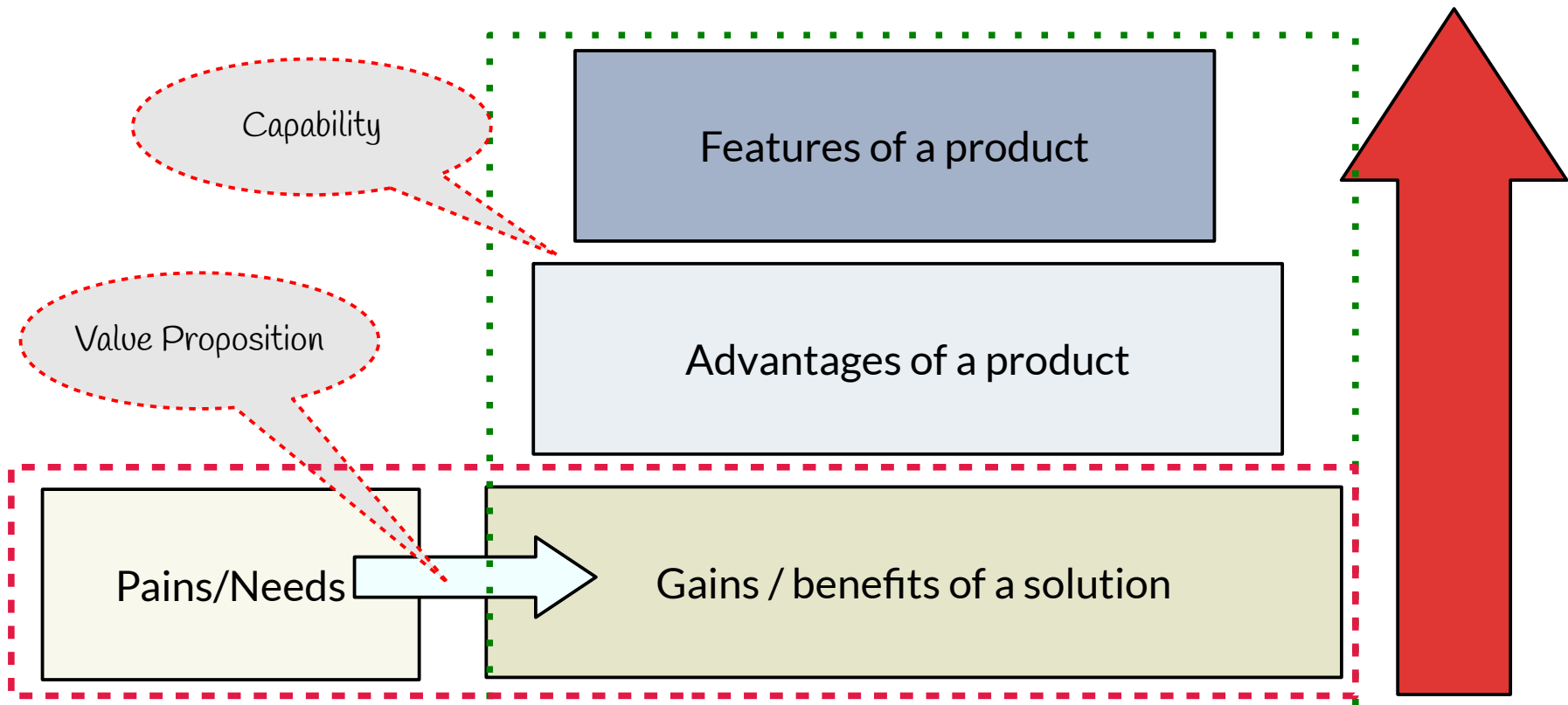


# Capabilities: Gains are not Advantages nor Features

Def: A **Capability** is a gain/benefit of a solution, an advantage of a product, or a feature of a product.

A **Value Proposition (added value)** is a relation between needs and capability.

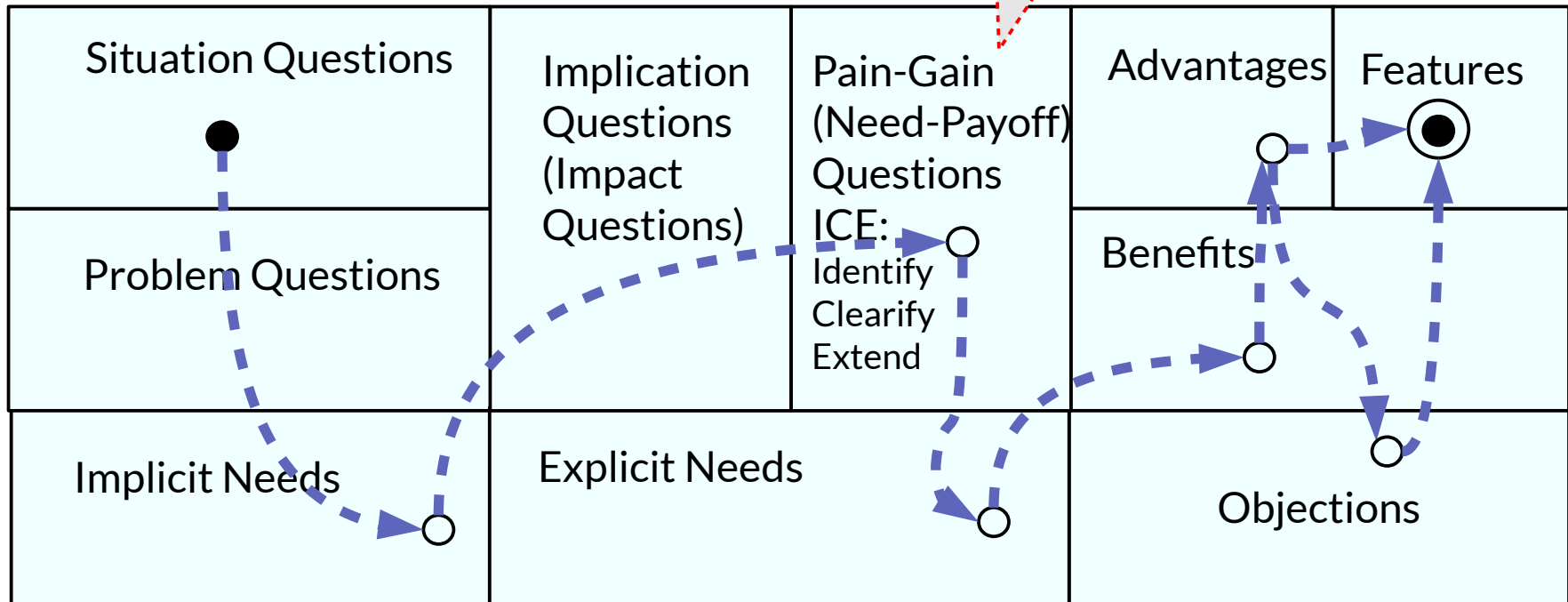
- ▶ Before mentioning the product, it should be very clear which added value (pain-gain benefit) a solution has
- ▶ Capabilities should be linked to Needs/Pains



