

# Just the Facts!—How Asking the Right Questions Will Yield the Right Answers

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Anyone who has watched an episode of the police show *Dragnet* knows Sgt. Joe Friday's immortal no-nonsense words: "All we want are the facts, ma'am." The dramatizations in the 30-minute timeframe graphically demonstrated the importance of uncovering the truth—quickly. To add to the entertainment, the facts that Sgt. Friday collected were often disparate and concealed, a reality we face in the selling world. Asking the right questions provided the foundation for his forensic work. Similarly, a set of questions to quickly uncover everything you need to know throughout the sales cycle will enable your percentage of successful outcomes to increase. This article describes questions that you can embed in your sales processes to uncover the truth as quickly as possible.

Imagine for a moment that Joe Friday was resurrected for a part as Account Executive in the hit 30-minute drama *Deal Closer*. What would he need to discover? What questions would he ask? How would he ask them? As with *Dragnet*, audiences would learn that the right answers are the result of asking the right questions, and that the processes to rapidly find, collect, analyze, and interpret the truth make the difference between success and failure.

## Discovery begins with an objective

Discovery is the process of revealing, exposing, or uncovering facts or information. Discovery starts with questions about what to find out. Why is discovery so important? In a word—risk. Discovery enables you to reduce it. Risk that you might sell to a company that can't pay. Risk that you might waste your scarce resources. Risk that your proposal might not address the customer's key issues. Risk that what you're charging for your service isn't aligned with its perceived value. Risk that you might spend too much time contacting the wrong people. Risk that you might not understand all the key issues.

For most people engaged in selling, discovery has two objectives. 1) find out which business activities are unworthy of sales resources, or 2) for activities that are worthy, formulate the highest value solution and gain positive results—which should include a profitable order and customer satisfaction. In sales, the spoils often belong to the company that executes discovery quickly. Why the emphasis on speed? Because rapid discovery leads to shorter decision cycles, and with all other factors constant, shorter decision cycles yield lower cost of sales and higher profits. And because changes occur during sales cycles in the form of competitive pressures, regulations, pricing, costs, and other variables, shorter sales cycles have lower risk than longer cycles.

## **Your company's culture reinforces discovery**

What you discover (or, in some cases, *whether* you discover) depends on the culture of your organization. Is your organization customer-centric or product-centric? The answer goes beyond what is in your company's "mission statement." For example, one company I know asked the sales force to capture and share information about which of their own products the customer wanted to buy, but not about what outcomes those customers wanted. Their inward-looking perspective cost them sales and opportunities. Discovery processes were not a competency of the sales force because management didn't care.

## **Discovery requires establishing a mutual trust between vendor and customer from the beginning**

To achieve effective discovery, you must establish a framework for mutual trust and open discourse with your prospective client *at the outset* of your sales activity. As Jim Collins said in the bestseller *Good to Great*, "Create an environment where the truth is heard." Both customers and salespeople bring emotional baggage to the first meeting and beyond. You can't begin to build a foundation of trust three months into the sales relationship. Only through a mutual commitment to honesty and openness, along with a sharing of agendas, can you significantly lower your selling risk.

The elements of a successful sales foundation are:

- The vendor's commitment to the customer to recommend the best solution for the customer's needs. Included is a promise to recommend a solution outside of what the vendor provides if it turns out that it meets the customer's needs best.
- A disclosure of what constitutes success in the engagement for both the customer and the vendor.
- An understanding that a successful outcome depends on mutual and ongoing openness and honesty. Anything less will result in underachieved goals for both parties.
- A mutual commitment that all parties must work from facts. Guessing and assuming are counterproductive to achieving the best outcome.

## **Before you meet with a prospect, develop a question and answer roadmap**

Discovery is a process—not a single event—and it starts with a roadmap of what you want to find out throughout your sales engagement. If you don't have a notion of what you want to ask, your prospect will lead you—often to places you don't want to go. Simple is best: this paper doesn't profess an ask-in-this-order, clunky, lockstep question structure. The roadmap simply represents the top questions you want answered, when, and from what sources you intend to use. Your instinct is the best starting point. What questions are at the top of your list: Will you buy from me? If I choose to work with you, will the time I spend be profitable to me? If we spend time working to solve this

problem, will the engagement be mutually valuable? The challenge is to get to the answers in the shortest amount of time using the fewest questions.

Business opportunities don't come with standardized and convenient data sheets, so most key facts must be uncovered methodically. Information sources include:

- **Primary:** Information you must uncover firsthand. Possible sources: executives and other personnel at your prospect company, former employees of that company, competitors, alliance partners, individuals from your professional network and your company. Primary research will fill many gaps not covered in secondary research.
- **Secondary:** Information that has been uncovered by others. Possible sources: industry press, trade journals, blogs, websites, press releases.

