

# **“The Challenger Sale”**

*Taking Control of Customer Conversations*



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Executive Board's Sales Executive Council

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Summary by Bob Littell

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*“What’s the secret to sales success? If you’re like most business leaders, you’d say it’s fundamentally about relationships – and you’d be wrong. The best salespeople don’t just build relationships with customers. They challenge them.”*

## Overview – Bob Littell

In this book, you will learn about the FIVE distinct profiles that sales reps across all industries fall into. This is giving away a little of what the research shows and why this group always ends up top – The Challenger Sales Rep. As the authors point out on the flyer to the front cover:

*“Instead of bludgeoning customers with endless facts and features about their company and products, Challengers approach customers with unique insights about how they can save or make money. They tailor their sales message to the customer’s specific needs and objectives. Rather than acquiescing to the customer’s every demand or objection, they are assertive, pushing back when necessary and taking control of the sale.”*

But for those who know me as the Chief NetWeaver - with NetWeaving being a proven way to build **‘trusted relationships’** - this book has proven to me that as a result of the new world of selling – largely created as a result of the near economic collapse in 2009, but continuing into the foreseeable future, the days of the pure ‘relationship-builder’ are over. Relationship-building is still important but doing so in different ways, and in learning a different set of skill sets that involve **‘teaching’**, **‘tailoring’**, and **‘taking control’** and that’s what you’ll learn in this book.

## FOREWORD

The Foreword of the book is written by none other than **Professor Neil Rackham**, the author of “**SPIN Selling**”. He considers this book to be “**the most important advance in selling for many years.**” Neil first reviews what he considers to be the four major historical breakthrough developments in selling.

The first one involved the life insurance industry when back in the early 1900’s they split the ‘sales and premium’ collection duties, freeing up sale reps to be totally focused on selling.

The second breakthrough Neil attributes to **E.K. Strong** who published “**The Psychology of Selling**”. He introduced selling concepts; features and benefits, asking open ended questions, and answering objections in order to close. These, he pointed out, were all ‘teachable skills’.

Rackham says the third breakthrough occurred in the 1970’s when researchers determined that a different set of techniques and skill sets were needed for sales reps working in transactional small sales versus those transactions involving complex sales and Neil was involved in much of the research that introduced ‘**consultative selling**’. Those findings and that brand of ‘solution selling’ continues to today in ways we somewhat take for granted.

Since that time he says there have been a number of smaller changes and improvements, and technology has had a huge impact on selling of all kinds, particularly ‘transactional selling’, but he says the other huge breakthrough is what Neil labels “**The Purchasing Revolution**”:

*“Purchasing has gone through a major revolution. From being a dead-end function in the 1980s where those who couldn’t cut it in HR went to die, it has emerged as a vibrant strategic force. Armed with powerful purchasing methodologies such as supplier segmentation strategies and sophisticated supply chain management models, the rise of the new purchasing [methodology] has demanded fundamental shifts in sales thinking.”*

Neil points to this book and “**Challenger Selling**” as possibly a fourth major breakthrough and that, *only time will tell*. With extensive research backing up the findings from the Sales Executive Council, within the Corporate Executive Board in Washington, DC, Rackham admits the researchers overcame his two major concerns.

Rather than focusing on ‘**personality types**’, they identified Five behavioral clusters which overcame his first concern. The clusters ended up falling into 5 sales reps buckets:

- The Hard Worker
- The Challenger
- The Relationship Builder
- The Lone Wolf
- The Reactive Problem Solver

His second concern was overcome when he discovered instead of taking the traditional approach of comparing ‘**low performers**’ to ‘**high performers**’, they compared these ‘**top dog**’ performers to ‘**average performers**’.

The initial sample size of the research was 700 across all industries and professions and that sample has now grown to 6,000 with 90 companies participating in the research.

And perhaps most enlightening to Professor Rackham was that unlike much research where the researchers have their own pre-conceived notions as to what they will find, in this instance the results were a total surprise to them.

Rackham reports, “. . . *Challengers won out not by a small margin but a massive one. And the margin was far greater in complex sales.*”

But the other shocker finding - to me at least - was that in complex sales, the **Relationship-Builder profile** came out on the bottom. Here’s how Rackham explains it:

*“It seems that the old advice, ‘Build relationships first and then sales will follow,’ no longer holds true. That’s not to say that relationships are unimportant. I think a better explanation is that the relationship and the purchasing decision have become decoupled. Today you’ll often hear customers say, ‘I have a great relationship with this sales rep, but I buy from her competition because they provide better value.’ **Personally, I believe that a customer relationship is the result and not the cause of successful selling. It is a reward the salesperson earns by creating customer value. 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.**”*

Here’s another concluding piece of wisdom in the Foreword by Professor Rackham:

*“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.’**”*

## **INTRODUCTION**

(For ease of reference, going forward, I will now refer to the two authors as Matt and Brent)

**M**att and Brent start by stating the **three (3) core insights** the researchers within the Sales Executive Council (SEC), a program within the Corporate Executive Board, have gained and, *“that have fundamentally rewritten the sales playbook and led B2B executives all over the world to think very differently about how they sell.”*

Their first insight was the discovery of the five distinct profiles already mentioned in the Foreword. According to Matt and Brent, they represent, **“a specific set of skills and behaviors that define his or her primary mode of interaction with the customers.”**

They concluded that the second insight **‘changes everything’**: *“When you take those five profiles and compare them with actual sales performance, you find there is a very clear winner and a very clear loser.”*

And as I’ve already stated in my own case, there was something disturbing about the finding about the real ‘loser’ – **the Relationship-Builder** - but I’m not alone: *“When we show them [the results] to sales leaders, we hear the same thing again and again. They find the results deeply troubling because they’ve placed by far their biggest bet on the profile least likely to win.”*

One quick reminder here, most of the research involved sales performance in B2B complex sales although there is some definite carryover into some more transactional sales.

