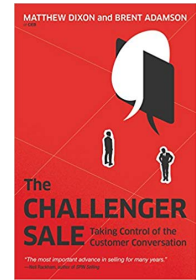


The Challenger Sale

Matthew Dixon & Brent Adamson (2011)



Notes by Bob Evely
Wilmore, Kentucky; 2018.

Forward (Neil Rackham) (p. xiii)

Relationship-based selling is less effective than it used to be. That's not to say relationships are unimportant. If you help customers think differently and bring them new ideas – which is what the Challenger rep does – then you earn the right to a relationship.

Surveys of customers consistently show that they put the highest value on salespeople who make them think, who bring new ideas, who find creative and innovative ways to help the customer's business. In recent years, customers have been demanding more depth and expertise. They expect salespeople to *teach* them things they don't know.

Introduction (p. 5)

We have discovered three core insights that have fundamentally rewritten the sales playbook.

1. Just about every B2B sales rep in the world falls into one of five distinct profiles; a specific set of skills and behaviors that define his or her primary mode of interacting with customers.
2. Of these five profiles, there is a very clear winner and a very clear loser.
3. Reps that are winning (Challengers) are doing so because they've mastered the complex sale.

The Evolution of Solution Selling (p. 5)

As suppliers seek to sell bigger, more complex, disruptive and expensive “solutions,” Customers are naturally buying with greater care and reluctance.

Solution selling is largely driven by suppliers' attempts to escape increasing commoditization as products and services become less differentiated. Because it is harder for a competitor to offer the full spectrum of capabilities in a well-designed solution bundle, it's easier to protect premium pricing in a *solution* sale than in a traditional *product* sale.

With solution selling customers expect you to actually *solve* a real problem, not just provide a reliable product. You must not only understand the customer's underlying problems or challenges as well as, if not better than, they do themselves ... but you must also identify new and better means of addressing those challenges, articulate clear benefits, and determine the right metrics to measure success. The only way to do this is to ask the customer lots of questions, like “What's keeping you up at night?”

But this is a long process with a huge amount of customer involvement, and from the customer's point of view most of this effort comes before they see any value.

Greater need for consensus

Because the payoff of buying a complex solution is uncertain, there is a significant increase in the need for consensus ... widespread support for a supplier across the customer's team. This is becoming the number one thing that senior decision makers look for in making a purchase decision. The rep must spend time tracking down all of these individuals and selling them on the solution, and there is a risk that at least one of them will say no.

Deals have become more complex and more expensive, and customers are concerned whether they will ever see a return on their investment. Customers are requiring suppliers to

share in this risk, and supplier success is often measured by the performance of the customer’s business, not just the supplier’s product. Suppliers must be prepared to address this risk directly in their value propositions.

There is also a growing demand for customization, so the deal more closely meets the customer’s specific needs. And customers are generally not willing to pay more for a customized solution. “It you’re going to solve my problem, why should that cost me more money?”

The Challenger: a New Model for High Performance (p. 14)

So there is a dramatic change in customer buying behavior in response to suppliers’ efforts to sell larger, more complex, more disruptive, and more expensive solutions. This accentuates the widening gap between core and star reps. What if you could identify the replicable part of what truly sets star performers apart; and export it to the rest of your sales organization?

Five Types of Sales Reps (p. 17)

There are five types of sales reps; not mutually exclusive. We like to think of these distinct profiles as college degrees. To graduate, every study must cover a broad core curriculum. But at the same time, students have a “primary” or “major” – the thing they specialize in that sets them apart. There are five distinct “majors” in sales.

1. The Hard Worker: They will make more calls per hour and conduct more visits per week.
2. The Relationship Builder: They pride themselves on accessibility and service. “Whatever you need; I’m here to make that happen.”
3. The Lone Wolf: They follow their own instincts instead of the rules. They are the “prima donnas” or the “cowboys” that do things *their* way. One head of sales told us, “I’d fire them if I could, but I can’t because they’re crushing their numbers.”
4. The Reactive Problem Solver: They are very detail oriented and focus heavily on post-sales follow up. They are sometimes described as “a customer service rep in sales rep clothing.” They have grand plans to generate new sales, but as soon as an existing customer calls with a problem they dive right in rather than passing it to the people we pay to solve those problems.
5. The Challenger: They have a deep understanding of the customer’s business and use that understanding to push the customer’s thinking and teach them something new about how their company can compete more effectively. They are assertive; tending to press customers a little on their thinking and on things like pricing. They also tend to push their own managers and senior leaders, not in an annoying manner but in a way that forces people to think about complex issues from a different perspective. They constantly bring fresh insight to the table. [Challengers are awkward to manage, and assertive with customers and with their own managers. – p. xv]

The distribution of core performers across these five profiles is fairly even. But if you study the sales performance for each of these profiles, there is a clear winner and a clear loser. The clear winner is The Challenger. The clear loser is The Relationship Builder. This doesn’t mean customer relationships aren’t important. But if your strategy as a sales rep is being available to take care of your customer needs and acquiescing to the customer’s every demand, this can be a recipe for disaster in the current environment.

Six key attributes of Challengers

- ✓ Offers the customer unique perspectives
- ✓ Has strong two-way communication skills

- ✓ Knows the individual customer’s value drivers
- ✓ Can identify economic drivers of the customer’s business
- ✓ Is comfortable discussing money
- ✓ Can pressure the customer

A Challenger has the ability to:

- ✓ Teach for differentiation
- ✓ Tailor for resonance (delivering the right message to the right person within the customer’s org)
- ✓ Take control (pressing the customer a bit on issues concerning money, and on the entire sales process)

Challengers are focused on building constructive tension in customer interactions to push the customer out of his comfort zone. Relationship Builders are focused on resolving tension in customer interactions to make situations more amicable and positive, and to encourage collaboration.

Challengers are very likely to succeed in a complex sales environment. Relationship Builders are highly unlikely to succeed in a complex sales environment.

In solution selling, it’s not that you’re asking customers to buy your product and put it on the shelf with all of the other products they’ve bought. Rather, you’re asking customer to change their behavior – to stop acting in one way and start acting in another. You need to show them a new way to think about their business.

