Moneyball Selling

Six biases working against you and what to do about them.

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The book Moneyball, by Michael Lewis and the movie starring Brad Pitt were huge commercial successes. Billy Beane's saga of totally changed the way baseball chose its players. Beane decided not to rely on the advice of scouts in the field, instead relying on statistics. It was a remarkable story, but, even Michael Lewis, the author now admits he missed the whole point. He missed the "why".

The "why" wasn't that Beane was looking for a way to spend his money more wisely than other general managers - rather he was looking for a way to remove the bias from baseball. His solution was to rely on statistics more than scouts. It turns out he was right, we now know statistics (now called "analytics") are a far better predictor for the success of a major league baseball team than the opinions of scouts. Scouts are ***biased.*** Rather than look at the numbers, scouts would often make statements like "He's got the best body in the draft. He reminds me of a young Ted Williams."

Beane changed all that, little did he know he was leading a revolution based upon behavioral economics. It turns out that even though we think we are rational, bias is a part of human nature. It's built into all of us whether or not we like it. It turns out that most major league baseball was built upon the bias of scouts in the field!

We're doing the same for selling. As a seller, bias is holding you back and working against you every day. Obviously, we can't rely entirely on statistics but in this paper we'll talk about how dangerous bias is, how to deal with it, and in certain situations, how you can use it to your advantage.

Before getting into how bias affects us in the world of selling, let's talk about bias in general. We all do three things every minute of our waking lives. We are either **receiving information** or we are **giving information**.[1] In between receiving and giving information our mind is busy **processing information**. Bias affects each of those three processes.

We can first look at how bias affects the world of big-ticket, B2B selling, the selling that involves a salesperson interacting with a prospect either in person or by phone. As a salesperson, you know your job is to help your customer buy. Sometimes it's about helping them decide about whether they should buy at all, and, often it's about persuading them to buy *from you*.

Many of us think we are great salespeople and our prospects will listen and understand the pearls of wisdom that come from our mouths. Foolishly we think that's all we need to make the sale. Unfortunately, that's not likely the case. Your prospect gets information from many more places than directly from you. It inundates them from direct contact with vendors, review of online support discussion forums, LinkedIn groups, and reports from analyst groups such as Gartner and Forrester. Then, they process and filter all that information through their own set of biases.

Although it's supremely important, I couldn't find much written about behavioral economics applied to selling. At its core, selling and buying is about decision-making and that's what the field of behavioral economics is all about, making decisions – especially decision-making and judgment under uncertainty.

[1] I use "information" to include facts, emotions and opinions

As a word of clarification you might wonder why we use the word "economics" is used.   It is because much of the research pertains to how people make decisions about money. But the research applies as much to economic decision-making as to the smaller world of sales and why people buy.

Bias is unconscious and continuous. As we go about our day bias affects us. It affects us two ways:

> **First, it affects how we accept and put information into our brain.** It's a filter through which everyone (us as sellers and them as buyers) view and interpret the world. For example, our brains interpret ground beef as 90% lean much differently than 10% fat even though they are factually equivalent. Similarly, we hear "we need to move into the enterprise space" and quickly apply our own understanding of what that means. How things are presented to us and the filters we use affect us a lot. Stereotypes also affect us. We see someone driving a Ferrari and we think "Wow, he must be really rich." Many times our bias turns out to be correct (the average income of a Ferrari owner exceeds a million dollars, and 90% are male). Stereotypes help us use simple rules in a complicated world but they are not foolproof and can lead to serious errors.
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> **The second way bias affects us is when it's our turn to talk.** We've digested info from the prospect(s) and we think we know what we can offer them. The conclusions we draw from the knowledge gleaned from our sales training and our discussions with our prospects affect how we put it into a speech, paper or article. In short, bias has a lot to say about the conclusions we draw from our observations. This is the world of bias and unless we, as sellers, understand our own biases and the biases of our prospects, we'll have an exceedingly tough time selling. For example, we might draw inferences from incomplete data or not ask a question because we think we know the answer already. Or, we might present our facts and data in a way as to defeat our own purposes such as the ground beef being 10% fat rather than describing it more favorably as 90%.