# 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

Value Proposition Questions



# 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

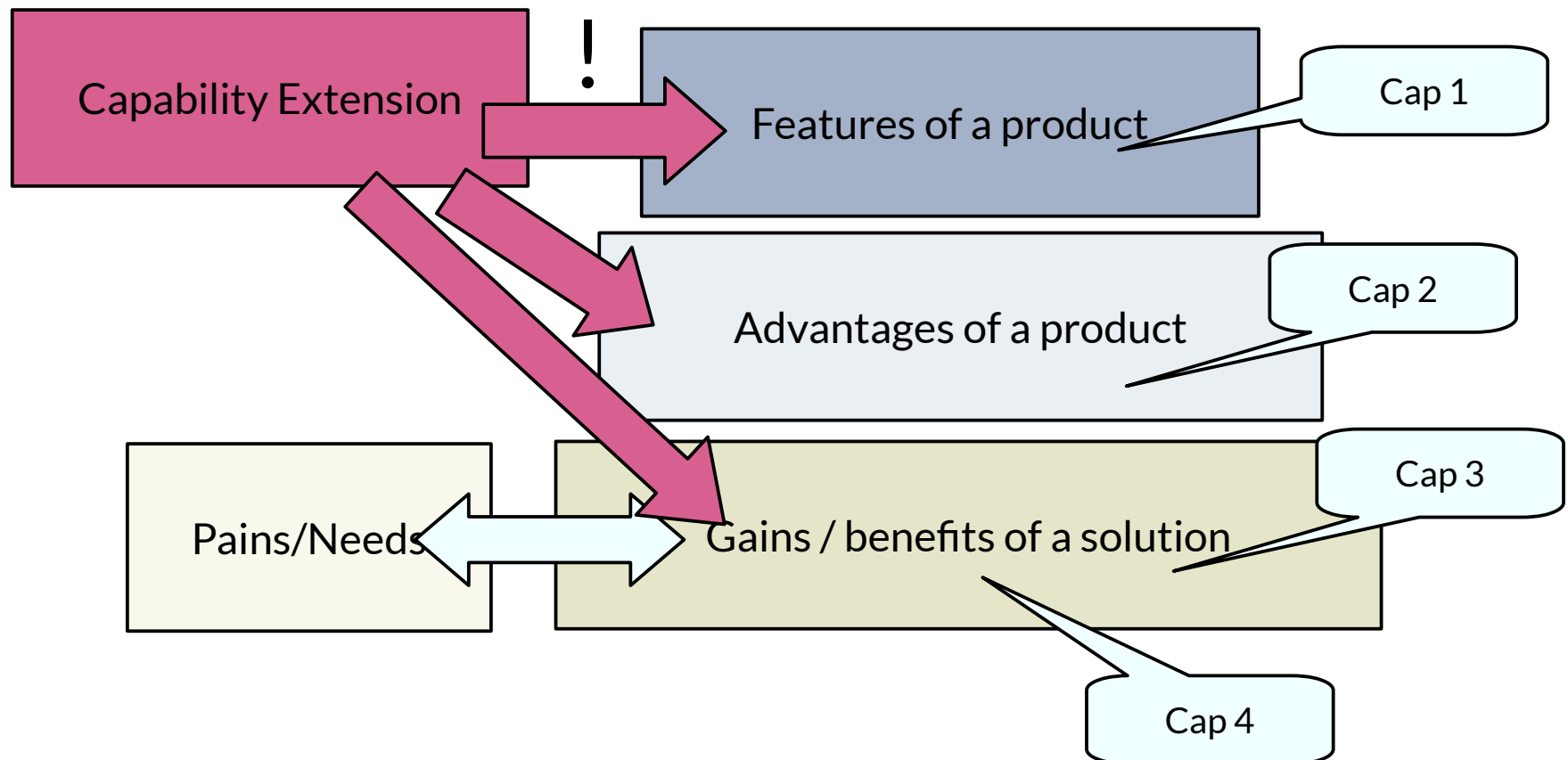
- ▶ **Pain-Gain (pain-benefit, need-payoff) questions** reveal value propositions. They play an important role in SPIN selling
  - They **intensify the desire** for change and for solutions
  - They **reveal the gains (payoff) of a solution** to the customer
  - They **clarify the desired benefits of 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 *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 Asking Benefit Questions Too Early

- ▶ [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
- ▶ **Capabilities:**
  - **Before the product's features presented**, because the need-benefit questions create a desire for capabilities: gains, advantages and finally features
  - **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
- ▶ **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

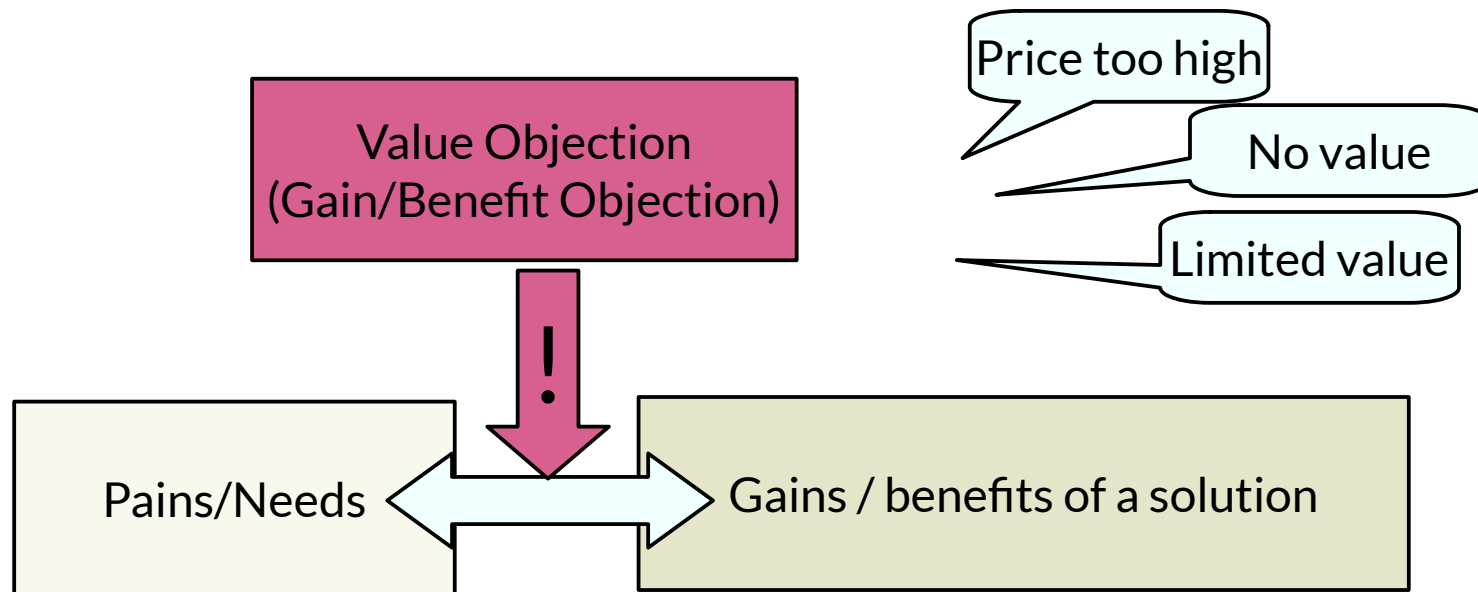
# Capability Extension

- ▶ **When you see that the customer can benefit in several aspects – then use an Extend question to reveal these other aspects (ICE questions)**



# Customers May Raise *Value Objections*

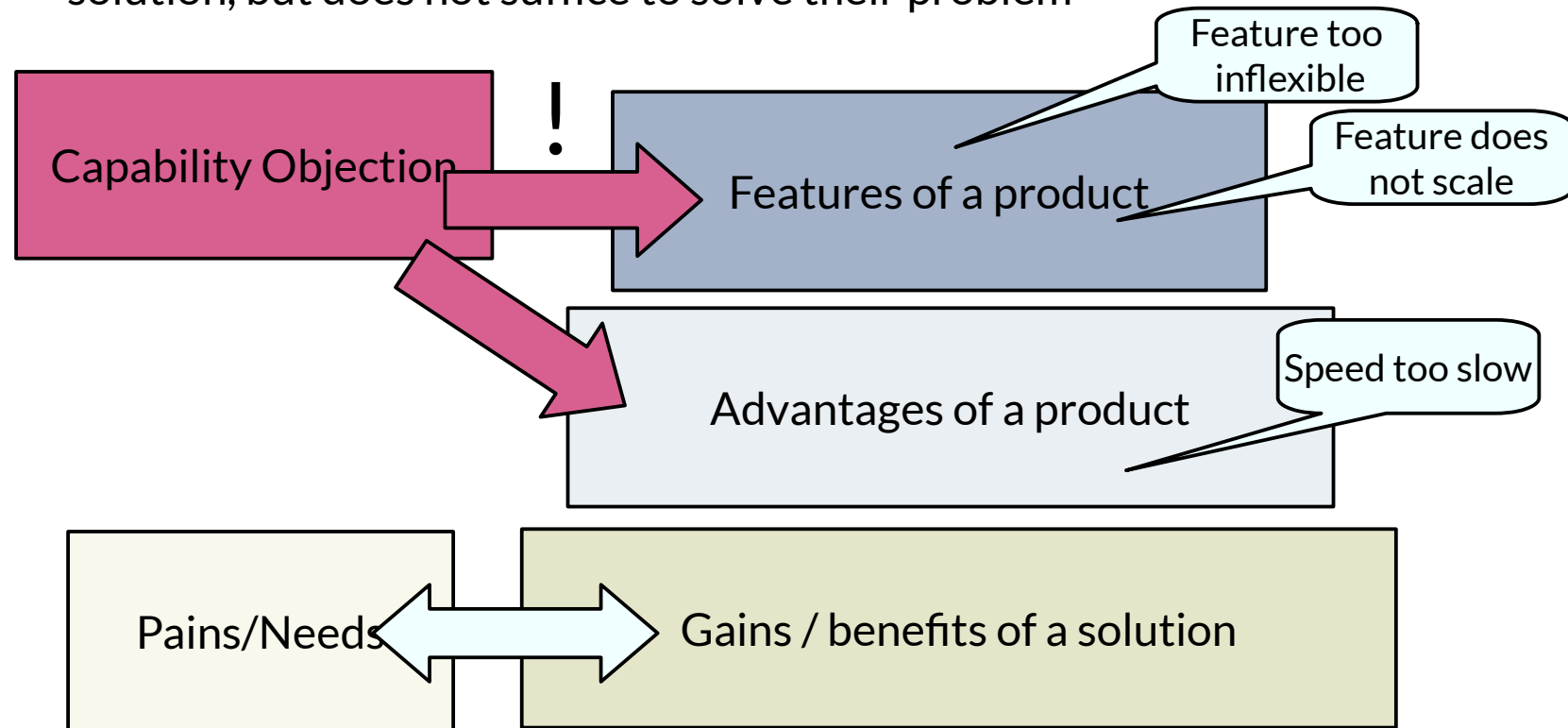
- ▶ **Features** make people think of price and money
- ▶ **Advantages** make people raise objections
- ▶ **Benefits** may create agreement, if Pains are understood
  - If features and advantages are treated too early, **value objections** result



