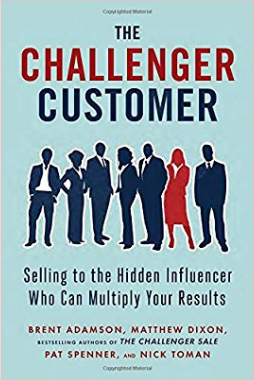

The Challenger Customer: Selling to the Hidden Influencer Who Can Multiply Your Results

By Brent Adamson, Matthew Dixon, Pat Spenner, Nick Toman

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Picture your ideal customer: friendly, eager to meet, ready to coach you through the sale and champion your products and services across the organization. It turns out that's the last person you need.

Most marketing and sales teams go after low-hanging fruit: buyers who are eager and have clearly articulated needs. That's simply human nature; it's much easier to build a relationship with someone who always makes time for you, engages with your content, and listens attentively. But according to brand-new CEB research—based on data from thousands of B2B marketers, sellers, and buyers around the world—the highest-performing teams focus their time on potential customers who are far more skeptical, far less interested in meeting, and ultimately agnostic as to who wins the deal. How could this be?

The authors of *The Challenger Customer* reveal that high-performing B2B teams grasp something that their average-performing peers don't: Now that big, complex deals increasingly require consensus among a wide range of players across the organization, the limiting factor is rarely the salesperson's inability to get an individual stakeholder to agree to a solution. More often it's that the stakeholders inside the company can't even agree with one another about what the problem is.

It turns out only a very specific type of customer stakeholder has the credibility, persuasive skill, and will to effectively challenge his or her colleagues to pursue anything more ambitious than the status quo. These customers get deals to the finish line far more often than friendlier stakeholders who seem so receptive at first. In other words, Challenger sellers do best when they target Challenger customers.

The Challenger Customer unveils research-based tools that will help you distinguish the "Talkers" from the "Mobilizers" in any organization. It also provides a blueprint for finding them, engaging them with disruptive insight, and equipping them to effectively challenge their own organization.

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Editorial Review

Review
"I love it. This book will set the tone for years of work to come. The CEB team has just added the HOW to the WHAT that we have all been searching for since we launched into the Challenger journey. Helping your clients make buying decisions and then moving them to action, in your direction, is the HOW in this book that makes the biggest difference of all."
—MITCH LITTLE, vice president, worldwide sales and applications, Microchip Technology Inc.

"There is no sale more misunderstood (and expensively misunderstood) than the B2B sale. Here, in black and white, is an essential new way to think about it."
—SETH GODIN, author, *Linchpin*

"The Challenger Customer lays out a blueprint for how sales and marketing departments must rethink their approach to winning more business. What worked in the past is clearly having diminishing returns today, and will likely lead to failure in the future."
—JOHN GRAFF, vice president, corporate marketing, National Instruments

"The authors of The Challenger Customer have done high-quality and in-depth research that maps out the road ahead for marketers. The result is a handbook of practices that will help you get into your customers' heads, deliver good value, and win the sale."
—DANIEL H. PINK, author of *To Sell is Human and Drive*

"This book provides evidence-based insights and practical guidance for solving one of today's most pressing commercial challenges: complex decision making within customer organizations. It clearly shows what distinguishes the best sellers and marketing organizations from the rest."
—PINDER SAHOTA, general manager, Smith & Nephew

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To the members of CEB around the world, who challenge us every day to deliver insights worthy of their time and attention

FOREWORD

The odd combination of where I live and what I do for a living have turned me into a bit of a walking punch line over the past decade or so.

Let me explain.

I live in the Greater Washington, D.C., metropolitan area—the seat of the U.S. government—and I run one of the world's most widely used sources of insight into corporate performance. So several hundred times a year in cities around the world, I introduce myself by saying "I'm here from Washington, D.C., to share some insights about best management practices."

Business cultures differ widely across regions and nations, so the response to this statement runs the gamut from "You've got to be sh*&%ng me" (Silicon Valley, Amsterdam) to "I'm sorry, I think I misheard you" (Singapore, Minneapolis) to "Ah, you'll feel at home here after a glass of wine. Try the Super Tuscan" (Rome). While the tone of responses varies, no one misses the irony at the heart of the statement. Like many national capitals, Washington has become a byword for organizational dysfunction. This is largely because citizens believe the U.S. Congress and similar deliberative legislative bodies that seem to take forever to act are useless, especially since when they *do* act they achieve only modest—if any—results.