Challengers are not needed in some applications (p. 28)

In the less complex, more transactional parts of your business, it probably doesn’t make sense to overinvest in building Challengers, as Hard Workers are more likely to win the day there.

Exporting the Challenger Model to the Core (p. 30)

Challengers are made, not just born. It’s the combination of skills that matters ... the ability to teach, tailor and take control ... leveraging constructive tension. Individual elements can deliver performance improvements, but for the model to really work all elements must be invested in and developed.

- ✓ Teach: Deliver insight that reframes the way customer think about their business and their needs.
- ✓ Tailor: Communicate sales messages in the context of the customer.
- ✓ Take Control: Openly pursue goals in a direct but nonaggressive way to overcome increased customer risk aversion.
- ✓ Constructive Tension: Leverage constructive tension to their advantage across all dimensions of the sale.

Organizational commitment (p. 33)

Building a teaching capability is not something you want your individual reps to figure out on their own. An organization that does so will be pulled in many different directions as reps promise customers solutions to many different business issues, including many that your company is not equipped to solve.

The *content* of the teaching pitch – the business issues you teach customers to value, the idea around which you reframe how the customer things about their business – must be scalable

and repeatable ... and therefore it must be created by the organization. In most organizations, this is the job of marketing.

Organizations can leverage business intelligence and research assets to help developing Challengers better tailor their messages to each customer’s industry and company context.

Building a Challenger sales force is not an overnight trip (p. 34)

Ramming through Challenger training for reps without carefully constructing robust teaching pitches for them to deliver or arming frontline managers to reinforce the right behaviors and skills might yield a slight bump in rep productivity, but the gain will fall far short of what could have been delivered, and your efforts will be perceived as the training “flavor of the month,” soon to be forgotten by most reps. Full adoption may take years, not weeks or months.

TEACHING for differentiation (p. 35)

What sets Challenger reps apart is their **ability to teach customers something new and valuable** about how to compete in their market. This is what wins customers for the long term. Teaching is about offering customers unique perspectives on their business and communicating those perspectives with passion and precision in a way that draws the customer into the conversation. These new perspectives apply not only to your products and solutions, but to how the customer can compete more effectively in their market. It’s insight they can use to free up operating expenses, penetrate new markets, or reduce risk.

Teaching case studies

Using a global pharmaceutical company as an example; suppliers were indistinguishable from one another. So the company armed its reps to teach physicians new insights; not about their products, but about how to improve their own effectiveness as medical practitioners. Relying on the company’s wealth of knowledge on disease management, their marketing team built a series of “patient journeys” that reps could share with doctors. These journeys looked at the entire cycle of an illness, from the time symptoms appear to treatment and follow up.

In another example, an employee benefit management company was frustrated when a long time customer tried to pull them into a price war by issuing an RFP. The supplier told them they weren’t interested in that kind of partnership (i.e. one based on price). But they made a unique gesture. They told the customer that since they weren’t going to participate in the bidding process but valued the long-term working relationship, they would be happy to help them think through the construction of the RFP to ensure that they were requesting the right things out of their next supplier. Through this process they said such things as, “If any supplier tells you the following three things, they’re wrong; and here’s why.” And, “Be sure your bid includes the following two things; and here’s why.” The customer found the advice very valuable. Once the RFP was built, the supplier’s account team looked at it and said, “If *that* is the bid you’re putting out there then we’d like to participate since it describes the kind of partnership we’d like to have with you.”

TAILORING for resonance (p. 39)

If a Challenger rep is sitting across the table from a head of marketing, he understands how to craft his message to resonate with their specific priorities. It’s a measure of agility – the rep’s ability to tailor the story to the individual. What specifically do they care about? How is their performance measured? How do they fit into the overall customer organization?

TAKING CONTROL of the sale (p. 40)

Challenger reps are able to assert and maintain control over the sale. Being assertive doesn’t mean being aggressive, annoying or abusive. It means standing your ground when the

customer pushes back. Challengers are able to assert control over discussions on pricing and money; they don't give in to requests for percentage discounts but bring the conversation back to the overall solution. They talk about value, not price. They are also able to challenge the customer's thinking and will pressure the customer's decision-making cycle to reach a decision more quickly and overcome “indecision inertia.”

Help the customer see things in a different light

Challenger reps move customers out of their comfort zone by showing them their world in a different light. They ask the customer to rank the various features of the offering in order of importance; often resulting in the customer seeing the offering in a different light. One may find, for example, that expensive packaging does not rank in the top three, and this could be a valuable concession that enables the rep to agree to a lower price increase with a shift to standard packaging.

Why insight matters (p. 44)

In the past, sales reps were trained to ask lots of good questions. But this approach contains a flawed assumption; that customers actually *know* what they need. But what if the customer's greatest need is to *figure out* what they need? A better technique is to *tell* customers what they need. Challengers are not so much world-class investigators; they are world-class teachers. They know the customer's world better than the customer knows it; and they teach them what they don't know but should.

Insights that contribute to customer loyalty (p. 47)

- ✓ Offers me unique, valuable perspectives on the market
- ✓ Helps me navigate alternatives
- ✓ Provides me with ongoing advice or consultation
- ✓ Helps me avoid potential land mines
- ✓ Educates me on new issues and outcomes
- ✓ Easy to buy from
- ✓ Has widespread support across my organization

Differentiation in the sales process (p. 49)

You may have a world-class brand, but customers often perceive that your competitors also have a world-class brand. Customers see significantly less difference between you and your competition than you do yourself. While we spend much of our time emphasizing subtle differences, customers tend to focus first on the general similarities.

But customers do see huge differences in the sales experience itself ... the actual sales conversations they have with suppliers on a regular basis. Some reps, they say, waste their time. They feel they have just been robbed of an hour of their lives. But other reps take the time to provide information so interesting and valuable that they would have been willing to pay for the conversation itself.

Customers want to learn something, not buy something (p. 52)

They want you to help them identify new opportunities to cut costs, increase revenue, penetrate new markets, and mitigate risk in ways that they themselves have not yet recognized. A supplier must still have great products, brand and service ... but from the customer's perspective most already do. What sets apart the best suppliers is not the quality of their services, but the value of their insight.

