



# RESEARCH PAPER

## Why 'Agile' Salespeople Outperform Challengers

Situation-Based Sales Strategies Win More Customers

## Introduction

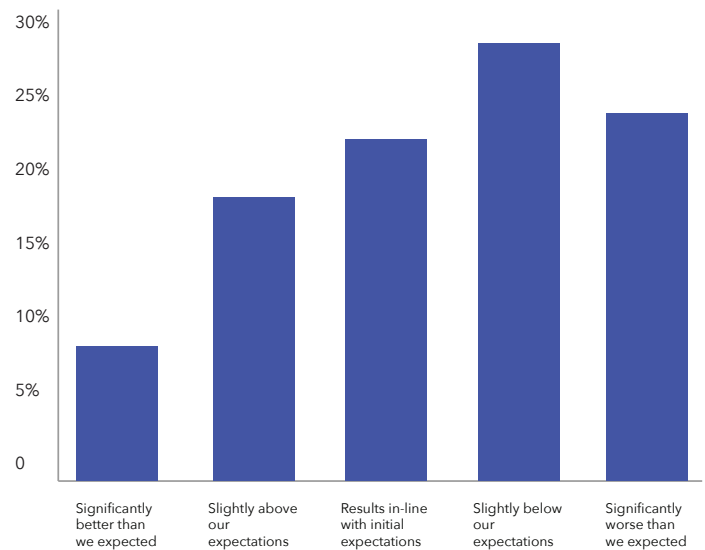
There's an interesting trend afoot in today's sales organizations. For the past several years, leaders of the sales function have been told that they must implement a standardized sales methodology to drive sales force effectiveness. Of course, standardized sales methodologies come with promises of increased revenues, faster customer-conversion rates, and better onboarding of salespeople. The potential benefits of a sales methodology are real, but sales leaders have learned to take dramatic performance improvement claims with a grain of salt. After all, a substantial amount of these claims come from the very companies that market off-the-shelf methodologies that are guaranteed to improve rep performance.

The reality of implementing standardized sales methodologies is that the devil is in the details. Results of a recent benchmarking study by the Florida State University Sales Institute show mixed results for standard sales methodologies. The survey asked over 800 sales leaders if they had implemented a standardized methodology in the last three years and if so, what was the outcome of the implementation relative to expectations. Over 50 percent of the respondents who had implemented a new sales methodology felt that the initiative had NOT delivered its expected results.

This is a major issue given the time and resources that are typically allocated to such a project. The costs of these initiatives can easily reach seven figures for large sales organizations. And these monetary expenditures don't account for lost revenue due to disruptions in selling time as the methodology is rolled out to the field. Finally, what if the methodology doesn't work? The potential losses can be devastating to a sales organization.

With the risk involved with selecting a sales methodology, it's no wonder that the question, "Which sales methodology is right for our company?" can cause major stress for senior sales leaders.

## "How would you rate the adoption of your standardized sales methodology?"



Source: Florida State University Study

But what if that's the wrong question for sales leaders to be asking? In the following sections of this paper, we highlight some research findings that show that this might just be the case.

## A Five-Year Research Journey

The Florida State University College of Business is home to one of the top academic sales centers in the world. The FSU Sales Institute delivers sales and sales management education to over 450 undergraduate and graduate students each year. In fact, FSU is one of a handful of universities where a student can graduate with a degree in professional selling. The FSU Sales Institute also hosts a myriad of outreach programs like the International Collegiate Sales Competition (the largest sales competition in the world), the Sales Educators' Academy for helping other universities launch sales curriculum in business schools, and the Certified Sales Trainer program where corporate sales trainers can hone their teaching skills and develop strategic plans for their respective sales training programs.

But perhaps the most important contribution that the FSU Sales Institute makes to the area of sales management is its cutting-edge research on sales-related topics. The Institute's advisory board of over 40 companies plays a critical role in guiding the research efforts of the FSU program. This was certainly the case in 2012 when the advisory board asked the FSU sales faculty to investigate the question that was at the top of everyone's mind: "Is there really such thing as a Challenger sales rep?"

Specifically, the advisory board wanted to understand the prevalence of consultative, relational, product-focused, and challenge-style sales reps. It also wanted to know which one of these selling strategies is the gold standard for high-performing sellers.