All around the world, I routinely hear how much better off we'd be if only government would run itself like a business. The unfortunate truth is that—in many respects—it already does.

More specifically, business is increasingly running itself like a dysfunctional legislative body.

I THOUGHT THIS BOOK WAS ABOUT SALES AND MARKETING?

You're now thinking that you've picked up the wrong book, but the headline of our recent work on sales, marketing, and the buying process suggests that in most B2B commercial environments purchasing looks a lot like a bickering Congress or Parliament on a bad day.

That's why we've done a deep dive into the modern company's buying process. As we started comparing notes across companies and industries, we realized that the stories commercial leaders were sharing were eerily similar to our own experiences—particularly when we were working with leaders to engineer dramatic innovations or step-function improvements in outcomes.

As the research team's work continued, my own mind kept going back to a conversation I had with the controller of a German multinational who was using our work to radically simplify and accelerate information flow through his company. I visited on a day when the project's kickoff (and ultimate ROI) had been delayed by *three months* due to a last-minute review requested by something called the "excellence assurance center of excellence" (that is not a typo).

The controller was in what could (charitably) be called a foul mood. The project itself was slated to last only six months, and he had enthusiastic support from the CEO and partnership from the CIO and head of HR. In terms of large-scale change management, he had really done everything right. And yet—at the eleventh hour, out of nowhere—a new stakeholder arrived on the scene, slowing down and lowering the aspiration of this fast-moving and ambitious effort. Leaning back in his chair, the CFO moaned, "I didn't even know we had an excellence assurance COE."

He got up, walked toward the window, and said, "This is a total [long German word that definitely didn't mean "Really great day for our company: I just couldn't be prouder to work here!"].

And it wasn't a great day. Nor, by the end, was it a great project. By the time the COE review was complete, the project was rescoped twice, suffered three delays, and ultimately delivered a fourth of the original business value.

When I shared this story with an HR chief of a major conglomerate, she remarked, "That's ridiculous." I nodded, thinking she was going to share a story about how decisive she and her C-suite peers were relative to this poor controller's company. She continued, laughing. "I once lost two months to our firm's project-naming committee. He should be happy with that outcome."

THE NEW REALITY FOR SALES: BIG, COMPLEX PROCESSES AND BIG, GERMAN CURSE WORDS

If it's this difficult for a C-level executive to drive change through an organization, just imagine how hard it is for someone on the outside to galvanize support for a disruptive new solution. The data that we analyzed points to purchase processes characterized by an ever-expanding array of stakeholders with often competing agendas, changing purchase criteria, and—most troubling—a reversion to lowest-common-denominator behaviors.

Why?

We see this behavior as part of a broader trend in corporate operations. Several factors are reshaping how companies operate and make decisions, and all of them have implications for sales and marketing.

First, simply put, big companies are just *bigger*. The smallest Fortune 500 company is many times the size of the smallest one just twenty years ago. And with big size comes big complexity.

Information flows are multiplying quickly. While this means more educated buyers, it also means more people in the process—each with access to competing information and each empowered to form (and share) opinions. At its worst, information overflow can lead to *complete* decision paralysis—bad for companies and bad for the suppliers trying to engage with them.

Professional and control functions are strengthening within companies, with many having a say in virtually every decision. This is driven partly as a result of the need for scale and consistency across larger entities and partly because of concerns about risk and regulation. Obviously from a commercial perspective, the most important of these is procurement, but procurement is only one of the folks invited to the party—compliance, data privacy, IT security, EH&S, and quality often all weigh in on major buying decisions.

Emphasis on collaborative decision making is increasing in an attempt to reap the benefits of diverse perspectives on business issues.

None of these things are bad. In fact, all are undeniably good—bigger opportunities, more information, professional and analytic participants, and collaboration among different parties all ought to *strengthen* buying dynamics and make the process more likely to yield a successful purchase.

But all too often they don't. Different functions bring different agendas to the table. Excessive collaboration adds time (but not value) to the process. Information abundance buries the core issues; opportunities that initially combined strategic advantage for the buyer with strategic opportunity for the seller get watered down or abandoned altogether. In the end, if any deal is reached, it's for less scope and impact than what was initially proposed.