Challengers excel in diagnosing the customer’s specific needs, and they know these needs better than the customer. They challenge the customer to think differently about their business and have great insights.

But it’s one thing to challenge customers with new ideas, and another to ensure you get paid for this. How do we ensure that our “Commercial Teaching” efforts are profitable?

1. Lead to your unique strengths
2. Challenge customers’ assumptions
3. Catalyze action
4. Scale across customers

Lead to your unique strengths (p. 56)

Your teaching must tie directly back to some capability where you outperform your competitors. From the customer’s perspective, there’s nothing more frustrating than a supplier that teaches them a new and compelling way to save or make money, but then can’t actually do anything about it. You must know what your unique strengths are; your core value proposition. This is often the hardest part; understanding and agreeing on what it is that your company does *better* than anyone else.

Challenging customers’ assumptions (p. 59)

You must actually teach the customer something. It must challenge their assumptions and speak directly to their world in ways they have not yet thought of or fully appreciated. We might call this “reframing.” What data, information or insight can you put in front of your customer that reframes the way they think about their business – how they operate or even how they compete? This is not easy; and you must know your customers’ business better than they know it themselves.

You don’t want your customers to say, “I totally agree,” but instead you’re looking for, “*Huh, I never thought of it that way before.*” Not excited agreement but thoughtful reflection ... a land mine they’d overlooked, a trend they underappreciated, or an alternative they’d prematurely dismissed.

Catalyze action (p. 61)

You’ve ultimately got to get them to act. You’ll need to build a compelling business case for why action matters. You must be able to show why the insight you just shared merits action. If you use an ROI calculator, be sure you are calculating the return on pursuing the reframe; not the ROI for purchasing your product.

Scale across customers (p. 62)

It’s not realistic or fair to expect your reps to understand their customers’ business better than they do themselves without some organizational support. Imagine if you could provide your reps with a manageably small set of well-scripted insights along with 2-3 easy-to-remember diagnostic questions designed to map the right insight to the right customer. You’ll need a small number of powerful insights that naturally lead to an even smaller number of unique solutions, all applicable across the broadest set of customers.

Insight-led conversations (p. 65)

Once you’ve agreed on the unique benefits that set you apart from the competition, and you’ve identified a set of compelling insights that teach customers a new way to compete more effectively, you’ll need to develop your *Commercial Teaching pitch*. This isn’t so much about delivering a formal presentation; it’s about telling a compelling story. Along the way there should be some drama, a bit of suspense, and maybe a surprise or two. It’s about taking

customers on a roller coaster ride, leading first to a rather dark place before showing them the light at the end of the tunnel; the light being your solution. Done well, a teaching pitch makes customers feel sick about all the money they’re wasting, or revenue they’re missing, or risk they’re unknowingly exposed to.

Step 1: The Warmer

Start with your assessments of the customer’s key challenges. Don’t ask, “What’s keeping you up at night?” but lay out what you’re seeing and hearing as key challenges at similar companies. Share data and anecdotes from other companies that capture the challenges most likely of highest concern. Conclude by asking for their reaction. “We’ve worked with a number of companies similar to yours and we’ve found that these three challenges come up again and again as by far the most troubling. Is that what you’re seeing too, or would you add something else to the list?” The whole point is to build credibility; showing the customer you understand their world and are not there to waste their time. Rather than leading with open-ended questions about customer needs, you lead with hypotheses of customer needs based on prior experience and research.

Step 2: The Reframe

You now introduce a new perspective that connects the challenges you’ve talked about in step one with either a *bigger* problem or a *bigger* opportunity than they’ve ever realized. Your goal is to catch the customer off guard with an unexpected viewpoint. Remember, the reaction you’re looking for is, “Huh, I never thought of it that way before.”

Step 3: Rational Drowning

Lay out the business case for why the Reframe in step two is worth your customer’s time and attention. It’s time for the data, graphs, tables and charts to quantify ... the numbers-driven rationale. This should be presented in such a way as to make them squirm a bit; to feel like they’re drowning. Fear, uncertainty, doubt! The desired reaction is “Wow, I had no idea we were wasting that kind of money” or “I’d never thought of this as an opportunity before. We’ve got to get on this or we’re going to miss out.”

Step 4: Emotional Impact

Be sure the customer sees themselves in the story you’re telling. But what if they tell you they’re different and don’t face these problems? It’s not that you’ve failed to make a logical presentation. You’ve failed to make an emotional connection. It’s not that they don’t believe your story; they just don’t see it as *their* story. You’ve got to make it personal. Storytelling comes into play. You must paint a picture of how other companies just like theirs went down a similarly painful path. “I understand you’re a bit different, but let me give you a sense of how we’ve seen this play out at similar companies.” You’re looking for the customer to replay the same scenario in their head as if it *actually happened to them in their own company just last week*. The desired response is, “Wow, it’s like you work here or something. Yeah, we do that all the time. It just kills us.”

Step 5: A New Way

You’ve convinced the customer of the problem. Now you’ve got to convince them of the solution. This is a point-by-point review of the specific capabilities they would need to have in order to make good on the opportunity to make money, save money, or mitigate risk. As tempting as it might be at this point to launch into a review of how you can help, step 5 is about the solution, not about the *supplier*. It’s not a story about how much better customers’ lives would be if they bought your stuff; it’s about showing customers how much better their life would be if they just acted differently.

Step 6: Your Solution

Demonstrate how your solution is better able than anyone else’s to equip them to act differently.

Building your Commercial Teaching message (p. 75)

The place to start is at step 6; your solution. You can’t build a compelling story unless you know what it’s building *to*. As you nail down your benefits, focus in particular on the ones your customers currently *underappreciate*.

Next work on step 2; the reframe. Identify the core insight; the ah-ha! moment that will get your customer to say, “Wow, I never thought of it that way before.” Start with your unique benefits. Ask yourself, “*Why don’t my customers value those benefits? What is it about how they view their world that precludes them from appreciating those benefits as much as we think they could or should?*”

Put it all together and you get: “What’s currently costing the customer more money than they realize, that only we can help them fix?”

