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

Prof. Dr. Uwe Aßmann

Softwaretechnologie

Fakultät Informatik

Technische Universität Dresden

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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) Planning Customer Interviews with SPIN
6) Solution Selling
7) Reference Stories
8) Matrix Canvases

Literature

Software as a Business, © Prof. Uwe Aßmann

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  - http://www.tracomcorp.com/wp-content/uploads/2014/01/SocialStyle-Whitepaper-HowSocialStyleConceptsMakeSpinSellingMoreEffective.pdf
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  - 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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- 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
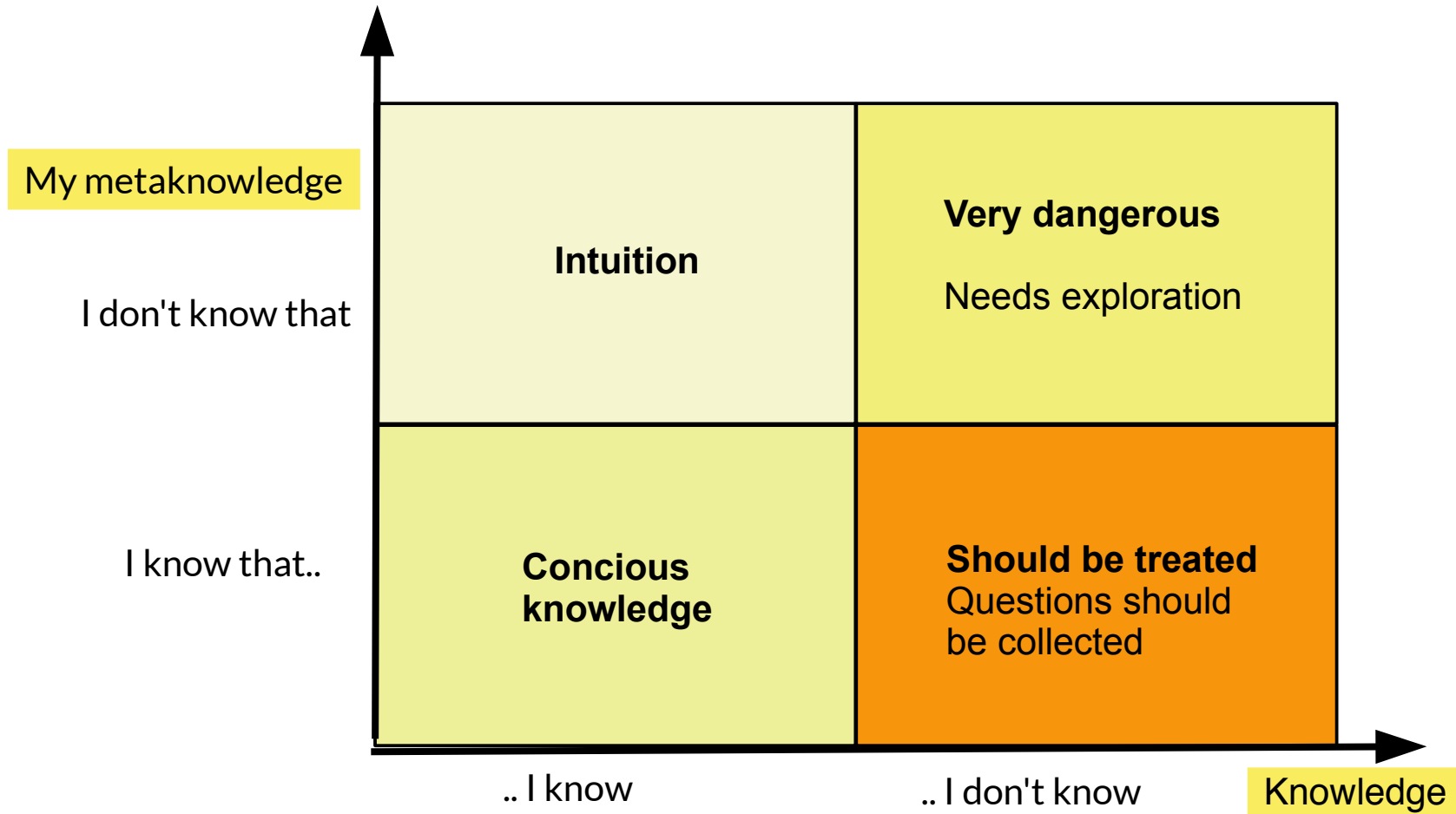
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12.1. The Sales Funnel
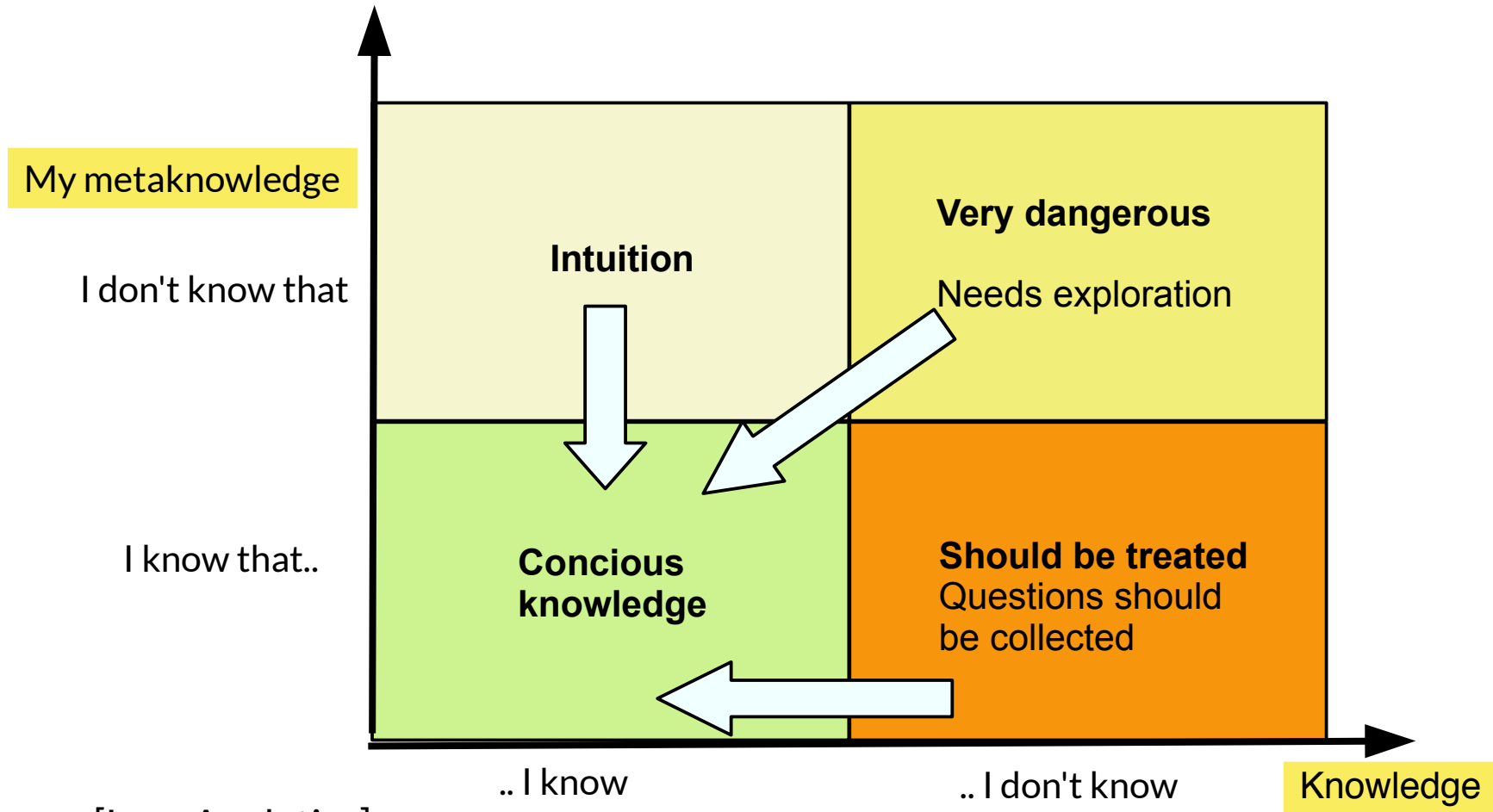
Starting with E. St. Elmo Lewis in 1898
[wikipedia:Purchase_funnel]