IF YOU CAN'T BEAT 'EM, MOBILIZE 'EM

By now, I've painted a pretty depressing picture of what lies ahead: slow processes, stalled deals, and customers unable to agree, settling for the lowest common denominator—or worse still, the status quo. But, thankfully, that's not what's in store. Beyond documenting and understanding the drivers of this tough new buying environment, we also found pioneering strategies for not only surviving, but also thriving in it.

Supported by an enormous amount of research, real-world sales experience, and practical lessons from leading sales and marketing teams, this book lays out a step-by-step path anyone can follow to dramatically improve commercial performance. It's a path few are on today, but any company can pursue by carefully identifying and equipping a few select customer stakeholders to far more effectively mobilize the colleagues around them.

Whether you're in sales, marketing, service, or support—from the front line to the corner office—each chapter of *The Challenger Customer* provides surprising findings for rewriting the rules for how the best companies connect with current customers, dramatically boosting sales performance as a result. All designed to drive decisive action among customer organizations increasingly predisposed to systematically avoid it. I hope you read it all the way through and consider its recommendations closely. Not only will your organization thank you, but your customers will too.

TOM MONAHAN

Chairman and Chief Executive Officer

CEB

INTRODUCTION

THE HARDEST PART OF SELLING SOLUTIONS

This is a book of surprises.

Chief among them is the surprising decline of historically effective selling strategies that now fail to generate anything near hoped-for returns.

Despite suppliers' improved ability to convey their unique value, there's strong evidence that today's customers are less willing than ever before to actually *pay* for that value, even when they perceive it—at least not when they believe the next best, less expensive alternative is "good enough" to meet their needs. While today's suppliers may win the battle for awareness, consideration, recommendation, and even preference, they still lose when it comes to what matters most: getting paid. As exasperating as it seems, the very solutions most companies developed to escape commoditization have themselves become commoditized in the eyes of their customers.

It all leaves commercial leaders wondering, "What do we do now? What's left when the classic sales and marketing playbook we've relied on for so many years falls short?"

It was partly in response to these questions that CEB's sales and marketing practice conducted the research that led to the publication of *The Challenger Sale*—an in-depth examination of the sales rep behaviors most likely to succeed in today's commercial environment. But while the debate raged around us as to whether Challenger was right or wrong, new or old, too controversial or not controversial enough, we were focused on something else entirely: What else is there?

In fact, the more research we did, the more insights we uncovered and the more convinced we became that there was a second part to this story—one potentially more powerful than the first. It turns out, the far bigger story isn't about suppliers' struggle to *sell* solutions, it's the customer's struggle to *buy* them. While there are many reasons customers fail to buy, our data shows clearly that the primary culprit is the dramatic increase in both number and diversity of customer stakeholders typically involved in solutions purchases today—and, more damning, the severe dysfunction that is bred by the ever-expanding number of individuals who need to weigh in before a deal is signed.

In the end, what has long seemed to salespeople like a well-designed strategy to "stick it to suppliers" or beat them up on price is more often than not a function of a far less sinister but arguably infinitely more intractable problem: the inability of customer stakeholders *themselves* to achieve broad agreement on a common course of action in the first place. Much of the commoditization pressure suppliers face today isn't the result of customers' willingness to settle for "good enough," it's *their failure to agree on anything more*. And that's a challenge most sales and marketing strategies fail to solve as it's a problem they were never designed to address in the first place. In fact, current sales and marketing tactics *exacerbate* this problem rather than overcome it.

Of course, it's hard enough to *sell* effectively. How exactly are we supposed to help our customers to *buy* more effectively? Here, the research holds a final, delightful surprise: just as we learned in our previous work that it is critical to have *Challenger sellers,* our latest work shows that it is equally (if not more) critical to have *Challenger buyers*.

In a series of quantitative studies, we were able to isolate and study these individuals. These aren't your run-of-the-mill "coaches" or advocates doling out information to the sales rep and vocally championing a given supplier with colleagues. These are a special breed of customer stakeholder focused much more on marshaling the internal resources and buy-in necessary to compel their colleagues to collectively think and act beyond the status quo, *irrespective* of supplier. As we've studied these individuals in a great deal of depth, what we've found is: in a world of diverse and potentially dysfunctional customer stakeholders, it's not just *that* you challenge, but *who* you challenge that really matters. To win today, you need a Challenger *inside* the customer organization.