- ▶ 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)

## 12.4 Problem-Solution Sheets Assemble Possible Value Propositions

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

It helps to communicate with the customer:

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

# Implicit-Needs Transformation Q/A Sheet [SPIN]

- ▶ The **Implicit Need Transformation Q/A 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** and assembles Questions for the sales travel
  - Using “Hidden-effect/impact”-questions
  - Using “What-if”-questions
  - Using “Need-payoff” questions
- ▶ The transformation sheet can be used with the LLC Canvas in weekly sprints

| Implicit Need | Impact | Need-Payoff<br>(Added value) | Explicit Need |
|---------------|--------|------------------------------|---------------|
|               |        |                              |               |
|               |        |                              |               |
|               |        |                              |               |

# Bosworth's Pain Sheets for Pain-Cause-Effect-Graphs and the Pain Diary

- ▶ Every sales person has to work on the problems/needs of his customer's domain
- ▶ [Bosworth] suggests the following 3-step table for thinking about the pains of the customers (**pain sheet**), revealing *cause-effect relations* as well as *added values*
  - 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>

|               | Pains, Problems, Needs             |   |   |
|---------------|------------------------------------|---|---|
|               | Pain-Cause-Effect-Graph            |   | Solutions   |
| Implicit Need | Reasons<br>(Causes)<br>[Diagnosis] | Impact<br>(neg. effects)<br>[Exploration] | Capabilities<br>(benefits,<br>advantages,<br>Features)<br>[Vision building] |
|               |                                    |   |   |
|               |                                    |   |   |
|               |                                    |   |   |





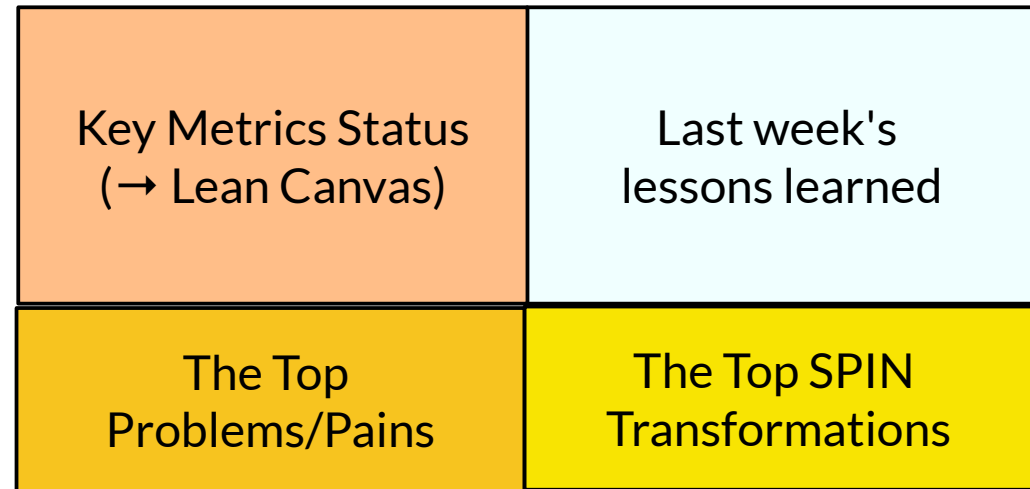
# Problem Presentation List [Blank/Dorf]

- ▶ 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 |
|---------|----------------|-------------------|
|         |                |                   |
|         |                |                   |
|         |                |                   |

# Integration into LLC and sprints

- ▶ SPIN Transformation sheets, Bosworth pain sheets, Blank's problem-solution sheets can be managed as a backlog of an LLC (lessons learned canvas) during sprints.



| Problem-KeyMetric Table |                       |   |
|-------------------------|-----------------------|---|
| Problem #i              | Hypothesized Solution | Metrics / Success Proofs<br>(as results of tests) |

| SPIN Transformation Sheet |        |             |                  |             |
|---------------------------|--------|-------------|------------------|-------------|
| Implicit Need #i          | Impact | Need-Payoff | Explicit Need #i | Key Metrics |

