Five Steps in Sales and Its Skills: The Importance of Preparing before an Interview with Customers

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Abstract: This study presents detailed sales actions through continuous unstructured interviews of practitioners. The results of the study demonstrate that there are five steps in sales: 1) preparation; 2) approaching customers; 3) interview; 4) presentation; and 5) closing. In addition, a questionnaire comprising 142 items for measuring these sales actions was developed based on these five steps, and the questionnaire was given to 107 individuals in eight companies. The results of the questionnaire revealed variances between top and bottom performers, with these variances in the steps prior to the interview, particularly in the preparation stage. This suggests the importance of preparation in sales. The sales skills scale of Rentz, Shepherd,
Tashchian, Dabholkar, and Ladd (2002) measured aspects that have no direct relationship with sales and is problematic considering that it may fall into a tautology. The research approach taken herein, where the focus is on these sales actions and the five steps, may resolve the problems inherent to Rentz et al. (2002).

Keywords: five steps in sales, sales actions, sales skills, sales performance, questionnaire survey

Introduction: Importance of Sales

In recent years, sales activities in companies have become increasingly important. When salespeople meet customers, they are able to gather various types of information. Therefore, if sales activities can be improved, it becomes possible to respond to changes in the environment, including market changes, and this impacts the execution of the strategy (Slater & Olson, 2000). In addition, as salespeople develop relationships with customers, they become more customer-oriented (Kosuge, 2007, 2015; Kosuge & Takahashi, 2016; Reynolds & Beatty, 1999).

Salesperson skills are one of the most important research areas in sales research (Churchill, Ford, Hartley, & Walker, 1985).¹ Rentz, Shepherd, Tashchian, Dabholkar, and Ladd (2002) is a leading study on this topic. They posited that sales skills comprise three aspects: interpersonal skills, salesmanship skills, and technical skills. Subsequently, they developed a scale to measure these skills using five items for each.

¹ Focusing on salesperson skills does not necessarily imply that sales activities as an organization are neglected. Salesperson skills are the foundation of organizational capabilities (Fujimoto, 2012) that form a hierarchical structure. Fukuzawa (2015) measured the competence of field employees (in Japanese “gemba”) in the manufacturing industry.
However, the scale of Rentz, Shepherd, Tashchian, Dabholkar and Ladd (2002) has shortcomings. First, their “interpersonal skills” are measured by items such as an “ability in general speaking skills” and an “awareness and understanding of others’ nonverbal communication.” As observed in the use of such terms as “speaking” and “communication,” their skills focused only on interviews with customers. In addition, they measured general interpersonal skills that have no direct relationship with sales activities and their results. Second, “salesmanship skill” is measured by the “ability to close a sale” and “ability to present a sales message.” This is similar to questioning whether the subject has good sales performance, perhaps resulting in a tautology. Third, “technical knowledge” is measured using items such as “knowledge of customers’ market and products.” However, it is self-evident that ensuring this sort of knowledge is essential for being effective at sales. Rather, for sales management, it would be better to know when and how this type of knowledge was gained and whether a salesperson is using it effectively.

This study indicates that resolving these issues of the sales skills scale in Rentz et al. (2002) requires a focus on sales “actions”. Directly measuring sales-related actions rather than general interpersonal skills is more significant for examining the relevance to sales performance. At the same time, a focus on actions is better than ability or knowledge, as it does not become a tautology. Considering these issues, this study uses unstructured interviews with two very experienced sales practitioners to identify sales actions in isolation from sales performance. While doing so, it becomes

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2 Verbeke, Dietz, and Verwaal (2011) published research that is a meta analysis of factors that impact sales performance with 268 existing studies as its subject matter. Their analysis was based on the three skills of Rentz et al. (2002) and demonstrated that the impact of interpersonal skills is limited to sales performance.
certain that sales actions are composed of multiple steps, including actions outside of interviews with customers. The interview with customer emphasized in existing literature, notably Rentz et al. (2002) are merely a limited part of the actions that salespeople adopt. The study employed 142 items to measure the identified sales actions, and their relationship to sales performance was examined. As a result of the survey, items exhibiting a disparity between top and bottom performers were certainly skewed toward pre-meeting steps, particularly the step of preparation. In other words, the results suggest the importance of preparatory steps leading to the interview with customer.