These customer Challengers exist and can be found—but only if suppliers are looking for them in the first place. Because everything we've learned in all of our research clearly suggests that finding these individuals, winning them over, and then equipping them to win takes a completely different kind of commercial strategy than what's worked so well in the past.

Who are these customer Challengers? We call them *Mobilizers*, and this is their story.

CHAPTER ONE

THE DARK SIDE OF CUSTOMER CONSENSUS

THE PROBLEM OF 1 OF 3

If there is one concern most top of mind among senior sales and marketing leaders around the world, it is the inexorable downward pressure on deal size, margins, and growth as they navigate continued uncertain times. While their CEOs mandate a "return to double-digit growth," commercial leaders find themselves more frequently than ever before competing on little else but price.

Perhaps most frustrating, however, is that traditionally proven strategies designed to drive that growth no longer work nearly as well as they used to—leaving senior executives to assume they've somehow lost their way, broadly calling for a return "back to basics" as they exhort their teams to "recommit to more disciplined execution." However, getting ever better at an approach already proven to fail does little more than demoralize everyone in the face of ever-deepening underperformance.

As the head of sales and marketing at a global industrial fragrances company recently put it, "I just don't understand. We're the leading supplier in our industry. Our products are world class, our brand second to none, and our salespeople are highly skilled. There's not a single deal in our industry where we're not invited to participate—we make it to the table every single time."

"But even when we do," he went on, "we're always one of three suppliers at the table. Despite all of our commercial strength, we end up competing on nothing but price every single time. It's killing our business. Our premium position simply can't sustain that kind of margin erosion."

It's an incredibly common but still maddeningly frustrating scenario. Here's a company that excels across every commercial metric that might matter but still faces deep commoditization nonetheless.

Welcome to what we've come to call the "1 of 3 Problem," where a supplier commonly wins the battle for customer consideration—even preference—but ends up competing against two others on little but price nevertheless.

How to respond? Typically, heads of sales and marketing would tell you, "If customers fail to fully pay us for all the incremental value we provide, then clearly they must not appreciate all the incremental value we provide." So they direct their teams to "sharpen" the company's value proposition. They equip reps to "more crisply" articulate the many ways in which their company can not only meet customers' needs, but exceed them. They carefully redesign marketing campaigns and sales collateral to better communicate the broad range of their company's "best-in-class, cutting-edge solutions" and "unique ability to provide moments of deep customer delight."

And yet in today's world, even when delivered well, most customers' reaction to suppliers' costly efforts to better articulate their company's value isn't so much "Wow! We had no idea!" but rather something akin to "Yeah, we knew that already."

Today's customers will often concede the point right up front, responding, "We totally agree! We think you guys are great! Your solution is by far the best, and we'd love to partner with you!"

Which feels fantastic, until they add, "In fact, *that's why* you're one of the three companies we've invited to participate in this bidding process! But as much as we *love* your solution, this other company's solution is good enough, and they're a lot cheaper. So if we can get *your* solution at *their* price, then we're good to go!"

And that's painful.

Despite suppliers' best efforts to better convey their unique value, there's little evidence that today's customers are any more willing to *pay* for that value even when they perceive it. At least not when they believe the next best alternative to be sufficiently "good enough."

So a supplier wins in every way possible—raising awareness, consideration, preference, even recommendations—and still loses when it comes to what matters most: getting paid. This is the core dilemma of selling solutions today: most suppliers' single biggest competitor isn't so much the competition's ability to sell as their own customer's willingness to settle.

Across the last five years, the CEB team has dug into this challenge with a huge amount of research into both sales and marketing capability and customer buying behavior, seeking to understand what suppliers can do differently going forward to avoid the underperformance of past approaches. What we've learned is fascinating—if not more than a little bit troubling. Much of the problem lies less in a supplier organization's inability to *sell* effectively and far more in a customer organization's inability to *buy* effectively. And a very large part of that challenge lies squarely in customers' struggle to achieve common agreement across the wide range of stakeholders now typically involved in virtually any solutions purchase.

THE RISE (AND FALL) OF THE 5.4

One might argue that the challenge of customer consensus is nothing new. Indeed, we've been hearing of the problem for years. And, of course, the economic downturn in 2009 did nothing but exacerbate the problem as increasingly cost-conscious and risk-averse decision makers balked at making even the smallest decisions on their own.