Wikipedia[2] lists almost two-hundred cognitive biases so a thorough discussion of each is well beyond the scope of this paper, but there are a few that greatly affect us and deserve attention so we are aware of how, as salespeople, they affect the way we get, receive and process information.

We'll first discuss how bias affects our understanding of the world, how when we're out talking to customers and prospects, we may be making big mistakes in receiving and interpreting information.

Let's get into it and start with the most important bias…

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[2] https://en.wikipedia.org/wiki/List_of_cognitive_biases

Bias # 1 – The Big Kahuna - Loss Aversion Bias - We hate to lose!

I don't know about you, but I hate to lose. Most of us do to some extent. We call it **loss aversion bias** when we deliberately make choices and take actions to avoid putting ourselves losing. It's a fact that humans are wired to avoid risk and to seek safety, therefore it's natural to perceive change as risky.

Here's a thought experiment. Ask yourself if you'd rather take $500 guaranteed or flip a coin and if heads you get $1,000 or tails, you get nothing. Two-thirds of the people take the guarantee[3]. That's where the phrase "A bird in the hand is worth two in the bush" comes from[4]. Think of it this way, The pain of getting nothing, i.e. losing, is far greater than the marginal pleasure of the additional $500.

Two things will go on in your prospect's heads:

1. Should I change
2. If I do, should I go with these folks?

They will ask themselves: What's the risk? What's the impact on the business and what's the impact on me?

But sometimes we will seek risk. Losing situations cause us to seek risk. When we're in the hole and staying with the status quo will result in a loss, we are more likely to accept risk. That's why the betting on long-shots goes way up at the racetrack in the final few races. **People hate losing so much that when loss is inevitable, we are willing to take a risky course of action.**

So, understand this: from a sales perspective, *every proposal you make to a prospect is a request for them to change.* Given that people perceive change as risky, how do we get them to accept your proposal? The short answer is to present your proposal in a way where the status quo is the riskier situation! If you want them to act, then "selling to the risk" is a good way to go.

Given that, remember two things will go on in your prospect's heads: should I change, and if I do, should I go with these folks? And, in answering both those questions they will ask themselves: What's the impact on the business and what's the impact on me?

Presenting your proposal and your value proposition as preventing a loss, not as achieving a gain is far more likely to move the person to action. And, you've got to do that from two perspectives:

1. *The personal perspective*. Personal wins and preventing-a-loss are more powerful than the business perspective below. Fear of personal loss is a big motivator. Being fired for a bungled project or poor results is much worse than the enjoyment of getting a raise, bonus, promotion, or kudos for a successful project. It would be quite rare for a person to want to move forward

[3] This is true for all of us, but some more than others. Some of us are comfortable with risk and others less so.
[4] Interestingly, the number who take the guarantee is affected by the size of the guarantee. If the guarantee was $5 and the payoff $10 then virtually all would flip. But, if the guarantee was $1 million, then very few would flip.

with a project that will result in a personal loss even if it had an overwhelming chance of success.

2. *The business perspective*. This is the one we usually think about, the risk associated with the project itself. So, think hard about how you present the value of your offering in terms of business results. If you present it as "working with us, you can expect a 15% gain in …" you are presenting them with a gain and they are likely to be risk averse, i.e. not wanting to take the risk of changing.