To summarize:

1. Identify your unique benefits.
2. Develop commercial insights that challenges your customers’ thinking.
3. Package these commercial insights in compelling teaching messages that lead to your solution.
4. Equip reps to challenge customers.

Insight generation (p. 76)

Marketing must serve as the “insight generation machine” that keeps reps equipped with quality teaching material that customers will find **compelling**. Your message library, collateral and pitch cannot be static. It must constantly evolve to stay current with the customer’s business environment and with a competitive, dynamic landscape.

Commercial teaching case study: W. W. Grainger, Inc. (p. 83)

Grainger’s team first had to answer the question: “Why should our customers buy from us over anyone else?” They needed to find a set of capabilities that truly set Grainger apart. This was much harder than anticipated. Clarity came only after a large number of leader-led customer interviews, a great deal of market research, some robust data analysis of customer spending tendencies, and a number of brainstorming sessions designed to capture a complete picture of market perceptions. All of this led Grainger to two important conclusions.

1. Most companies were spending far too much on purchasing MRO (maintenance, repair and operations) products every year because they failed to appreciate how certain buying behaviors were costing them huge amounts of money.
2. While other suppliers might carry a wide range of products or maintain a convenient network of retail outlets, only Grainger did it all, and on a scale that allowed customers to eliminate costs by avoiding unnecessary or “cautionary” MRO purchases. Whatever you needed, wherever and whenever you needed it, Grainger would provide it ... so you didn’t have to buy it “just in case.”

Grainger then took these insights and built them into a “conversation” titled: “The Power of Planning the Unplanned.” Reps bring this deck into every sales call because it hits the heart of their differentiated value proposition.

But Grainger first needed to get customers to change the way they think about their own MRO spend. The conversation needed to be about the customer’s MRO spend, not about Grainger’s

capabilities. The reps requested meetings to share some important insights Grainger had learned about how most companies could save a lot of money by thinking differently about how they manage their MRO spend.

The agenda was laid out as a “get” for the customer, not a “give.”

What We Want to Share with You	
-	Industry studies of MRO purchases <ul style="list-style-type: none"> o Business challenges of unplanned purchases that impact your bottom line o Inventory o Productivity
-	Service gaps
-	Grainger’s solution to these challenges

The “Warmer” started with the customer’s challenges.

You Face Many Challenges Daily		
Availability	Facility Security	Delivery Times
JIT Inventory	Training	Lost Work Days
Inventory Levels	Freight	Power Outages
Workers Comp	Hard to Find Items	Budget Cuts
Productivity Improvements	Air Quality	Safety
Cash Flow	Supplies out of Stock	Ordering
HazMat	Employee Satisfaction	Repair Parts
OSHA Audits	Tech Support	Different Brands
Production Line Issues	Cross Referencing	Testing & Audits
Product Quality		

The opening: “We know you face a host of challenges every day, such as production line issues, worker’s comp costs, maintenance and safety issues.”

After reviewing a few of these issues and providing some general color from other companies, the rep then asks the customer to select for discussion one or two that are particularly pressing in their organization. The idea is to get the customer pulled into the conversation.

Grainger found that this one page led to a robust and valuable conversation; all because the rep led with a hypothesis of customer need rather than open-ended questions to “discover” the needs.

Now comes the Reframe.

Studies Show Over 40% of MRO Dollars are Spent on Unplanned Purchases	
Left sidebar of graph: Total MRO Spend	
Bottom of graph: Product categories	
-	Tools
-	Safety
-	Lighting
-	Electrical
-	Motors
-	Pumps
<i>Heart of graph shows percentage of “planned” versus “unplanned” purchases</i>	

What’s not familiar to customers is a completely different way to think about their MRO spend. Using a straightforward graphic, the rep shifts the customer’s perspective from vertical product

categories to horizontal purchase tendencies ... from *what* they buy to *how* they buy. They do this by introducing the categories “planned” versus “unplanned” purchases. Unplanned purchases are products and repair parts bought at the last minute, usually in response to some unforeseen need or problem. This can add up to a huge amount.

Now the customer’s interest is piqued. You’ve just told them their second biggest category of MRO spend (unplanned purchases) is a category they had never even thought to track before.

Next we move on to the “Rational Drowning” stage.

Most Unplanned Purchases are Non-Routing
Less than 5 Times per Year – A Search Every Time You Buy

Left side bar on graph: Number of unique products
Bottom of graph: Number of times item bought per year

Shows that by far the greatest number of unplanned purchases were for individual items bought less than five times per year

The next several slides build on the story of the often overlooked, but very real cost of unplanned purchases. The rep is using their expertise to teach the customer something about their business. For the customer, it’s a valuable insight. For Grainger, it’s an effective means to turn interest into action by building a rational business case that makes the customer feel real discomfort around a problem they never realized they had. If the customer was a long-standing customer, the rep might review their own purchase history to make the story as compelling as possible.

The rep showed that the customer had to take time to find a part, generate an invoice, call the supplier, place the order, inventory whatever was bought, etc. A single unplanned purchase might involve 5-10 people across the customer’s organization and incur huge amounts of unseen costs in time, effort, paperwork, etc. At this point the customer is likely beginning to feel a little sick about all their unplanned purchases.

The rep turns the dial one more time, just in case the customer is still skeptical. It’s time for “Emotional Impact” to make the story personal.

Meeting Unplanned Needs is a Long and Costly Process

Slide consists of a snake-like chain showing all the steps in the purchasing process, so the customer can visualize the impact of a single unplanned purchase.

“The first thing you likely do is call one of your go-to suppliers for planned purchases. Surely they can help. But after 20 minutes on hold you learn that they’ve just sold out of the part and won’t have more for two weeks. So you try another supplier ...”

Now we’re ready for the transition to step 5, where Grainger can paint the picture of a new way.

**Grainger can Fill the Service Gaps You Experience
Across All Product Categories**

“No company is structured to effectively manage this spend across every category. But imagine if you could!” Now the rep shows that this is a problem that Grainger, given its specific capability set, is uniquely positioned to solve.