Rumsfeld Portfolio on Knowledge

▶ Potential customers suffer from the Rumsfeld Portfolio

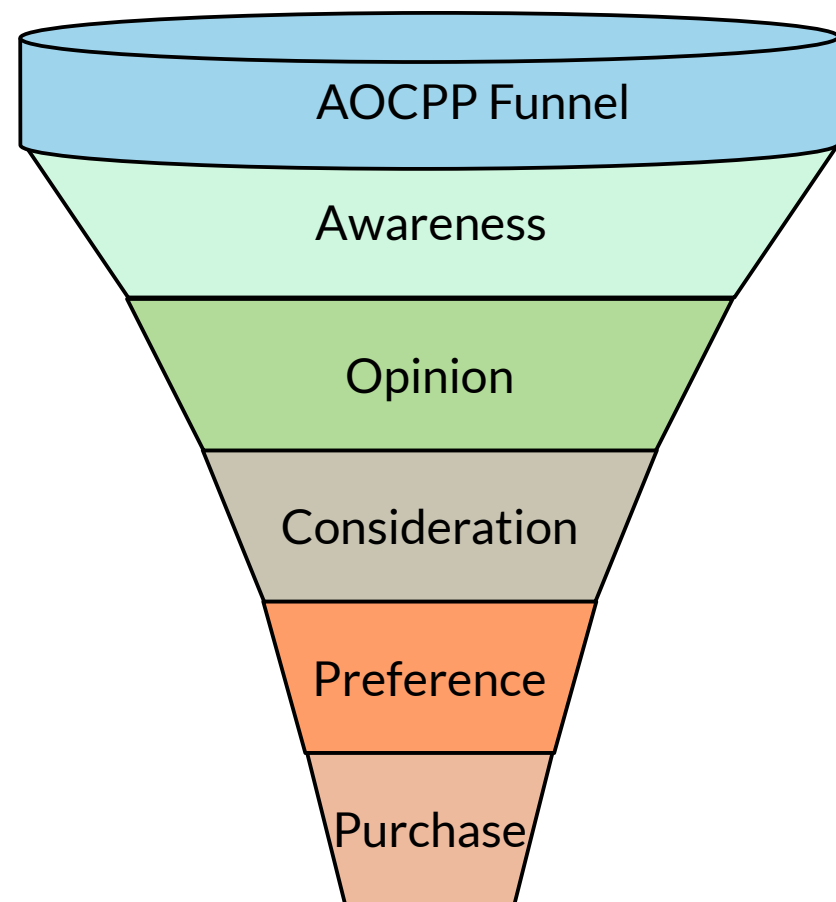▶ "We didn't know that we didn't know"

[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

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My metaknowledge

I don't know that

Intuition

Very dangerous

Needs exploration

I know that..

Concious knowledge

Should be treated
Questions should be collected

.. I know

.. I don't know

Knowledge

[LeanAnalytics]

Sales Funnels as a Way Out of Unkowns

▶ A **sales funnel** describes the travel of a customer to the world of concious knowledge before buying a product.

- Part of the funnel describes the wandering in the Rumsfeld portfolio linearly

▶ The funnel tightens – not all become customers

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Lewis AIDA Funnel [1898]	AOCPP Funnel
Attention	Awareness
Interest	Opinion
Desire	Consideration
Action	Preference
	Purchase

Sales Funnels

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Blank's Funnel
- Awareness
- Interest
- Consideration
- Purchase

ACCA Funnel
- Awareness
- Comprehension
- Conviction
- Action

https://en.wikipedia.org/wiki/DAGMAR_marketing

Sales and Loyality Funnels

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Forrester's Funnel
- Awareness
- Consideration
- Preference
- Action
- Loyality

McKinsey's Funnel
- Awareness
- Familiarity
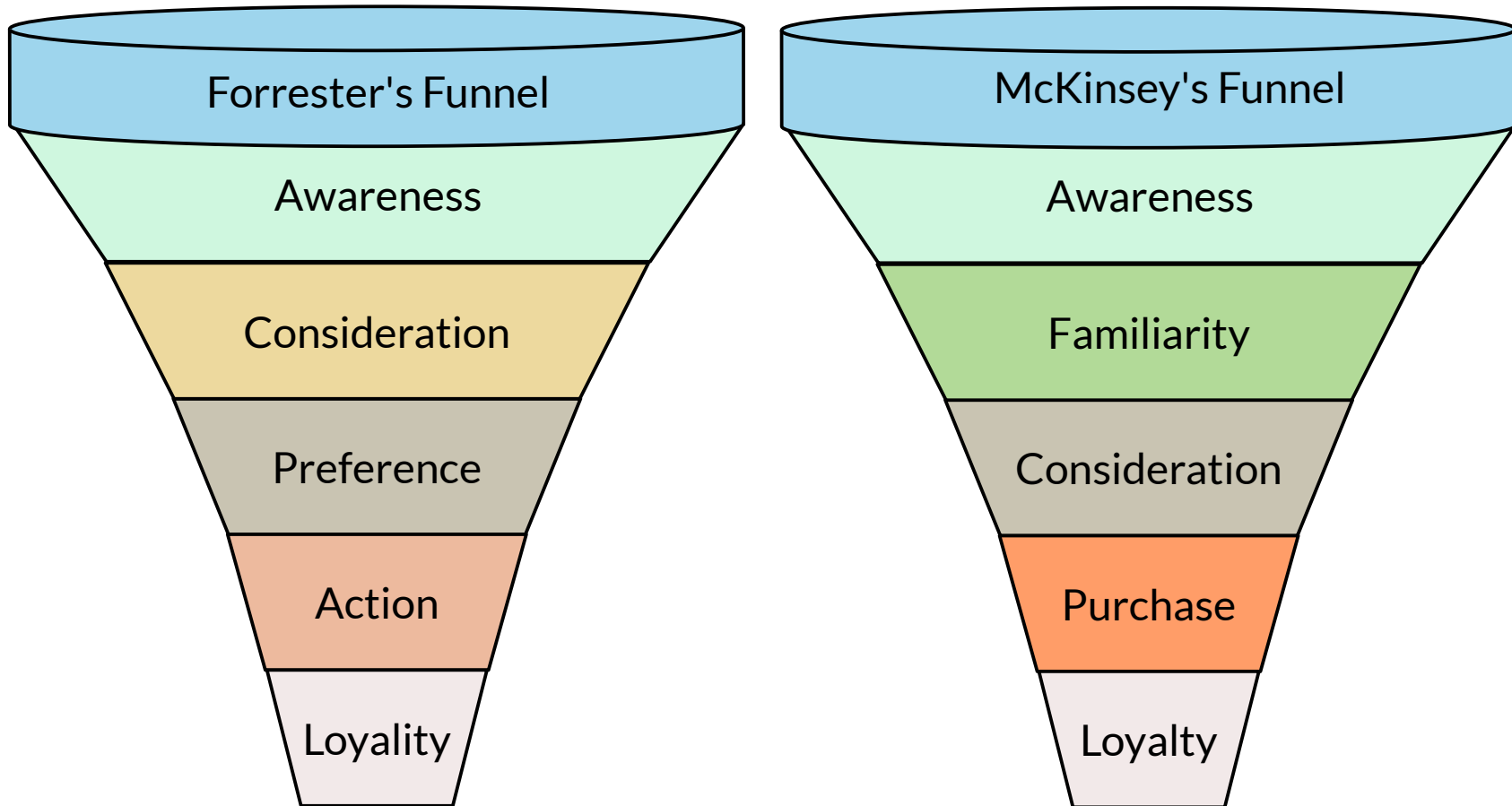- Consideration
- Purchase
- Loyalty