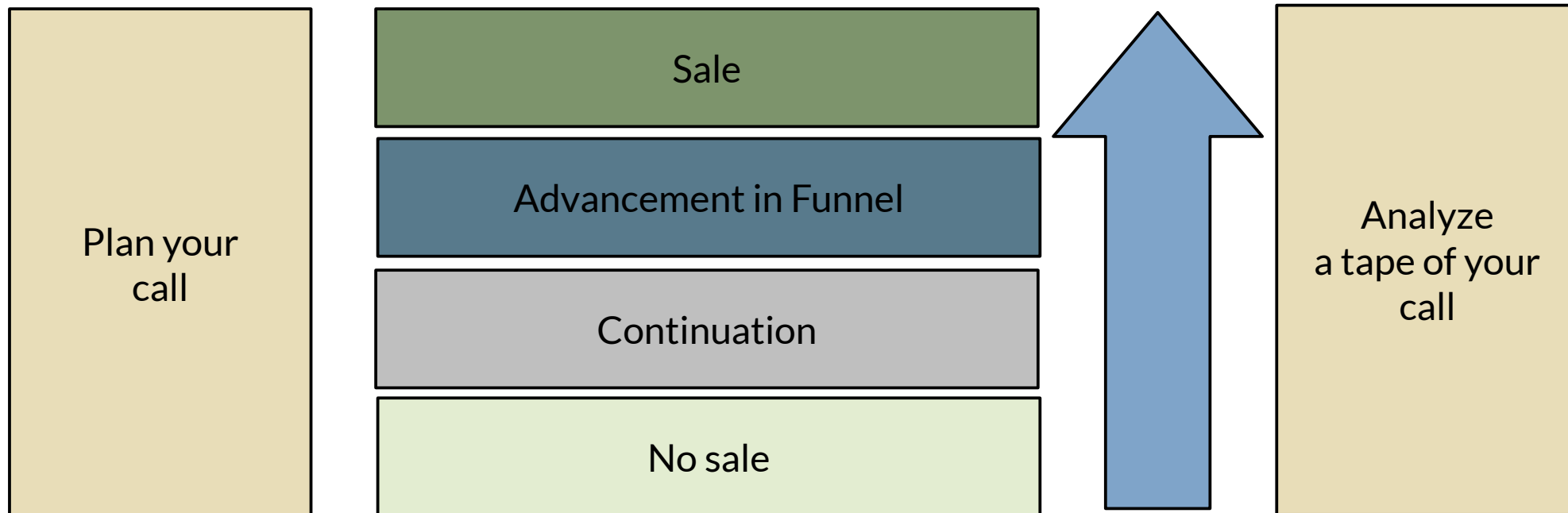




## 12.5 Planning Customer Interviews with SPIN

# 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



# Customer Interviews with SPIN

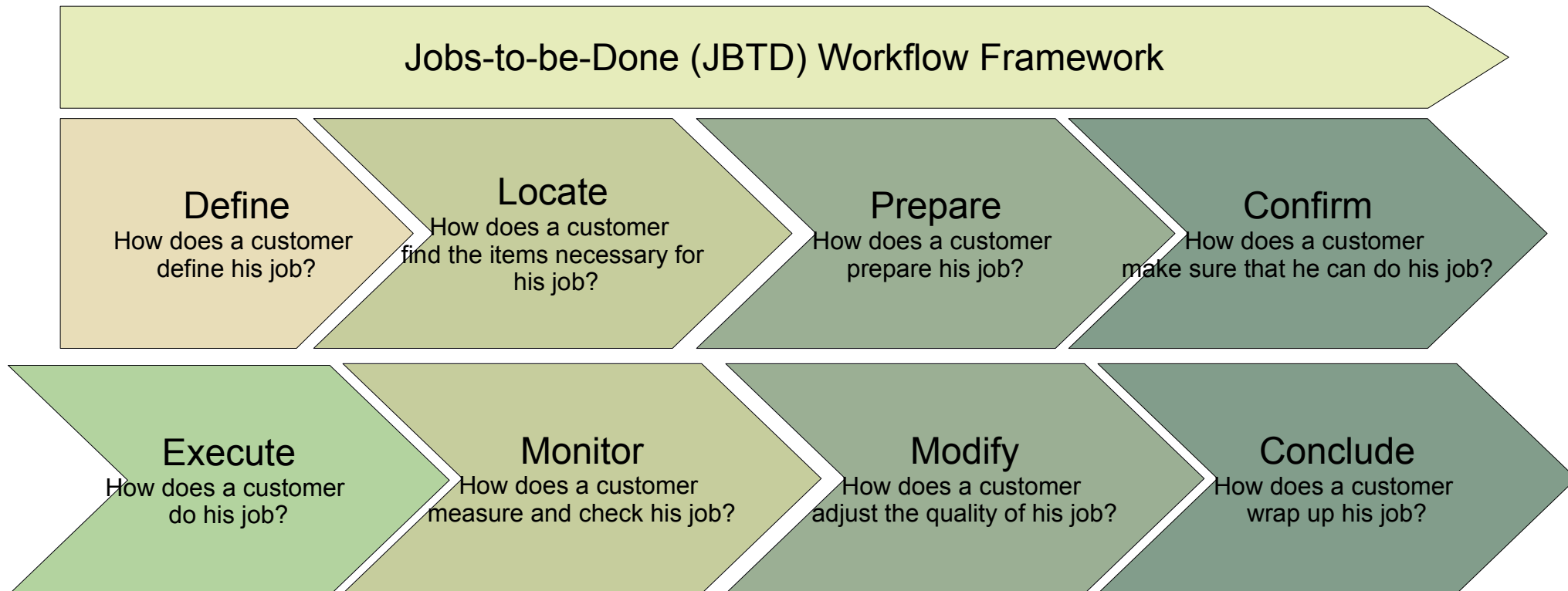
- ▶ Do a SPIN canvas analysis for the planned customer interview
  - Be sure that you answer **need-payoff questions** for a certain customer segment reliably correct
  - Be sure that you plan travel through the SPIN funnel
- ▶ Plan value and **capability objections**
- ▶ Plan **counterarguing** objections
- ▶ Plan **capability extensions**
  - Try to arrive at benefit or feature questions
- ▶ Produce a **cold call plan**
- ▶ Do it: Advance some potential customers with cold calls (customer interviews)

## 12.5.2 Combining Jobs-to-be-Done (JTBD) and SPIN

A method to generate good questions about the customer's daily workflows

# JTBD can be used to provide Hidden-Impact and Pain-Gain Questions for SPIN

- ▶ The question **“How can our service/product help the customer executing his job?”** can be posed in a customer solution interview and reflected together with the customer.
- ▶ If you know the 8 phases of JTBD by heart, you can generate the questions at any time during the interview.



# JTBD-SPIN Matrix Analysis

- ▶ If you know the 8 phases of JTBD by heart, you can generate the questions at any time during the interview.

| JTBD task | Implicit Need | Impact | Need-Payoff (Added value) | Explicit Need |
|-----------|---------------|--------|---------------------------|---------------|
| Define    |               |        |                           |               |
| Locate    |               |        |                           |               |
| Prepare   |               |        |                           |               |
| Confirm   |               |        |                           |               |
| Execute   |               |        |                           |               |
| Monitor   |               |        |                           |               |
| Modify    |               |        |                           |               |
| Conclude  |               |        |                           |               |
|           |               |        |                           |               |





## 12.6 „Solution Selling“ and other Matrix Travels

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

A **matrix travel** is a carefully planned customer funnel journey along the dimensions Drive and Time/Value.

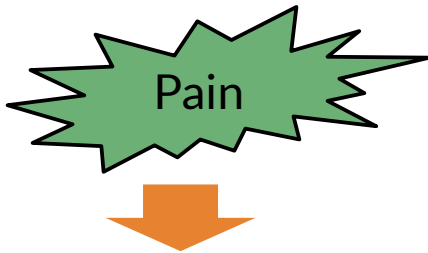
# Interview Method “Solution Selling”, a Matrix Travel

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

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

# 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? |
|                   |   |  |  |



# Result: 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**)
- ▶ Before you do a cold call, fill in some pain sheets
- ▶ Collect them in a **pain diary**

|               | Pains, Problems, Needs             |   |   |
|---------------|------------------------------------|---|---|
|               | Pain-Cause-Effect-Graph            |   | Solutions   |
| Implicit Need | Reasons<br>(Causes)<br>[Diagnosis] | Impact<br>(neg. effects)<br>[Exploration] | Capabilities<br>(benefits,<br>advantages,<br>Features)<br>[Vision building] |
|               |                                    |   |   |
|               |                                    |   |   |
|               |                                    |   |   |

# 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)

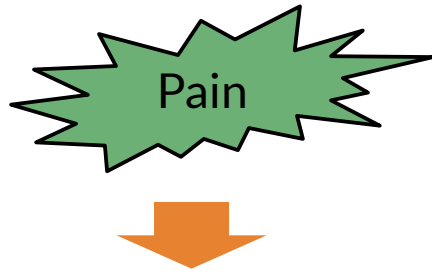
# Solution Selling Question Canvas (for “Vision Reengineering”)



| OCC x RIC                      | Reasons (Causes)<br><b>Diagnosis</b> | Impact (neg. Effects)<br><b>Exploration</b> | Capabilities<br><b>Vision Building (Visualization)</b> |
|--------------------------------|--------------------------------------|---|--|
|                                | Cause (Diagnosis) Questions          | Implication (neg. Effect Questions)         | Capability Question                                    |
| Open Questions                 | Open Cause Questions                 | Open Impact Questions                       | Open Capability Question                               |
| Control “Drill-Down” Questions | Control Reason Questions             | Control Impact Questions                    | Control Capability Question                            |
| Confirm Questions              | Confirm Reason Questions             | Control Impact Questions                    | Confirm Capability Question                            |



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



| OCC x RIC                      | Reasons (Causes)<br><b>Diagnosis</b> | Impact (neg. Effects)<br><b>Exploration</b> | Capabilities<br><b>Vision Building (Visualization)</b> |
|--------------------------------|--------------------------------------|---|--|
|                                | Cause (Diagnosis) Questions          | Implication (neg. Effect Questions)         | Capability Question                                    |
| Open Questions                 | Open Cause Questions                 | Open Impact Questions                       | Open Capability Question                               |
| Control “Drill-Down” Questions | Control Reason Questions             | Control Impact Questions                    | Control Capability Question                            |
| Confirm Questions              | Confirm Reason Questions             | Control Impact Questions                    | Confirm Capability Question                            |



## 12.7 Reference Stories in Sales Meetings

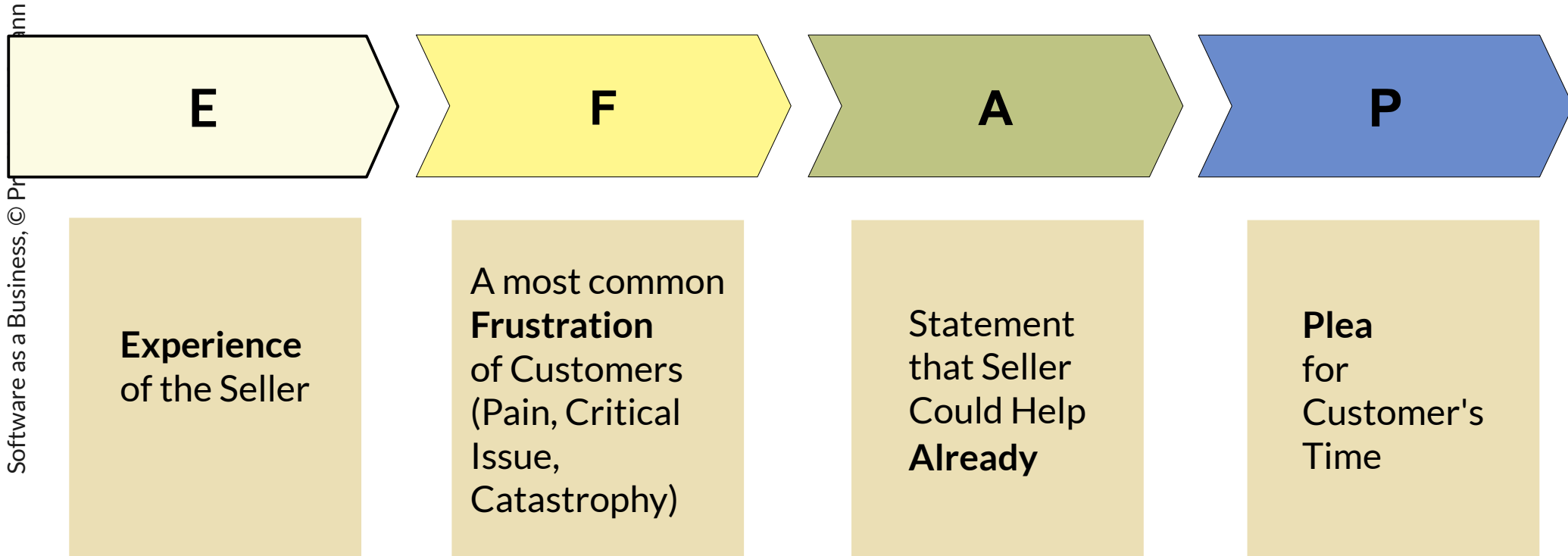
Very good reference story page:

<https://www.3m5.de/referenzen/software-technology/>



# 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 |

## 12.8 Matrix Canvases for Drive Questions

Very good reference story page:

<https://www.3m5.de/referenzen/software-technology/>

# Other OCC Matrices with “Drive” Questions: SPIN Selling Question Canvas

## OCC x SPIN



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



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

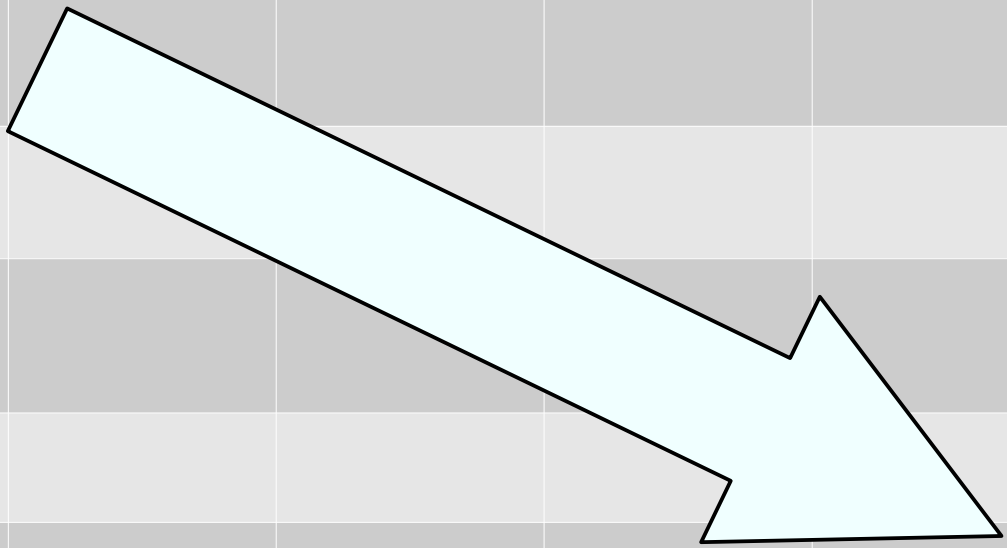
# Matrix Travel with a Matrix Canvas: Drive x Topic

A **matrix canvas** spans up a matrix between two (ordered) dimensions. It enables a **matrix travel with the customer**: Its progress is a **wavefront** along the dimensions.

Start



|                                   | Situation Background Commonality | Problems Blocking Factors | Effect Implied Need<br><small>Risks<br/>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



# The End

- ▶ Explain the difference of implication questions and need-payoff (added value) questions.
- ▶ Explain the difference between pain, capability, and added value.
- ▶ 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?
- ▶ Why is a matrix canvas a good tool for customer solution interviews?
- ▶ Explain a “Drive matrix journey”.



## 12. Question-Driven Customer Creation with Selling as Hidden-Effect Analysis

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2020-04, 21.11.20  
<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) Planning Customer Interviews with SPIN
- 6) Solution Selling
- 7) Reference Stories
- 8) Matrix Canvases

- ▶ <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: <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.
- ▶ C. Warmer, S. Weber, Mission: Startup, DOI 10.1007/978-3-658-06653-6\_18, © Springer Fachmedien Wiesbaden 2014





# 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



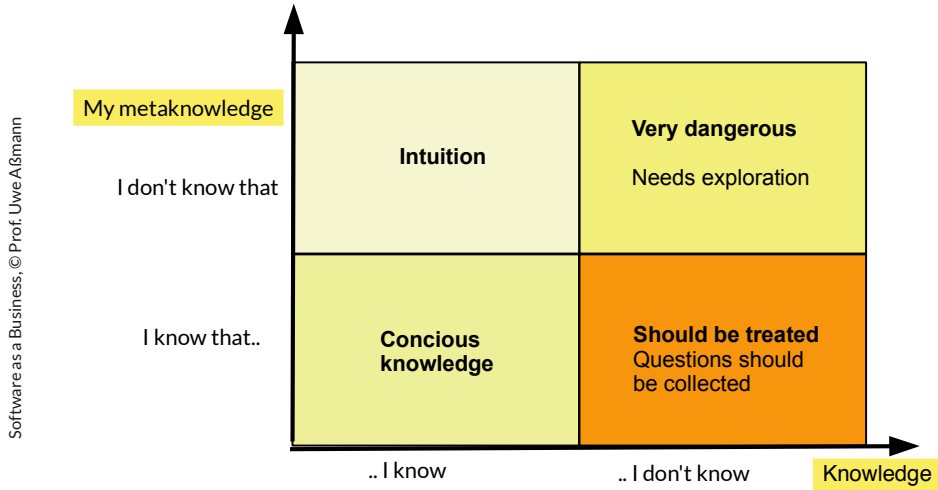


## 12.1. The Sales Funnel

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

# Rumsfeld Portfolio on Knowledge

- ▶ Potential customers suffer from the Rumsfeld Portfolio
- ▶ "We didn't know that we didn't know"



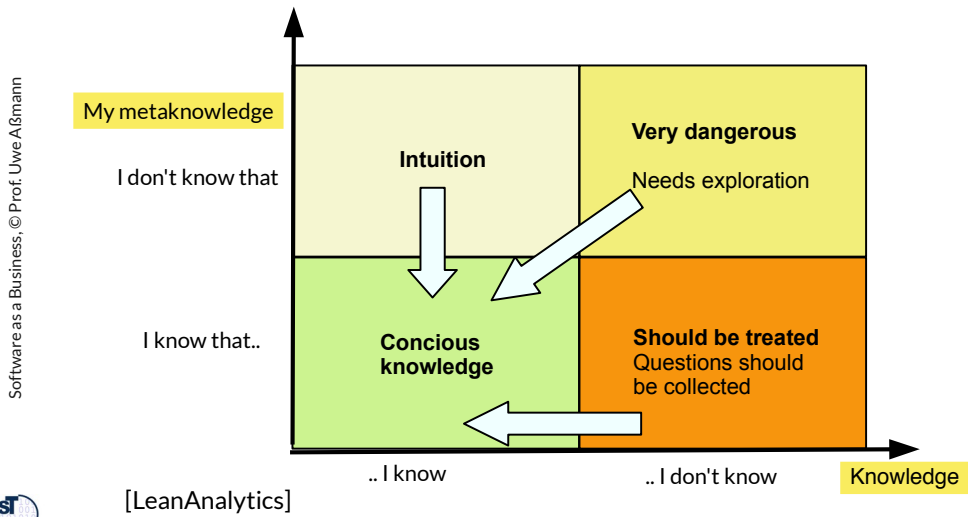
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[LeanAnalytics]

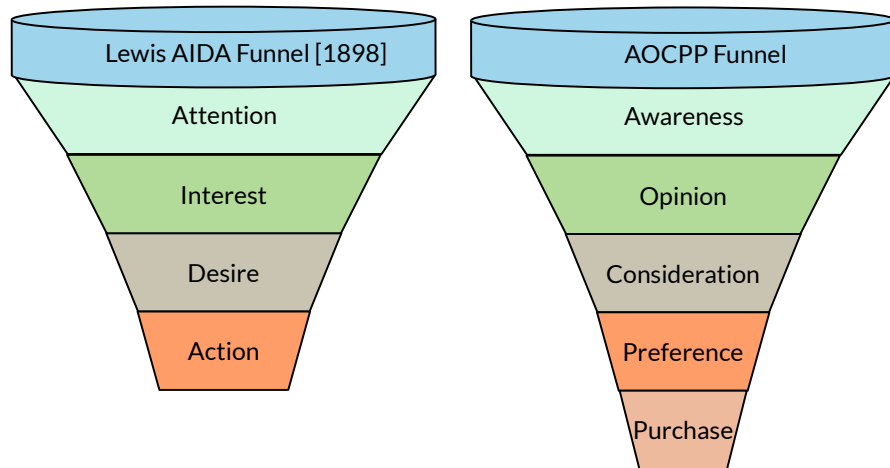
# Travel in the Rumsfeld Portfolio on Knowledge about Benefits, Solutions and Value Proposition

