

# A SUMMARY OF “THE CHALLENGER CUSTOMER” BY BRENT ADAMSON, MATT DIXON, PAN SPENNER AND NICK TOMAN

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Today’s large prospect has 5.4 stakeholders who often fail to agree. You need a Challenger Customer inside the prospect called a Mobilizer, a sort of super coach.

Today’s deal sizes are smaller, as are profits. Prospects can’t buy effectively due to the differences between stakeholders. Sellers need to find out which of the 5.4 stakeholders are relevant for the proposed deal. Perversely, personalising the offer to each stakeholder actually decreases the deal quality. Individual tailoring to 5.4 different people is time consuming and ineffective.

Groups buy B2B solutions today, not individuals. We need to understand how these groups work together. Each stakeholder must have a fair say. You need to ask how each stakeholder collaborates with their colleagues. Each stakeholder must –

- a. Define the problem.
- b. Identify the solution.
- c. Select a supplier.

Group decisions are twice as hard as individual ones. Solution identification is the hardest, regardless of the supplier. If stakeholders do agree, they tend to settle on the lowest common denominators - avoiding risk and saving money.

A dysfunctional group is 50% less likely to pay a premium for a high cost offering than a functional group. Doing nothing is often the result. There is a vast difference between a collection of yeses and a collective yes. Sellers must tailor for group consensus rather than individual buy-in.

## **The Mobilizer (Advocate, Champion, Coach) –**

These people are relevant to sellers for sophisticated purchases in companies with over 1000 employees.

Sellers need to have widespread support across the prospect’s organisation. Although they may have a senior economic buyer, team based purchasing is now prevalent. The Mobiliser can make the supplier’s case throughout their organisation.

Challenger sellers are looking for prospect stakeholders who can –

- a. Drive change across their organisation.
- b. Build consensus among their colleagues.

Challenger sellers need to target Go Getters, Teachers and Sceptics – not Guides, Friends or Climbers. The former group are the Mobilisers.

Commercial Insight is essential here. This is not the same as “thought leadership”. The seller must connect the Mobiliser to their fellow stakeholders.

B2B companies sell change to prospects, which is the one thing most prospects want to avoid. A provider's "teaching" must –

- a. Capture the attention of a Mobiliser in a way that –
- b. Motivates them to champion a change in behaviour, leading them to –
- c. Rally the support of the other stakeholders around the vision that –
- d. Leads that customer back to their unique solution.

This is called Commercial Insight. It's designed to change what prospects are currently thinking, whether it's to change or stay the same. There are two drivers capable of driving change –

1. Teaching the prospect something new about their business.
2. Providing prospects with a reason to take action.

It's important to detail the costs of inaction. This kind of content is Insight. Insight isn't designed just to teach prospects something new but to "unteach" them something they already have. Insight isn't thought leadership. Nor is it data.

Insight upends the status quo. It doesn't just convey an idea of what a prospect could be doing, such as thought leadership, but also conveys a story about what the prospect is currently doing, detailing the costs in time and money.

Insight should cause a disconnect between current behaviour and alternative action. Done correctly, insight should force the prospect to realise that they are wrong. The seller needs to be able to say that to a prospect. The pain of the same has to be greater than the pain of change.

The seller also needs to be able to say to the prospect, "Let me show you how we're the only supplier who can make this happen". If you took all the names and logos off your commercial content and gave it to a competitor to present to a prospect, would they still have to buy from you? When you can say yes to that question, you've got something different to hang your commercial insight on. To do this needs complete application across a supplier's sales & marketing departments. It's a fundamental review of how a company goes to market. Even the CEO needs to be included.

Commercial insight is about how the prospect has missed something important regarding the performance of their business. It's about how prospects perceive themselves. The only way to change how a prospect acts is to change how they think.

The best suppliers engage their prospects in a discussion about their prospect's beliefs. Then they try to show them how it's flawed in incomplete and articulate why a change the prospect thinks is too costly or difficult is actually less costly than the status quo. This is the power of commercial insight. You have to make the prospect think differently about themselves.

The prospect's current beliefs and behaviours = A  
The prospect's desired beliefs and behaviours = B

Is any company's marketing content about A or B? Most would say B. However, what's really needed is a better articulation of the pain of A. What behaviour change must the prospect make to move from A to B? That's what the supplier must find out.