Their third insight turned out to be “*the most explosive*”:

*“While we’d set out four years ago to find the winning recipe for sales rep success in a **down economy**, all of the data indicated something far more important. The profile most likely to win isn’t winning **because** of the down economy, but **irrespective** of it. These reps are winning because **they’ve mastered the complex sale**, not because they’ve mastered a complex economy.”*

## Chapter 1 The Evolving Journey of Solution Selling

As the researchers were studying sales performance in 2009, the concept of ‘**solution selling**’ or a ‘**solutions approach**’ had already come to dominate sales and marketing strategy for at the least the previous 10 or 20 years. But what became apparent was that “*the world of solution selling was evolving*”:

*“As suppliers seek to sell ever bigger, more complex, disruptive, and expensive ‘solutions,’ B2B customers are naturally buying with greater care and reluctance than ever before, dramatically rewriting the purchasing playbook in the process. As a result, traditional time-tested sales techniques no longer work the way they used to.”*

I think they make a very important point about how commoditization – even among complex products - has become commonplace:

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

What immediately came to my mind was today how high-end car features like backup cameras, side traffic detectors, blue-tooth technology, even automatic parallel parking can be found in some more medium-priced cars.

On page 7, Matt and Brent include a chart contrasting “**Product Selling**” to “**Solution Selling**” within 3 categories: **The Nature of the Relationship**, **Selling Skills** required, and **Customer Expectations**. You can view the entire chart when you buy the book, but the description accompanying “**Solution Selling**” for each category respectively includes:

- Supplier viewed as a trusted advisor
- Boardroom-level engagement with customer
- Provision of strategic insight regarding the customer’s business

### The Customer Burden of Solutions

So as the authors point out, a ‘*shift to solution selling results in customers expecting you to actually ‘**solve**’ a real problem and not just supply a reliable product. And that’s hard to do.*’

*“ It requires that you not only understand the customer’s underlying problems or challenges as well if not better than they do themselves, but also that you can identify new and better means of addressing those challenges, articulate clear benefits from using limited resources to solve that problem versus competing ones, and determine the right metrics to measure success. And the only way to do all of that is to ask the customer lots of questions.”*

Wow, can you see why you would call this a complex sale?

Matt and Brent add this process not only **‘requires a huge amount of customer involvement at each stage’**, but that creates two kinds of burdens: **“Time”** and **“Timing”** (i.e. getting all the necessary parties together. And all of these efforts *“come early, before they [the customers] see any value. Really it’s an act of faith on their part that they’re going to get anything in return for all their trouble.”*

All of these factors have caused an evolution in customer buying behavior and the authors have identified **four trends** that have resulted as a consequence:

## The Rise of the Consensus-Based Sale

The first trend is most probably an out-growth of the economic collapse, but as the deals have gotten bigger and the projects more complex and expensive, Matt and Brent say:

*“Because the payoff of buying a complex solution is so uncertain, even C-level executives with significant decisions-making authority are unwilling to go out on a limb to make a large purchase decision without the support of their teams.. . .Not only does the rep now have to spend the time tracking down all these individuals and selling them on the solution, but the risk that at least one of them is going to say no, goes up with each new stakeholder that rep has to engage.”*

## Increased Risk Aversion

The second trend ties into the first since with the longer time before it’s ever known, there’s always a question **‘whether or not they will ever see a return on their investment’**. Now according to Matt and Brent,

*“. . .supplier success is often measured by the performance of the customer’s business not the supplier’s product. . . .Suppliers looking to grow a solutions business, then, are going to have to run right at risk, building it directly into their value proposition, as an increasingly large number of customers are no longer willing to accept at face value that ‘solutions’ will ultimately deliver the kind of value that suppliers promise up front..”*

## Greater Demand for Customization

Third, as part of the deal, customers are expecting customization to meet their specifications. According to Matt and Brent, *“Whereas suppliers typically see customization purely from a **cost perspective**, customers see customization as **part of the promise of a ‘solutions’ sale**. **Customization: Everyone wants it; no one wants to pay for it.**”*

## The Rise of Third-Party Consultants

The fourth trend is that Matt and Brent “. . .have seen a dramatic and troubling rise in the number of third-party consultants employed by customers to help them **‘extract maximum value from the purchase decision.’** “

In line with this, the authors make a couple important points about this trend. First these consultants **‘sold their services largely on the basis of their ability to save companies money.’** In that case, “. . .extracting maximum value from the purchase decision really was nothing more than code for doing everything possible to stick it to suppliers on price, up to and including going back and auditing prior deals to uncover grounds for renegotiation.”