If the writers of *Deal Closer* created a script to fit the show's 30-minute time constraint, Joe Friday's questions would be separated into four related groups:

<b>Qualification</b>	Should my company commit resources to pursuing a sale?
<b>Network and contact</b>	Who must I connect with along the way?
<b>Attitude and sentiment</b>	What do my key contacts and opinion leaders think about the value of my product or service?
<b>Validation</b>	How accurate is my mission-critical information?

These question groups are used throughout the sales cycle—early, middle, and late. As the sales cycle progresses, the categories are the same, but the questions change along with the reasons for asking them. At a minimum, the roadmap should contain the questions that will yield the highest level information you seek at pre-determined points in the sales process (e.g. pre/post opportunity phase, pre/post proposal phase; pre/post forecast phase; pre/post close phase) and the possible sources for the information.

## Qualification questions

Qualification uncovers information that results in a specific action—in particular, whether to commit resources to move a lead through the sales process. Qualification must be conducted throughout the sales process—especially in the beginning, because unfiltered opportunities can cause huge sums of money to be wasted over potentially long periods of time. This financial hemorrhaging can be controlled through effective discovery.

Qualification must be tightly connected to an organization's strategy, or deciding whether to pursue a lead will seem more a game of luck than of skill. In order to qualify an opportunity, you must know the characteristics of your target customer. In order to know the characteristics of your target customer, you must understand what outcomes they desire. In order to know if your solution can fulfill those outcomes, you must know the value your organization provides. In order to know the value your organization provides,

you must know its strategy and the capabilities of your solution. When business strategies, market targets, and sales goals are synchronous, qualification can be managed effectively. Just underneath the question “should my company devote resources to pursuing the sale?” are the *Four Green Lights* of qualification:

1. Will my prospective customer pay me what I am likely to charge for my product or service?
2. Can I get access to the person/people necessary to the people who have the authority to commit and spend the financial resources to procure my product or service?
3. Does my prospective customer require my product or service?
4. Will my prospective customer purchase from me within a timeframe that matches my planning horizon?

The questions can be asked and discovered in any order. A “no” answer to one of these questions exposes a business activity that is probably unworthy of pursuing in the short run; a “no” answer to two or more questions reveals one that definitely should not be pursued.

Qualification questions have three types:

- Situation questions
- Trade-off questions
- Red flag questions

### **Situation questions**

As mentioned earlier, the questions “what outcomes does this customer seek?” and “if I choose to work with you, will the time I spend be profitable to me?” are most important to answer at the beginning of the sales engagement. Understandably, some prospects would chafe at such blunt questions. Consequently, some companies have developed a specific set of questions so these answers can be brought into focus before the first direct contact is made.

Specific examples of situation questions are:

- What are the target company’s top strategic challenges?
- What competitors does the company face?
- What are the top challenges facing other companies in the prospect’s industry?
- What differentiates the target customer in the market?
- What substitute products might compete with my prospect?
- Who has power in my prospect’s demand chain? Buyers? Sellers?
- What regulatory issues could be impacting their business? How?
- How do my target company’s financial metrics compare to their industry peers? What metrics are they focused on improving?
- What has been the target company’s financial track record in terms of revenue, profits, stock price?

The objectives of situation questions are a) to ensure that the outcomes the prospect seeks can be solved by your product or service, and b) if they can be solved, what should you recommend and how should you price it? The highest order for vendor/client alignment is strategic. Two situation questions can help discover your leverage:

- 1) What is the consequence if the identified symptoms are unabated?
- 2) What is the impact on strategy and operations?

Your positioning challenge is being able to say “acquiring my product or service is a strategic priority for Customer X in order to execute their business plan.” Why does strategic alignment win over operational alignment, which focuses on revenue improvements or cost reduction? Because with operational alignment, a competitor can (and often will) trump your performance projections and/or pricing, and because strategy is less ephemeral, strategic alignment is far more difficult for a competitor to unglue. Therefore, the first task of qualification should be to identify strategic alignment followed by operational alignment.

### **Trade-off questions**

Once the customer is initially qualified in terms of business problem/ solution alignment, the sales engagement can continue. Time, money, and opportunity cost will be consumed in the process. Trade-off questions make sure that the provision of these resources is meaningful and reciprocal. These questions represent the “strings” that go along with the resources requested. Example trade-off questions are:

- Before I provide a demonstration unit, could you share with me your benchmark criteria?
- If we run a 30-day pilot and your benchmark criteria are met at the end of the 30 days, can I have the order?
- If we meet with you on site, will the VP Operations and the CFO be able to attend?