**Method**

This study was undertaken in cooperation with Softbrain Service Co., Ltd. (“SBS”) to shed light on actual actions of salespeople. SBS has accumulated a wealth of practical knowledge regarding sales, through its own sales activities and consulting. The two individuals in the top management of SBS have immense practical knowledge. One gained sales experience while working at a bank and the other with sales at a securities firm. Moreover, the company has trained and consulted with many companies on sales activities. Therefore, they have developed a mature knowledge of a “good form of sales” that is not limited to either the banking or securities industries. We queried these two individuals for their practical knowledge and identified the actual actions of salespeople. We also developed a questionnaire for measuring these actions.

Nobe (2014) was used as the basis for interviews and developing the questionnaire, and the results led to the enumeration of systematic questionnaire items. Over the course of a year beginning in January 2015, the authors met with these two individuals in the
top management of SBS once per month to conduct unstructured interviews lasting an average of four to six hours. It was thereby confirmed that the five steps emphasized by Nobe (2014) reasonably identified the specific actions of salespeople. Based on this, a 142-item questionnaire was developed.

**Five Steps in Sales**

Through the unstructured interviews with practitioners, we were convinced that sales activities have a hierarchical structure. One business negotiation (in Japanese “Shodan”) consists of multiple meetings with the customer. One meeting with the customer (in Japanese “Mendan”) consists of five steps: (1) preparation, (2) approach, (3) interview, (4) presentation, and (5) closing.

The first step, “preparation,” is an activity that a salesperson engages in prior to meeting the customer. The salesperson gathers information and forms a hypothesis. Preparation certainly includes customer-related information, as well as information related to the customer’s business environment, and how the company’s products and services compare to those of the competition. By gathering such information as broadly and deeply as possible, the salesperson can look forward to the interview and anticipate the method of conversing with the customer. In anticipating responses, the salesperson can hypothesize how to respond in the best manner possible. This sort of

**Figure 1.** The five steps in sales
hypothesis is extremely important during preparation. In addition, gathering broader information not specific to an individual customer is the marketing-related preparation, we call it simply “marketing”. By engaging in preparation as well as marketing, the salesperson ensures that actions undertaken while actually engaging with a customer will hit their target.

The questionnaire comprises 36 items, including 18 items related to “preparation”. These include such questions as “I plan backward from my business goals and objectives for an agreement or follow-up and think about what I will do at a meeting.”

The second step, “approach,” refers to the salesperson’s activities to engage with the customer. Beginning a good conversation with the customer, obtaining as much information as possible, and ensuring a good impression by the end of an interview are critical aspects. In this step, a salesperson will build a relationship of trust with the customer and gain a foothold to advance to the next step. It is this relationship of trust that allows a customer to have a detailed conversation with the salesperson.

The questionnaire section “approach” has 25 items, such as “At the commencement of a meeting, I judge the level of customer interest from a casual conversation.”

The third step, “interview,” is an activity wherein the salesperson listens to information presented by the customer. With the aim of conversation, the salesperson asks various questions, spontaneously drawing information from the customer. At this step, the salesperson understands the problems and expectations of the customer and discovers the customer’s circumstances regarding the budget and decision-makers. Moreover, the salesperson manages to understand the customer’s implicit beliefs and potential needs; subsequently, the salesperson articulates them. By ensuring that potential needs translate into explicit requests and sharing them with the salesperson, the customer experiences a positive thought to make a
purchase or enter into an agreement.

The “interview” section of the questionnaire comprises 42 items, such as “I confirm whether the customer’s needs are actually what I assumed during the pre-interview preparation.”

The fourth step, “presentation,” involves the salesperson suggesting products and services. At the interview stage, the salesperson confirms explicit needs and uses this data appropriately, in addition to case examples or other evidence, to suggest products and services. In doing so, a salesperson aims to eliminate customer dissatisfaction, disbelief, and resistance. By reducing these in a presentation, a customer becomes favorably disposed to make a purchase or enter into an agreement.

The questionnaire has 22 items for the “presentation” section, such as “I explain characteristics and features that show my products and services meet the customer’s needs.”

The fifth step is “closing”. Customers tend to hesitate prior to entering into an agreement. Closing involves gently pushing the customer toward a decision; this leads to a contract, if the customer is in agreement, or an appointment for a next meeting, if not.

The questionnaire’s “closing” section comprises 17 items such as “I form an agreement as to whether the other side has a desire to move forward to the next step.”

The Results of the Questionnaire Survey: Two Pilot Surveys

The following two pilot surveys were conducted using the questionnaire for measuring the five steps and sales actions.