http://marketing-made-simple.com/articles/purchase-funnel.htm
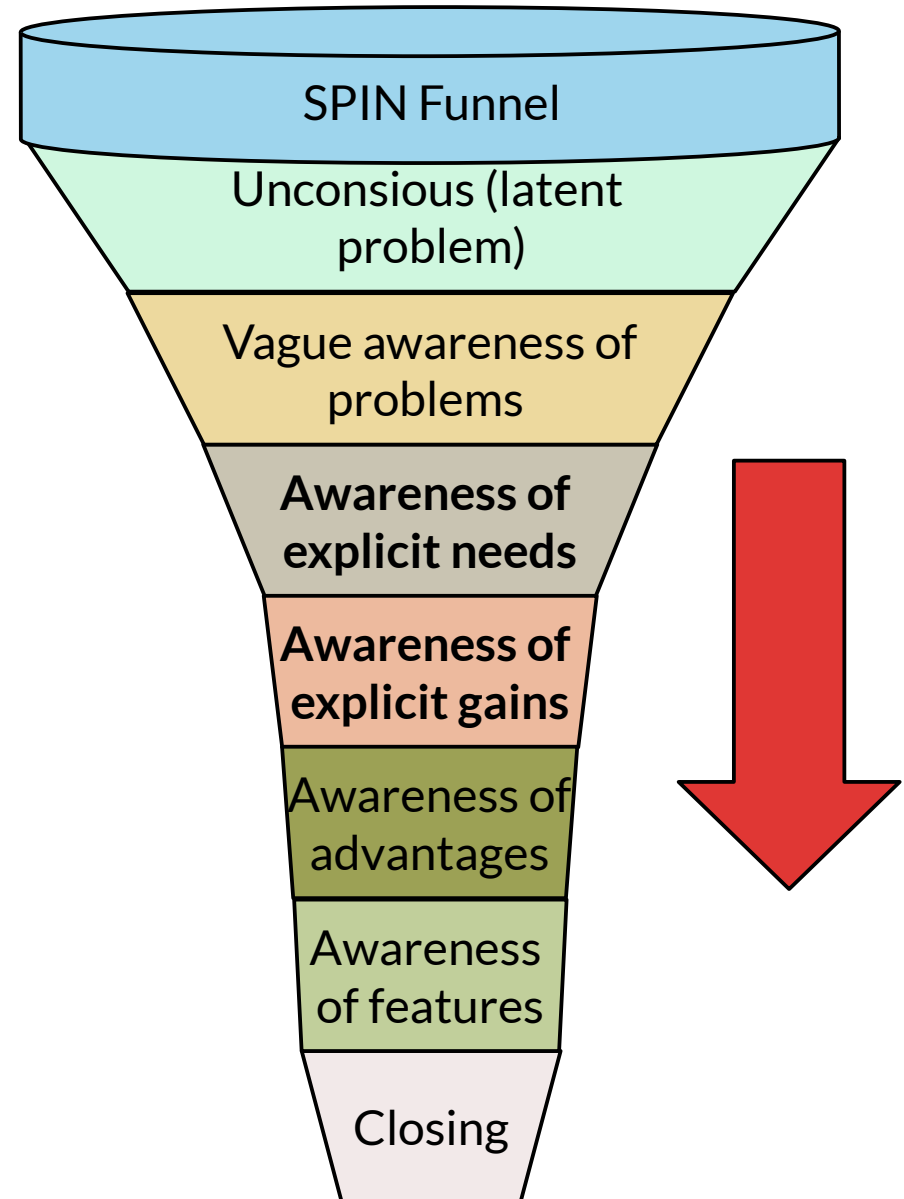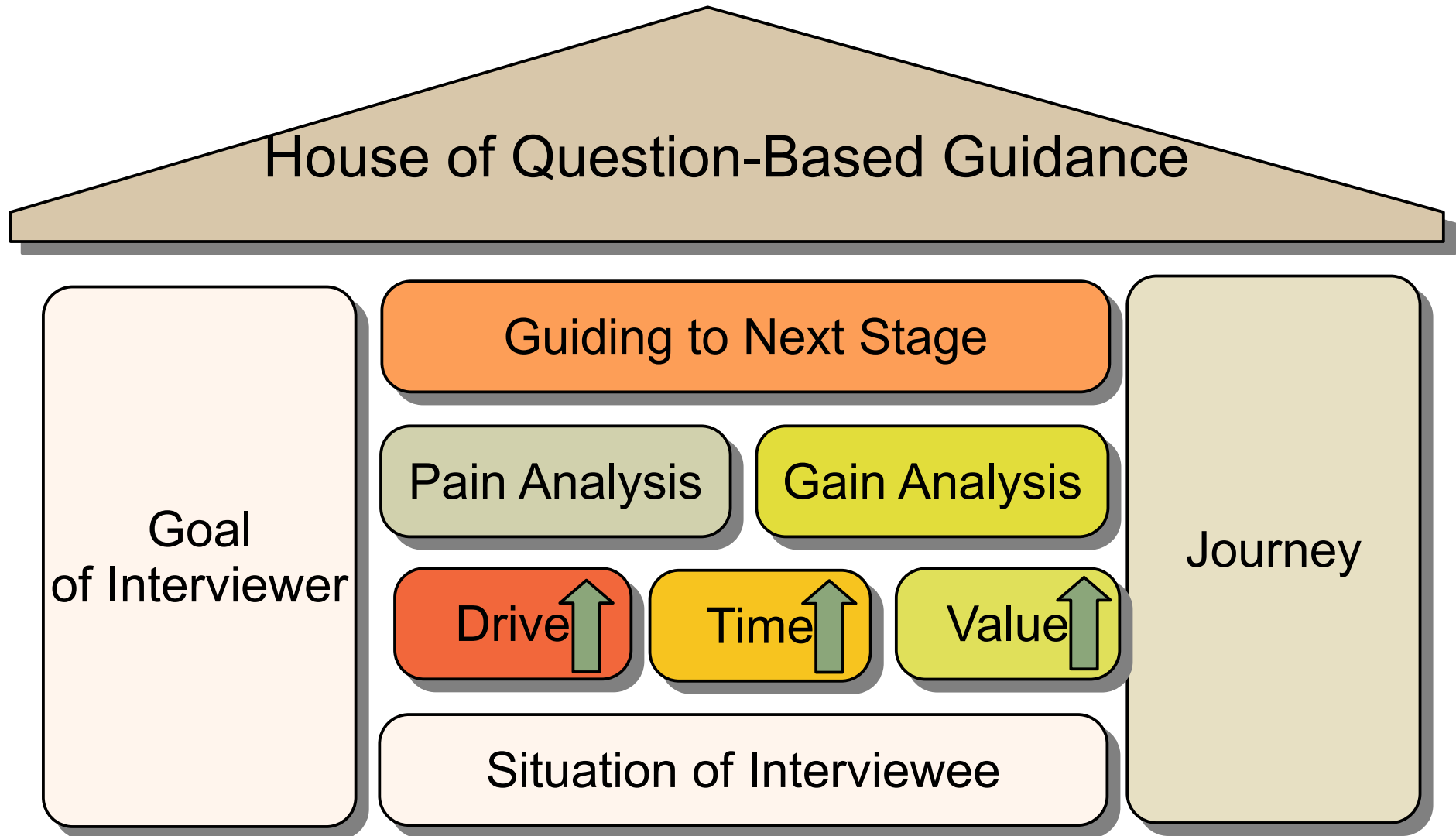
SPIN™ Funnel