Secondly, due to the complexity of many of the systems and processes being recommended by suppliers which the clients are often unqualified to understand and judge, rather than taking the word of the supplier, they are using what they believe to be a neutral 3<sup>rd</sup> party: **“As a result, suppliers today are frequently confronted with new and aggressive third party intermediaries looking to take their share of ‘value’ from the deal.”**

So if you add all four of those trends up, you can see why Matt and Brent conclude that:

*“While the economy has gotten better, selling hasn’t gotten any easier. It’s the physics of sales: Suppliers called the solutions play, and customers have made their countermove. Customers are looking for ways to reduce both the complexity and risk the suppliers’ solution selling efforts have foisted upon them.”*

## A Widening Talent Gap

Further complicating the scene today, the research showed that the performance gap between **‘average and star performers’ in transactional sales is 59%:** **“So the star performer sells about *one and a half times* as much as the core performers.”** **“However, in companies with solution selling models [more complex sales], the distribution is very different. There they [star performers] outperform by almost 200 percent. The gap is four times greater.”**

The authors conclude the chapter with three conclusions:

1. *“. . .put a corporate bear hug around your stars. . . It’s not just that stars are carrying the day for you; they’re often carrying the entire company.”*
2. *“. . .as your sales model becomes more complex, the value of narrowing the gap between your core [average] and star performers goes up radically. . . in a transactional world, the value of getting someone just halfway from good to great is a 30 percent improvement. But the value of the same move in a solutions environment is an almost 100 percent improvement.”*
3. *“. . .the penalty for not closing the gap is terrifying. As your model evolves, left untended, the core will fall farther and farther behind, until they ultimately can’t execute the new model at all.”*

So hopefully by this point, you should have gotten the message that you need to somehow find ways not only to cherish the ‘star performers’ you already have, but you need to create ways to recruit new ‘stars’ and to move as many of those ‘average’ ‘core’

performers as possible up to become 'star performers'. That's what the rest of this book is all about.

## **Chapter 2**

### **The Challenger (Part 1):**

#### **A New Model for High Performance**

As part of the conclusions the research uncovered from the testing and surveying done with now well over 6,000 reps all over the world, they have been able to conclude that their findings hold true irrespective of economic conditions.”

They identified a series of sales attributes. Partly these came from asking managers to “*assess attitudes, including the degree to which their reps seek to resolve customer issues and their willingness to risk disapproval.*”

*“They looked at the sales rep skills and behaviors including their business acumen and needs-diagnosis ability. We looked at activities, like reps’ tendency to follow the sales process and thoroughly evaluate opportunities. And, finally, we asked about reps’ knowledge of their customer’s industry as well as their own companies’ products.”*

There is a great table on page 16 which details many of the variables tested in each of these four areas: **Attitudes, Skills/Behaviors, Activities, and Knowledge**. A couple of the ones under “Attitudes” were particularly interesting to me: “**Extent of outcome focus**” and “**Curiosity**”. Just one more reason to own the book.

So what were the three key findings that ‘*represent a radical departure from how most sales executives think about how to drive sales success?*’

#### **Finding #1:**

##### **There are FIVE Types of Sales Reps**

Although with any categorization there will crossovers, their research shows that a rep “*tends to be good at one attribute in that group, he or she is very likely to be good at all of the others in that group as well.*”

##### **The Hard Worker (21% of the sample)**

- Always willing to go the extra mile
- Doesn't give up easily
- Self-motivated
- Interested in feedback and development

##### **The Challenger (27% of the sample)**

- Always has a different view of the world
- Understands the customer's business
- Loves to debate
- Pushes the customer

### **The Relationship Builder (21% of the sample)**

- Builds strong advocates in customer organization
- Generous in giving time to help others
- Gets along with everyone

### **The Lone Wolf (18% of sample)**

- Follows own instincts
- Self-assured
- Difficult to control

### **The Reactive Problem Solver (14% of sample)**

- Reliably responds to internal and external stakeholders
- Ensures that all problems are solved
- Detail-oriented

Just repeating what I said with which Matt and Brent agree, “**These groups are not necessarily mutually exclusive**”. . . “*For example, to one degree or another, all sales reps adhere to a formal sales process. All reps have a least a minimum acceptable level of product and industry knowledge. But for almost every rep, a specific subset of these attributes defines their primary approach to customers.*” They suggest that we should consider these five profiles like **different ‘majors’ in sales**.

The authors offer these question to Sales Executives who read this: “*Which of the five profiles best describes the bulk of your sales force? Where have you placed your bets as an organization or, perhaps more practically speaking, which type of rep are you trying to recruit right now? Which are you trying to get your reps to behave more like?*”

Pages 19-22 go into more detail about each of the five profiles. I’ll just pick out one attribute from each category that I thought was especially interesting.

#### **The Hard Worker**

*“They’ll make more calls in an hour and conduct more visits in a week than just about anyone else on the team. And they enthusiastically and frequently seek our feedback, always looking for opportunities to improve their game.”*

#### **The Relationship Builder**

*“Whatever you need.” They’ll tell customers. “I’m here to make that happen. Just say the word.”*

#### **The Lone Wolf**

*“In many ways, the Lone Wolves are the ‘prima donnas’ of the sales force – the ‘cowboys’ who do things ‘their way’ or not at all. More often than not they drive sales leaders crazy – have no process compliance, no trip reports, no CRM (customer relationship management) entries.”*

#### **The Reactive Problem Solver**

*“One SEC member described the problem solver as “a customer service rep in sales rep clothing.” . . .”They come into the office in the morning with 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 actually pay to solve those problems.”*

#### **The Challenger**

*“They’ve got 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.”*

## Finding #2: One Clear Winner and One Clear Loser

There's a chart on page 22 comparing 'core' [average] performers in each of the five profiles. It's only the Challenger and the Lone Wolf profiles where the percentage of high performers is higher than average performers. With the Challenger the comparison was 39% to 23%, and in the Lone Wolf profile, it was 25% to 15%.