Trade-off questions uncover valuable information—namely, is the customer committed to achieving the outcome uncovered in the first step of the qualification process? Trade-off questions must be carefully structured because they will become meaningless if you don’t back them up with a consequence, which can include discontinuing the selling effort. For the third question above, how effective would it be for future negotiations if the VP and CFO won’t attend your meeting and you agreed to meet anyway? One possible response would be “I can meet with you on the 12<sup>th</sup>, but I won’t be able to have my industry manager available. I can arrange for her to meet whenever Steve and Jim can join us.”

### **Red Flag questions**

Like trade-off questions, Red Flag questions precede a decision point to continue or discontinue the sales process. Red Flag questions are asked in situations in which a

discovery has been made with a significant negative impact. This can manifest itself in the following ways:

- 1) A previously-known fact is proven false or may likely be false, and/or
- 2) A new fact has been discovered that exposes high risk for achieving your goal(s) and/or
- 3) A commitment is broken

Almost all sales engagements will experience anomalies that result in red flag questions. The key is to identify anomalies close to the time facts surface, and to ask the Red Flag question right away. For example, “based on our discussions last month, we estimated you could achieve a 50% improvement in inventory turns using our software. Your colleague Denise estimates a maximum 10% improvement. If we base our proposal on that figure, we are not competitive. Can you share your thoughts on this variance and what it means?”

## **Networking questions**

Networking questions uncover information about 1) people who are likely key points of contact, 2) an organization’s paths of communication, and 3) patterns of influence and decision making. This network is often referred to as a *social network*. A clear understanding of social networks will facilitate a much shorter path to a decision, because the sales process can advance only when the right people are involved. Some people look to static organization charts and lists of key executives, hoping for some information that can assist in guessing a company’s decision rights and accountability hierarchies. Unfortunately, organization charts and lists seldom provide insight into how work really gets done, and they have little value for sales outside of identifying potential key players. Further, the commonly held belief that connection to “C-Level” executives provides a competitive sales advantage is only partly true. According to Rob Cross in *The Hidden Power of Social Networks*, “Being an effective decision maker, particularly as you move higher in an organization, means being able to receive diverse information and weigh perspectives and opinions.” Therefore, knowing an organization’s opinion leaders, influencers, and decision makers is mission-critical for getting the right answers to qualification, validation, and attitude/sentiment questions.

Because organizations don’t document their social networks, networking questions usually must be answered through primary research, such as face-to-face interviews and phone conversations. Adding to the challenge, functions once considered core are now outsourced, so decision makers may not even work directly for the targeted organization. Former employees and contractors can be valuable information sources for networking questions.

Key questions to ask:

- Who can provide me with valuable information about this organization?
- Who needs to know about my story?

- Which individuals are influential?
- What individuals are influential with the key decision maker?
- What individuals are involved in setting up governance policies?
- What individuals will perceive the greatest value from my product or service right now?
- Who can and will carry my banner in order to sell my solution internally?
- Who will make the decision?
- How can I gain access to the people who can make a decision?
- How do individuals connect/communicate with each other at the target company?

## **Attitude/sentiment questions**

Attitude/sentiment questions connect to networking questions. Once the influencers have been identified, you must continually assess how they feel about the value of your product or service, and whether they favor partnering with your company as a solution provider. Attitude/sentiment questions are often asked face-to-face:

- What are the key benefits/challenges you see in what we have proposed?
- What is missing from our proposal/recommendation that you believe is required?
- Using the information you have right now, do you feel confident recommending our solution?
- Which solution do you believe will provide the best result for your company?
- Who is your preferred provider? What are the greatest factors influencing your opinion?
- Do you believe the solution we have proposed will provide the outcome you require?
- What are your thoughts about our proposal/demonstration/recommendation?
- Do you know of any reasons that our companies could not conduct business together?
- Do you plan to purchase from us?

As the sales cycle progresses, the need to take frequent attitude/sentiment readings from specific individuals becomes more acute. Why? Because as connections escalate to higher levels of influence, greater levels of enthusiasm and commitment from all parties are required for your proposal to be converted to an order. A less than enthusiastic attitude toward your product or service represents a risk condition that must be addressed.

## **Validation questions**

Ronald Reagan said “Trust but verify.” While his admonition applied to nuclear disarmament, it works equally well for sales because:

- 1) not all information is correct
- 2) multiple versions of the truth can exist (ask three executives about their company’s strategy and you’ll get four opinions)
- 3) things change

Discovery processes for validation focus on searching for answers that interlock, or conversely, exposing answers that don't. What is the best way to validate information? By tapping multiple sources who can confirm the answers you have received. What information should be validated? Anything that could jeopardize the achievement of a sales goal if information is wrong.