The research team in the FSU Sales Institute subsequently launched a series of studies in 2012. The results revealed partial support for the Challenger findings. (See Appendix for a full description of the studies and findings.)



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#### **Key Finding from Phase 1 Research**

Sales reps in the top 25 percent were more likely to say they were Challenger sellers, but were just as likely to say they were consultative sellers.

While the results pointed toward consultative and challenge selling as the predominant strategies of top performing salespeople, the question of how often salespeople really employed these specific strategies across their various sales opportunities remained.

FSU examined that question in the second phase of research. It assessed the differences between high-performing salespeople and average salespeople in terms of the types of selling strategies that were employed in different situations. A second goal of this research

phase was to assess which of the different sales strategies had the highest win rate at the individual sales opportunity level.

In almost every situation, there were significant differences between the strategies and tactics used by high-performing reps and the rest of the sales organization to win the sale.



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#### **Key Findings from Phase 2 Research**

High performers had a dominant selling style based on the situation that they were asked to address.

There were clear and significant patterns in the win/loss rates when accounting for the combination of both the situation and the strategy used.

High performers were more likely to deploy the strategy with the best odds of success in any given situation compared to the rest of the sales organization.

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In summary, the success or failure of a selling strategy is dependent on the situation in which it is deployed. Accurately applying the *appropriate* strategy to a given situation explains win/loss rates. Likewise, high-performers were better at aligning their selling strategies to certain opportunity types. Challenge selling was the ideal strategy in approximately 25 percent of the situations identified.

## Research Conclusion... The Need for a New Question

What should sales leaders take from these findings? There is no such thing as a Challenger seller, a consultative seller, a relational seller or a product-focused seller. The research of 1000's of sales opportunities showed that top-performers were **ALL** these types of sellers. The key difference is that sales all-stars know **when** to be one type of seller over the others. Ultimately, sales leaders must stop trying to answer the question, "What sales methodology or strategy is right for our company?" The real question should be...

*"What Methodologies or Strategies are Right for the Situations that Our Sales Teams Face on a Regular Basis?"*

Reps don't need a defined process or methodology for **how** to sell - they need a methodology for adapting the way they sell, so they know **when** to use different selling strategies. The only accurate label you could use to classify your top-performers is that they are "agile."

## Can Adapting to the Situation Be Taught?

For sales leaders to truly take their sales teams to higher and sustained levels of sales performance, they must begin to train and manage their teams to be much more agile.

On the surface, "agility" seems like a trait that reps either have or they don't. At the very least, managers know that it takes years of experience for reps to gain the insights needed to be more adaptive in their selling efforts. By studying adaptability training in contexts outside of sales organizations, the FSU research team found dozens of programs aimed at teaching people to be more agile.

Sports teams are all about agility - quarterbacks are taught to come to the line of scrimmage, assess the situation, and make changes to the play their team is going to run based on what they see... And this can be taught.

Doctors frequently prep for one surgery only to find that the procedure they were going to perform is not appropriate based on their patients as they lie on the operating table. Doctors must frequently switch to a different technique based on the patient's condition... And this can be taught.

The US military's success hinges on combatants being able to adjust to the situation. Fighter pilots are taught dozens of maneuvers that can be performed while engaged in an aerial dogfight. They all know that the key to success is their ability to quickly tack back and forth between maneuvers based on what the enemy plane is doing. Adapting more quickly than the enemy is the basis for fighter pilots, Navy Seals, and commanders in the Pentagon... And it can be taught.

Our US military example is especially relevant for sales teams. It illustrates both tactical (in the battlefield) and strategic (in the battle control center) adaptability that salespeople need to be successful in their selling efforts. In terms of tactics, salespeople must be able to adjust on the fly as they carry on sales conversations face-to-face with their respective clients.

Salespeople must also be able to adjust strategically by thinking through numerous topics, for example discounts to be offered in the proposal, who in their senior leadership would be good to take to meet the client, and what marketing materials are best to move the customer forward in the selling process. We believe that both tactical and strategic adaptability can be taught to your salespeople.