And yet, if we fast-forward to today, the strange thing is, while the global economy has significantly rebounded across virtually every metric that might matter, in that same time, the customer consensus challenge has become far worse. In a recent survey of senior sales leaders, we found nearly 80 percent reported the number of customer stakeholders involved in a typical deal continues to rise.

Why? There are all sorts of reasons for the added number of individuals involved in a deal today, but chief among them would be:

1. A sustained and widespread aversion to risk among both individual customer stakeholders and organizations in the aftermath of the global economic crisis

2. The fact that most “solutions” today have both a technological component and a higher price tag necessitating not only the involvement of IT but additional scrutiny by operations and procurements executives

3. A greater concern among legal and compliance officers that all corporate initiatives meet tighter regulatory requirements and information protection protocols

4. Governmental regulatory reform (especially in health care) forcing industry-wide shifts in how customers operate and buy

5. Customers’ efforts to expand operations globally, bringing new regional players to the table

6. The simple fact that most “solutions” offered by suppliers today are purposefully designed to integrate more customer functions and tasks than ever before in order to provide customers higher impact, better value, and improved ease of use

7. New management styles and organizational structures leading to flatter, more networked organizations that place a premium on more frequent cross-silo collaboration

Every one of these trends not only means more people involved in a typical purchase than ever before, but more important, more people across more roles who likely hadn’t been involved in the past. Of course, none of these trends is likely to reverse itself anytime soon. Bottom line, it’s nearly impossible today to get a deal done without accounting for a seemingly vast array of budget owners, influencers, end users, third-party consultants, you name it.

But as the consensus story continues to evolve, the thing we find most troubling isn’t the rise in number of people who have to “buy in” but the equally dramatic increase in number of people who have to “sign off.” So unlike the consensus challenge of 2006, which largely centered around winning over a single, senior decision maker and his or her team, today’s consensus challenge has evolved into something far more complex. Today, whether suppliers are selling to a customer with 50 or 50,000 people, they rarely find that almost mythical “senior decision maker” able to individually approve a complex deal on behalf of all of their colleagues.

Instead, more often than not, it’s purchase by committee. It’s collective consensus across a formal or informal group of senior employees, each with the ability to stop a deal if it fails to meet their particular needs, or speak to their individual priorities. And that problem, we find, stretches well beyond just larger customers or more strategic accounts. Consensus challenges are just as likely to crop up in small and medium customers where suppliers have traditionally been able to conduct most business through a single point of contact. As one sales leader in the food and beverage industry jokingly observed, “Even when we sell to mom-and-pops, we’ve got a mom and a pop, and they don’t always see eye to eye.” Small business isn’t exempt from the consensus challenge.

In fact, let’s put some real numbers against this problem. In a survey of over 3,000 stakeholders involved in a typical B2B purchase, we found that customers themselves report an average of 5.4 different people formally involved in a typical purchase decision. That’s 5.4 opportunities for someone to say “No.” And that one simple number raises all sorts of questions for suppliers. Things like: Do we even know who those 5.4 people are? For that matter, does our *customer* even know who those 5.4 people are? Sometimes they’re not sure either! What does each of these individuals care about? How does our solution meet their individual needs? How do we win them over?

The real trick in this new world of customer consensus is: this isn’t just 5.4 different people, it’s 5.4 different perspectives. *Three-quarters* of customer stakeholders we surveyed told us these 5.4 individuals span a wide variety of roles, teams, functions, and geographies. And really, this is the true challenge of consensus today. It's not so much that there are *more people* in a sale that makes things so hard, but that there are so many *new perspectives*.

Every supplier has a version of this exact same story. For example, if you sell an IT solution, almost certainly you've traditionally called on the customer's CIO and his or her team. But as most IT solutions today touch other parts of the business (or more business decisions than ever before now feature a strong technological component), now you're just as likely to *also* sell to CMOs, COOs, or heads of HR—depending on who's using your system. Additionally, the broader scope and bigger footprint of your solution probably means you're also speaking with the CFO, to procurement, and maybe to regional presidents. Not to mention a whole range of end users, influencers, third-party consultants, and even potential partners. And lest we forget, legal (aka the "Sales Prevention Department"). Indeed, one head of marketing in the health care industry recently told us, "For us it's not 5.4 people, but 5.4 *committees* of people!"