Survey 1: Conducted in November and December 2015. Survey subjects were salespeople at Softbrain Co., Ltd. and SBS. There were 35 respondents. It was thought that salespeople at these companies understood the sales skills of the interviewees to a
certain extent. Thus, they were optimal for examining the sentences in the questionnaire items. Each item used a five-point scale for responses.

Survey 2: This survey was conducted on salespeople from six companies in March 2016, based on the results of Survey 1. There were 72 respondents. Each item used a seven-point scale for responses.

Both surveys measured the sales performance of respondents with items that queried sales performance rankings (current respondent sales performance and rank within the organization). The options for these items were (1) Top; (2) Top 10%; (3) Top 20%; (4) Top 50%; (5) Unsure; (6) Bottom 50%; and (7) Bottom 20%. In the analysis, options (1), (2), (3) and (4) were “top performers,” while (5), (6), and (7) were “bottom performers.”

A t-test was conducted on the averages of the two groups (“top” and “bottom”) for the 142 items. Table 1 exhibits the number of items for which disparity at the 5% level of significance was observed in the averages of the top and bottom groups in the items prepared for each sales step (the Appendix lists items for which significant variances were seen in both Survey 1 and Survey 2). First, the number of items for which a significant variance was observed in “interview” and “presentation” tended to be fewer than for the other steps. In particular, in Survey 1, interview was 9.5%, while presentation was 18.2%. That result is unexpected, considering that the existing sales research has emphasized interview and presentation during meetings. Rather, there were more items with significant variances in

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3 In Survey 1, we ensured that the top management of SBS was aware of the results of this item; further, we confirmed that the results were valid. Therefore, in Survey 2, we used this item as a metric for sales performance.

4 There were several who responded with “(5) Unsure,” though no major differences in the results of the analysis compared to when they were not included with (6) and (7) “bottom performers”.

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Five steps in sales and its skills

Table 1. Differences of the sales skills between high performers and the others

<table>
<thead>
<tr>
<th>5 steps</th>
<th>N of all items</th>
<th>The items in which the significant differences between high performers and the others are observed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Survey 1</td>
</tr>
<tr>
<td>Preparation</td>
<td>36</td>
<td>10</td>
</tr>
<tr>
<td>Approach</td>
<td>25</td>
<td>7</td>
</tr>
<tr>
<td>Interview</td>
<td>42</td>
<td>4</td>
</tr>
<tr>
<td>Presentation</td>
<td>22</td>
<td>4</td>
</tr>
<tr>
<td>Closing</td>
<td>17</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>142</td>
<td>27</td>
</tr>
</tbody>
</table>

steps prior to an interview, particularly preparation. For example, in Survey 2 this was very high, at 77.8%.

In addition, questionnaire items that exhibit a significant variance in Survey 1 and Survey 2 demonstrate that items related to interview and presentation have significant variances in items that reflected preparation. For example, the item “I confirm whether the customer needs actually exist as I assumed in the pre-interview preparation” is an item related to the interview, but respondents may be unable to reply with an “agree” if they have prepared well. On other items such as “I explain my company’s goods and services using specific numbers without referring to materials,” respondents may find it difficult to respond with “agree” if their marketing-related preparation is not conducted appropriately.

As observed above, the results of splitting sales actions into five steps and exploring the actions by top and bottom performers
suggest the importance of the prior step of preparation even more than interview and presentation with customers, which have been emphasized in the past.

**Discussion and Conclusion**

Rentz et al. (2002), a leading study on measuring the skills of salespersons, has many shortcomings. Thus, this study developed a survey and questionnaire focusing on the actions of salespeople. It was discovered that sales actions are composed of multiple steps that do not simply begin and end with interview and presentation. More interestingly, the results suggest the possibility of steps prior to interview and presentation defining good performers.

As is typically observed in Rentz et al. (2002), sales research has intensely focused on interview and presentation. Because of this, interpersonal skills have been overemphasized, so much so that they are given as one of the three skills on a scale of salesperson skills. However, as the results of Verbeke et al. (2011) exhibit, interpersonal skills do not always have a major impact on sales performance. Rentz et al. (2002) measured general interpersonal skills but heavily focused on interview and presentation, which perhaps caused them to develop a mistaken scale for skills. As clearly demonstrated in our study, a scale for sales skills that treats sales as being composed of multiple steps, and not only interview and presentation, is required.