▶ 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)

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SPIN Funnel

Unconsious (latent problem)

Vague awareness of problems

Awareness of explicit needs

Awareness of explicit gains

Awareness of advantages

Awareness of features

Closing

House of Question-Based Journeys Through the Sales Funnel

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

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House of Question-Based Guidance

Goal of Interviewer

Guiding to Next Stage

Pain Analysis

Gain Analysis

Drive

Time

Value

Situation of Interviewee

Journey

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 by something.

Implicit Needs	**Impact/Effect Questions Need-Payoff Questions**	**Explicit 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…	Does this imply that..? Would it pay off to have a solution for that? What would you require to solve this problem?	I need.. I would like to have.. Urgently, we require..

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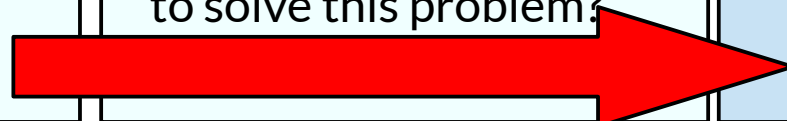
Capabilities: Gains are not Advantages nor Features

> 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

Capability

Features of a product

Value Proposition

Advantages of a product

Pains/Needs   Gains / benefits of a solution
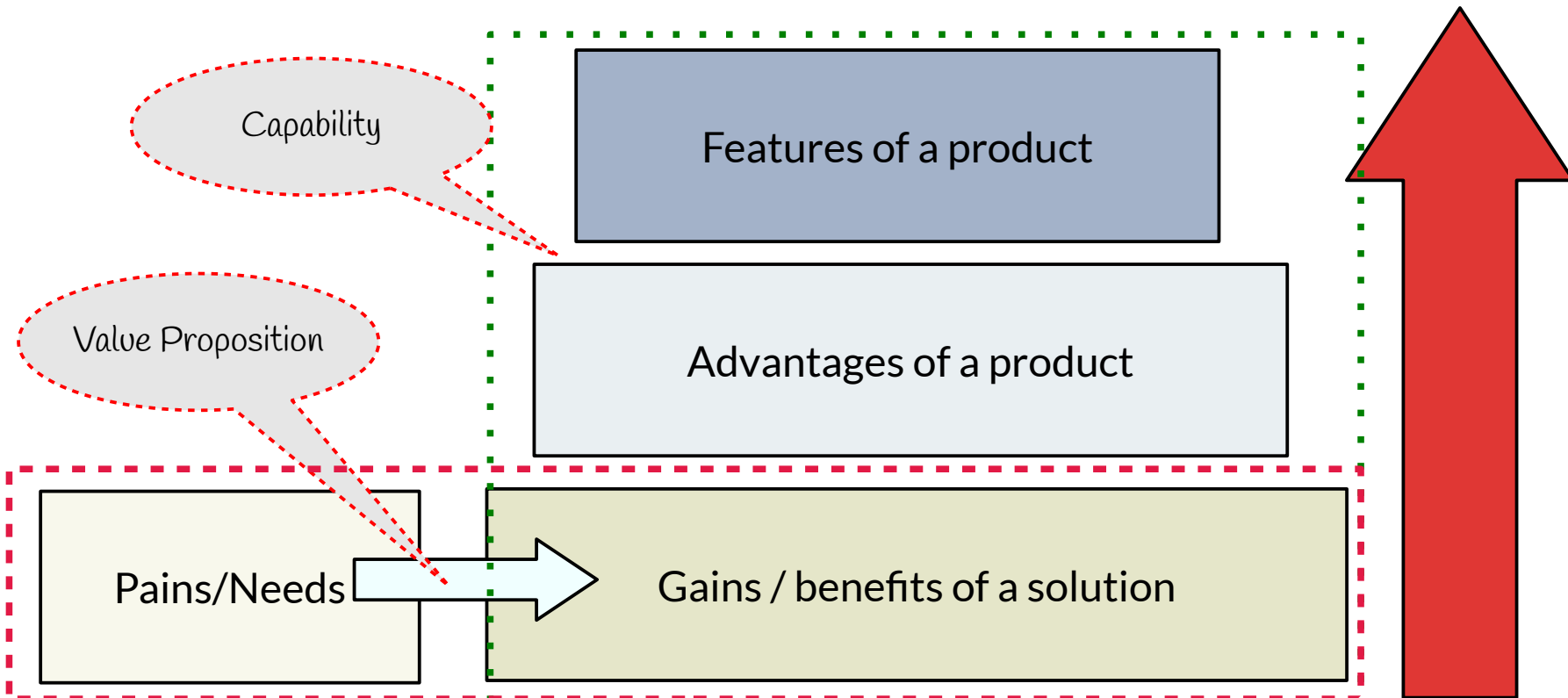
SPIN™ Canvas (derived from SPIN™ Form)
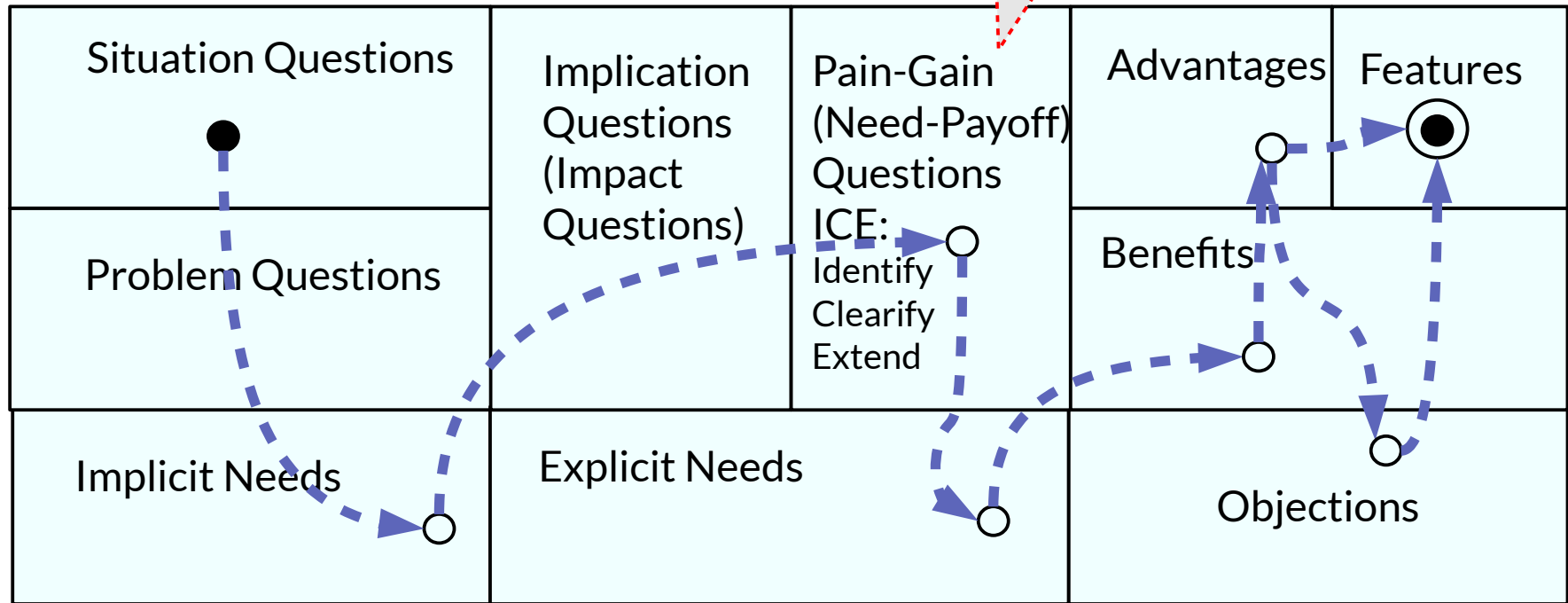
- ▶ [Rackham] SPIN uses a "form" (a canvas) to move the customer from "implicit" to "explicit needs"