Bottom line, every supplier has their version of the same story, regardless of industry. We used to sell to X, and now we sell to X, Y, Z . . . as well as A, B, and sometimes C. And every one of them is different. Different priorities, different perspectives, different authority, even different levels of knowledge of what the supplier's solution actually does in the first place, and why that matters.

That's the *real* challenge of customer consensus today. It isn't just a *quantity* problem. It's a *diversity* problem. Because when these groups come together to make a decision, almost inevitably, it seems, things fall apart.

Take a look at figure 1.1.

FIG. 1.1. Purchase Intent, by Buying Team Size

In a survey of 3,000 customer stakeholders involved in a B2B purchase, we asked respondents the degree to which they agreed with the statement "We will definitely buy from this supplier in the next six months" on a scale from 1 to 10 (we tested other time horizons and got virtually the exact same result. Six months allowed us to capture the largest sample). We then mapped those responses according to total number of people on the buying team.

Now, the path of that line in figure 1.1 tells a dramatic story, featuring two distinct downward inflection points. The first represents a rapid drop in purchase likelihood just by adding *one* more person to the purchase decision. So going from one to two people means overall likelihood to buy goes off a cliff, dropping from 80 percent to the mid-50s (indeed, apparently mom and pop don't always agree). Then things level out for a bit until we get past person number five. Then there's a second cliff where likelihood to buy sinks like a stone to a dismal 30 percent. As a supplier selling to the 5.4, this is a hard graph to look at. From left to right, this is a one-way ticket to indecision with a final stop somewhere squarely in the center of what some sales leaders have come to call the "solutions graveyard."

From a research perspective, this finding proved hugely important as it gave us the first indication in all our data that suppliers don't have nearly so much of a selling problem as perhaps they do a *buying* problem—brought on largely by the new and wildly diverse cast of characters typically involved today in any solutions purchase.

For suppliers, however, that's a tough finding to digest, as it's hard to know how to manage this kind of challenge. After all, customer diversity isn't something suppliers can make go away by telling their customer, “Actually, we don’t think your legal or procurement teams need to look this one over.” For even if that attempt were to succeed in the short run, the long-term consequences can be costly. As the chief sales officer at a global manufacturing company recently told us, “We actually tried exactly that just last year. And it worked! We successfully cut everyone out of the purchase other than the head of operations and got the deal done in record time!

“The problem,” he went on, “was that when we then went to implement what we’d sold, all those people we’d previously cut out realized what was happening and completely overwhelmed the installation with objections and conflicts that we could have handled in advance if we’d just included them to begin with.

“In the end,” he said, “as hard as it may have been, we would have been far better off getting all those individuals on board as part of the purchase process because the bad will we generated as part of a rocky implementation not only undermined this deal, but likely cut us out of future deals for the foreseeable future.” It’s an incredibly tough thing to find out after it’s too late to do anything about it.

But it raises the questions: If suppliers can’t fully (or even partially) eliminate customer diversity as part of a sale, then how can they at least manage it more effectively? What’s the best strategy for selling to increasingly diverse customer buying groups?

TRACK THEM ALL DOWN AND WIN THEM ALL OVER

Around the world, the strategy for selling to diverse stakeholders follows the same, frustrating reality. It requires a whole lot of work, and it requires a whole lot of time. In fact, most sales professionals agree, the battle for customer consensus plays out across two dimensions, not just one.

FIG. 1.2. Common Consensus-Building Strategy

The first dimension is a challenge of access—simply winning the right to get in front of all the individuals who matter in the first place. And that’s hard. With all those new people involved, the first step is figuring out who they all *are* in the first place. We encourage sellers to begin with the question “Who are our 5.4 for this particular deal?” It’s a disarmingly simple question, but often surprisingly difficult to answer. In many cases, these aren’t just new individuals, but new roles, functions, and maybe even geographies that that supplier has traditionally never called on before. And chances are pretty good that customer stakeholders’ exact role in the purchase may be somewhat murky even to themselves.

Beyond identifying them, however, is the more difficult task of winning the right to speak with them, particularly as a seller may have little to no prior experience or existing connections to fall back on—even in existing accounts with otherwise long-standing relationships. What’s worse, from the perspective of that target stakeholder, they may see no especially pressing need to talk to that supplier at all if they fail to see a relationship between their immediate concerns and the supplier’s capabilities.