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

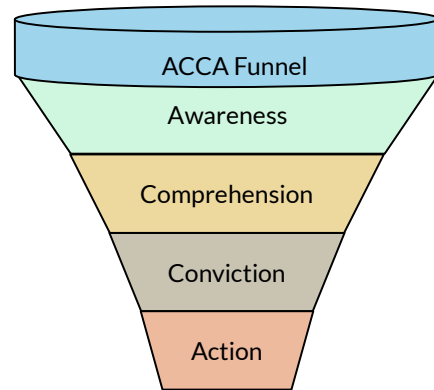
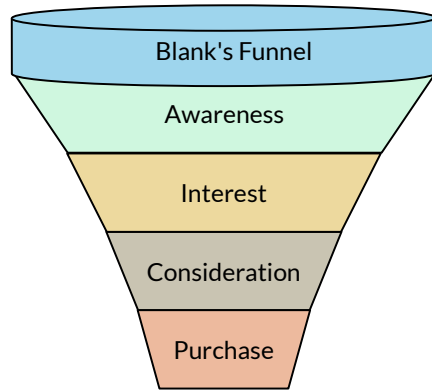


# Sales Funnels as a Way Out of Unknowns

- ▶ A **sales funnel** describes the travel of a customer to the world of conscious knowledge 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

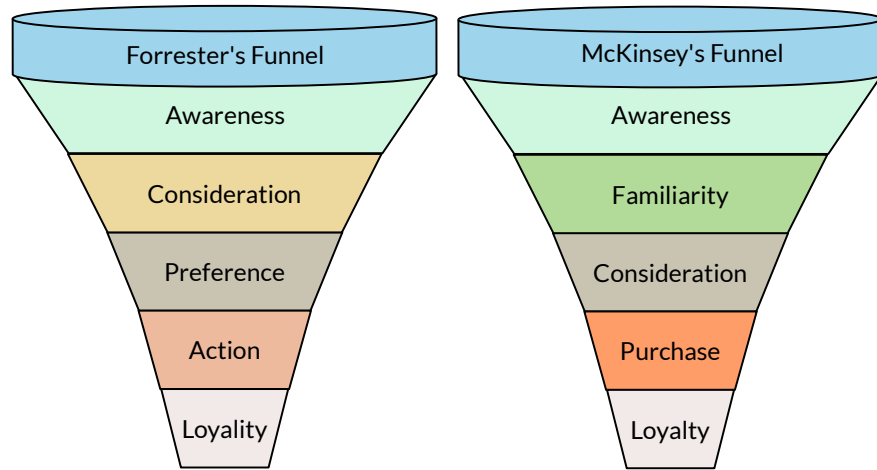


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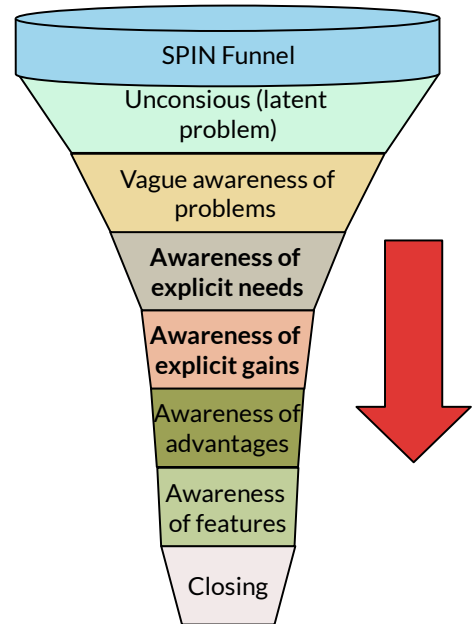
[https://en.wikipedia.org/wiki/DAGMAR\\_marketing](https://en.wikipedia.org/wiki/DAGMAR_marketing)

# Sales and Loyalty Funnels



# SPIN™ Funnel

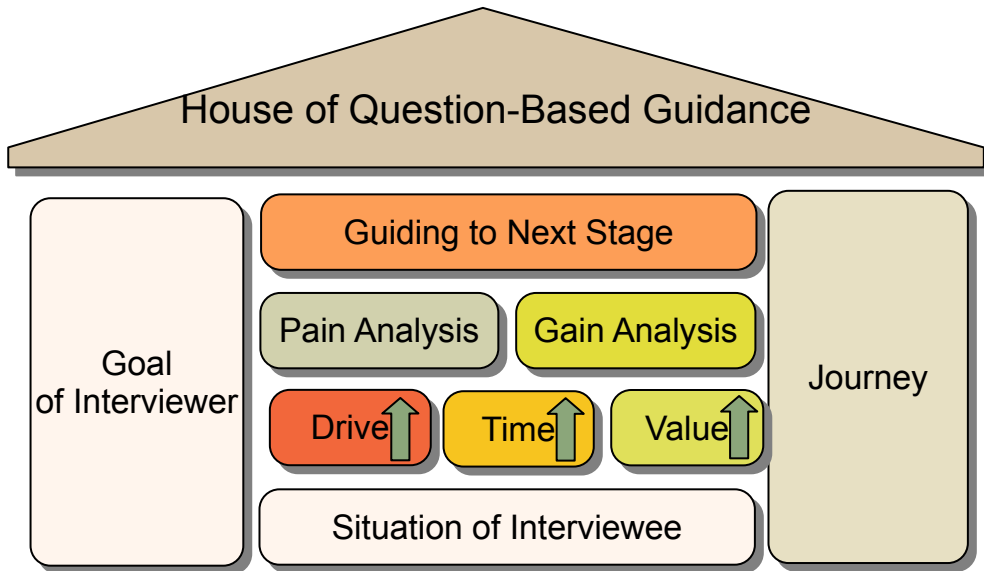
- ▶ The SPIN™ funnel [Rackham] is a sequence of steps **developing the customer's awareness and comprehension**
- ▶ Central step: changing the awareness of hidden needs to explicit needs
- ▶ Only at the very end the product's features are presented – so that the customer has no problem to understand 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**





## 12.3 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)

ss, © Prof. Uwe Alßmann

Only a customer knowing his needs explicitly will buy something.

## Implicit Needs

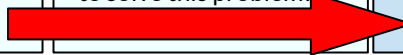
I am a bit unhappy with our state...  
May be, we have got a problem with...  
We loose customers, do not know why  
It is definitely difficult to...  
Our customers have to wait...

## 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..



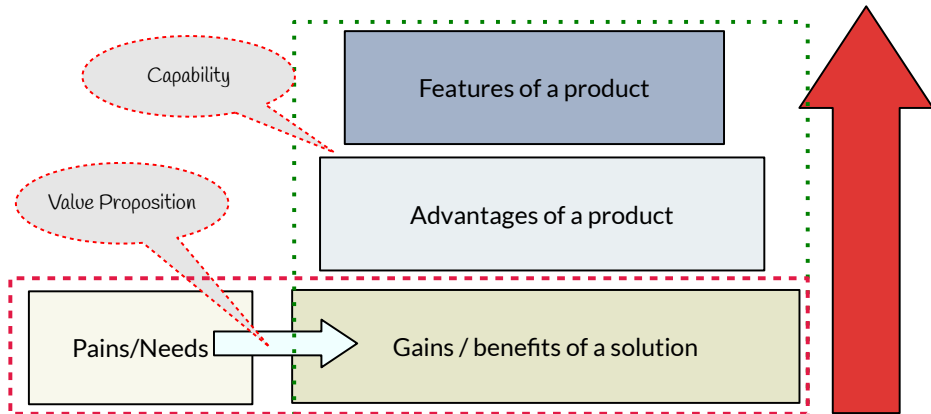
# Capabilities: Gains are not Advantages nor Features

Def: A **Capability** is a gain/benefit of a solution, an advantage of a product, or a feature of a product.

A **Value Proposition (added value)** is a relation between needs and capability.

- ▶ Before mentioning the product, it should be very clear which added value (pain-gain benefit) a solution has
- ▶ Capabilities should be linked to Needs/Pains

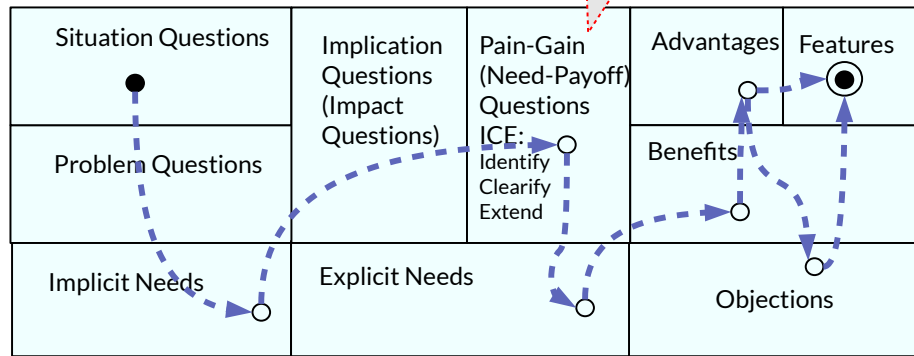
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# SPIN™ Canvas (derived from SPIN™ Form)

- ▶ [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

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# 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 (pain-benefit, need-payoff) questions** reveal value propositions. They 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 *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 Asking Benefit Questions Too Early