   Or, you could phrase it like this: "you are losing ground. If you stay with what you are doing, you risk being 15% behind your competition." "You'll save money by …" is not as effective as "You're losing money by not..." This way you are presenting them with a loss, in which case they are more likely to accept risk. It is to your advantage to make them think their current situation is on a downward spiral and the risk of not buying from you is a loss. **It must appear that the status quo is the riskier situation.**

You might be thinking, "how do you know the personal impact?" The answer is quite simple, ask your existing customers! They will tell you[5]. We frequently tell our clients that the most important thing a seller can understand is why people buy from them and what the personal impact of their solutions is. One time we asked a client about how our work affected them personally and they said "Are you kidding? I now routinely go to my daughter's soccer games!"

We strongly suggest you take the time to think about how you will explain your value proposition in terms of preventing a loss versus giving them a gain.

If you look around you will see that "selling to the risk" is quite common. The most common place you will see it is when you are trying to book travel: "only three seats/rooms left at this price."

Fear of loss is a powerful motivator!

Bias #2 – Confirmation Bias - We focus on things that confirm our beliefs

Confirmation bias is big. It has us believing and focusing on the facts that support our beliefs and neglecting facts we don't like. For example, you are working an account you really want to win so you develop "happy ears". The customers talk and you listen, but your subconscious is giving more weight to what the prospect says to make you believe he or she likes our offer. The result is that you won't hear the negatives.

[5] Read our LinkedIn article "Learning to sell from a 16-yr old beach vendor in the Domincan Republic". We ended up spending over $100 because this kid had learned his value proposition from his existing customers. https://www.linkedin.com/pulse/learning-sell-from-16-yr-old-beach-vendor-dominican-republic-hatcher/

Because we are (most of the time) unconsciously searching for evidence to support our theories, we can fall into the trap of asking questions in ways that will support our theory. Your theory could be anything from:

What you are thinking	How bias affects you
These guys are not a good prospect for me, I need to get out of here quickly to concentrate on a better prospect.	You only hear the answers that would disqualify them as a prospect. Then you use that as ammunition to the boss to get them removed from your funnel. Or, You don't bother to ask the questions because you think you know the answer and you won't like it.
These guys are a perfect fit for product X	You only hear the answers that support the good fit and ignore other answers.

Confirmation bias also affects the questions we ask. Sometimes we won't ask a question because we think we already know the answer. So, rather than ask "How will this affect the way you go about your job?" we don't ask because we're pretty sure (and hoping) the answer will be "it will make my life a lot easier." But what if the answer is "It'll make my life harder because I'll have to learn a new way of doing things."? You could make a big mistake.

Given confirmation bias, what do we do about it? We have these suggestions:

1. Recognize that you could miss important insights that may make or break the sale.

2. Whenever going out to talk with a prospect or customer write your questions down beforehand. We recommend having a list of questions you will ask all new prospects on every first sales call. Having that list of questions ensures you will ask everyone the same question and not let your confirmation bias get in the way. If your sales team

meets with similar types of prospects, we recommend that all reps use the same first-call questions and that your team routinely review the questions to make sure they are relevant and getting the information you need.

3. When you can, get the answers to your questions in writing. Obviously, you won't record an in-person sales call, but your phone system might be able to record calls. In addition, getting answers to follow-up questions via email is good.

4. When collating the responses and drawing conclusions, ask yourself two questions: are the conclusions I am drawing supported by what they actually said? And, if I were an unbiased third-party, would I be drawing the same conclusions? Furthermore, summarize the discussion in writing as soon as possible after leaving your session. Relying on your memory to recount responses too much later could allow you to unknowingly reintroduce your specific confirmation biases into the mix.

Bias #3 – We think we're better than we are

Many people think ***optimism bias*** may be the most important bias of them all. At its essence, optimism bias is the sense we're better than we really are. It's also called "the Lake Wobegon effect" of Garrison Keillor fame: "Welcome to Lake Wobegon, where all the women are strong, all the men are good-looking, and all the children are above average."

Because of optimism bias, we tend to focus on ourselves and neglect the effect of luck and competition. We mistakenly think our success is in our own hands, that we are the masters of our own destiny. What is really the case though is much of our success or failure depends on the acts of others. In reality, many outcomes depend as much or more on competition and changes in the marketplace as they do our own efforts.