- ▶ 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

Situation Questions	Implication Questions (Impact Questions)	Pain-Gain (Need-Payoff) Questions ICE: Identify Clearify Extend	Advantages	Features
Problem Questions			Benefits	
Implicit Needs	Explicit Needs		Objections	

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 **clearify 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"

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[Rackham]

# 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 **clearify 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, clearify and extend* **explicit needs**
  - How can a gain be **identified** from an explicit need?
  - How can a gain be **clearified** 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   [Rackham-SPIN]

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

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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)

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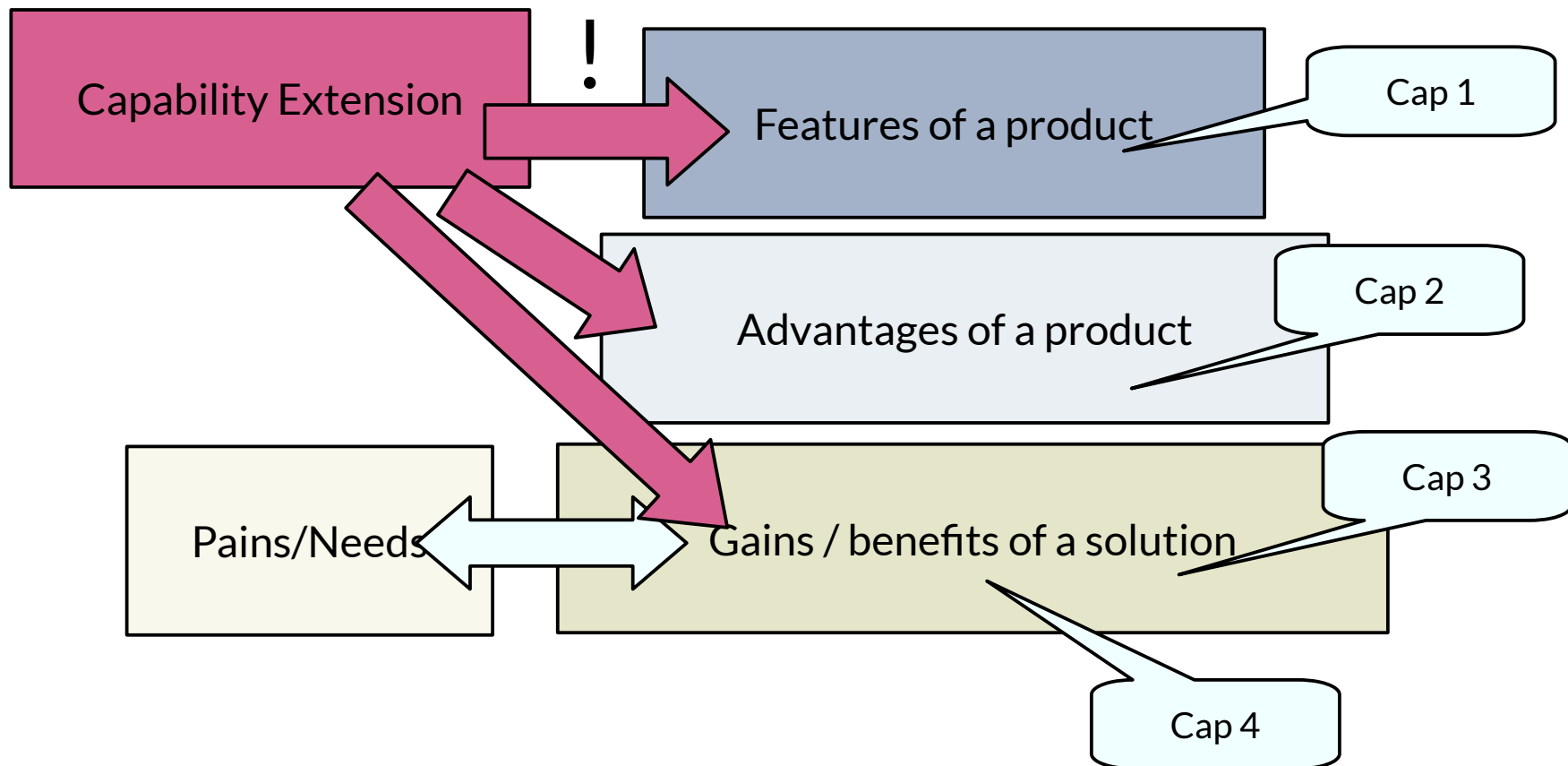
Customers May Raise *Value Objections*