Beyond winning access to each of these individuals, however, sellers still face the even greater challenge of winning each of them over, ensuring they position their offering as precisely as possible, so as to resonate with each stakeholder’s priorities and needs. And they have to do that 5.4 times—tracking them all down and then winning them all over.

Now, one might argue there’s nothing new here. After all, that’s nothing more than just plain good selling, same as it’s been for years. But the real challenge is, this is no longer a single sale, but a *serial* sale, each one a little different and carefully positioned to each stakeholder. To be sure, it is great selling. But it’s great selling times 5.4! Checking off each stakeholder as they go, ensuring they’ve bought in before they move on to the next one.

This one challenge has become the heart and soul of most sales managers' check-in calls with their team: "So who have you called on so far? How did it go? Are they on board? How do you know? OK, who's next? How are you going to get in front of them? How are you going to position things for them? How do you think they'll react? What objections do you think they might have [insert role play]? OK, who's left after that?"

So reps work from the known to the less known, the familiar to the less familiar, slowly building consensus step-by-step as they seek to collect a "Yes" from each of those conversations.

A tenured sales manager we interviewed memorably compared it to the plate-spinning act at the circus. You get the first plate spinning on the stick and then move on to the second. You get the second one spinning and move to the third. But somewhere along the line, the first plate has started to wobble, so you have to go back and get it under control as you're simultaneously trying to move on to the fourth. And so it goes across the board, winning one stakeholder at a time. "Check!" "Check!" ". . . aaaaannnnnd check!"

But the deeper into the 5.4 we go, the harder these conversations become. In an all-too-common (but still deeply painful) scenario, the head of sales at a company that sells highly technical instruments for the manufacturing sector told us that his sales reps are almost exclusively trained engineers—which has always made sense in the past as they've traditionally called on engineers inside the customer organization. However, across the last five years, as the scope, impact, and expense of their newer solutions have expanded, they can now rarely get a deal done without also speaking with the customer's head of finance. The problem is, their reps have never sold to CFOs before and find them completely intimidating, so they avoid calling them altogether! But what do you do when your own sales force is literally too scared to call your customer? At first glance it might sound somewhat absurd, but this happens all over the world, every single day. This is what happens when sellers move into the world of the 5.4. Sales reps' familiar comfort zone of selling doesn't expand nearly as fast as customers' required consensus zone for buying.

Likewise, parallel efforts in marketing don't fare much better. A recent move in B2B marketing toward something known as B2P—or "business-to-people"—marketing arises in part from this exact same trend. There, the thinking goes, even in the world of business-to-business buying, it's not companies that buy things, but *people* that do. And with the rapid increase in both number and diversity of people involved in a typical purchase, suppliers have to understand those people today far better and get in front of them far earlier than ever before with content and campaigns that will more specifically speak to each of their unique needs and priorities. In many ways, it's the marketing analog to the "track them all down and win them all over" sales strategy.

So not surprisingly, then, we've observed a strong and renewed interest among more advanced marketing teams in building ever more accurate customer personas, trying to understand individual buyers and their needs. Simultaneously, we've watched marketing organizations dedicate increasing amounts of time and money to building more targeted content, designed to speak to very specific members of the 5.4 about the issues they care about most at each stage of the purchase journey.

Given the scope of the challenge, however, these same teams (often made up of only a handful of people) become easily overwhelmed trying to place highly personalized, original content in all the right places, at all the right times, for all the right people involved in a typical purchase process. Even then, there's often little concrete evidence to show that any of this effort translates into real commercial outcomes, leaving marketers to point to intermediate measures like increased click-through rates or more "likes" on the company Facebook page to justify the added time and expense of their effort.

When we put it together it's no wonder that commercial leaders around the world complain of increased cost of sale, longer cycle times, stalled deals, and smaller deal sizes. The ongoing battle of tracking down each of the 5.4 and then successfully winning each of them over not only takes a huge amount of time and effort, it's fraught with challenge every step of the way. And it leaves commercial leaders around the world thinking the same thing. As one head of sales and marketing put it to us rather poignantly, "There's got to be a better way. All this customer consensus is killing our business!"

But what could that better answer be?

IN SEARCH OF ANSWERS

Given this strong pressure on performance, the CEB sales and marketing practice recently set out to study the dynamics of customer consensus in far greater depth than we ever had in the past.