And although they are somewhat similar, if you have ever tried to 'manage' the Lone Wolf or Wolves in your organization, give me a Challenger any day. One thing I did not see mentioned in the book and I don't know if they went down this road in the research, but my personal experience is that Lone Wolves also have a tendency to 'cut corners' sometimes on the edge, or beyond, of what is ethically responsible.

But most startling is when you compare the 39% of star performer Challengers to only 7% Star Performers in the Relationship Builder category.

Of the forty-four attributes the researchers studied, there were six (6) that showed up statistically significant in defining someone as a Challenger rep:

- ***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***

Repeating what I would consider to be the most important distinguishing factors between Challengers and Relationship Builders, the authors say this:

*"Meanwhile, as the Challenger is focused on pushing the customer out of their comfort zone, the Relationship Builder is focused on being accepted into it. They focus on building strong personal relationships across the customer organization, being likeable and generous with their time. The Relationship Builder adopts a service mentality. While the Challenger is focused on customer value, the Relationship Builder is more concerned with customer convenience."*

And here's the kicker: *"The Challenger rep wins by maintaining a certain amount of **constructive tension** across the sale. The Relationships Builder, on the other hand **strives to resolve or defuse tension**, not create it."*

## Finding #3: Challengers Are the Solution-Selling Rep, Not Just The Down Economy Rep

Here the authors tackled the question of whether this disparity between the Challenger Rep and the other profiles, especially the Relationship Builder is a short-term phenomenon, or does this represent a real 'changing of the guard'?

They show a chart on page 27 that compares all five profiles as they relate to 'low complexity' sales to 'high complexity' sales. In the 'low complexity' sale, actually the "Hard Worker" and "Lone Wolf" win, with the Challenger and Problem Solver about the same next and the Relationship Builder last by a good bit.

But the comparison when it comes to the 'complex sales rep', the Challenger profile runs away from the other four

:

Challenger	54%
Lone Wolf	25%
Hard Worker	10%
Problem Solver	7%
Relationship Builder	4%

The comparison between the Challenger and the Relationship Builder profile in Complex Sales provides solid proof that 'Relationship Builders' are not effective in making the complex sale.

Matt and Brent conclude this chapter with this piece of advice:

*"The overall conclusion from our research is this: If you're on the journey to more of a value-based or solutions-oriented sales approach, then your ability to challenge customers is absolutely vital for your success going forward. It's therefore imperative to understand just what exactly makes someone a Challenger. After all, it's one thing to tell reps: **"Be a Challenger"**. It's another thing altogether to tell them exactly what you want them to do."*

### **Chapter 3**

## **The Challenger (Part 2):**

### **Exporting the Model to the Core**

Matt and Brent express what the rest of the book is all about but first they define a Challenger this way:

***"A CHALLENGER is defined by the ability to do three things: teach, tailor and take control – and to do all of this through the use of constructive tension."***

*"The Challenger Selling Model is simple in theory, but complex in practice, and early adopters will attest to that. The rest of this book is dedicated to sharing proven best practices, tools, and lessons learned to help companies, commercial leaders, managers, and reps implement the Challenger Selling Model."*

The authors first cover four Principles that underlie the model and lay the groundwork for the rest of the book:

#### **Principle #1 – Challengers Are Made, Not Just Born**

Matt and Brent start with an encouraging note about the research: *"One of the things we know from our research is that every rep in our study had traces of the Challenger 'gene,' it just wasn't the thing they 'majored' in."*

They also answer one of the questions I had in my mind which is, “Are they suggesting you fire your existing sales force – probably except for any Challengers you already have and Lone Wolves – if you can put up with them – and start over. They say this:

*“Furthermore, the idea that Challengers are born and not made is somewhat irrelevant. While we might not be able to rewrite their DNA, if we are able to modify non-Challenger rep behavior even temporarily as they face off with customers (to ‘flex’, as one member put it), that effort is likely time well spent. After all, we aren’t aware of any sales leader who is ready to let go of all but a handful of his reps and rehire an entirely new sales force – that is, no head of sales who wants to keep his job.”*

## **Principle #2 – It’s the Combination of Skills That Matters**

**M**att and Brent emphasize: “. . .it’s the combination of the Challenger attributes – the ability to teach, tailor, take control,, and do it all while leveraging competitive tension – that sets Challengers apart.”

If you’re a sales rep and you’re reading this summary, or the entire book, you may be tempted to conclude that you are a Challenger even though you are missing one or more of the essential attributes.

Part of my career was, and still is to some extent, in sales, and as I read, I found myself trying to squeeze myself into that Challenger category. I love to teach. I think I’m pretty good at tailoring solutions to needs that I have identified. I love asking questions and drilling down. But I don’t think I’m exceptional at ‘**taking control**’, and the truth is, I’m not good at maintaining ‘**constructive tension**’ and have always prided myself as the ‘**peacemaker**’.

Luckily I guess through combining parts of the Relationship Builder, with “hard work”, I’ve been able to achieve some level of success, even with some very technical complex sales of life insurance. But at the same time, I can now recognize some sales reps who I have known over that financial services career who immediately come to mind as complete “Challengers”.

In other words, I agree with their premise that it’s the combination of ALL the attributes that makes a Challenger, and I look forward to testing out some of their recommendations on how to get better at ‘taking control’ and applying ‘constructive tension’ without it coming across as being too abrasive.

