B2B Selling Has Changed. Are You an Innovator or a Laggard?

Highlights:

» B2B buyers have access to information and technologies that allow them to make decisions without advice from a seller.

» Sales organizations must adjust their processes and competencies to win with the new B2B buyer.

» Some processes and competencies are a radical departure from current practice.

» Rigorous, linear solution selling will no longer win many types of deals.

» Sellers will need to determine the best route to sales based on customer circumstances, which may not conform to the traditional sales cycle.

» Sales organizations will adopt these changes at different and predictable speeds based on their tolerance for disruption.

By Symmetrics Group

A LESSON FROM HIGH-TECH FOR ADAPTING YOUR SALES ORGANIZATION TO THE NEW B2B SALES REALITY

Geoffrey Moore, in his landmark work "Crossing the Chasm," describes the stages in which consumers will adopt, that is buy, a disruptive technology innovation once it's launched. (Think 1983. Sony launches the first CD player at a retail cost of $1,000.)

He was able to identify specific characteristics (psychographics) common to each of five different consumer types that could be used to predict their buying behavior.

Consumers were labeled as either innovators, early adopters, early majority, late majority or laggards. Moore noted that, once launched, a (successfully) disruptive technology innovation would be adopted by one group at a time, in order, based on their psychographic needs and their observations in the marketplace of the group directly ahead of them in line.

As you've surmised, the innovators were the ones who paid the $1,000 for Sony's CD player.

Moore wrote the book for Silicon Valley start-ups to help them recognize the characteristics and buying behaviors of each consumer type. He demonstrated that a start-up's best chance of reaching the critical mass needed to achieve market viability was to target only one group at a time, in order, because *that's how they would buy.*

Not surprisingly, the number of consumers who fall into each group follows a bell curve, with the early and late majorities accounting for the largest slice of the market. Therefore driving an innovation past the early adopters into the early majority (where one is now truly in the mainstream) is both crucial and difficult. Moore refers to this milestone as "*crossing the chasm.*"

THE B2B SALES CHASM

SOLUTION SELLING TURNED ON ITS EAR – We can apply the "Chasm" analogy to the new reality (10+ years in the making now) that is enterprise selling.

But in this scenario, buyers play the role of the disruptive innovation and *sellers* are the wary consumers obligated to determine when they will adopt the radically different (and for many, frightening) sales methodologies and competencies that will be required to stay alive in the field.

In our view, sellers and their managers will adopt these changes in the same manner consumers adopt disruptive technology innovations: by moving along the bell curve, one group at a time, starting with innovators just as Moore describes it.

The only difference here is the "disruptors," that is the new breed of B2B buyer, are not going to fade from the marketplace no matter how resistant sellers are to adapting to this group's buying behavior. Like it or not, they are here to stay.

WHAT HAS CHANGED?

THE "SELLER BEWARE" SALES CYCLE – Technology, the vast amounts of information now available to far more sophisticated buyers and competition, always the competition, are at the root of what Daniel Pink calls the "seller beware" sales cycle.

Thought leaders Mathew Dixon and Brent Adamson (*The Challenger Sale*) best capture the cause and effect of this buyer-induced upheaval:

"Until recently, customers seeking business solutions had to ask suppliers for guidance early in the purchasing process, because crucial information wasn't available anywhere else. But today, customers are better informed than ever before. By the time they approach suppliers, they… have a clear idea of the problem they need to solve, the solutions that are available, and the price they're willing to pay."

Hooking a prospect, conducting discovery, collaborating on a solution design, offering superior benefits and negotiating to a close aren't working in the new sales reality. Prospects no longer need the seller's advice. In some less-complex technology sales where demos can be done virtually, they don't even need the seller.

Shawn Lankton and Brian Stafford of McKinsey describe this trend in *Forbes*.

"A disruptive new sales model… is emerging: digital-enabled enterprise sales more closely resembles B2C e-commerce models where large enterprise customers can research, test, and start paying for products without stepping away from their computer…"

When you arrive at a prospect for the first time today, you can expect them to have completed up to half of the traditional, linear sales cycle without you.

If you came expecting to conduct discovery, you likely left indelibly aware that they were expecting insights and recommendations.

The rigorous, repeatable process that was the solution sale, thoroughly successful since Sony first launched the CD player, has left the building – carried out on the shoulders of the traditional sales athlete who can still be heard humming the ABC's of his obsolete mantra: Always Be Closing.

HOW MUST SELLERS RESPOND?

INNOVATORS AND EARLY ADOPTERS ARE ALREADY THERE – Recommendations and trends from thought leaders in the areas of process, competencies, value proposition, management style, business objectives and compensation are (by their own admission) provocative, if not downright alarming to sellers and managers alike.

We have distilled these recommendations into the following holistic picture of the past and future of sales operations (**see Table 1**).

Table 1: The Past and Future of B2B Selling.