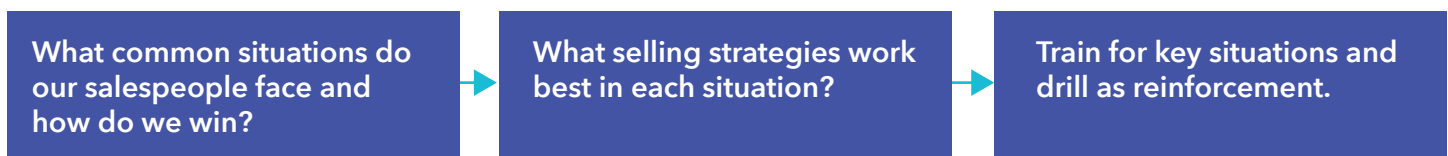
## “I Want to Help My Team Be Agile Sellers, So Where Do I Start?”

Other sales researchers have explored the keys to “agile” selling and found that three key skills are the most critical to salesperson success. First, salespeople must have situational awareness, which is the ability of the salesperson to probe and recognize the type of situation they are confronting. The second skill is the ability to think through a series of strategies for each situation and to accurately select the right strategy for the given situation. This skill is known as selling fluency. The third and final skill is strategy execution. It’s one thing to know the right strategy for the situation at hand, but it’s another thing entirely to be able to execute.

If situational awareness, selling fluency, and strategy execution are the keys to building an agile sales team, how can sales leaders build these skills in their salespeople? It might seem logical to start with a training program that teaches these skills, but the research by the FSU team into situation-based sales training programs found that this kind of training is the last step, not the first. Great “agility” training programs start with some significant work on the front end that looks at the situations commonly faced by each team, the strategies that win opportunities most often, and then the training program that could best teach the previous skills.

The diagram below provides a simple three-step process for developing agile sellers on any given sales team.

### Creating Situation-based Sellers



The first step is to take time to think through the types of situations that your team faces on a regular basis. This is a critical step, because these situations are typically very context specific. For example, the situations that reps face when selling surgical supplies will be very different from the situations faced by someone selling commercial real estate or the latest logistics software. Sales leaders need to identify the characteristics that define their selling situations and then develop a classification of the situations that their reps face on a regular basis.

Next, sales leaders need to develop the situational playbook that looks at the strategy necessary to win a specific selling situation. This should be done through an extensive win-loss analysis across the different situations.

The FSU research team found that world-class sales teams have common elements in their situational playbooks. For example, common components include the steps required to close the sale, the key people to work with (both internally and at the customer’s site), the critical messages to deliver, the selling tools to use, and the essential information to gather.

Once these situations have been identified and the correct strategy for each situation defined, relevant sales training programs can then be developed. These training programs tend to look very different from traditional sales training. “Agility” training spends considerable time teaching reps how to identify the key situations that they might face, and even more time teaching reps the strategies that work well in each situation.