Whenever you take on significant risk, optimism bias is at work. It's likely that you might not invest the time to think through the odds very clearly and when you do, you might underestimate them. When you do look for evidence you probably only look at

CAN WE BE TRAINED TO BE UNBIASED?

Kahneman tells a story about when he was grading papers. If a student gave a good answer to the first question, he found himself giving the student the benefit of the doubt on other questions. (A form of Halo bias.) If the master made such a mistake is there help for us mere mortals?

There are a few who say it's possible to be trained to recognize bias in ourselves, but most think it's not. Kahneman says:

"We would all like to have a warning bell that rings loudly whenever we are about to make a serious error, but no such bell is available."

Because an "outside in" view can recognize bias we strongly recommend the concept of a "Bias-Buddy". Pair people up and have them review the other's work. Have them do pre-mortems and review checklists meeting notes.

the things that agree with your thesis and ignore what's contradictory. Misreading the risk, you might think you are being prudent when in fact you are being ignorant.

But optimism bias is both good and bad. On one hand, when chasing a deal, we systematically underestimate the risks and the odds against us. And, because we misread risks, we often believe we are being prudent when, often, we are being reckless. On the other hand, confidence in our own abilities helps us garner resources and funding, helps us motivate our people and can significantly enhance our chances of success.

We have these suggestions when dealing with optimism bias:

1. It's important to know that optimism bias leads to competition neglect so, it's important not to underestimate your competition. We all know it's vitally important to talk to prospects, but it's equally important to research and talk to the customers of our competitors. You must constantly ask yourself this question: *Considering who our competition is, and their history of products and services, what is our best course of action?*

2. Borrow a technique from project management, once your plan to close the deal is done, consider running a "Pre-Mortem"[6] for the deal. A Pre-Mortem involves assembling all involved from the seller's side and ask this question: Imagine the deal just closed and we didn't win it. We implemented the plan flawlessly, exactly as we agreed upon and it still failed. Take ten minutes and write a brief history of that disaster." This exercise is a search for unknown threats and unanticipated consequences. This is hard, but well worth the effort.

3. Be especially leery after coming off a big win. That's when we're the most susceptible to optimism bias. Thinking we are better than we are we might take shortcuts and the easy way out rather than putting in our normal time and effort.

Bias # 4 – The Law of Least Effort - We are lazy

Let's face it, as human beings we are inherently lazy. We look for the easy way out. We refer to this as the ***law of least effort.*** We're wired to take the path of least resistance. So, if there are a few ways to go about a task, it's human nature to choose the one that will need the least effort, even though it may be the least effective.

Consider this question[7]:

[6] https://hbr.org/2007/09/performing-a-project-premortem
[7] From Kahneman, Daniel. Thinking, Fast and Slow (p. 7). Farrar, Straus and Giroux.

> “Steve is very shy and withdrawn, invariably helpful but with little interest in people or in the world of reality. A meek and tidy soul, he has a need for order and structure and a passion for detail.” Is Steve more likely to be a librarian or a farmer?

Most people say Steve is a librarian. But, the law of least effort is taking over here. We jump to that conclusion because Steve fits the stereotype of a librarian. But, few of us will do the work (because work is hard) of asking ourselves “Hey self, I wonder how many farmers and librarians there are?” The fact is that there are ten times more farmers than librarians in the USA so it’s much more likely that Steve is a farmer.

Time for some introspection. When was the last time you drew a conclusion based upon insufficient evidence? Most of us do this daily. Just as you probably thought Steve was a librarian you most likely took some mental shortcut and made a decision based upon stereotypes.

In selling, just because this deal looks eerily like one you recently closed and won, you must still do the work! You still must ask the questions (and not listen with “happy ears”), make the presentations and present your arguments in a way specific to this prospect, and not just a rehash of the earlier stuff. Thinking just because this one is just like the other one is a losing proposition.

