



The Challenger Sale

Taking Control of the Customer Conversation

by Matthew Dixon and Brent Adamson

From THE CHALLENGER SALE by Matthew Dixon and Brent Adamson
Summarized by arrangement with Portfolio, a member of Penguin Group (USA) Inc.

240 pages

Focus

Leadership & Management
Strategy
► **Sales & Marketing**
Finance
Human Resources
IT, Production & Logistics
Small Business
Economics & Politics
Industries
Global Business
Career & Self-Development
Concepts & Trends

Take-Aways

- Because of the complexity of “solution sales,” B2B selling is more difficult than ever.
- All salespeople fall into five quantitative “profiles”: Hard Workers, Relationship Builders, Challengers, Lone Wolves and Reactive Problem Solvers.
- Contrary to common wisdom, Challengers, who give customers insights that push them out of their comfort zone, get better complex sales results than Relationship Builders.
- Relationship Builders relieve tension. Challengers use “constructive tension” to sell; complex sales require their ability to disrupt the client’s status quo.
- Using the “Challenger Sales Model,” reps “influence” selling interactions three ways.
- First, Challenger reps “teach the customer” by providing financial new insights.
- Second, they “tailor their insights” to resonate with varied clients in different contexts.
- Third, they control the sale by being assertive about all facets of the transaction.
- Suppliers can improve B2B sales by hiring Challengers, training staff to be Challengers and enabling sales managers to coach salespeople on Challenger behaviors.
- Top sales require organizational capability; marketing must gather unique insights to create “Commercial Teaching” collateral that the average sales rep can deliver.

Rating (10 is best)

Overall

8

Applicability

9

Innovation

9

Style

7

Relevance

What You Will Learn

In this summary, you will learn: 1) How the “Challenger Sales Model” works, 2) Why it is the best approach for business-to-business (B2B) sales and 3) How your salespeople can use it to increase their sales.

Recommendation

In a field where new approaches and insights are rare, this book is a standout. Consultants Matthew Dixon and Brent Adamson spell out their business-to-business (B2B) sales construct, the “Challenger Sales Model,” overturn a few old assumptions (like Relationship Builders sell best) and set a new course for well-informed salespeople. Their innovative methods – drawn from research by the Sales Executive Council of the CEB, a global member-based advisory company – offer a new take. The book details an impressive, data-based B2B sales tactic, starting with helping you understand your sales personality type and explaining why you want to teach, tailor your message to and challenge your clients. Drawing from a survey of 6,000 sales reps, they explain what information to gather, how to present it and how to challenge your customers. *getAbstract* recommends their instructions to B2B sales professionals and to executives in sales management. To take a big step forward in planning and closing B2B sales, line up at this starting gate.

Summary

What Kind of Sales Rep Are You?

The Sales Executive Council (SEC), a sales research arm of the CEB, a global “member-based advisory committee,” researched the impact of the 2009 economic meltdown on business-to-business (B2B) salespeople. It found that these reps fall into five categories:

1. **“Hard Workers”** – These individuals put in more calls, see more prospects and send out more proposals than other sales reps.
2. **“Relationship Builders”** – They work to meet customer needs. To them, strong relationships mean everything.
3. **“Lone Wolves”** – They are self-confident and do things their way. They frustrate sales managers but keep their jobs because they are effective.
4. **“Reactive Problem Solvers”** – They have the souls of customer service reps. Nothing matters more to them than keeping their customers happy.
5. **“Challengers”** – They learn everything they can about their customers’ businesses and industries, and use these insights to guide customers to operate more effectively and become more profitable – in some part by buying what the rep is selling. Challengers are excellent debaters, and they push customers to think in new ways.

SEC findings revealed that Challengers consistently make the most sales. That undermines the long-held consensus that the best-performing B2B reps are those who are good at building customer relationships. Challengers do build relationships, but that’s only one facet of their work, but they know most client loyalty is based on how you sell, not on what you sell. A CEB study reports that 53% of the B2B customer loyalty is a function of the sales experience.

“You can’t be an effective Challenger if you’re not going to push your customers.”

“Customers want to talk about their business, not your solution.”

“Over half of customer loyalty is a result not of what you sell, but how you sell.”

“It’s much easier to protect premium pricing in a solution sale than in a traditional product sale.”

“In a world where findable business has all but vanished, Relationship Builders are doomed to fail.”