The authors provide a great chart on page 33 that really illustrates the three attributes within an environment of ‘constructive tension’.

- **Teach** – *Challenger reps deliver insight that reframes the way customers think about their business and their needs.*
- **Tailor** – *Challenger reps communicate sales messages in the context of the customer.*
- **Take Control** – *Challenger reps openly pursue goals in a direct but non-aggressive way to overcome increased customer risk aversion.*
- **Constructive Tension** – *Challenger reps seek to leverage constructive tension to their advantage across all dimensions of the sale.*

### Principle #3 – Challenging is About Organization Capability, Not Just Rep Skills

The authors provide this cautionary message to organizations who want to implement the Challenger Sales Model and think that it's just getting their reps to be re-trained:

*“Many organizations assume the migration to the Challenger Selling Model is a question only of improving individual rep skills. For the model to really work, that is emphatically not the case. This journey is actually just as much about building organizational capabilities as it is about developing individuals skills.”*

There's more important details on pages 33 and 34 for organizations to absorb in line with this, but a good example of how the organization can play an important role is in arming the sales rep with industry research and knowledge: *“First, organizations can leverage business intelligence and research assets to help developing Challengers better tailor their messages to each customer's industry and company context. The organization also bears the responsibility for identifying which teaching messages will resonate with which stakeholders.”*

### Principle #4 – Building the Challenger Sales Force is a Journey, Not an Overnight Trip

You can probably guess the message here: *“Early adopters attest to the fact that moving to the Challenger Selling Model is a journey. Those who've been down this path peg the time to full adoption in terms of years, not weeks or months. Indeed much of the up-front effort will be spent getting your own leadership team on board with the new model.”*

On pages 35 to 42, the authors provide examples in each of the three skill sets – **teaching**, **tailoring**, and **taking control** – of how effective the Challenger Sales Model can be. You should read these to be more convinced how it has worked, but there was a statement under **“Taking Control”** that is really worth citing:

*“. . .it's important to note that being **assertive** does not mean being **aggressive** or, worse still, annoying or abusive. This is all about the reps' willingness and ability to stand their ground when the customer pushes back”. . .”A Challenger's assertiveness takes two forms. First, Challengers are able to assert control over the discussion of pricing and money more generally. The Challenger rep doesn't give in to the request for a 10 percent discount, but brings the conversation back to the overall solution – pushing for agreement on value, rather than price. Second, Challengers are also able to challenge customer's thinking and pressure the customer's decision making cycle – both to reach a decision more quickly as well as to overcome that 'indecision inertia' that can cause deals to stall indefinitely.”*

### A Road Map for the Rest of the Book

Matt and Brent conclude this chapter by offering a tantalizing summary of what lies ahead in the remainder of the book. As is customary in my book summaries, I will cover some of the highlights I identify, but I would be very surprised if you have gotten this far, that you would not want to make this book part of your reference library. And that applies whether you are in sales, but not necessarily involved in complex sales, because the Challenger Selling Model can apply to anyone in sales, consulting, coaching, or just in negotiations within a personal context such as 'buying a home' or a 'new car'.

- **Chapters 4 and 5 – How to hone your 'teaching pitch'**

- **Chapter 6** – A ‘deep dive’ into **‘tailoring’** and why it’s so effective in today’s sale environment
- **Chapter 7** – A ‘deep dive’ into **‘taking control’** and learning how to be ‘assertive’ without being abrasive
- **Chapter 8** – The critical role of the front-line sales manager and best practices for coaching and how high-performing sales managers can also possess a unique ability to innovate at the deal level with their reps,
- **Chapter 9** – Some words of wisdom to sales leaders who are seeking to transform their commercial organization into a Challenger organization.
- **Lastly**, in the afterword, Matt and Brent look at the notion of challenging beyond the world of sales and suggest that the Challenger model is actually a business concept and not just a sales concept. I’ve already concluded that is the case.

## Chapter 4

### **Teaching For Differentiation (Part 1):**

#### Why Insight Matters

Frankly, chapters 4 and 5 in this book are two of the most powerful chapters of any book I’ve ever read. I’m going to simply give some of the ideas, concepts, and terms that are covered in each of these two Chapters and then try and emphasize why each of them are so important to understanding why the Challenger Sales approach works so well.

- The Traditional Solutions Sales Approach is all about asking the customer about their needs, problems, and opportunities, but **“What if they don’t know?”** and more times than not, they don’t know – at least not having a comprehensive knowledge:
  - *“Across the next two chapters we dive deep into the Challenger’s ability to teach – arguably the first among equals across the three central Challenger competencies.” [Teaching, Tailoring, Taking Control of the Sale].*
- In their surveys, they not only asked questions about why a supplier would choose one supplier over another but in line with **‘customer loyalty’**, they found these 3 questions to be most indicative of *‘customer loyalty’*:
  - **“On a scale of 1 to 7, how willing are you to:**
    - *Keep buying from this particular supplier*
    - *Buy even more from this supplier going forward*
    - *Advocate on this supplier’s behalf across your organization?”*
- On Page 47 there’s a chart showing the **“Drivers of Customer Loyalty”** and among these reasons: *“Company and their Brand Impact”, “Product and Service Delivery”, “Value-to-Price Ratio” and “Sales Experience”, the last one accounted for over 50% (53%) of the Drivers of Customer Loyalty.* The authors don’t belittle the importance of the other ones but maintain that all these represent the starting point in today’s world just to be in the game: **“It’s the price of entry to gaining customer loyalty at all.”**