In a declining market the only way to aggressively grow market share is to take business away from a competitor. ADP’s unique value proposition: technology solutions for every aspect of an auto dealership, including digital marketing, vehicle sales, service sales and parts solutions. Small competitors focus only on one aspect.

These smaller competitors emphasized potential savings by buying only the software most urgently needed instead of a broader package; and this message resonated strongly with customers. ADP had a unique ability to help dealers reduce total cost, but customers couldn’t see past the total price tag.

ADP first needed to get dealers to think differently about the costs associated with their software choices. ADP knew something about the implications of these choices that customers did not yet realize. In their efforts to save money, all of their investments in one-off software systems was causing huge operational inefficiency and redundancy that was ultimately costing them money, not saving it.

So ADP set out to build a comprehensive Commercial Teaching message. Their sales operations and marketing teams designed a powerful story called “Total Dealer Spend” that featured an analysis of the surprisingly costly but hidden impact of inefficient IT systems on overall dealership profitability.

ADP’s second key initiative was to build a series of free customer seminars (“Profit Clinics”) designed to provide dealers with in-person insights into how to run their companies more profitably. As a result, ADP was able to show *differentiation* through Commercial Teaching.

Broader organizational buy-in is needed (p. 101)

Where more complex solutions are involved, customers are looking to have a broader organizational buy-in before moving forward with buying decisions. Senior decision makers are simply not willing to go out on a limb for a supplier on a big purchase. This makes *influencers* much more important to reps.

Biggest factors leading to customer loyalty

1. Demonstrates a high level of professionalism (100%)
2. Offers unique, valuable perspectives (97%)
3. Doesn’t overstate value or understate difficulties of the purchase (92%)
4. Knowledge of my business; Helps me to avoid land mines (88%)
5. Frequently educates me on issues and outcomes (83%)
6. Advocates for me within the supplier organization (81%)
7. Rep improves my professional standing (70%)
8. Provides credible and compelling data (69%)
9. Rep is readily accessible (62%)
10. Understanding of my business helps shorten the buying cycle (58%)
11. Excels in diagnosing my specific needs (54%)
12. Provides clear guidance on how to evaluate my alternatives (34%)
13. Exerts pressure to productively accelerate decision-making (24%)

Note that the biggest driver is the rep’s professionalism. Customers are looking for a professional; someone they can believe and trust.

Next in importance ... the ability of the rep to offer unique and valuable perspectives, and to frequently educate the customer on issues and outcomes. Customers will repay you with loyalty when you teach them something they value, not just sell them something they need. Most reps spend their time mining influencers for more information on decision-making

processes and priorities, rather than **empowering** them with valuable insight they can take back to their organizations.

You must have something compelling to share

Senior decision-makers don’t want their own time wasted, nor do they want salespeople to waste the time of others in their organization. They won’t let the rep go out and build support if the rep doesn’t have something compelling to share.

In the traditional model, it’s customer-generated intelligence valuable to the supplier that is stressed. In the emerging model, it’s supplier-generated insight valuable to the customer.

Role of Marketing (p. 110)

Marketing can add tremendous value by helping sales reps tailor at the industry and company levels. There are many sources of information, many of them free, that can aid in offering some industry and company context to the sales pitch. *What’s going on in terms of industry trends and current events? Has a big competitor recently folded or has there been a meaningful merger? Is the customer rapidly gaining or losing share? What about regulatory changes? What do the company’s recent press releases and earnings statements suggest about strategic priorities?*

You can’t rely on individual reps to figure all this out on their own. This is something that should be determined centrally, in Marketing or Sales Operations, and then given to your reps in the form of a tool.

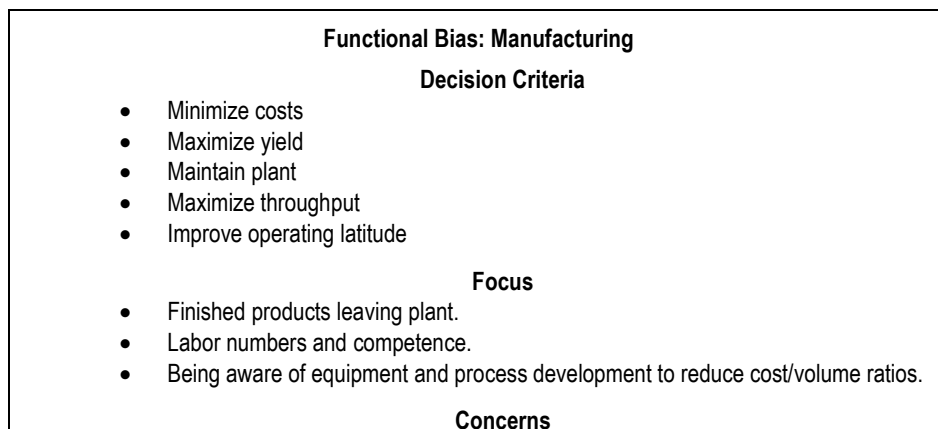
Focus on who you’re talking with (p. 111)

A Challenger has a deep understanding of how individual stakeholders fit into their overall business ... what is their role and what are they worried about ... as well as the specific quantifiable results that those individuals want to achieve. Reps aren’t focused on what they are selling, but on what the person they’re speaking with is trying to accomplish.

If you can figure out what CIO’s at five different companies care about, chances are you can use that information to predict what other CIO’s at similar companies care about as well. You can develop a short list of desired outcomes and focus on the few things that the person cares about the most.

Case study on tailoring: Solae (p. 113)

Solae’s first step was to document for the rep what the various stakeholders cared about. They went beyond general demographic info, providing their reps with a set of cards explaining what each stakeholder was trying to accomplish as a business leader. As an example:



- Do I have the right people for the job?
- Can I consistently produce to an end product specification?
- Is my plant well maintained?
- Do my weekly production plans allow maximum-length runs?

Potential Values

- Decrease rejects
- Minimize rework
- Increase tolerance of process
- Expand equipment throughput
- Reduce need for capital investment
- Reduce total number of inputs

They were tailoring customer insight into something reps can use. With information like this, reps don't need to ask customers the dreaded, “What's keeping you up at night?”