At the center of this work was an effort to supplement the vast amount of customer research we'd already conducted in the past with new data, aimed at group buying dynamics. And much of that data came from a survey of 1,000 people all involved in some fashion in a typical B2B purchase, representing a wide range of both industries and geographies. More than anything else, the survey was designed to shed new light on the complex relationship across group buying behaviors, commercial outcomes, purchase attributes, and sales rep behavior.

The story that arose from all that work is fascinating as, upon first glance, it is deeply counterintuitive. In fact, when we first ran our analysis, we weren't sure whether we should believe the result. We went back and reran the numbers, remodeled the data, rechecked the sample in an effort to undo a finding that we initially found very difficult to believe. But the findings proved incredibly robust. Though those findings didn't seem to make a lot of sense when we first saw them, as we dug deeper into the data (and continued to dissect the challenge it was meant to address), we came to the conclusion that we'd been thinking about the consensus problem in exactly the wrong way. The implications for sales and marketing were huge.

AN UNEXPECTED FINDING

To show you what we mean, let's start with a concept we'll call a "high-quality sale"—which serves as the backbone for much of our consensus work.

The idea here is: Suppliers aren't looking to close just *any* business. They're looking to close *good* business. So while it is true that suppliers lose to status quo far more often than they'd like, it is equally true that even when they win, they often don't win the way they'd hoped. Perhaps the customer bought a much smaller "good enough" version of their solution. Or maybe the customer so completely beat them up on price that the deal came in way below target margins. So technically, we might call those deals "wins," but they're hollow victories at best. We hear this all the time from commercial leaders. It's not so much the *low quantity* of deals they're doing that causes the real pain, but the *low quality* of the deals that are ultimately sold.

So when we talk about a "high-quality sale" in our data, what we're trying to capture is the kind of deal where customers buy the bigger solution at a higher margin. In our study, we defined a quality sale as a deal where customers:

1. Did not settle for a less ambitious solution, but

2. Purchased a premium offering relative to the base offering

We tested for those attributes through a number of different questions across our various survey instruments.

So now the question becomes, how do suppliers win *that* kind of high-quality deal—especially in a 5.4 world?

Well, let's go back to our strategy for selling to diversity in the first place and see what happens. You'll remember, the conventional sales and marketing approach in the 5.4 world is, we have to track them all down and then win them all over. When we ran the various commercial activities associated with that approach through our model, we found something rather shocking (see figure 1.3).

FIG. 1.3. Comparison of Drivers on Likelihood of Supplier Winning a High-Quality Deal

When we measured each of those two approaches (i.e., winning access, or "tracking them all down," and then better individual positioning, or "winning them all over") against the probability of winning a high-quality sale, we found that winning access to key stakeholders boosts that probability by a positive 4 percent, but positioning our offering to resonate more strongly with each stakeholder actually *reduces* that probability by 4 percent.

Now, what do those numbers mean? Let's take them one at a time. The way to interpret the access number, for example, is this: if we were to move from below-average performance to above-average performance on winning access to each stakeholder across the 5.4, we'd be 4 percent more likely to close a high-quality deal.

In other words, access matters. It has a statistically significant impact on driving up deal quality. Though, you'd likely agree, it doesn't appear to matter nearly as much as anyone might have thought. After all, a 4 percent increase doesn't seem to be all that meaningful. That's kind of strange.

But even stranger is our finding for tactic number two. This is about winning over each stakeholder, one at a time, by connecting our offer as strongly as possible to whatever they care about the most. So we position our offer to meet their needs, emphasizing our ability to address their specific priorities, speak to their individual view of what's important, and connect directly to what they've got to get done (i.e., their MBOs, personal projects, etc.). And the impact here is actually *negative*.

Now what does *that* mean?

Well, what it means is that the better we get at customizing our offer at the individual level, the *less* likely we are to close a high-quality deal. Effectively personalizing our offer to each stakeholder *decreases* deal quality, pushing us deeper into the very commodity trap we were hoping to avoid by personalizing in the first place.

In fact, when we dig into the data one level deeper, we find that if we move from below-average performance to above-average performance on personalization, we're 20 percent more likely to have a *negative* impact on overall deal quality. In other words, the better one positions the offer to the individual, the more likely there is to be a negative impact on overall deal quality. It doesn't seem to make any sense.

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