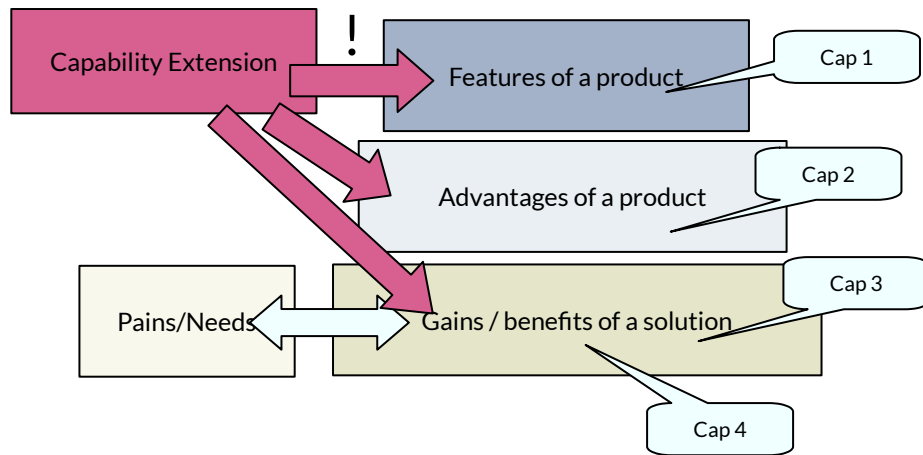
- ▶ [Rackham] **Need-payoff questions should not be used anywhere in the sales interview. They need to be positioned carefully:**
- ▶ **Not too early in the funnel**, but after hidden needs have been made explicit pains
- ▶ **Capabilities:**
  - **Before the product's features presented**, because the need-benefit questions create a desire for capabilities: gains, advantages and finally features
  - **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
- ▶ **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





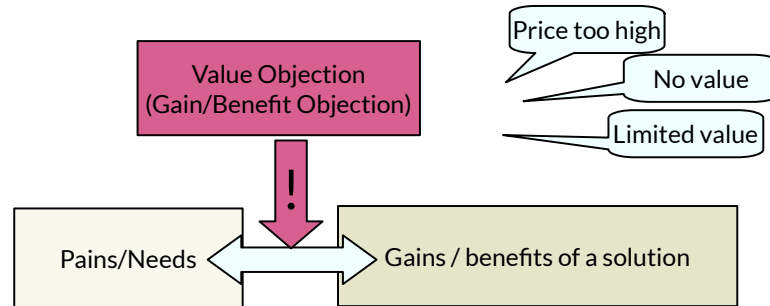
# Capability Extension

- ▶ **When you see that the customer can benefit in several aspects – then use an Extend question to reveal these other aspects (ICE questions)**



# Customers May Raise *Value Objections*

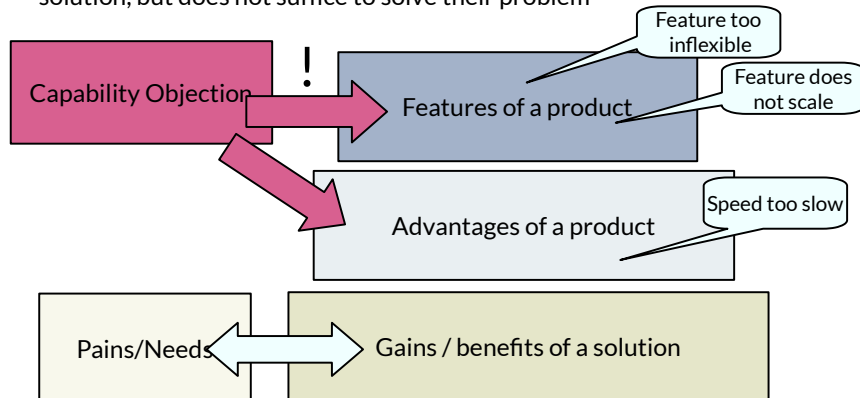
- ▶ **Features** make people think of price and money
- ▶ **Advantages** make people raise objections
- ▶ **Benefits** may create agreement, if Pains are understood
  - If features and advantages are treated too early, **value objections** result



- ▶ **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)



## 12.4 Problem-Solution Sheets Assemble Possible Value Propositions

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

It helps to communicate with the customer:

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

# Implicit-Needs Transformation Q/A Sheet [SPIN]

- ▶ The **Implicit Need Transformation Q/A 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** and assembles Questions for the sales travel
  - Using “Hidden-effect/impact”-questions
  - Using “What-if”-questions
  - Using “Need-payoff” questions
- ▶ The transformation sheet can be used with the LLC Canvas in weekly sprints

| Implicit Need | Impact | Need-Payoff<br>(Added value) | Explicit Need |
|---------------|--------|------------------------------|---------------|
|               |        |                              |               |
|               |        |                              |               |
|               |        |                              |               |



# Bosworth's Pain Sheets for Pain-Cause-Effect-Graphs and the Pain Diary

- ▶ Every sales person has to work on the problems/needs of his customer's domain
- ▶ [Bosworth] suggests the following 3-step table for thinking about the pains of the customers (**pain sheet**), revealing *cause-effect relations* as well as *added values*
  - 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>

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|               | Pains, Problems, Needs       |                                     |   |
|---------------|------------------------------|-------------------------------------|---|
|               | Pain-Cause-Effect-Graph      |                                     | Solutions   |
| Implicit Need | Reasons (Causes) [Diagnosis] | Impact (neg. effects) [Exploration] | Capabilities (benefits, advantages, Features) [Vision building] |
|               |                              |                                     |   |
|               |                              |                                     |   |
|               |                              |                                     |   |



# Problem Presentation List [Blank/Dorf]

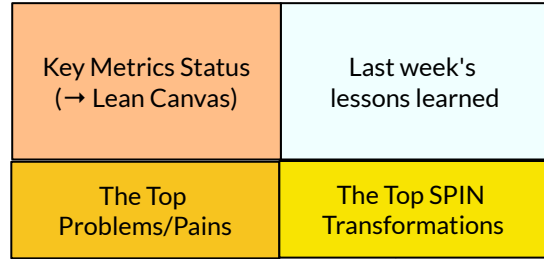
- ▶ The **problem presentation** shall help to find information from the customer about his problem.
  - It presents the current state of problem hypotheses in form of a **problem-solution list**
  - It shall ask questions for problem analysis and VPA, preferably prepared by filling the canvases before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

| Problem | Solution Today | Solution Tomorrow |
|---------|----------------|-------------------|
|         |                |                   |
|         |                |                   |
|         |                |                   |



# Integration into LLC and sprints

- ▶ SPIN Transformation sheets, Bosworth pain sheets, Blank's problem-solution sheets can be managed as a backlog of an LLC (lessons learned canvas) during sprints.



| Problem-KeyMetric Table |                       |   |
|-------------------------|-----------------------|---|
| Problem #i              | Hypothesized Solution | Metrics / Success Proofs<br>(as results of tests) |

| SPIN Transformation Sheet |        |             |                  |             |
|---------------------------|--------|-------------|------------------|-------------|
| Implicit Need #i          | Impact | Need-Payoff | Explicit Need #i | Key Metrics |



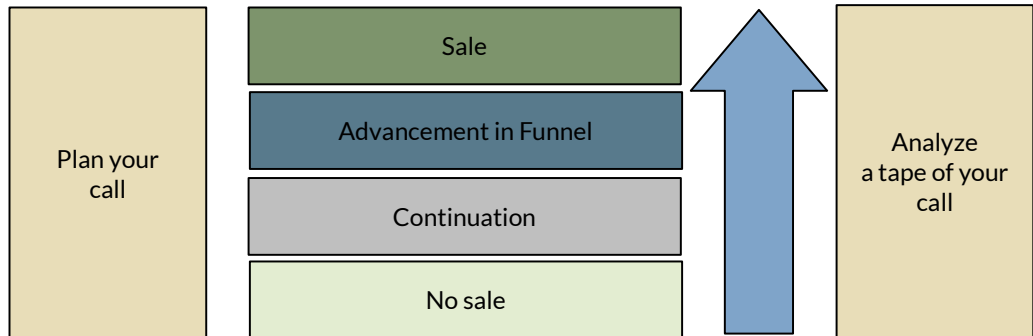




## 12.5 Planning Customer Interviews with SPIN

# 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



# Customer Interviews with SPIN

- ▶ Do a SPIN canvas analysis for the planned customer interview
  - Be sure that you answer **need-payoff questions** for a certain customer segment reliably correct
  - Be sure that you plan travel through the SPIN funnel
- ▶ Plan value and **capability objections**
- ▶ Plan **counterarguing** objections
- ▶ Plan **capability extensions**
  - Try to arrive at benefit or feature questions
- ▶ Produce a **cold call plan**
- ▶ Do it: Advance some potential customers with cold calls (customer interviews)