Here’s a suggestion to make sure you limit the effects of the law of least effort:

1. Create a deal qualification template that forces you to answer the same questions about different qualified deals every time. What you might find after doing this a few times is that deals that initially look the same are different in a key and important way. Unearthing these differences will help you sell smarter. It can also be a competitive differentiator for you as you really uncover your prospect’s pain.

2. Leverage the concept of stereotypes with your prospects. Use terms that are easily understood and convey meaning. How easy would it be to understand my business if I told you “We are the Uber of lawn-mowing”?

Bias #5 – Availability Bias - We put too much emphasis on the recent past

As simple as it might seem, we can only access information in our brain. But our brain categorizes things and puts more weight on certain things. ***Availability bias*** weights things we can easily recall. People assess the probability of an event, such as winning a deal, by remembering relevant examples that are “available” in their memory. Just as it’s easy to raise money for hurricane relief right after a hurricane, it’s a trap to conclude that this deal is more likely to close because it is remarkably like the deal that closed last week.

For example, we hear the prospect wants to “move into the enterprise space”. We (think we) know what the prospect means by that because we had an earlier client make the same statement. In that case, the clients meant that they wanted to focus on selling to the Fortune 1000. Without asking this prospect what they mean by "enterprise" we jump into presenting our case. We look stupid because what *this* client meant was that they wanted to increase their average deal size.

Here are other traps of availability bias and some suggestions:

1. You've had a series of meetings with various people. It's human nature to focus on the things they said in the last meeting and to discount earlier conversations. For example, in an earlier meeting, they might have presented an objection and in the latest meeting they didn't mention that it again. That doesn't mean that it's gone away. So, keeping a list of earlier conclusions and concepts and asking for clarification is useful.

2. Over the course of a few weeks or months, you met with various people involved in the buying process. For example, let's say a week ago you met with the technical people and this week you are meeting with the end users. Availability bias has us remembering and giving more weight to what the users said. It takes work to remember and give proper weight to what the technical people said. Being prepared with a list of questions that validate or repudiate what the technical people said will go a long way.

3. Before any meeting, look at your notes from previous sessions with all buyer personas with whom you have interacted. This can remind you of lingering issues you should discuss before your prospect will truly move forward.

4. Ask your prospect "What's changed since the last time we talked?" Allow them to talk and either confirm that details reviewed previously are unchanged or that new issues or questions have emerged that you should discuss.

5. Keep a running list of open questions you should ask during your sales cycle. Make sure you systematically check with your prospect that open items on the list are being addressed sufficiently. Once they agree, summarize in writing so both you and your prospect can remember.

Bias #6 – The Halo Bias/Effect - We let some things confer status on other things

The halo bias/effect relates to how one thing confers status to another. Think about celebrity endorsements where the fact that a star uses the product makes us think the product is something we should buy. Because of this, we might confuse a prospect who meets us on time, dresses well, asks good questions and treats us with respect as having a high probability to buy from us. That could be true, but it could also be true they are just very professional and treat all vendors that way. On the other hand, take a prospect who is terse, distracted, late, asks only a few questions and leaves early. Do not discount that person as someone with whom you should not engage in the buying cycle. Perhaps they are the key buying influence and are just rushed.

Halo bias can be insidious. For example, we meet a group and one person is warm and open. We like them at once. Halo has us giving that person's thoughts more weight while discounting the rest. This can be a real problem and something you must know. Similarly, in an open discussion it's natural to give more weight to people who are assertive and speak often. Be careful not to dismiss the thoughts of the quieter people in the room.