This will require a scale based on the actions of salespeople. Sales in practice demands specific actions that are tied to good performance. This study identifies specific actions across 142 items, with about seventy percent of them showing differences in performance to the two pilot surveys. By filtering for specific actions and repeating this examination for a relevance to sales performance, the above practical issues should be answered.
Appendix

The items which had statistically significant variances at the 5% level in both Survey 1 and Survey 2 can be observed in the table provided below.

The questionnaire items are shown below (the specific questions are shortened due to limited space; please contact the author for details on questions and their use).

Table A1. The items in which significant differences are observed

<table>
<thead>
<tr>
<th>5 steps</th>
<th>Item</th>
<th>Survey 1</th>
<th>Survey 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Low perf group (N = 18)</td>
<td>High perf group (N = 17)</td>
</tr>
<tr>
<td>Preparation</td>
<td>PP1</td>
<td>3.11</td>
<td>3.77</td>
</tr>
<tr>
<td></td>
<td>PP2</td>
<td>3.00</td>
<td>4.12</td>
</tr>
<tr>
<td></td>
<td>PP3</td>
<td>3.28</td>
<td>3.88</td>
</tr>
<tr>
<td></td>
<td>PP4</td>
<td>3.00</td>
<td>3.88</td>
</tr>
<tr>
<td></td>
<td>PP5</td>
<td>3.83</td>
<td>4.71</td>
</tr>
<tr>
<td></td>
<td>PP6</td>
<td>3.50</td>
<td>4.25</td>
</tr>
<tr>
<td></td>
<td>PP7</td>
<td>3.17</td>
<td>4.06</td>
</tr>
<tr>
<td></td>
<td>PP8</td>
<td>3.28</td>
<td>4.00</td>
</tr>
<tr>
<td>Approach</td>
<td>A1</td>
<td>3.72</td>
<td>4.25</td>
</tr>
<tr>
<td></td>
<td>A2</td>
<td>3.33</td>
<td>4.25</td>
</tr>
<tr>
<td></td>
<td>A3</td>
<td>3.89</td>
<td>4.50</td>
</tr>
<tr>
<td></td>
<td>A4</td>
<td>3.56</td>
<td>4.44</td>
</tr>
<tr>
<td></td>
<td>A5</td>
<td>3.00</td>
<td>3.81</td>
</tr>
<tr>
<td></td>
<td>A6</td>
<td>3.78</td>
<td>4.44</td>
</tr>
<tr>
<td>Interview</td>
<td>I1</td>
<td>3.50</td>
<td>4.06</td>
</tr>
<tr>
<td></td>
<td>I2</td>
<td>3.56</td>
<td>4.19</td>
</tr>
<tr>
<td></td>
<td>I3</td>
<td>3.94</td>
<td>4.63</td>
</tr>
<tr>
<td>Presentation</td>
<td>PS1</td>
<td>3.56</td>
<td>4.19</td>
</tr>
<tr>
<td></td>
<td>PS2</td>
<td>3.39</td>
<td>4.25</td>
</tr>
<tr>
<td></td>
<td>PS3</td>
<td>3.78</td>
<td>4.50</td>
</tr>
<tr>
<td>Closing</td>
<td>C1</td>
<td>3.06</td>
<td>3.81</td>
</tr>
</tbody>
</table>

Note: * p < 0.05, ** p < 0.01
Inamizu, Sato and Ikuine

PP1: Understands market trends
PP2: Has casual conversations with customers regarding market trends
PP3: Understands customer issues
PP4: Has detailed knowledge of competitor prices
PP5: Can name multiple competitor products and services
PP6: Indicates customer circumstances and goals
PP7: Prepares appeals to multiple values from various angles
PP8: Selects optimal case examples
A1: Determines customer interest from the beginning of the conversation
A2: Changes angle of discussion on each case examples to align with the customer
A3: Conveys personal level of understanding to customers
A4: Explains using specific numbers without referencing materials
A5: Explains benefits of products and services with specific numbers
A6: Can tailor strengths and differentiators to customers
I1: Uses metaphors in accepting customer comments
I2: Confirms customer needs anticipated in preparation
I3: Asks customer for purchasing timeline
PS1: Explains in detail how proposal conforms to customer issues
PS2: Helps customers to understand that their issues will be solved
PS3: Suggests negotiating conditions based on customer desires
C1: Reviews with customer at the end of an interview

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References