### Four questions to build Commercial Insight –

- 1) What are our sustainable unique strengths?
- 2) Of these strengths, which ones are underappreciated by our customers?
- 3) What is it that the customer fails to understand about their business that leads them to underappreciate our unique capabilities?
- 4) What would we have to teach that customer about their business that would lead them to value that capability more than they do now?
  - a. What evidence should we provide?
  - b. How do we find evidence if we haven't got any?

### Building Commercial Insight -

You don't find commercial insight, you make it. What do customers fail to understand about their business? What are they missing? What do they think about their business?

Building a Mental Model – start with a goal and work backwards. Try this with an existing customer first. When completed, ask that customer what they think of it and what you could add and/or take away. Then you change the Mental Model by –

1. Adding a node – introduce a cause driver the customer doesn't know about.
2. Increasing the node's importance – inflate its importance to the customer.
3. Adding a causal link – make a connection between different nodes the customer doesn't know are connected.

### Commercial Insight in Action (based on the Xerox case study).

Steps used to create a commercial insight that reframed the way customers thought about the value proposition –

1. List your differentiators.
2. List higher order and broader outcomes your existing customers care most about. Ask questions such as –
  - a. Are these right?
  - b. Which ones do you care most about?
  - c. What's missing?
  - d. What would you change?
  - e. How would you prioritise them?
3. Prioritise and choose an outcome as a starting point. Rank order the outcomes based on importance from the customers point of view. Assess the outcomes for their likelihood of having hidden connections to the customer's differentiators.

4. Map customer beliefs about outcome drivers. Ask customers what they believe drives these outcomes. Suppliers don't necessarily need an ever more refined view of how customers perceive them. What they need is a more refined view of how customers perceive themselves.

5. Hypothesise connections between your differentiation and customer outcomes. Use brainstorming sessions and questions –

- a. What impact can we have here that we have not yet realised?
- b. What do we know about this area that customers are overlooking?
- c. What is changing in this outcome that customers aren't aware of? What changes are customers missing?
- d. What recommendations would our customers' customers make here?

6. Test and validate connections –

- a. Do we have customer permission to talk about this idea?
- b. Can we prove the validity of this idea and the new approach?
- c. Can we energise customer stakeholders to act on this idea?
- d. Will this idea need the involvement of new stakeholders?
- e. Does this idea surface any major risk or cost objections?
- f. Does this idea carry any new change management concerns?

Survey customers' customers. Presenting surprising insights to customers about their customers is a powerful change motivator.

This all can take several people several months to complete.

### **Where do your customers, and especially Mobilisers, learn?**

According to CEB research, the average B2B customer consults 12 sources of information on the path to purchase. Only half of it comes from suppliers.

- a. Once marketers have created a commercial insight, they need to create a related content strategy. This could be a killer infographic or an intriguing tweet. Salespeople can become "micro marketers", deploying sparks in social networks. You want the mobiliser to want to learn more.
- b. Then the Introduce content lays out the idea in more detail. This could be a video interactive white paper, or trade show. This should further intrigue the mobiliser.
- c. Then you path the Mobiliser to Confront content with the frame breaking idea, laying more weight on the Mobiliser's pain. The object is for the Mobiliser to pressure test their own ideas, assumptions and beliefs about their own business. The content could be online diagnostics or interactive pain calculators, which enable the Mobiliser to plug in information and see how big their pain really is. There are three rules –
  1. All content should be tied to a commercial insight.
  2. Content that isn't frame breaking should path back to content that is.
  3. All other content should be discarded or never created in the first place.

Tear down the A before you build up the B. Most marketers create customer testimonial videos focused on B. To create content paths that break mental models and drive urgency, marketers need to create testimonials about A.

Imagine a video of Mobilisers talking about how they discovered a hidden connection in their business and it was costing more than they realised. Then showing how they rallied other stakeholders around a consensus view of the pain's drivers and the kind of solution to solve it.

You want these kinds of A testimonials to lead back to your commercial insight and the differentiators underneath that insight.

Confront content would not include a standard ROI calculator, which is just the return on buying the supplier staff, not the return on removing the pain the customer is feeling in his A state.

Ultimately, you're trying to create a content path tied directly to your Commercial Insight. It leads a Mobiliser down a teaching path that breaks down the A toward a B state that the supplier is best positioned to fulfil.

Suppliers might tailor Commercial Insight to better connect to individual customer stakeholders via the Mobiliser. However, the Mobiliser must still be connected to their stakeholders somehow.

Lead with thought provoking insight to do with something new about their business. How do they react? If with challenging questions, that's a good sign. Do the use "we" or "me/I"? The former is good, the latter is bad. They should talk about facts or share opinions.