Here are five key pieces of information that should always be validated:

- Strategy and business drivers for an enterprise's resource commitments
- Business impact of a specific problem or strategic initiative
- Names of individuals having decision rights for your product or service
- Governance rules and processes
- Steps and timeframe involved for obtaining purchase documents

Here are some simple ways to validate facts:

- Compare fact 1 from source 1 to fact 1 from source 2. Access into an organization's social network is key in order to validate information. Limited access equals high risk; wider access equals lower risk.
- Ask the same individual for the same information using a different question, and compare the answers. This can be done in the same meeting, or over time.
- Compare intent to past actions. This method of validation can be most revealing. For example, if a CFO says "Our strategy is to be the low cost producer in our industry," and you discover there is no evidence of an investment that supports that objective, a possible factual disconnect has been uncovered. Or, if a Senior VP of Operations says "Your solution is the one we're recommending," but he postponed your last two planned meetings, hasn't returned a phone call in the last 30 days, and didn't contact the customer references he requested, a risk condition has been exposed.

### **Misinformation**

Similar to the more popular saying, misinformation happens. While sales prevarications are almost cliché, the painful truth is that prospective customers do provide misleading information to salespeople—sometimes intentionally. In the case of inadvertent misinformation, use of regular validation questions on key topics can expose and correct anomalies. However, when an intentional misrepresentation of information is exposed, a key decision milestone must be addressed: continue engaging or bail out. No worthwhile business objective is served when either party purposefully misrepresents facts. In this environment, trust breaks down, and the likelihood of a successful outcome evaporates. Questions to ask: What is the magnitude of the misrepresentation? What was the purpose? What will be the likely outcome if I continue allocating sales resources? What will be the value of our vendor/client relationship if we ultimately win? Could we experience a "winner's curse?" If we do win, could the relationship be sustainable? Like other business decisions, sunk costs should not be considered when goals are unachievable or negative outcomes are inevitable.

**Questions not to ask**

Some say “the only bad question is the question not asked,” but some questions are inappropriate. At the top of the list are questions that violate a company’s explicit or implicit rules of engagement. For example, some companies expressly prohibit sharing a competitor’s proposal or pricing information, so asking to see that information would be out of bounds. Walking on the correct side of the ethical road boils down to goals: it’s easier to follow the right path when they are the same for both the vendor and the customer.

## Discovery tips and techniques

- 1) **Restate points you want to make as questions.** Telling is not selling! For example, instead of saying “We provide 100% uptime through our connectivity solution,” ask “What would having 100% uptime mean for achieving your corporate strategy?”
- 2) **Integrate knowledge and insights into your questions.** For example, instead of asking “What other divisions in your company might benefit from our CRM suite?” ask “We jointly projected a 25% internal rate of return from deploying our solution in your division. Are there other divisions you feel that could similarly benefit?” Or instead of asking “What do you expect will be your top IT investments for the coming fiscal year?” ask “Based on Mr. Bailey’s Letter to Shareholders for 2005, we understand that your top strategic initiatives are X, Y, and Z. Could you share with me how these will influence your IT investments?”
- 3) **Use information milestones as criteria for a prospect’s stage in the sales process.** For example, no account should enter the “close” phase unless the answer to the questions “What are the steps for purchasing my product?” and “Who will be involved in the process?” are known and validated.
- 4) **Ask open-ended questions, when possible.** For example, the question “could you share with me your perspectives on the top competitive challenges your company will face in the next five years?” can yield more information and insight than questions such as “How many orders does company X process in a typical day?” Both open-ended and close-ended questions need to be asked throughout the sales process, but the majority should be open-ended.
- 5) **Review and update your initial qualification questions at least once a month.** In particular, check for alignment with your company objectives and target markets.
- 6) **Focus on identifying what you don’t know,** determining if the missing information is consequential, and converting the missing information into facts. Assumptions and guessing create risk.
- 7) **Listen to professional interviewers** (for example, Larry King and Diane Rehm) to gain additional skills.
- 8) **Expect to receive incorrect information.** Know how to expose it and act on it quickly.
- 9) **Be prepared for “happy surprises.”** Many times unexpected opportunities will surface. Be agile so you can capitalize on them.

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About the Author:

Andrew Rudin specializes in enabling companies to sell information technology products and services by focusing on the value generated from the strategic alignment of information technology with enterprise goals.

He has over 20 years of industry experience, achieving numerous sales awards, and has served in leadership roles including board member of the Sales and Business Development Committee of NVTC (current), treasurer for the Central Virginia Roundtable for the Council of Supply Chain Management Professionals, and an appointed member of Giant Food Corporation's Corporate Consumer Advisory Board. He has been a featured speaker on the topic of applying information technology solutions to solve complex business problems, and has written several articles about selling.

He holds a BS in Commerce (Marketing), and a Master's Degree in Management Information Technology (MS/MIT) both from the McIntire School of Commerce, University of Virginia, and is Certified in Production and Inventory Management (CPIM) through APICS.