Additionally, Solae provided reps with specific guidance on how to position each of its primary solutions, or product bundles, to different people across the organization. For each function within the customer organization (e.g. Marketing, Purchasing) they listed the functional needs and desired outcomes, Solae's capabilities and values, and customer insights.

Lastly, Solae offered its reps specific scripting, tying their solutions back to what the individual is looking to achieve. The scripting is not intended to be delivered verbatim; but is used as a set of “conversational guidelines.”

Taking control of the sale (p. 119)

Challenger reps are naturally more comfortable talking about money, and they're able to “push” the customer. They have an ability to demonstrate and hold firm on value, and to maintain momentum throughout the sales process.

They are comfortable talking about money because they are confident in the value they will provide to the customer. Their confidence is built on the knowledge that they've taught the customer about a problem they didn't previously know they had.

They continually push things along, always thinking to the next step. They understand the goal is to sell a deal, not just to have a good meeting. They are focused on moving ahead.

When customers don't grant access to folks the rep knows will be critical to completing the sale, they cut the sales effort short and move on to the next opportunity, where their time is better spent. “You know, typically when we engage with a customer for this sort of solution, we need certain key executives to be involved in the purchase decision. Is that the case here?” The rep then asks when they will be able to meet with those individuals. They explain that if they can't be guaranteed time with those key leaders they will be unable to ensure that everyone is aligned on the value of the solution, and therefore it doesn't make sense to continue to engage in further discussions.

Challenger reps map out not just *who* the key stakeholders are, but *what* the key stakeholders care about and *why* they care about these things. This puts them in a much better position to take control right from the start.

Challenger reps must lead and simplify, since standard purchasing processes break down when a solution is unique and touches different parts of the organization. Reps must teach the customer how to buy the solution. They extrapolate from past successful sales efforts and apply what they've learned to help the customer work thru their purchase process. Instead of asking, “Who needs to be involved?” They coach the customer on *who should* be involved.

Setting price aside (p. 125)

Challenger reps use constructive tension to their advantage. Instead of giving in at the first sign of resistance, they push back. “You’re right, your company surely is different, but so are the other organizations we work with ... and I can tell you that this insight has helped them to rethink the way they run their operations. With your permission, let’s explore this idea in more depth and then circle back to make sure I’ve adequately addressed any concerns you might have.”

Challenger reps take control by bringing new ideas to the table. By way of example, a paint supplier sent a price increase letter to a customer and the rep followed up with a visit to discuss the justification and to gain agreement. The purchasing manager flatly refused the increase; business was bad. The rep stood his ground, citing the dramatically improved productivity at the paint plant due to the supplier’s installed equipment and dedicated staff. Despite threats of dire consequences the rep didn’t cave.

The rep visited the plant manager of the facilities affected; the main consumers of the paint and beneficiaries of the service. The rep laid out the issue and the need for the increase. He then reviewed all of the projects his company had completed to improve productivity. The rep asked the plant manager to setup a joint meeting with the rep and with purchasing to gain support for the increase. He did so, and the increase was ultimately accepted.

Challengers are confident

Most reps think the customer has significantly more power in the relationship, and they often give in, thinking they have no choice. They undervalue their contribution to the customer. They marginalize the tremendous value of their company’s resources.

Taking control means that you *know* the value of your resources and you don’t bring them to bear willy-nilly on a customer who isn’t serious about the decision. If the customer asks for a case study or to talk with a reference, a Relationship Builder says “Yes,” but a Challenger says “Sure, but let me ask you if this is the very last confirmation you need before we agree to work together and you sign the paperwork.” The Challenger is confident in the value he and his company bring to the customer.

Tension (p. 131)

Challenger reps are comfortable with silence during the customer conversation. They keep negotiation points and customer objections open and on the table longer than most reps would. It might be overstated to say they “like” tension, but it’s not far from the truth.

Planning (p. 133)

What difficult questions and objections are you likely to get from the customer, and how exactly will you plan to respond? It’s always better to prepare answers in advance.

Do an analysis of possible concessions to offer to the customer, and concessions to request from the customer.

One of the biggest differentiators with high-performing reps is the amount of time they spend planning. They are focused not just on the current move, but on the scenarios that will play out several moves ahead.

Setting price aside (p. 135)

Acknowledge and defer. “I understand that price is something we need to address, but before we do I’d like to take a moment to be sure I completely understand your needs; so we can make sure we’re doing everything we can to make this deal as valuable as possible for you. Is

that alright?” Now you will need to manage this tension and have the confidence to push forward.

Deepen and broaden. Expand the customer’s view of the things that are important to them. What else besides price matters? Get it all on the table. Once you’ve broadened the universe as much as possible you can begin to shrink it back down, coming back to price, but in a very specific manner. “What are you looking to achieve with a 20% price reduction?” Uncover the rationale for the customer’s request.

Concede according to plan. Concede negotiables in an order and amount that ensures both parties feel they are winning. For example, start with a meaningful concession and then offer smaller and smaller concessions as negotiations continue.

Sales Managers (p. 140)

The front-line sales manager is the fundamental link between strategy and execution. Important skills:

- ✓ 26.6% Management fundamentals: Integrity, reliability, listening
- ✓ 73.4% Sales management: Selling, coaching, owning

Of sales management skills:

- ✓ 26.6% Selling: Offering customers a unique perspective, tailoring offers to customer needs & priorities
- ✓ 28.0% Coaching: Guiding reps to tailor effectively, showing reps how and when to assert control
- ✓ 45.4% Owning: Driving sales process, taking corrective action, generating new ways to solve near-deal problems, innovating new ways to position an offer

This isn’t saying, for example, that the best managers spend 26.6% of their time selling. It’s saying that 26.6% of the reason for their success is attributed to their selling skills.

Management fundamentals account for one-fourth of a sales manager’s success. These skills tend to be binary. Either you’re reliable or you’re not. You have integrity or you don’t. These are inherent traits you should be looking for in the people you hire, not skills you want to develop over time. Great reps don’t always make great managers. You must excel at *management* and not just sales.