Verify Mobilisers by requesting that they conduct research, tasks or suggest next steps for you. If they won't, it's a red flag. The next stage is to identify what kind of Mobiliser you're talking to. Go getters are interested in the big picture. Teachers like a grand, sweeping vision. Sceptics should be questioned.

Now we have to bring in the other stakeholders including procurement, finance and legal. On average, functional buying groups are 40% more likely to buy an ambitious solution than a dysfunctional one.

Buying groups need to agree on challenges and goals. They also need to agree on a group objective and overcome individual bias, irrespective of the supplier.

Collective Learning is an interaction where stakeholders find points of agreement and arrive at a shared decision. Suppliers must bridge the gap of any misunderstanding between stakeholders beyond the avoidance of risk and the reduction of cost. When stakeholders learn together, dysfunction reduces by a third.

Here is a list of behaviours indicating that Collective Learning is happening –

1. Exploring concerns and uncertainties, for example –

- a. What are we worried about?
- b. What don't we know but should know?
- c. What are we missing?
- d. What haven't we discussed?

2. Honestly tackling problems & disagreements and openly discussing them.

3. Mutual willingness to explore problems and consider alternative views.

4. Probing for alternative courses of action.

## 5. Establishing joint resolution.

Suppliers must take control of the buying process by ensuring Collective Learning happens. By bringing diverse customer groups together to learn before they buy, suppliers can boost customer willingness to pay a premium by nearly 70%. Suppliers can also boost customer willingness to buy additional offerings by 23%.

This is prospect's stakeholders climbing the "me-to-we" mountain, debating not just what to buy but what to do. The combination of Commercial Insight and Collective Learning is very powerful.

**Principle 1** – Supplier led collective learning requires facilitation, not just presentation. You must understand stakeholder power structures and individual motivations. You also need to understand the management of productive debate.

**Principle 2** – Supplier led collective learning requires bounding, not just prompting. Prompt stakeholders to share information, explore ideas and tackle problems. Collective Learning is about problem definition and solution identification, not supplier selection.

**Principle 3** – Supplier led collective learning requires coaching, not just listening. You need to coach the customer through the purchase. This is called Commercial Coaching. It reinforces your Commercial Insight and arms the Mobiliser to share that insight within their company.

An important aspect is coaching the Mobiliser to engage their team in Collective Learning interactions. This –

- a. Helps colleagues understand the benefits and disadvantages of various courses of action.
- b. Initiates informal conversation with other stakeholders about the purchase.
- c. Sets up group discussions about this purchase.
- d. Facilitates group discussion about this purchase.
- e. Helps stakeholders in the buying group realise they share needs and goals.
- f. Teaches colleagues something new about their business needs that the supplier's solution should address.
- g. Resolves disagreements between colleagues about buying from the supplier.

Commercial coaching process steps –

- 1) Construct a plan with the Mobiliser. Use examples of previous customer experiences. Ask you mobiliser for an organisation chart to see their key stakeholders.
- 2) Confirm stakeholders understanding of the challenge and potential actions. This stage depends on getting your Commercial Insight into the mobiliser's hands so they can convince stakeholders. Tailoring will be needed. Emphasise the cost of inaction with cost of pain calculators. Stakeholders need to believe they are now facing a challenge. How do they view their problems?
- 3) Address remaining stakeholder concerns. Highlight their objections with the mobiliser. Arm the mobiliser with proof to overcome stakeholder objections. Ask the mobiliser for feedback.
- 4) Establish common and negotiable ground. Arm your mobiliser with ideas to impact stakeholder's differences. Establish negotiable points related to the purchase. Arm the mobiliser with options. Ensure the prospect agrees on a B state that you can support. The prospect may try to commoditise your solution to reduce the price at this stage.
- 5) Secure stakeholder commitment to the agreed upon action. Arm the mobiliser with comparisons to your competitors.

## **Making Collective Learning Happen -**

Heads of marketing increasingly spend money on technology such as marketing automation. This includes Marketo who enable marketing teams to automate demand generation, tracking and dashboarding. Check out the Definitive Guide to Marketing Automation on Marketo's website. It helps equip Mobilisers to have conversations with stakeholders.

## **Implication 1 – Demand Generation -**

The best sellers don't prioritise conventional marketing's qualified leads. CEB research shows that only 3% of marketing qualified leads convert into deals! Don't generate demand, mobilise demand.