“What sets the best suppliers apart is not the quality of their products but the value of their insight – new ideas to help customers either make money or save money in ways they didn’t even know were possible.”

“Solution Selling”

Most B2B sales reps use a consultative approach – called solution selling – to develop ways their offerings solve customers’ problems. Solution selling calls for bundling products and services to forestall competitors from matching your customized client solutions. Solution selling also avoids commoditization and protects pricing. However, solution sellers can’t offer workable solutions without knowing their customers’ needs, information salespeople usually try to obtain by questioning customers. But clients don’t enjoy having reps grill them, particularly when sales reps try to find out what they believe clients already know – a Challenger understands that sometimes clients don’t know what they need. Prospects, especially skeptical ones, also have no reason to think that a solution an unknown rep might propose will be something they want. And when salespeople require input from multiple internal stakeholders, clients lose even more time.

Because solution selling is complex, clients want suppliers to absorb some of the risk involved in their purchase. If the customer’s business doesn’t improve due to the product – or if the rep’s solution doesn’t work – the customer may hold the supplier liable. The sales proposal must proactively account for this possibility. Additionally, the client frequently wants a customized solution, which is expensive for the supplier. Often, the customer relies on third-party consultants to “extract maximum value from the purchase decision.” This means less profit for the vendor.

New Challengers

These complications make the typical B2B sale more daunting than ever. Most B2B salespeople have a tougher time closing business today than in the past. In traditional transaction sales, companies find a 59% performance gap between average salespeople and top performers. In solution sales, the gap is closer to 200%. That is one reason B2B sales companies need as many ace performers as possible, and that means Challengers, who comprise nearly 40% of the best selling reps, according to the SEC’s findings. The next most successful group is the Lone Wolves. However, most sales department heads avoid hiring Lone Wolves because they are difficult to manage. Out of the five B2B sales representative types, Relationship Builders are the least effective at complex solution selling and the least likely to close new business. In the SEC study, only 7% of the highest performing sales representatives were Relationship Builders.

Challenger sales reps supply customers with special perspectives. They work especially well with customers who have not clarified their own needs or who are dubious about buying anything. Challengers are good communicators who can discuss financial issues with ease and have the knowledge to target their clients’ budgetary concerns. They understand what prospects value and feel secure enough to press them when necessary. Challengers excel over other types of reps and can do well in either a recession or a boom market. Challengers have three key traits:

1. Challengers can use their interactions with customers to “teach something new and valuable about the marketplace” because they possess special, detailed knowledge about their customers and do well in constructive dialogue and debate.
2. Challengers can “tailor for resonance” because they understand the values that matter most to their customers. They know how to develop and deliver compelling messages to targeted prospects.
3. Challenger sales reps can “take control of the sale” because they are not afraid to challenge the B2B customers upon whom they depend for business. They don’t mind pressing them to close the sale or readily engaging them about financial issues.

"Customers...see significantly less difference between us and the competition than we do ourselves."

"You have to know your customers' business better than they know it themselves – at least that part of their business that speaks to your capabilities."

"Eighty percent of marketing collateral winds up in the trash, while 30% of sales time is spent reproducing the very collateral they just threw away."

"Being a little unsettling is the point of a Challenger approach: to be proactive, to challenge and therefore to be seen as differentiated by the customer."

Teaching Your Clients

Customers do not want to spend time during sales calls answering questions to explain what business issues worry them the most. Clients want B2B reps to know that already and to provide valuable insights about how to improve their business operations. Customers don't want to teach; they want to be taught. Challenger sales reps use insightful, customized information compiled by their marketing departments to engage in "commercial teaching." This challenges customers and helps them perform more efficiently by using the products or services the reps sell – and that's the factor that matters most to salespeople. To provide commercial teaching, follow four guidelines:

1. **"Lead to your unique strengths"** – Your teaching should lead the customer directly to think: "Wow, how can I make that happen?" This is where you educate the customer about how your solution will help.
2. **"Challenge customers' assumptions"** – You must "reframe" the clients' thinking. You want the customer's reaction to be: "I never thought of it that way before."
3. **"Catalyze action"** – Organize your return-on-investment calculations to focus on the money the customer wastes by not taking action. Build the customers' sense of urgency about fixing the problem.
4. **"Scale across customers"** – Your firm should develop a series of professionally scripted ideas for its sales reps (a compilation of the special insights that customers want), as well as pointed questions reps can use to learn which ideas to present to which customers.