Selling skills are necessary at times since managers are often asked to cover vacant sales territories, and they are expected to be able to model great selling behaviors for their teams.

Coaching is about working side by side with reps to share knowledge, insight and experience to diagnose and correct specific rep behaviors known to hinder high performance.

Leadership and insight

In addition to coaching, it is important to provide good leadership, direction and guidance; and demonstrating effective ownership of the business. Sales leadership is about how innovative sales managers are; collaborating with reps to understand as deeply as possible what’s holding up a deal, figuring out why and where a deal is running into trouble, and finding innovative ways to move it forward. It’s about creatively connecting the supplier’s *existing* capabilities to each customer’s unique environment and then presenting those capabilities to the customer thru the specific lens of whatever customer obstacle is keeping the deal from closing. Top performing managers have an uncanny ability to unstick deals that are stuck, and getting them closed.

In coaching, the manager knows the answer and imparts it to the rep. In innovation, neither the rep nor the manager knows the answer, but they collaborate through the manager’s leadership to discover an effective path forward. Sales innovation is the missing link in terms of fully realizing the benefits of the Challenger Selling Model.

Decision-makers will continue to choose “no decision” even over a good decision. This is where the innovative manager comes in ... to avoid “no-decision land.”

Coaching

Coaching is ongoing. It involves diagnosis specific to the individual rep. It is customized. Training is good for sharing knowledge. Coaching is about acting upon it.

Formalized coaching represents a huge performance improvement opportunity in a complex sales environment. Shift the emphasis away from low performers and star performers, and focus on the core.

Coaching isn’t just a huge driver of sales performance; it’s also a major factor in employee retention. Good coaches make people want to stay. Bad coaches create a fundamentally demoralizing environment and drive people out of the organization.

You can’t just say, “Go forth and coach.” You must make it concrete for your managers, so they have a clear understanding of what “good” looks like in your organization.

	Opportunity Creation	Opportunity Pursuit	Opportunity Closing	Ongoing Activities
Objectives	<ul style="list-style-type: none"> Verify client represents a valid opportunity and is a good fit for what we sell Ensure rep conducts research to identify appropriate contacts within the customer org Confirm rep has conducted sufficient pre-call planning and has a call or visit strategy specific to the institution 	<ul style="list-style-type: none"> Ensure rep uses open-ended questions to identify and validate customer needs. Confirm rep uses an appropriate specialist in needs assessment and solutions development Confirm proposed solutions link to verified needs Ensure rep identifies potential deal blockers for the client and confronts barriers effectively 	<ul style="list-style-type: none"> Confirm rep establishes priorities and deadlines with customers Verify that rep determines the correct price to offer Ensure effective negotiation process occurs Confirm that rep ensures customer’s understanding of business plan 	<ul style="list-style-type: none"> Verify that rep gathers post-deal customer feedback Evaluate rep’s coordination of deal across internal silos (divisions, functions, regions) Confirm rep establishes priorities and deadlines with customer
Starter Questions	<ul style="list-style-type: none"> Let’s role-play. Show me your first steps in the call and how you’ll earn my trust. What is your primary objective for this call? What did you do to prepare for the call? Are there any signs you’re looking for to know if this customer isn’t a good fit? Share with me the three most important strategic initiatives of the client’s institution. 	<ul style="list-style-type: none"> What questions do you think you will be asked? What will you look for to confirm this client is worth pursuing further? As you look thru your solutions have you asked, “So what?” for this customer? What are the so-what’s? What do you think enables you to have a two-way discussion with this customer? Do you feel you uncovered underlying needs? 	<ul style="list-style-type: none"> What barriers might you expect to encounter? Do you have a plan for repositioning the most at-risk elements of the deal? What do you think the non-monetary business needs are? What is the toughest question they could ask you? How would you answer it? What internal resources might you use to close this deal? 	<ul style="list-style-type: none"> How do you plan to set a foundation for an ongoing relationship? Whom do you need to influence internally to make sure this deal succeeds? How do you plan to extricate yourself from this deal to focus on the next big opportunity? What are your next steps coming off this call?

Managers often focus on outcomes. “Your conversion rate is down. What’s the problem?”
Coaching is about behaviors, not outcomes.

Coaching Guide (p. 205)

Teaching Pre-Call Planning Questions

- ✓ What business problem will you be focusing on with this customer? How do you know this is of critical importance to them? How have you seen similar companies approach this problem?
- ✓ How new or intriguing will this insight be to the customer? Why hasn’t the customer figured this out already?

Post-call debriefing

- ✓ How intrigued or provoked was your customer with the insights you shared? How could you tell?

Coaching exercise: Select one customer/prospect

- ✓ What are the company’s strategic objectives for the next 1-3 years?
- ✓ Where are they strongest against their competition? Where are they lagging?
- ✓ How does the role of your contact/target impact the company’s strategic objectives and strengths/weaknesses?

Tailoring Pre-Call Planning Questions

- ✓ What are some of the latest trends in this customer’s industry? How will those trends affect the customer’s company?
- ✓ What is unique about this company’s position in the marketplace? Where are they most vulnerable?

Post-call debriefing

- ✓ What did you learn about the customer’s economic drivers?
- ✓ What goals, motivations, or information did you encounter that you hadn’t expected? How did you respond?

Take control Pre-Call Planning Questions

- ✓ What are your next steps to ensure that the purchase process moves forward?
- ✓ What is your understanding of the customer’s buying process?

Post-call debriefing

- ✓ What did this conversation do to move the sale forward?
- ✓ During moments of tension, was your gut feeling to defuse the tension or press on? What did you do?
- ✓ What are your next steps?

Sales Innovation: Nine attributes (p. 159)

- ✓ Investigate
 1. Identify obstacles that get in the way of a new sale
 2. Gather feedback in terms of what is and isn’t working
 3. Identify how to resolve customer pain
- ✓ Create
 4. Innovate around new ways to position our offer
 5. Identify the ideal business outcome
 6. Define and explore new sales offers and solutions
- ✓ Share
 7. Share tactics and best practices
 8. Develop and sustain cross-functional relationships

9. Filter news and information downward

Remember, this isn't product innovation; but innovation in the *sales process*.

