



## SPIN Selling Secrets

Strong sales and influence skills are crucial to your business success as a financial adviser. Without the ability to convert your complacent, disinterested and distracted prospects into motivated, paying clients, you'll be unable to turn your expertise into commercial success.

While traditional selling styles and programs may have been fine in the transactional environment of yesteryear, today's advice-driven profession needs solutions that will enable advisers not only to make a sale but also develop a trust-based relationship with each client. In turn, this necessitates some new 'selling skills', such as the 'SPIN Selling' approach developed by psychologist Neil Rackham.

The name 'SPIN' is unfortunate. It conjures up images of crafty politicians trying to dupe their electorates. SPIN is in fact an acronym for: situation, problem, implication and need-payoff.

Rackham is an interesting character, who started life as an academic and became involved with research into sales effectiveness. Rackham and his team observed and documented over 35,000 sales calls before satisfying themselves that they had identified a robust approach to the very uncertain field of human compliance. His SPIN philosophy is based on this research into human behaviour.

### The 'major' sale

Rackham believes that traditional selling is suitable for most common transactions. However, 'major' sales must be handled differently because they have the following characteristics:

- A lengthy selling cycle
- A significant commitment by the buyer
- An ongoing relationship after the sale
- Severe consequences for the buyer if a bad decision is made.

You'll recognise that each of these qualities is present in a typical adviser-prospective client engagement.

### What's wrong with 'traditional' selling?

Let's take a quick look at the typical steps in a traditional sale:

**Step 1: Open the call.** Here you aim to build some rapport with the client. You communicate your bona fides, you ask a few general questions to identify areas of common interest and you make a few comments about the benefits of working with your organisation.



**Step 2: Discovery information.** You ask a series of detailed questions – both about your client’s current situation and what they hope to achieve by working with you.

**Step 3: Communicate benefits.** Now that you have an idea of what your client is looking for, you explain the benefits of working with you and some of the advantages that you will bring to the relationship.

**Step 4: Overcome objections.** Your client seeks to procrastinate, questions some of the ideas you have proposed, feels that your plan is too risky/the premiums are too expensive/ whatever – they balk at proceeding further. You attempt to manage and overcome each objection when presented.

**Step 5: Close.** You encourage your client to proceed through various closing ‘techniques’, many of which are semi (or even overtly) coercive.

Rackham identified two major flaws with this approach. Firstly, the quality of the adviser-client relationship is damaged. Clients are keenly aware of what is taking place as they move through the process. We all know when we are being sold to. After being ‘closed’, would you be in a hurry to send the rest of your friends and family to the adviser - so that they can be similarly herded? Of course not.

And that’s why many advisers struggle with the seemingly easy growth strategy of obtaining ongoing referrals from their existing clients. Secondly, the client’s needs are not developed to the point whereby they urgently seek your advice and support.

Rackham ingeniously identifies two sets of needs – implicit and explicit. Implicit needs are those the buyer is aware of. Explicit needs are those that the buyer wants to do something about – they play on your mind, keep you up at night and motivate you to take action.

We often marvel at the mass complacency of Australians in regards to underinsurance, which is a perfect example of an implicit need. In other words, just because you have a need does not mean that you are motivated to satisfy it.

Traditional selling’s greatest weakness is just this – the assumption that if I can identify a need and then provide a suitable solution, I will make a sale. This works for small sales (e.g. a washing machine), but not for large sales (e.g. financial advice).

You need a selling solution that not only allows you to establish and maintain a healthy relationship with your client, but also creates a sense of urgency for them to do business with you.

## **SPIN selling**

Rackham’s sales call has four steps – preliminaries, investigating, demonstrating capability and obtaining commitment. Let’s take a quick look at each and their relative level of importance in the SPIN approach.



## 1. Preliminaries

This step is similar to the traditional selling approach, but Rackham identifies two important differences:

- The importance allocated to this step in the traditional approach (a la Dale Carnegie) is vastly overrated. According to Rackham 'it's during the first two minutes of a call that the (client) forms crucial initial impressions that will influence the rest of the sale'.
- The amount of time allocated to this step should be limited. Traditional selling encourages the seller to 'shoot the breeze' with a client, put them at ease and create a positive vibe before any meaningful discussion can take place. Rackham suggests that too much small-talk actually works against you. Most people are time poor and as Rackham observed: 'Many buyers become suspicious of people who begin by raising areas of personal interest. They feel that the seller's motives aren't genuine and that it's an attempt to manipulate them'.

## 2. Investigating

This step contains the essence of SPIN selling! Like the traditional approach, this step is about uncovering needs. But it goes further – much further – by developing and growing your client's needs. Rackham says that success in major sales hinges upon how this stage is handled - by far the most important step.