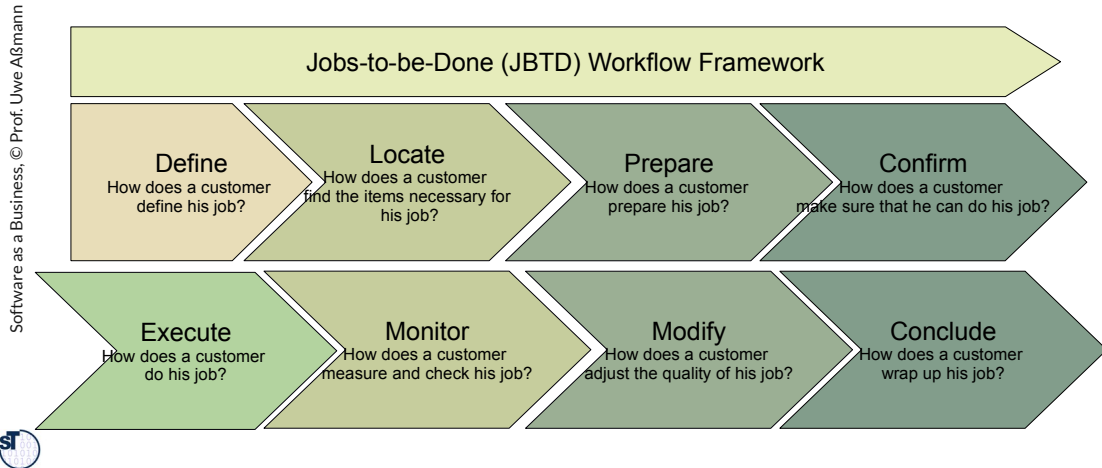


## 12.5.2 Combining Jobs-to-be-Done (JTBD) and SPIN

A method to generate good questions about the customer's daily workflows

# JTBD can be used to provide Hidden-Impact and Pain-Gain Questions for SPIN

- ▶ The question **"How can our service/product help the customer executing his job?"** can be posed in a customer solution interview and reflected together with the customer.
- ▶ If you know the 8 phases of JTBD by heart, you can generate the questions at any time during the interview.



# JTBD-SPIN Matrix Analysis

- ▶ If you know the 8 phases of JTBD by heart, you can generate the questions at any time during the interview.

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| JTBD task | Implicit Need | Impact | Need-Payoff (Added value) | Explicit Need |
|-----------|---------------|--------|---------------------------|---------------|
| Define    |               |        |                           |               |
| Locate    |               |        |                           |               |
| Prepare   |               |        |                           |               |
| Confirm   |               |        |                           |               |
| Execute   |               |        |                           |               |
| Monitor   |               |        |                           |               |
| Modify    |               |        |                           |               |
| Conclude  |               |        |                           |               |
|           |               |        |                           |               |





## 12.6 „Solution Selling“ and other Matrix Travels

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

A **matrix travel** is a carefully planned customer funnel journey along the dimensions Drive and Time/Value.

# 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** exploring a **cause-effect-graph**
- ▶ The **Solution Selling Canvas** is a 9-field *question matrix* between
  - **drive type:** open, control, confirm
  - **analysis type:** Bosworth’s **pain sheet** with cause-effect analysis, capabilities (vision, gains)

Software as a Business, © Prof. Uwe A&mann

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





# 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? |
|                   |   |  |  |



# Result: 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**)
- ▶ Before you do a cold call, fill in some pain sheets
- ▶ Collect them in a **pain diary**

|               | Pains, Problems, Needs       |                                     |   |
|---------------|------------------------------|-------------------------------------|---|
|               | Pain-Cause-Effect-Graph      |                                     | Solutions   |
| Implicit Need | Reasons (Causes) [Diagnosis] | Impact (neg. effects) [Exploration] | Capabilities (benefits, advantages, Features) [Vision building] |
|               |                              |                                     |   |
|               |                              |                                     |   |
|               |                              |                                     |   |

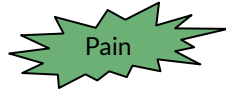


# Control Questions (Ext.)

- ▶ **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)



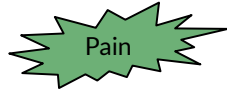
# Solution Selling Question Canvas (for “Vision Reengineering”)



| OCC x RIC                      | Reasons (Causes) <b>Diagnosis</b> | Impact (neg. Effects) <b>Exploration</b> | Capabilities <b>Vision Building (Visualization)</b> |
|--------------------------------|-----------------------------------|--|---|
|                                | Cause (Diagnosis) Questions       | Implication (neg. Effect) Questions      | Capability Question                                 |
| Open Questions                 | Open Cause Questions              | Open Impact Questions                    | Open Capability Question                            |
| Control “Drill-Down” Questions | Control Reason Questions          | Control Impact Questions                 | Control Capability Question                         |
| Confirm Questions              | Confirm Reason Questions          | Control Impact Questions                 | Confirm Capability Question                         |



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



| OCC x RIC                      | Reasons (Causes)<br><b>Diagnosis</b> | Impact (neg. Effects)<br><b>Exploration</b> | Capabilities<br><b>Vision Building (Visualization)</b> |
|--------------------------------|--------------------------------------|---|--|
|                                | Cause (Diagnosis) Questions          | Implication (neg. Effect) Questions         | Capability Question                                    |
| Open Questions                 | Open Cause Questions                 | Open Impact Questions                       | Open Capability Question                               |
| Control “Drill-Down” Questions | Control Reason Questions             | Control Impact Questions                    | Control Capability Question                            |
| Confirm Questions              | Confirm Reason Questions             | Control Impact Questions                    | Confirm Capability Question                            |



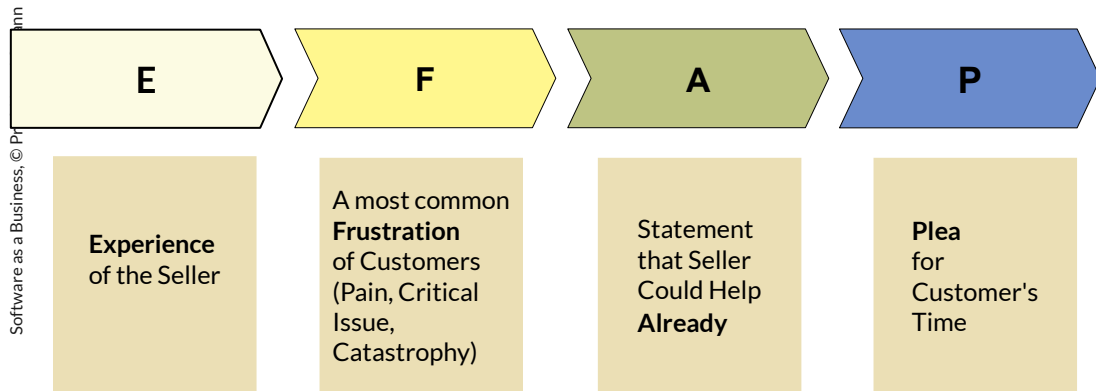


## 12.7 Reference Stories in Sales Meetings

Very good reference story page:  
<https://www.3m5.de/referenzen/software-technology/>

## 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



Here, the Cold Call Script of Venture Accelerator Partners could also be used

# 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 |








## 12.8 Matrix Canvases for Drive Questions


Very good reference story page:  
<https://www.3m5.de/referenzen/software-technology/>

# Other OCC Matrices with “Drive” Questions: SPIN Selling Question Canvas

## OCC x SPIN



|                   | Situation | Problem | Implied <small>Need</small> | Need-Benefit |
|-------------------|-----------|---------|-----------------------------|--------------|
| Open Questions    |           |         |                             |              |
| Control Questions |           |         |                             |              |
| Confirm Questions |           |         |                             |              |



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

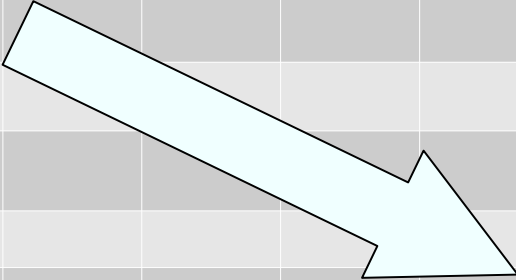
# Matrix Travel with a Matrix Canvas: Drive x Topic

Start



A **matrix canvas** spans up a matrix between two (ordered) dimensions. It enables a **matrix travel with the customer**: Its progress is a **wavefront** along the dimensions.

|                                   | Situation Background Commonality | Problems Blocking Factors | Effect Implied <small>Need</small><br><small>Risks</small><br><small>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



# The End

- ▶ Explain the difference of implication questions and need-payoff (added value) questions.
- ▶ Explain the difference between pain, capability, and added value.
- ▶ 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?
- ▶ Why is a matrix canvas a good tool for customer solution interviews?
- ▶ Explain a “Drive matrix journey”.