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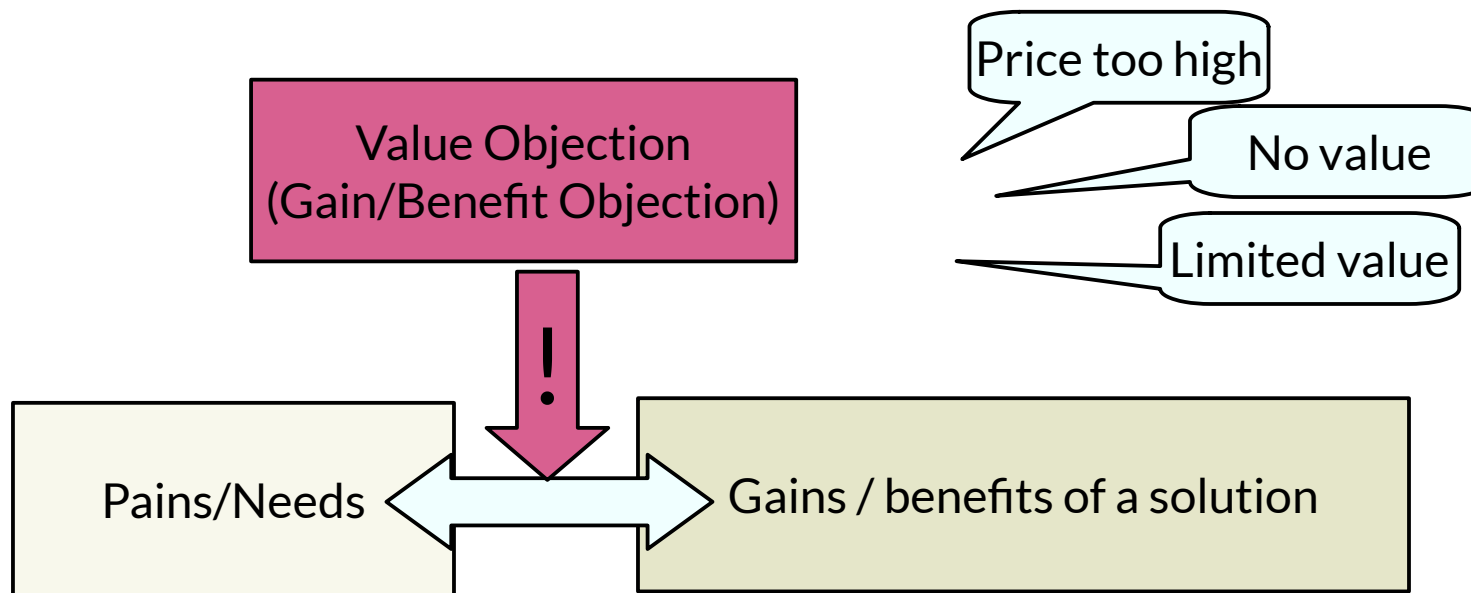
- Counterarguing Value Objections: Go back in the interview to need-payoff questions and work on the relationship of need and benefit
- **Preplan objections: object**ions should be put up in the SPIN canvas **before** the sales meeting

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
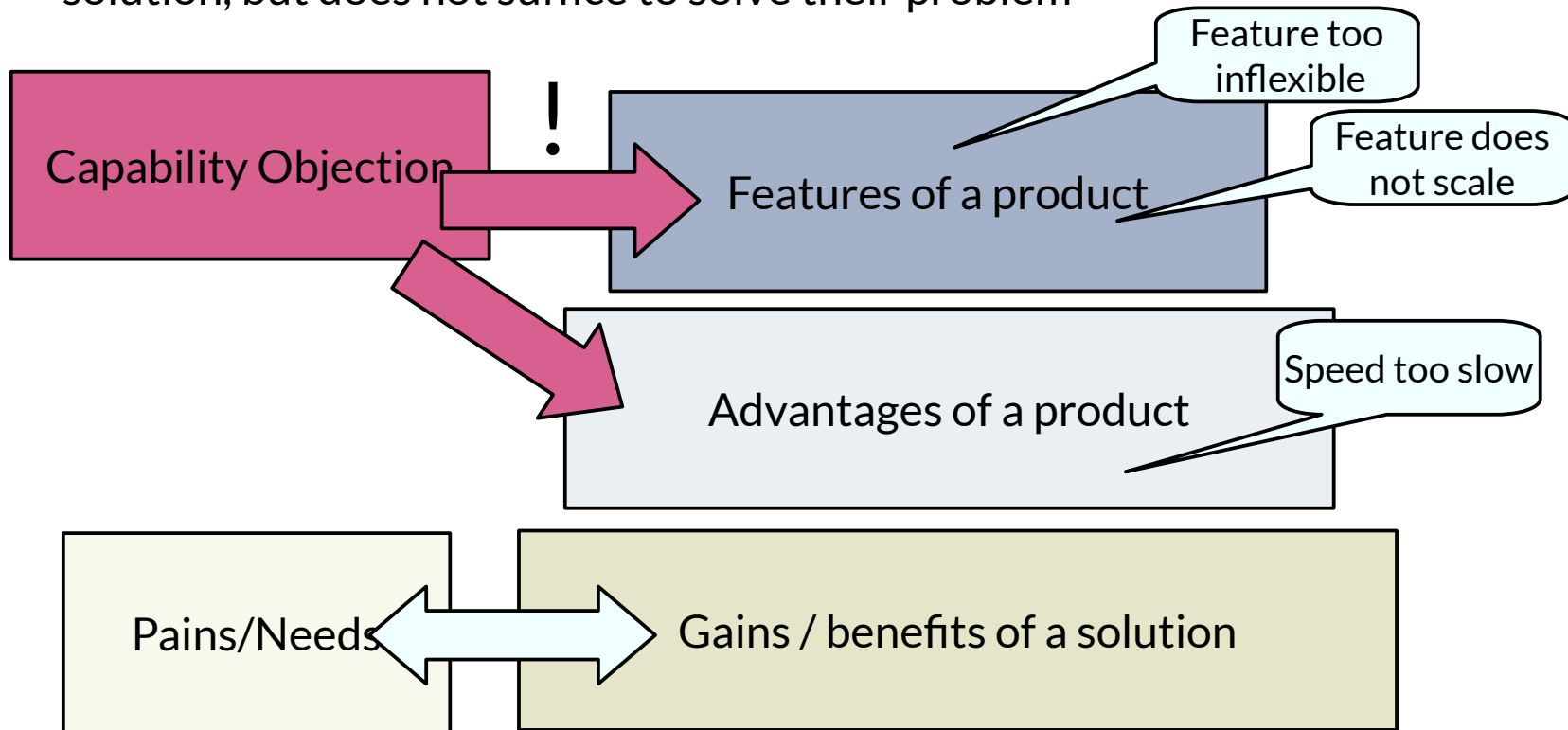
▶ Counterarguing Capability Objections: Provide more **evidence** of capability, resources, backup

▶ 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 explit 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 (Added value)	Explicit Need

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

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- ▶ 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 (Causes) [Diagnosis]	Impact (neg. effects) [Exploration]	Capabilities (benefits, advantages, Features) [Vision building]

Problem Presentation List [Blank/Dorf]

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▶ 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

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▶ 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.

Key Metrics Status (→ Lean Canvas)	Last week's lessons learned
The Top Problems/Pains	The Top SPIN Transformations
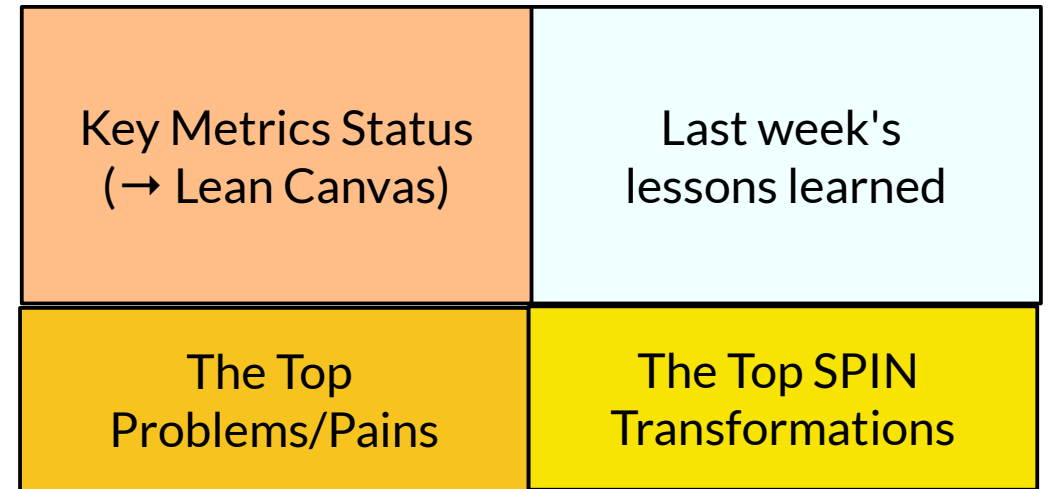
Problem-KeyMetric Table