- The 7 Principles found to be most important to customers to maximize the customer experience and thus build loyalty:
  1. *Rep offers unique and valuable perspectives on the market*
  2. *Rep helps me navigate alternatives.*
  3. *Rep provides ongoing advice or consultation.*
  4. *Rep helps me avoid potential land mines.*
  5. *Rep educates me on new issues and outcomes.*
  6. *Supplier is easy to buy from.*
  7. *Supplier has widespread support across my organization.*
  
- Importance of #7 is not only due to the slow economic recovery but now this is an ongoing factor according to the authors: *“You’ve got to build a network of advocacy along the way or risk losing the deal altogether due to weak support across the organization.”*
  
- Companies are looking for suppliers who can help them:
  - *Identify new opportunities*
  - *Cut costs*
  - *Increase revenue*
  - *Penetrate new markets*
  - *Mitigate risk in ways they themselves have not yet recognized.*

The ability of the rep to communicate these is what the authors say “**Commercial Teaching**” is all about and what Matt and Brent call “**The Power of Insight**”.

- ‘How you do it’ is just as important as ‘what you do’: *“**Insight** is all about **teaching customers** new ways of thinking, **pushing them** to rethink their perspectives and approaches. And that’s exactly what Challengers do. They teach customers new perspectives, **specifically tailored** to their most pressing business needs, in a **compelling and assertive enough manner** to ensure that the message not only **resonates**, but **actually drives action**. After all, if you don’t change the way a customer thinks and ultimately acts – then you haven’t really taught them anything to begin with. At least nothing worth doing anything about. And where’s the value in that?”*
  
- The authors provide us with “**Four Rules of Commercial Teaching**” which you need to read in their entirety on pages 56 to 63: We will cover these in more detail at our book club meeting – another reason to attend:
  - **Rule 1 – Lead to Unique Strengths** – this is one of the toughest steps that companies struggle with identifying: *“XYZ - Sure, but doesn’t everyone have that”.*
  - **Rule 2 - Challenge Customers Assumptions** – To do this, *“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.”* [your Unique Strength].
  - **Rule 3 – Catalyze Action** – *“In a world of limited resources and competing priorities, it’s not enough to change the way customers think. You’ve ultimately got to get them to act.”* Here’s one of the major ways the Challenger Sale differs from traditional ‘solution-selling’: *“Unless you can convince your customers they’ll get incremental value for that premium price, your solution strategy is doomed to fail”.. .”* In a Commercial Teaching approach, this is exactly where we find the biggest difference between companies who **believe** they do this well and those who **actually** do this well. That’s because a well-executed teaching conversation isn’t about the supplier’s solution at all – at least not initially. It’s about the customer’s business, laying out an alternative means to either **save money** or **make money** they’d previously overlooked.?”

- **Rule 4 – Scale Across Customers** – Here is where Matt and Brent remind of us the reality of the Challenger Sale as it relates to the individual sales rep – It’s got to be a **‘team approach’**. The organization has got to be fully engaged in helping their reps: **‘identify the supplier’s unique strengths’**. . . **‘understand exactly HOW to Commercially Teach’** and **‘provide unique insights tailored for that particular company’**: *“From a tactical perspective, it’s not realistic or fair to expect your reps to understand their customer’s business better than they do themselves without at least some organizational support. Your core performers will struggle mightily with that task no matter how much you train them – especially if they work across a diverse customer base.”*. . . *“But imagine if you could provide those same reps with a manageably **small set of well-scripted insights** along with **two or three easy-to-remember diagnostic questions** designed to map the right insight to the right customer.? That’s what **‘scaling’** is all about and doing it by customer segments.*

## Chapter 5

### **Teaching For Differentiation (Part 2):** How to Build Insight-Led Conversations

This chapter puts the meat on the bones and provides a practical explanation of HOW to create a Commercial Teaching process. This is not only an insightful chapter, but probably the most ‘entertaining’. Believe it or not, it’s about choreography. . .story-telling. . .”**rational drowning**” complete with a ‘rescue plan’.

There’s a chart on page 66 which I found fascinating. It’s a choreographed mapping of the Challenger Sales process from **“Building Credibility”** and not by first touting your own credentials and how great your company is, but by demonstrating empathy – built around generic problems, needs, and opportunities that others share with this company so they don’t feel like they’re the only one with that problem, need, or opportunity.

Secondly, **“Reframe”** (shocking the customer with an insight(s)) with an unknown or unrecognized problem, need, or assumption uncovered (with organizational research and help) that should evoke a response something like **“WOW, I never thought to it that way.”**.