The commercial teaching process follows six steps:

1. **"The warmer"** – After introductions, produce information that educates the customer about primary problems you know similar companies face. Benchmarking data helps.
2. **"The reframe"** – Once you lay out the key issues, provide a fresh perspective that makes the customer think differently about the matters you've unfolded.
3. **"Rational drowning"** – Supply a comprehensive business case with specific data that quantifies the money the customer's firm may be losing because it isn't changing how it operates – that is, it isn't ordering what you sell. Supply as much information as possible so the customer feels as if he or she is drowning in your data.
4. **"Emotional impact"** – Use a story to tie the customer to this frightening data. The reaction you want is, "Yeah, we do that all the time. It just kills us."
5. **"A new way"** – Now that you've adequately laid out the problem, provide a generic solution. Focus your presentation not on your product or service but on the reason the customer would benefit by instituting a quick change to improve the situation.
6. **"Your solution"** – Explain how your specific solution – your product or service – is the best answer for the customer.

Tailoring Your Message

Customers' decision makers do not buy complex B2B products or services unless their firm's internal consensus backs that decision. B2B sales reps must secure the support not only of the primary decision maker but also of the stakeholders within the company who must approve the sale. To gain this comprehensive support, deliver the insights stakeholders want to hear. Tailor your messages to each individual. Your sales office should research and prepare specific information for the Challenger rep's meeting with client companies' internal stakeholders. This data should address a few pivotal questions: What are the current trends in the industry? What are the customer's competitors doing?

“Challenger reps aren’t focused on what they are selling, but on what the person they’re speaking to is trying to accomplish.”

“Sure, they can push the customer on financial terms and aspects of the selling/buying process, but more important, they push the customer in terms of how they think about their world and their challenges.”

“Tailoring relies on the rep’s knowledge of the specific business priorities of whomever he or she is talking to – the specific outcome that particular person values most, the results they’re on the hook to deliver.”

What new government regulations lurk on the horizon? Customize the information to the results the customer wants to achieve.

Controlling Your Sales Call

Assuming control is not an end-of-sale negotiation tactic. Challenger sales reps do it at every stage of the process. Challengers assume that their customers lack the expertise to conclude a complex B2B sale. They “teach the customer how to buy the solution.”

Many B2B sales managers may fret that if they tell their salespeople to assume control of the sales call, the reps might be too aggressive toward customers. In fact, most B2B sales reps are too passive. They want to get along with customers rather than develop a state of “constructive tension” – and that’s the Challenger rep’s great skill. Instructing most B2B sales reps to control their calls will help them become more effective. Also advise your reps to become more comfortable with ambiguity – that is, not to strive for a fast close. Challenger sales reps love ambiguity. They use every single step of the sales process to deliver notable value – for example, providing customers with helpful insights.

Hiring Challenger Sales Reps

When you set out to hire Challengers, consider these issues:

- **Find the Challenger in your reps** – Every sales rep demonstrates some Challenger characteristics. Help your sales reps enhance their Challenger attributes.
- **Combining skills is critical** – Just tailoring the offer and differentiating by teaching won’t enable a B2B sales rep to close. And taking control without teaching or tailoring only annoys customers. To be Challengers, B2B reps must perform all three functions by using constructive tension, which calls for “challenging the way a customer sees their world and pushing back constructively in tough negotiations.”
- **Challenging springs from the organization, not the rep** – Without strong organizational support – for example, having staff to develop great content for the teaching portion of the sales call – B2B sales reps face an uphill fight.
- **No Challenger sales force develops overnight** – Transforming your sales force into an army of Challengers takes time.

Managing Your Sales Staff to Build Challengers

A Challenger sales training program requires the full backing of effective, committed sales managers. Great sales managers are top salespeople, skilled managers and sound coaches. They do what is necessary to ensure that their people succeed.

Not all top performers will be comfortable assuming the Challenger’s role, so recruit applicants who already match the Challenger profile. Understand that the overall Challenger approach is applicable throughout your entire organization and not just in your sales division. Always be sure your reps can answer this question: “Why should our customers buy from us over anyone else?”

About the Authors

Matthew Dixon is an executive director and **Brent Adamson** is the managing director of the Sales Executive Council of the CEB, a member-based advisory company. The SEC does sales productivity research for its 300 member organizations as well as for its 18,000 sales professionals.