Problem #i	Hypothesized Solution	Metrics / Success Proofs (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

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Plan your call	Sale	Analyze a tape of your call
	Advancement in Funnel	
	Continuation	
	No sale	
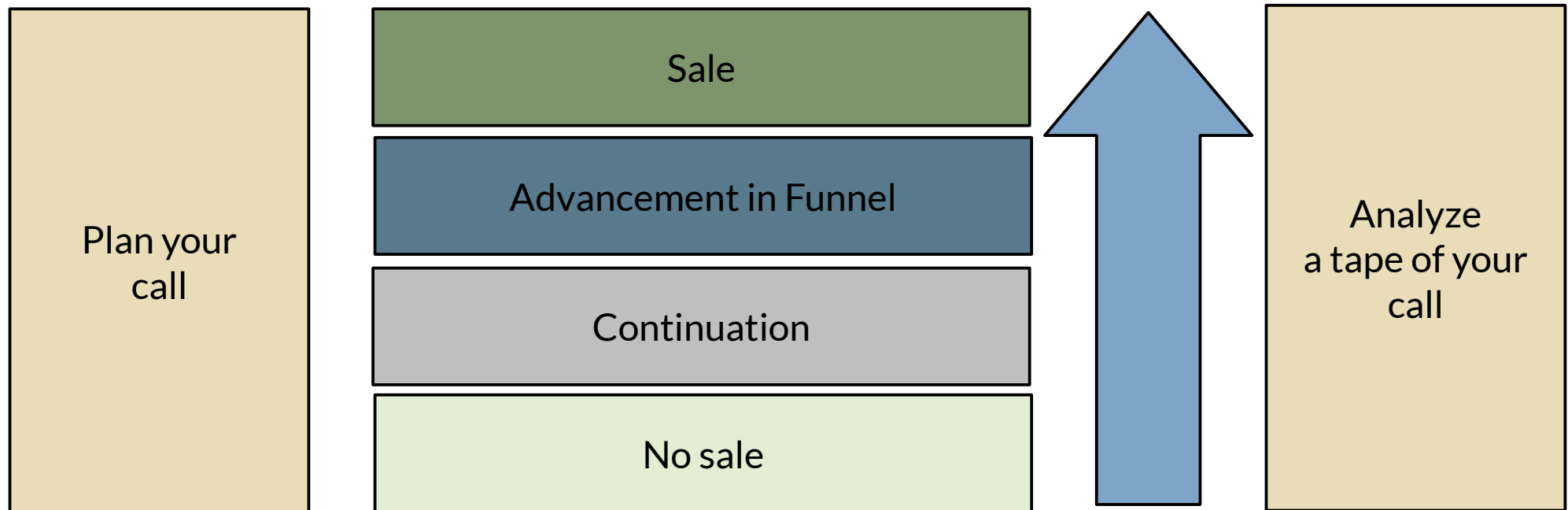
Customer Interviews with SPIN

▶ 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 **counterargueing** 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)
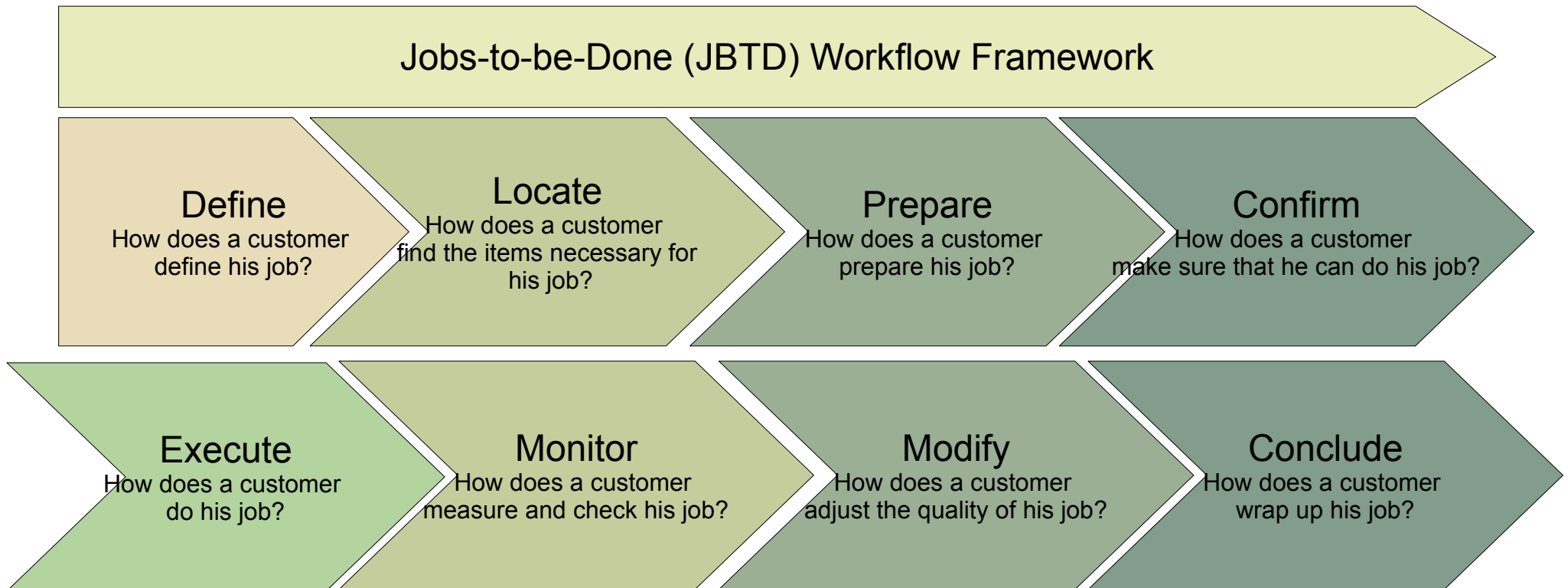
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12.5.2 Combining Jobs-to-be-Done (JTBD) and SPIN

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

https://strategyn.com/customer-centered-innovation-map/

- ▶ 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.

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Jobs-to-be-Done (JBTD) Workflow Framework

Define
How does a customer define his job?

Locate
How does a customer find the items necessary for his job?

Prepare
How does a customer prepare his job?

Confirm
How does a customer make sure that he can do his job?

Execute
How does a customer do his job?

Monitor
How does a customer measure and check his job?

Modify
How does a customer adjust the quality of his job?

Conclude
How does a customer wrap up his job?

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				

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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 (Causes) **Diagnosis**	Impact (neg. Effects) **Exploration**	Capabilities **Vision Building (Visualization)**
Open Questions			
Control "Drill-Down" Questions			
Confirm Questions			

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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.