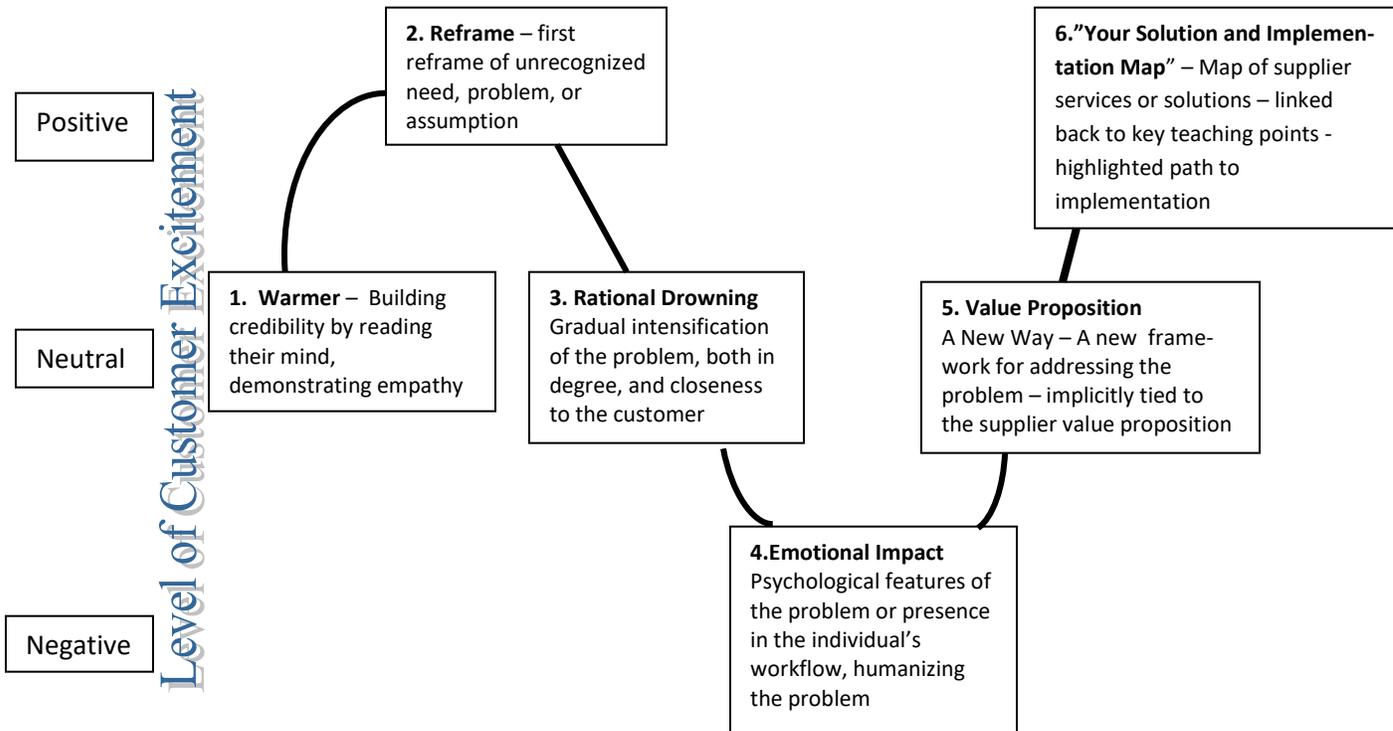
Thirdly, **“Rational Drowning”** – *“Gradual intensification of the problem, both in degree and in closeness to the customer”*. But they’ve only gone under once so far.

Fourth, **“Emotional Impact”** – *“Psychological features of the problem, or presence in the individuals workflow, humanizing the problem”*

In steps 3 and 4, the authors say they **“Break down the problem behind the unknown.”**

Here comes the Life Guard. - Step Five – **“Value Proposition – a New Way”** – *A new framework for addressing the problem. . .implicitly tied to the supplier value proposition.”*

The drowning victim is resuscitated and is eternally grateful: Step 6 – **“Your Solution and Implementation Map”** - *“Map of supplier services or solutions linked back to key teaching points highlighted path to implementation.”*



Pages 67-80 go into detail in each of these “**choreographed**” 6 steps.

Matt and Brent recommend that in your planning stages, you **BEGIN** with establishing your Unique Solution for this particular company since if you can't figure this out, the rest won't work.

On page 81, there's a cautionary reminder that your teaching pitch has not only got to be insightful, but also **BOLD**. Here the authors reference **Neil Rackham's "Safe-Bold"** exercise that can be used to avoid some of those in the company who might want to 'water-down' the boldness out of some fear of the approach being too aggressive. This is especially something that “*relationship builders*’ have a tendency to want to do.

There's a great chart on page 82 to measure four criteria for boldness:

- ***Is it BIG enough?***
- ***Is there some RISK involved?***
- ***Is it INNOVATIVE?***
- ***Is it DIFFICULT?***

The balance of this chapter, pages 83 – 100, contains two case study examples of how the Challenger Sale was successfully implemented. The first one involving **W. W. Grainger, Inc.** makes the entire process come to life.

## **Chapter 6** **Tailoring for Resonance**

This chapter begins with an emphasis on why gaining consensus across the entire organization is so critical in today's environment along with making the supplier easy to do business with in 3 ways: “**Organization is easily accessible**” (You don't get, “*I'll get back to you after I run it by so and so*”) “**Organization is easy to buy from**” . . . “**Organization is willing to collaborate with other suppliers**”.

After understanding the importance of “**tailoring**” to the multiple stakeholders within the purchasing company, you need to learn, “**how to tailor the sales message to these different stakeholders in order to achieve maximum resonance.**”

A chart on page 110 illustrates how Matt and Brent show how you should ‘*contextualize*’ (same as tailor) your message, starting from broad (**industry**). . . then to the **company**. . . then to the **role** of the stakeholders (since there may be more than one in that role). . . down to the **individual**.