Sequence matters here. You see words, how you use them, and the order in which we present them are crucial to the way people understand them. **It's important to recognize that we are all swayed by the way information is presented.** Consider these descriptions of two guys, Alan and Ben[8]:

- Alan: intelligent—industrious—impulsive—critical—stubborn—envious
- Ben: envious—stubborn—critical—impulsive—industrious—intelligent

Most people like Alan more than Ben. The order in which the traits are presented changes our opinion. Our brain is wired to think Alan is intelligent and industrious, and that Ben is envious and stubborn. But both lists are the same, I've only reversed the order of the qualities. Our mind infers the importance of things in terms of the order someone presents them because things that fall earlier on the list have a bigger impact on the brain.

So, as sellers, make sure that the order in which you present things is the order in which you want people to understand you. **Make your most persuasive and important points early.** If your first few points are highly relevant and persuasive, it is likely that your audience will accept the rest of your points.

We have these suggestions when dealing with optimism bias:

1. On every bulleted list you make in a discussion, document, or presentation from now on, make sure the list is in the order you want them to remember things.

2. Discuss the topics easy to understand and not contentious early in your meeting. Your goal is to get heads nodding in agreement early. That way, the more difficult topics that follow are more easily understood. If you want to talk about a difficult topic, discuss the more likable topics first.

3. Create an organizational chart of all your key buying influences and ensure you have a plan to interact with each. Understand you may pay too much attention to some because of the "halo" associated with them all the while neglecting what could be essential buying influences.

[8] From Kahneman, Daniel. Thinking, Fast and Slow. Farrar, Straus and Giroux.

Summing it all up

Billy Beane changed baseball forever. Gone are the days when general managers relied on the subjective opinions of scouts, unknowingly laced with bias. Just as baseball removed bias from their operations you need to remove them from yours too. Your job twofold: First, to understand and acknowledge our own biases and then to figure out how to deal with them. If you can do these two things, you can improve your selling immeasurably.

For reference, the figure below summarizes how your own biases affect your sales success and some suggestions to deal with them.

Remember that bias is everywhere around us and it affects the way we receive information, process information, and give information. Not only us, it's our prospect's bias we need to understand too. Bias blinds us to many things and blinds us to the blindness! It affects us in ways we don't recognize and don't understand. As sellers, you need to understand these biases and, to the extent possible deal rationally and unemotionally with situations.

Bob Hatcher is the President and CEO of BetterSell Solutions a company dedicated to helping big-ticket, B2B sales organizations achieve their sales goals. Based in New Hampshire, Bob travels the world to conduct workshops and give keynote speeches on bias and how to deal with them.

The concepts of Moneyball Selling are valid regardless of whether you use sales methodologies from Miller Heiman, Richardson, Sandler or the like. Think of behavioral economics as an overlay that will make all your selling more productive.

www.bettersellsolutions.com

Risk Aversion Bias: We hate to lose.

How to deal with it:

- When presented with a gain we avoid risk
- When presented with a loss we seek risk
- When talking to prospects always present your value proposition as avoiding a loss.

Confirmation Bias: When we hear only what we want to hear, neglect the rest.

How to deal with it:

- Must be keenly aware of your own bias
- Look at the conclusions as an outside observer. Would they make the same conclusions?
- Always ask the question even if you think you know the answer.

Availability Bias: Things we recently heard or saw are weighted highest.

How to deal with it:

- Write things down! Don't trust your memory.
- Keep a running list of thoughts and review it frequently.
- Remind them of what you discussed before. Ask "What's changed?"

Law of least effort: We seek the easy way out.

How to deal with it:

- Understand this in the other person.
- Use easy-to-understand words and phrases so they say "I get it!"
- Give them a story to tell the peers and bosses. People remember stories.

Optimism Bias: We think we're better than we are.

How to deal with it:

- Don't think success is only in your hands and ignore outside forces.
- Things will take a lot longer to do then we think.
- Taking the "outside view" can help.

Halo Effect: We confer status on things based on other things

How to deal with it:

- Present your most important points first.
- The way you present your case will affect how it is received.
- Associating with well-known things and concepts can confer status on you.

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