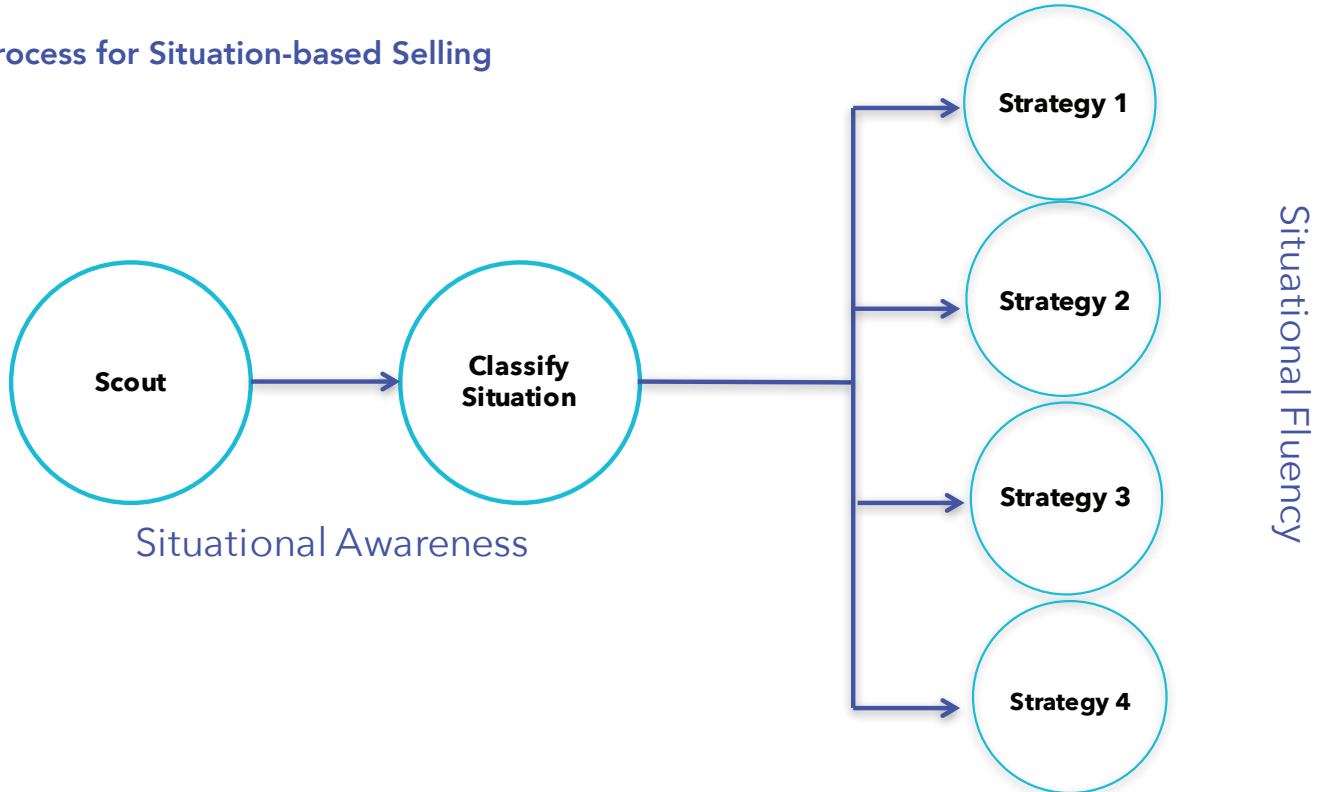
Smart leaders treat these training sessions like a workshop that helps their salespeople buy into the concepts at work by providing input and helping to refine the strategies. Next, good “agility” training puts reps in different role plays that assess them on their ability to execute the strategies. Finally, “agility” training should be a continuous exercise where sales leaders run mini-training sessions at regional and national meetings that continue to reinforce situation-strategy-execution in their sales teams.

If you want all your salespeople to be agile, you need to remember that this is NOT just an issue of concern to your salespeople. Helping salespeople be more agile in the field is an issue that must be a priority for everyone who works with and supports salespeople, be that marketing, leadership, or support. For lack of a better phrase, agility in sales teams truly “takes a village.” Think about frontline military combatants and the team of people they have supporting them when they execute their missions on the battlefield.

Try jotting down the list - you’ll find it is quite long! Military intelligence staff must develop situation reports and constantly relay updates to the field. Military trainers must teach the fighters the different situations they may face, how to distinguish between different situations, and then how to be successful in each scenario. Finally, field leaders must coach their teams to recognize and adapt to different situations. And all of this must come together in some coordinated, systematic fashion if they are to be an agile fighting force that works as a cohesive unit.

The same is true for your sales teams. Agility should not just be a skill that’s taught to those in the field. Agility is also a philosophy that your entire organization must embrace if the people in the field are to succeed. Managers need to coach agility. Marketing needs to provide appropriate support materials. CRM systems need to provide analytics that point out new strategies that help win in different situations. And training needs to change from solely teaching “how-to” concepts to teaching both “how-to” and “when-to” concepts.