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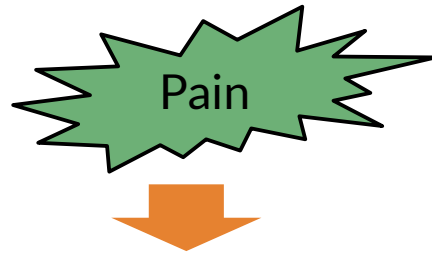
	Reasons (Causes)	Impact (neg. Effects)	Capabilities
Open Questions	Why did your losss happen?	What will happen when the loss reappears?	What would help you to prevent the repeat of the loss?
Control Questions	Do I understand right that the reason for your loss is the lack of a good method?	Does this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

Capability

Result: Bosworth's Pain Sheets and the Pain Diary

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- ▶ 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**

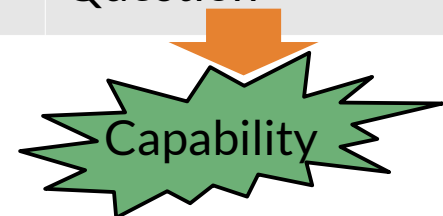|	Pains, Problems, Needs		
	Pain-Cause-Effect-Graph		**Solutions**
Implicit Need	Reasons (Causes) [Diagnosis]	Impact (neg. effects) [Exploration]	Capabilities (benefits, advantages, Features) [Vision building]

Control Questions (Ext.)

(sidebar, rotated) Software as a Business, © Prof. Uwe Aßmann

▶ **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)
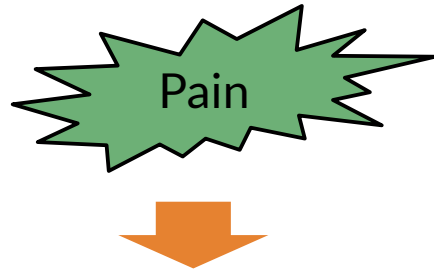 - "How will a new IT-system cure your budget?" (control capability question)

Solution Selling Question Canvas (for "Vision Reengineering")

Pain

OCC x RIC	Reasons (Causes) **Diagnosis**	Impact (neg. Effects) **Exploration**	Capabilities **Vision Building (Visualization)**
	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

Capability

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Ex.: Solution Selling Question Canvas for "Vision Reengineering" on **Diapers with Water Sensors**

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Pain

OCC x RIC	Reasons (Causes) Diagnosis	Impact (neg. Effects) Exploration	Capabilities Vision Building (Visualization)
	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

Capability

12.7 Reference Stories in Sales Meetings

Very good reference story page:
https://www.3m5.de/referenzen/software-technology/
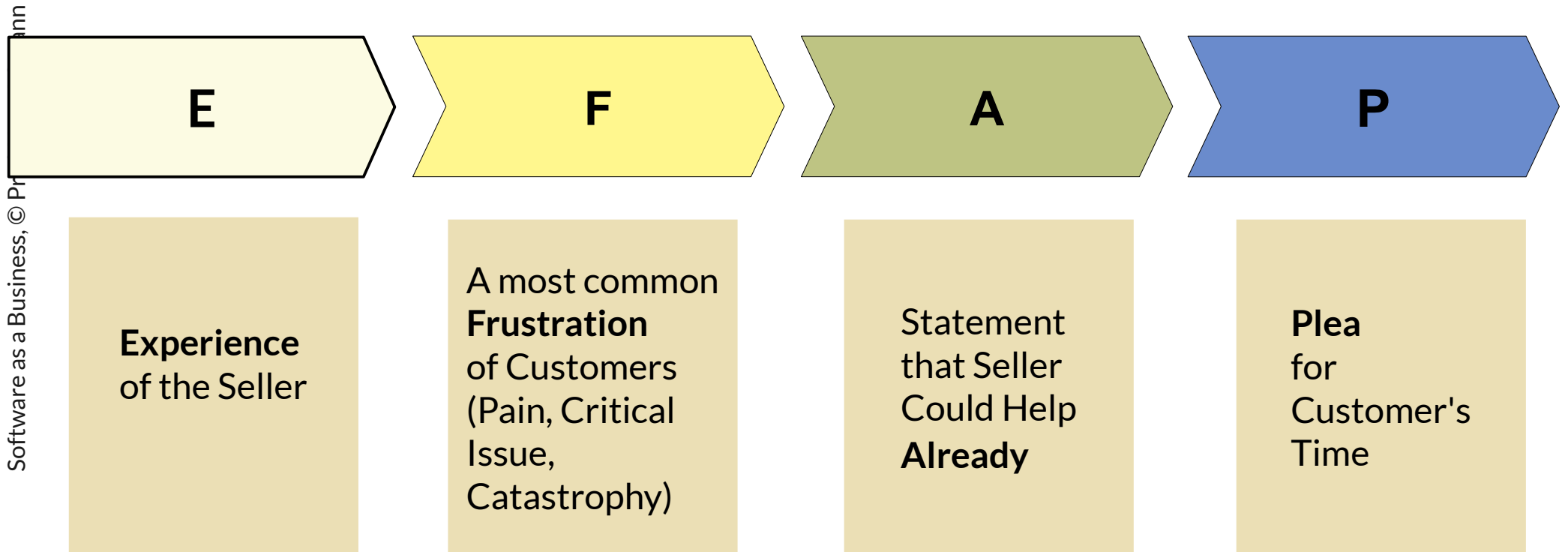
Cold Calls with Reference to Reference Stories

▶ [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

E	F	A	P
Experience of the Seller	A most common **Frustration** of Customers (Pain, Critical Issue, Catastrophy)	Statement that Seller Could Help **Already**	**Plea** for Customer's Time

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

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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.

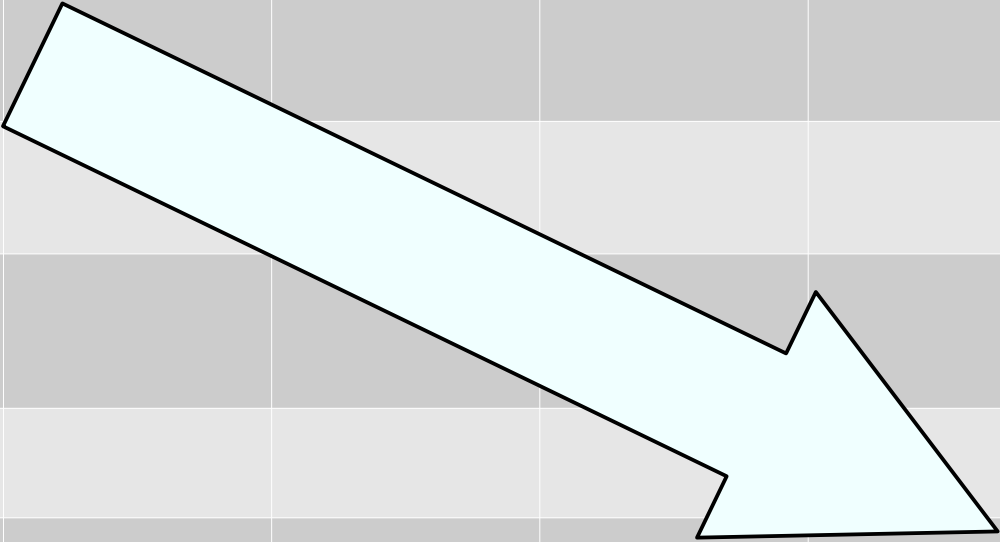Software as a Business, © Prof. Uwe Aßmann

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 Need Risks What-if	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

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▸ 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 costumer 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".