The secret to SPIN selling - and to the investigating step in particular – is the strategic use of questions. Rackham believes 'questions persuade more powerfully than any other form of verbal behaviour'.

Most financial advisers simply go through a Fact Find, which provides them with sufficient quantitative and qualitative information to prepare a Statement of Advice. But this process seldom creates a desire to do business with the adviser.

Traditional selling courses often identify two types of questions – open and closed. Advisers are encouraged to make use of open questions in order to motivate clients to do the talking. SPIN is far more sophisticated; it uses four types of questions that not only get the client to talk, but to sell to themselves at the same time.

Let's take a quick look at the four question types and how you could use these with your clients.

**Situation questions** – These are the typical questions that you'd come across in a Fact Find about financial position, risk tolerance, financial objectives etc.



**Problem questions** – Having gathered sufficient factual information, you are now in a position to identify problems and weaknesses in your client’s current position. Don’t wait until you develop the Statement of Advice to communicate these. Pose these questions as early as possible.

**Implication questions** – Rackham says these questions help your client ‘explore the consequences of their problems’. People can live with problems. Your challenge is to defeat a person’s natural inclination to procrastinate and help each client appreciate the seriousness of a problem. These questions escalate an implicit need (I have a problem that I can live with) to an explicit need (damn, this is serious, I need to fix this).

**Need-payoff questions** – These contain a solution but require the client to explain how the proposed solution would benefit them.

Take a look at the example at the end of this article to see how this part of the SPIN process works in practice. The key point I’m trying to make is that selling isn’t about asking open and closed questions; nor is it about needs and benefits. It’s about creating a sense of urgency with each client and a desire to address an unacceptable position.

### 3. Demonstrating capability

Having created a motivated client with an urgent need to satisfy, you now need to position yourself as the correct person to supply the solution. Why should the buyer work with you as opposed to anyone else who is capable of delivering the appropriate solution?

The traditional sales approach requires you to explain to the buyer the benefits of working with you. A mistake some advisers make is to discuss the benefits of working with them before they have fully developed – or even identified – the buyer’s needs.

Rackham goes a step further by identifying two types of benefits:

- Type A benefits, which help the buyer.
- Type B benefits, which meet the buyer’s explicit needs.

Demonstrating your capability requires you to communicate previous experience, technical competence and if possible, actual success that relate to a client’s explicit needs.

### 4. Obtaining commitment

There is a world of difference between ‘obtaining commitment’ and ‘closing’. Major sales often involve a series of meetings. Rackham stresses that it is important to get some sort of commitment from the buyer. This may be a request for a Statement of Advice or for a follow-up meeting with both husband and wife.



Rackham distinguishes between 'advances', which he considers to be one of a number of intermediate steps that a buyer takes before making a decision, and 'continuations', which are meetings that end where no specific action has been agreed to.

Rackham believes that traditional closing techniques are both 'ineffective and dangerous'. He states that '(most) people are less satisfied with decisions that they feel they've been pressured to make'. Thus traditional closing techniques adversely impact on the ongoing client relationship and the potential for future referrals.

Your aim therefore is to set a realistic objective that moves your sale forward - to achieve an 'advance'. What is 'realistic' will depend on your experience with the individual.

Your skill during the investigating and demonstrating capability steps will determine your success or otherwise in obtaining commitment.

#### Investigating sample script

**Adviser:** Who is the current beneficiary of that \$2 million life insurance policy that you have with ABC Company? [Situational]

**John:** My wife, Sally. She's the only person that I'd trust with the money if anything happened to me.

**Adviser:** That would mean that all the income earned on that money would be in her name. Wouldn't that create a tax issue? [Problem]

**John:** I didn't think of that. But I have a smart accountant who would probably be able to make a plan.

**Adviser:** There could also be another issue. As the money is in her name, is there a risk that your long-term objectives, such as a university education for your children, may be affected? [Problem]

**John:** What do you mean?

**Adviser:** It's common for a young person to remarry after the death of a partner. We don't like to consider these possibilities, but as your adviser I need to identify any weakness in my client's planning. Is it possible that a new spouse could experience business difficulties that require a cash injection? Or encourage Sally to make imprudent investments? [Implication]

**John:** I don't like what I'm hearing.

**Adviser:** You could protect the insurance proceeds and potentially solve the tax problem with a family trust. Have you thought about establishing one? [Need-payoff]

**John:** That sounds sensible. Can you help me with this?

**Adviser:** Absolutely. For starters, can you think of three friends or family members that you completely trust who you know would make the right decisions if you weren't able to? [Need-payoff]

**John:** You bet. This whole approach will take a lot of pressure off my wife and makes me much more comfortable.



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