### A Process for Situation-based Selling



# APPENDIX



## Research Phase 1 - Replication of Challenger Research

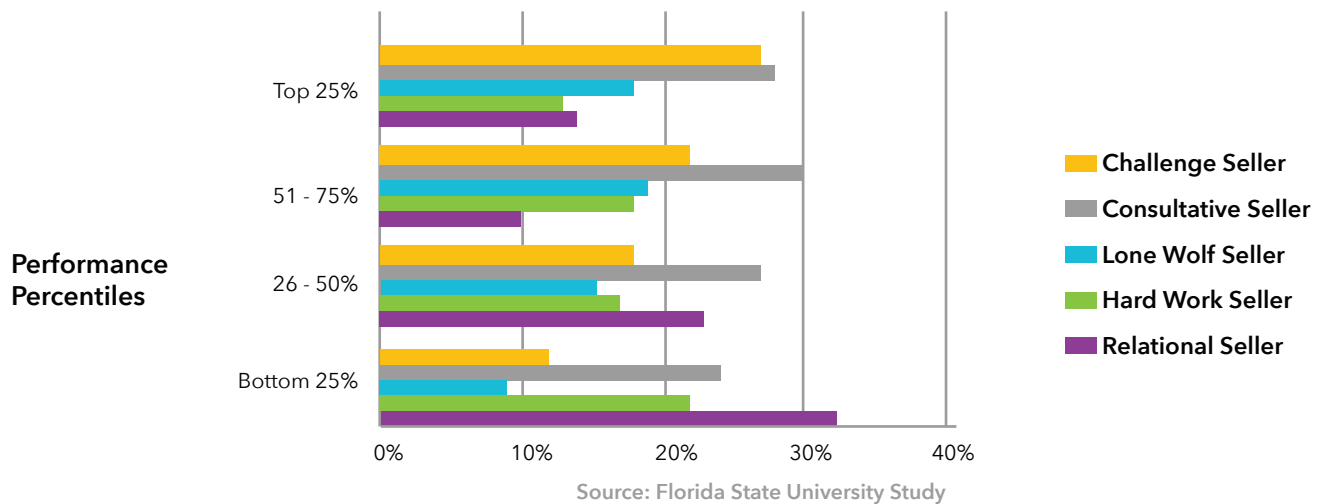
The FSU research team sought to replicate the Challenger argument research, namely that most high-performing salespeople take a challenge strategy in their sales efforts. The FSU team asked over 780 salespeople to select a sales strategy that best aligned with their style of selling.

### Key Findings

- Reps in the top 50 percent of performance were more likely to self-identify as challenge style compared to reps in the bottom 50 percent.
- However, reps in the top 25 percent were more likely to say they were challenger sellers but were just as likely to say they were consultative sellers.
- Likewise, reps in the top 50 percent were more likely to say that they were consultative sellers than any other style.
- Reps in the bottom 50 percent were more likely to identify as relational sellers.
- Industry effects were detected, meaning that the type of sale matters; however, all industries represented qualified as complex sales.

The conclusion was that while the results pointed toward consultative and challenge-style selling as the predominant strategies of top performing salespeople, the question of how often salespeople really employed these specific strategies across their various sales opportunities remained.

### Self-reported Selling Styles





## Research Phase 2 - Moving to a Situation Research Approach

In the second phase of the FSU research, they assessed the differences between high-performing salespeople and average salespeople in terms of the types of selling strategies that were employed in different situations. Three different companies and almost 1,500 salespeople were used in the Phase 2 research. Reps from each company were presented with three different situations commonly found in their respective environments and asked to describe what they would do in terms of selling tactics in these situations. Tactic combinations were grouped and labeled as relational selling, consultative selling, product or service focused selling, or challenge selling. Reps' responses were categorized based on where they placed the most emphasis to win the opportunity.

Specific results for each company's salespeople are found in the tables below. Results in black are 80 percent of reps, and results in green are from the top 20 percent in each company in terms of performance.