- a) Create content paths that confront and connect. Use Spark-Introduce-Confront content.
- b) Adjust lead scoring criteria to reflect confrontation and connection. Marketing should score leads by how much they have been disrupted by content, which has connected prospect's stakeholders to one another. Marketing Automation can track this.
- c) Nurture leads explicitly for commercial insight and collective learning. In the pre funnel stage, you'll know you're on the right track if you experience the following –
  1. Proprietary Term Adoption – Coin your own terms in social media.
  2. 3<sup>rd</sup> part references. Bloggers will start to reference your Commercial Insight.
  3. Invitations to present your insights about interesting things happening with your customers.
  4. Early engagement with key decision makers.
  5. Positive sales force sentiment on lead quality.
  6. Instances of getting ahead of the RFP/No Bid contacts.

## **Implication 2 – Marketing Talent. Marketers ability to –**

1. Generate insight that reshapes how prospects think about their business.
2. Understand and articulate their company's differentiated capabilities and benefits.
3. Connect those insights about prospects back to the supplier's unique capabilities.
4. Package all of that in compelling messages across a variety of content types, including sales collateral and other sales support.

Major deals arise from understanding the prospect's business better than they do (at least where the supplier's capabilities intersect with the prospect's business). Look for hidden connections in the prospect's business they fail to appreciate. Map prospects mental models, depicting how their business works and how they make money. Look for a place in that model where you can tell the prospect that they're wrong.

The best Commercial Insight marketers can anticipate customer needs before the prospects themselves. It's about finding unrecognised prospect needs. Up to five people are best generating Commercial Insight.

## **Implication 3 – Social Selling -**

High performing sellers use social media as a critical channel to engage prospects and generate leads. But they don't use it to sell.

#### **Implication 4 – Managing Blockers -**

Ask your Mobiliser, “If we were to find a Blocker to this deal, who might it be and why?” Or “What types of stakeholders typically block deals like this?” If they say who it is ask, “Can the Blocker be persuaded by more enthusiastic stakeholders?” Other persuasive measures include –

- 1) Conducting a workshop where stakeholders exchange views with the Blocker.
- 2) Identifying influencers the Blocker respects and having your Mobiliser broker an interaction.
- 3) Arming your Mobiliser with information to convince the Blocker to support the deal.
- 4) Encouraging influencers to share why others are supporting the deal.

Ask yourself if the Blocker is reasonable and approachable. If they are, empathise with their concerns regarding change. Then reinforce the risks of not changing. Show what's unique about your situation. Ask them for their honest view, warts and all.

1. Identify negotiable and non-negotiable aspects of the deal.
2. Hypothesise which negotiable aspects the Blocker may react positively to.
3. When developing a concession, ensure you don't endanger support from other stakeholders who may lose out.
4. Get other stakeholders support.
5. Ensure with the Blocker that the deal will go through based on the new agreement to prevent further concessions and delays.

If senior leaders at the customer's company have an interest in a successful deal –

1. Contact the Blocker's leaders and explain the situation.
2. Ensure the leaders understand the Blocker's motivations.
3. If the Blocker continues to stall the deal, ask the leader to overrule the Blocker's influence.
4. If 3 fails, the opportunity may not be worthwhile.

#### **Implication 5 – Sales Process and Opportunity Planning -**

ADP has shifted their sales process to a purchase enablement process. They ask themselves, “How can our sales team help our prospects buy?” This process is based on –

1. Recognising a need.
2. Exploring options.
3. Defining purchase criteria.
4. Evaluating options with the leadership.
5. Validating options and selecting a supplier.
6. Negotiating the purchase with the purchasing department.
7. Implementing the solution with a project team.
8. Evaluating impact and performance standards.

This system helps with forecasting because you know where the prospect stands in their decision making process.

### **Customer Verifiers –**

1. Customer learning.
2. Understands and refines need.
3. Define purchasing criteria.
4. Evaluation of options.
5. Validation and selection of a supplier.

### **Opportunity Planning –**

- 1) Learn stage – what need should this prospect be learning about?
- 2) Understand needs stage – how should the prospect respond to this need? Use disruptive insight to challenge the prospect's thinking.
- 3) Define purchase criteria stage – how should the prospect define the purchase criteria? Use the Mobiliser for this.
- 4) Evaluate options stage – how should the prospect evaluate and reach consensus? Use the Mobiliser again.
- 5) Validate and select stage – how should the prospect reach a final decision? Use the Mobiliser again.