Most organizations fail to empower their managers to set their course of action. It is important to empower managers to pursue your "ends" with innovative "means."

Broaden thinking (p. 164)

"Narrowing thinking" is about looking at a complex problem, weighing existing options, and producing a single solution. But this process severely limits managers' ability to develop creative solutions to hard-to-solve customer challenges. It's focused on eliminating options from consideration.

The alternative is "opening thinking" which is characterized by generating and vetting of as many alternative options as possible. Some good questions to ask to deepen understanding, broaden perspectives or expand ideas:

- ✓ What is the bigger picture that this customer situation fits into?
- ✓ What else might be going on behind the scenes for this to be true?
- ✓ If you were the customer's CFO, what would you look for in this offering?
- ✓ What's the head of marketing going to think when he sees this proposal?
- ✓ What would you do differently if you had more budget to pursue this customer?
- ✓ What steps would you pursue if the timeline expanded from six months to one year?

Price Resistance

SCAMMPERR: A good exercise for customers resistant to a price increase:

- ✓ Substitute: What could we potentially use in its place?
- ✓ Combine: How can we integrate, mix or combine with other offerings? (Bundle with another product the customer values.)
- ✓ Adapt: What outside ideas could be adapted to our situation?
- ✓ Magnify: How can we add to or increase emphasis on a valuable feature?
- ✓ Modify: How can we change attributes of the offer to make it more relevant? (Sell smaller quantities with greater frequency.)
- ✓ Put to another use: How might a different function in the customer org value this? (Find a secondary use for our product in their manufacturing process.)
- ✓ Eliminate: What elements that customers are unwilling to pay for can be removed? (Eliminate unnecessary packaging costs.)
- ✓ Rearrange: How can we change the order of things to make them more relevant?
- ✓ Reverse: How can we reverse our approach to do the exact opposite?

Overused buzz words to avoid that make you sound like everyone else (p. 177)

Every time you use one of these buzz words it's like saying you're exactly the same as everyone else.

Leader	Leading	Best	Top	Unique
Great	Solution	Largest	Innovative	Innovator

Differentiating (p. 178)

The trick is not to describe your differences, but to make customers value them. Be memorable. If you frame your conversation around an edgy or unique insight, the customer will remember. Being different sounds risky, but it's better than being forgettable.

Should everyone be forced to use the Challenger Model (p. 178)

What if a rep is already beating quota but is more naturally disposed to a different selling approach? Companies shouldn't shoot for 100% adoption. The best companies shoot for 80% adoption of any change; letting the rest of the organization come along at their own pace, providing they are beating goal.

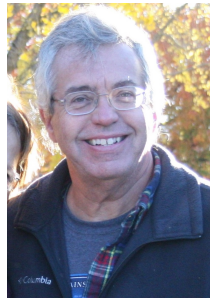
High performers share a common code. They are always eager to understand how they can improve their own performance. They are usually the first to want to try something new. But like elite athletes, high-performing reps are highly discriminatory. If they don't see value in an approach, they will reject it.

SUMMARY OF KEY POINTS

1. Customers place the highest value on salespeople who make them think, who bring new ideas, and who find creative and innovative ways to help the customer's business. Customers want to **learn** something, not buy something. Suppliers differentiate themselves through their teaching messages. What sets apart the best suppliers is not the quality of their services, but the value of their **insight**.
2. There is **greater demand for consensus** before decisions are made by customers. There is, therefore, greater need to work with influencers and not just decision makers.
3. Challengers have the ability to **teach** customers something new and valuable, offering them unique perspectives on their business. What data, information or insight can you present that reframes the way the customer thinks about their business ... how they operate or how they compete ... a set of **compelling** insights that teach customers a new way to compete more effectively. What are you seeing and hearing as key challenges at similar companies?
4. Challengers **tailor** their message to best resonate with whoever they are talking with. They craft their message to focus on the specific priorities of that person.
5. Challengers **take control** of the sales process, standing their ground when the customer pushes back. This is not just on price, but on all aspects of the sales process. They continually push things along, always thinking to the next step. They take control by bringing new ideas to the table.
6. Challengers are **comfortable talking about money** because they are confident in the value they will provide to the customer.
7. One of the biggest differentiators with high-performing reps is the amount of time they devote to **planning**.
8. In the past, sales reps were trained to ask lots of good questions to uncover the customer's need. But often a customer does not know what they need. A better technique is to **tell** customers what they need. Challengers are good **teachers**. They know the customer's need better than the customer knows it themselves.
9. Rather than leading with open-ended questions to determine customer needs, we should lead with **hypotheses of customer needs** based on our prior experiences and research. If we can determine what CIO's at five different companies care about, we can use that information to predict what other CIO's at similar companies care about as well.
10. Your teaching must tie directly back to some capability where you outperform your competitors. Step one is to **know your unique strengths**; your core value proposition.

11. You must teach customers in such a way as to challenge their assumptions, speaking directly to their world in ways they have not yet thought of or appreciated. The desired response we seek is not “I totally agree” but **“Huh, I never thought of it that way before.”**
12. **Starting point:** We can’t rely on individual reps to figure out everything on their own. Much should be taken on by the organization centrally, often Marketing, and then given to the sales org in the form of a tool they can use. Marketing can be the “insight generation machine” that keeps sales reps equipped with quality teaching material that customers will find compelling.
 - ✓ Identify our unique benefits (brainstorming session?).
 - ✓ Gather business intelligence ... research.
 - ✓ Develop insights to challenge the customer’s thinking. What is “the ah-ha moment?”
 - ✓ Develop robust teaching messages.
13. **Sales leadership** is about how **innovative** sales managers are. They collaborate with reps to understand as deeply as possible what’s holding up a deal, figuring out why and where a deal is running into trouble, and finding innovative ways to move it forward. In innovation, neither the rep nor the manager knows the answer, but they collaborate through the manager’s leadership to discover an effective path forward.

Notes by Bob Evely



Evely Enterprises LLC

Bob Evely, President

(p) 859.967.9955

bob@EvelyLLC.com

www.EvelyLLC.com

www.linkedin.com/in/bobevely