### Sales Strategies in Different Sales Situations

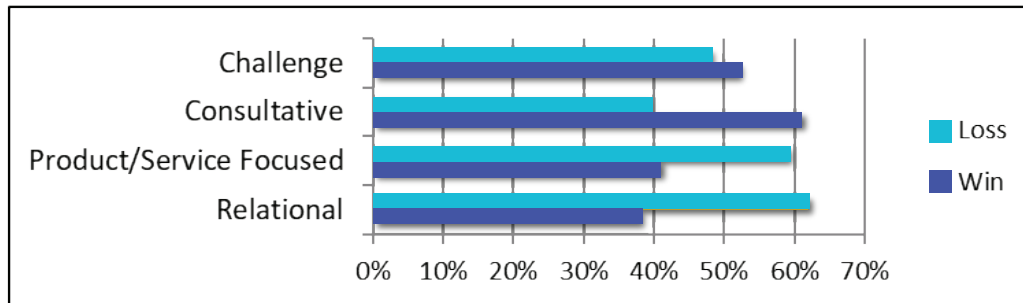
Med Co. (n=283)	Situation #1	Situation #2	Situation #3
Relational	31% (41%)	28% (6%)	18% (15%)
Product / Service Focused	22% (18%)	25% (25%)	38% (11%)
Consultative	38% (21%)	22% (54%)	32% (28%)
Challenge	9% (20%)	23% (15%)	16% (46%)
Healthcare Co. (n=789)	Situation #1	Situation #2	Situation #3
Relational	40% (18%)	15% (11%)	23% (0%)
Product / Service Focused	23% (13%)	31% (63%)	28% (11%)
Consultative	18% (13%)	38% (10%)	24% (82%)
Challenge	19% (56%)	16% (16%)	25% (7%)
Llghting Co. (n=427)	Situation #1	Situation #2	Situation #3
Relational	52% (11%)	11% (5%)	28% (0%)
Product / Service Focused	20% (71%)	25% (15%)	25% (74%)
Consultative	28% (8%)	62% (68%)	42% (0%)
Challenge	0 (10%)	2 (12%)	5% (26%)

Results in black are 80% of reps (Results) are top 20%

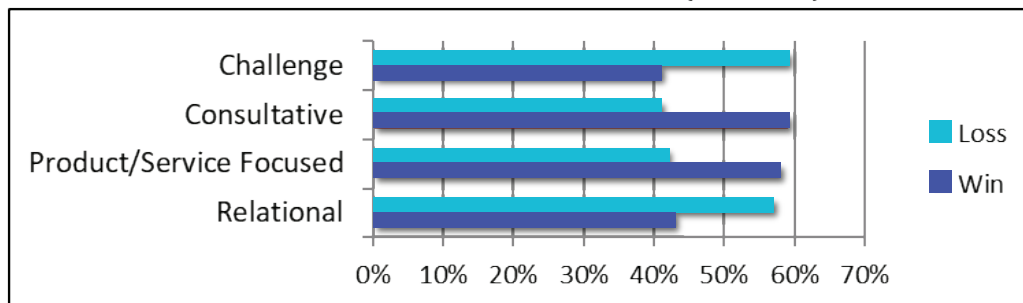
Source: Florida State University Study

## Selling Strategy Win Rates

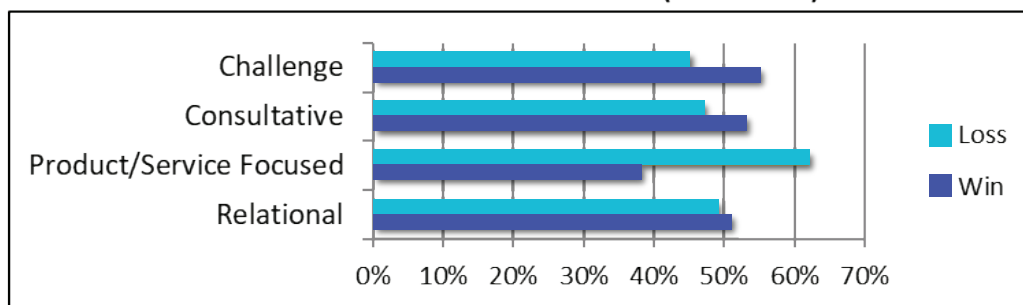
### Software Co. (n= 121)



### MRO Distribution Co.(n=383)



### Commercial Print Co. (n = 289)



Source: Florida State University Study

### Key Findings

- In almost every situation, there were significant differences between the tactics used by high-performing reps and the rest of the sales organization to win the sale.
- Patterns suggest that high performers had a dominant selling style based on the situation that they were asked to address.
- Across the three different companies, the challenge style of selling was the dominant style of high performers in only two of the situations. Overall, high performers still used a consultative style more than other strategies.

In summary, asking salespeople what “they are” versus what “they would do” yields very different results.