There's another Case Study on pages 113 to 118 showcasing **Solae**, who was making a major shift from **selling products** to **selling solutions**. Initially they used their previous sales approach which had worked well so long as they were dealing with technical experts within the company. Now though, they were dealing with a totally new set of stakeholders who, as the authors said, “. . . *couldn't make a connection between all of the technical specifications of Solae's products and what was most important to them.*”

Instead they began focusing on what each stakeholder “was trying to accomplish as a business leader” and they gave cards to the sales reps. Each card was broken down by “Function”. On the Card for Manufacturing, the four sections were: 1) **Decision Criteria** – Desired outcomes; 2) **Focus** - Area of the business they care about and time frame for evaluation – steers reps to frame offering in terms of the impacts on these areas 3) **Concerns** – What they worry about day to day. Allows rep to build empathy and credibility by appealing to fears and doubts. and 4) **Potential Values** – Specific levers to drive business outcomes. Focuses reps on supplier capabilities most likely to create value.

There are two other charts on page 116 and 117 that offer additional methods Solae used to arm their reps with the tools to become a Challenger Sales rep.

## Chapter 7 Taking Control of the Sale

This is the 3<sup>rd</sup> of the three Challenger Rep characteristics and the authors say this ability comes from two things that Challenger Reps do: “. . .**they are naturally more comfortable talking about money**” and secondly “**they’re able to ‘push’ the customer.**” But rather than being a ‘pushy sales person’, it comes “. . . **from the ability to maintain momentum across the sales process.**”

On pages 121 to 130, Matt and Brent take on three **Misconceptions** they find that companies have about ‘**taking control**’:

**1) Taking control is synonymous with negotiation** – Challengers take control of the entire process from the very beginning. . .bailing out if initial meeting can’t be held with the key decision-makers rather than with lower level contacts. . .and ‘tailoring’ their discussions by addressing the business and personal objectives of the key stakeholders; Average sales reps will seek to take control only at the end of the sale – at the negotiating table – and so Challengers differentiate themselves by taking control from the start.”

**2) Reps only take control regarding matters of money;** False, they take control of the entire process right from the beginning and way before the final negotiation stage.

**3) Reps will become too aggressive if we tell them to ‘take control’** “. “Challengers ‘push the customer in terms of how they think about their world and their challenges – as well as the solution to those challenges.”. . .“People also confuse taking control – that is, the Challenger’s tendency to be assertive during the sale – with aggressiveness”.

The authors provide an excellent chart on page 127 that breaks out the differences between being ‘**Passive**’, ‘**Assertive**’ and ‘**Aggressive**’. The authors also confess that getting Core Performers to overcome their tendency to want to close the sale is not easy:

*“Admittedly, this is a tough barrier to overcome. It isn’t realistic to expect reps who do not like tension and ambiguity to suddenly start liking these things. At some level, this sort of response is hardwired in most of us. Either we are comfortable with these things or we aren’t. And if we aren’t, we’ll look for any excuse to avoid them. But while you can’t realistically change human behavior, you can help make reps aware of the natural tendencies and give them some practical tools for making sure they don’t prematurely cave when it comes to intense value discussions.”*

On pages 133 to 139, there’s a case study of how DuPont has “developed some really smart negotiation training and tools for help reps to avoid premature closure.” Just one more reason why you’ll want to own this book because it contains some great practical tools.

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From this point on, I will just outline the headings for the remaining two chapters and the Afterword.

## **Chapter 8**

### **The Manager and The Challenger Selling Model**

This chapter is about the key role of the front-line Sales Manager.

**Portrait of a World-Class Sales Manager** – See Chart on page 141

**The Sales Side of Sales Manager Excellence** – Like in the Army, the authors note, once in battle, the planning you did will need to quickly adapt because the reality will be different than what you planned for: “Not surprisingly, the, the field leaders who excel in the Army are the ones who are creative, innovative and able to adapt to their circumstances. The same is true for the best managers.

The three attributes necessary for **Sales Manager excellence** are “**Selling**” – they need to lead by having the ability to sell; “**Coaching**”, and “**Ownership**” – they manage as if it was their own business.

- **Coaching to the Known**
  - The Business Case for Sales Coaching
  - Give Sales Managers Something to Coach to
  - Help Managers to ‘Pause’ for Effective Coaching
  
- **Innovating Around the Unknown**
  - Worlds in Conflict
  - Helping Managers to Understand their Biases
  - Holding Biases at Bay

## **Chapter 9**

### **Implementation Lessons from the Early Adopters**

- **Lessons for Sales Leaders**
  - Not Every High Performer is a Challenger
  - Beware the Call of the Lone Wolf
  - Start Recruiting for Challengers Yesterday
  - Individual Skill and Organization Ability are Best Developed in Parallel
  - Don’t just Change the Training, Change What Happens Before and After
  
- **Lessons for Marketing Leaders**
  - Stop Telling the World How ‘Customer-centric’ You Are
  - There is NO Sidestepping the ‘Deb Oler Question’
  - Never Put These Ten Words in Your Pitch Deck

- **Lessons for All Senior Leaders**
  - Tolerate (Limited) Rejection of the Model
  - Expect Casualties
  - Consider Piloting Before Broadly Launching
  - Terminology Matters
  - Beware the 'Challenging Won't Work Here' Trap
  - Start Now

## **AFTERWORD**

### **Challenging Beyond Sales**

Before I read this, I had already recognized how many of the concepts, principles, strategies, and tools identified in Challenger Selling could be applied outside of the sales arena.

- **Internal Business Customers Want Insight too**
- **Breaking Out of Order-Taker Mode**
- **Speaking the Language of the Business**
- **Earning a Seat at the Table**
- **A Permanent Reset?**

I hope you get as much out of my summary as I have gotten from reading the entire book, and writing this summary. I also am sure you will want to own this book as one of your key reference books.