A second goal of this research phase was to assess which of the different sales strategies had the highest win rate at the individual sales opportunity level. This is important because the previous set of findings showed differences between high performers and everyone else, but didn't address whether high performers were using the wrong strategy in certain situations.

The FSU team asked three companies to participate in this aspect of the research. In this portion of the study, reps were asked to think of two opportunities that they had recently pursued. Specifically, they were asked to identify one opportunity that they had won and one opportunity that they had lost. They were then asked to describe the situation and the tactics that they used to pursue each opportunity.

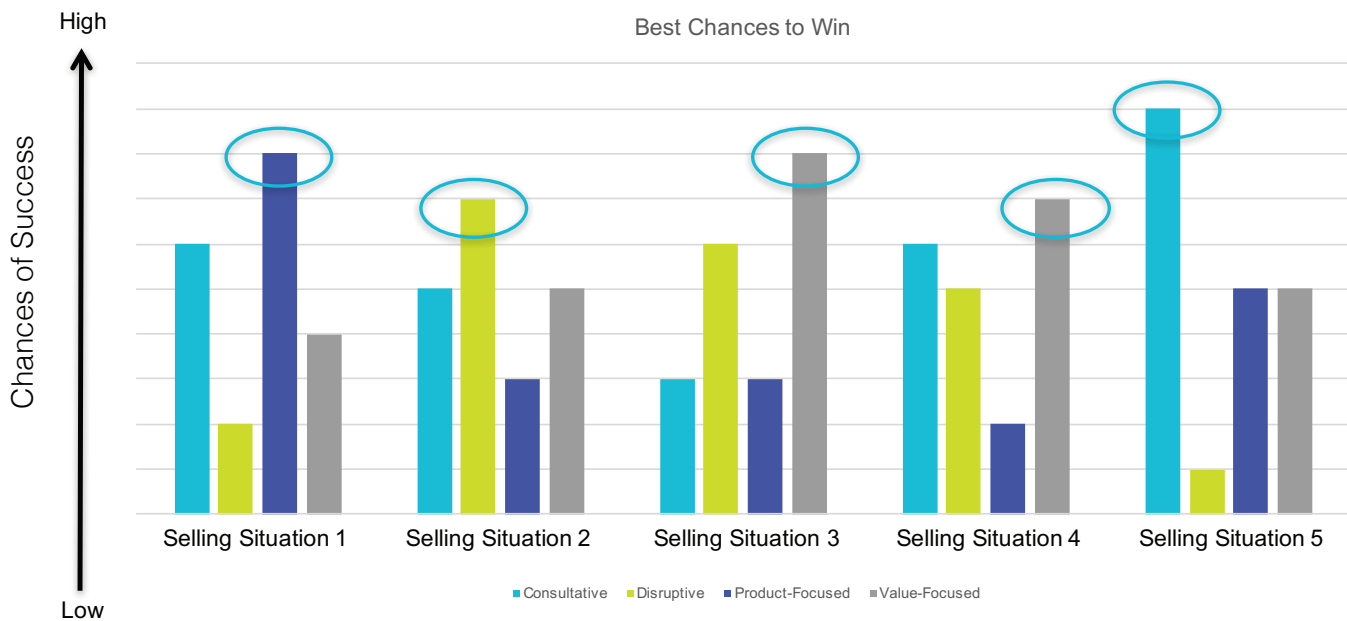
Again, the tactics were combined to form an overall strategy used to pursue the opportunity, including relational, product or service focused, consultative, and challenge-style selling strategies. Likewise, characteristics of the situations were used to classify or "cluster" the situations into common buckets. The final sample size of the study was 793 reps that provided details for 1,586 total sales opportunities.

The FSU Team then conducted a win/loss analysis accounting for both the situation and the strategies used. The results for each company can be seen in the graphs below.

### Key Findings

- In all three companies, there were clear and significant patterns in the win/loss rates when accounting for the combination of both the situation and the strategy used.
- Challenge-style selling was the most successful strategy in four out of the 13 different situations identified in the three participating companies.
- High performers were more likely to deploy the strategy with the best odds of success in any given situation compared to the rest of the sales organization. This finding held across all three companies participating in the study.

### Software Co. Win Rates by Strategy & Situation





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