B2B Selling:	PAST	FUTURE
SALES PROCESS	**Prescriptive Sales Process; High Rigor** based on linear execution of these stages: ✓ Hook and qualify ✓ Discovery ✓ Solution design ✓ Value proposition ✓ Contract negotiation ✓ Close and follow up	**Low Prescription; Route to Sale Based on Seller Judgment**: ✓ Sellers are accountable for achieving results, not the process they use to get there ✓ Greater use of inside sales to augment or replace outside sellers ✓ Iterative approach based upon on-going customer conversations
SELLER COMPETENCIES	**Traditional Sales Athletes** Trained and inspected on disciplined execution of the highly rigorous and linear sales process	**Industry and/or Consulting Expertise** ✓ Able to act as "problem finders" ✓ Adept at navigating human interactions, especially the political landscape and psychology of evaluators ✓ Superior teaching skills ✓ Ability to act as a provocative contrarian or "challenger" ✓ Ability to act first and foremost as a servant to the customer, with a mission of not letting them fail
VALUE PROPOSITION	**Product / Solution Benefits**	**Insights, Specific and Relevant to the Prospect** designed to challenge assumptions about their internally derived understanding of both problem and possible solutions
MANAGEMENT STYLE	**Inspection for Process Compliance** ✓ Regulated formal communication ✓ Fear-based with threat of conse-quences for not making quota	**Collaborative Coaching Toward a Result** ✓ Little emphasis placed on the actual sales process used to get there ✓ Informal, unscheduled and frequent communication
BUSINESS OBJECTIVES	**Short Term** Monthly and quarterly revenue goals	**Long Term** Revenue goals that allow sellers the latitude to pursue complex, higher value deals that naturally take longer than transactional deals to sell
COMPENSATION	**Aligned to Achieving Short-Term Goals** Variable and aligned with short-term business objectives, ensuring the seller will take the easiest and quickest route possible to any type of revenue	**Aligned to Achieving Long-Term Goals** Eliminate incentives that drive short-term behavior; in some cases drop variable compensation altogether or modify with long-term customer-based performance outcomes

Daniel Pink (*To Sell is Human*); Steve W. Martin (*Heavy Hitter Sales Linguistics*; "Top 10 Sales Trends of 2013," *Harvard Business Review, December, 2012*); Adamson and Dixon (*The Challenger Sale;* "Dismantling the Sales Machine," *Harvard Business Review, November 2013*).

By far the most frightening suggestion is the one proposing sellers exercise their own judgment on how they'll pursue a sale rather than following a highly prescriptive process, which can be more easily inspected and coached by sales managers.

The reason for this is clear enough. Sellers now enter the sales cycle nearly anywhere but at its actual beginning, sometimes well after the customer has chosen a solution and researched vendors. How can a seller run a linear sales cycle starting with discovery when the customer is already in vendor evaluation?

Worse, how are managers going to inspect seller compliance on a sales process that no longer matches the customer buying process? They can't. Therefore creativity is required and innovative sales organizations have adjusted.

Adamson, Dixon and Toman in "Dismantling the Sales Machine" describe one such sales organization that replaced the quota-carrying, individual-seller concept with "market teams," each acting as a miniature "franchise" owner of the company.
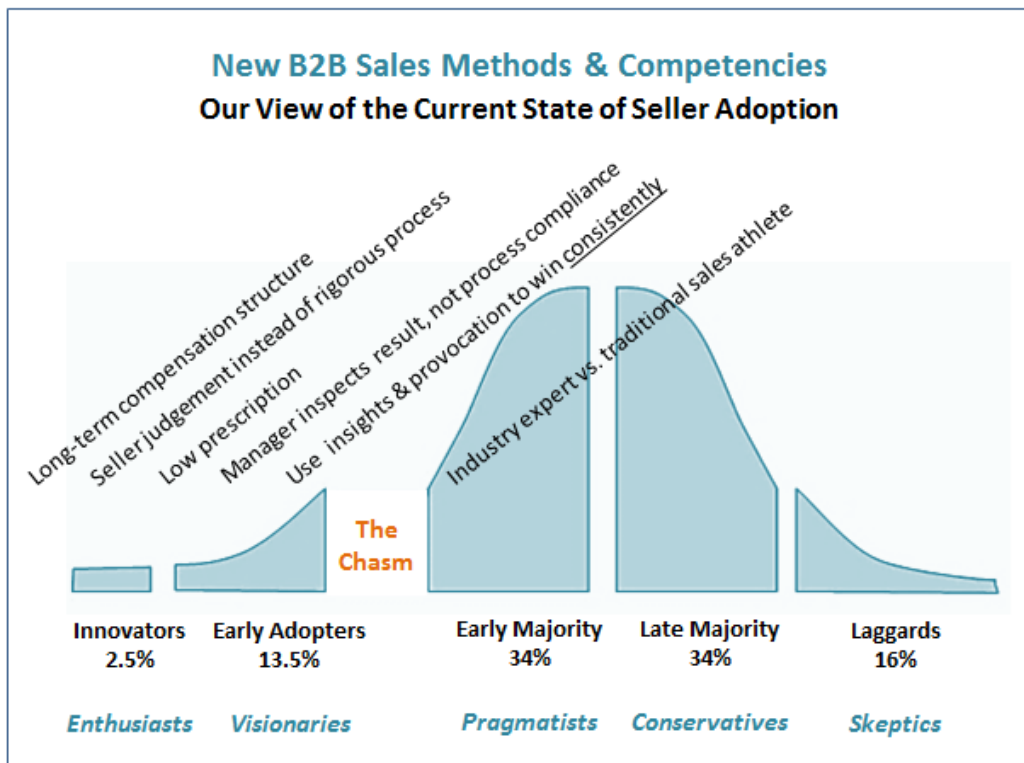
They explain:

"…each team has full deal authority and P&L ownership to develop accounts however it sees fit... a team can follow a sales process or not. It can sell certain products and solutions or not. It's up to team members… the only requirement is to turn in a profitable growth number for the territory… reps are accountable for the ends they achieve, not the means they use."

Managers take note:
Formalized Sales Methodology Gone.

To be sure, sellers will draw on different pieces of the traditional sales process in order to execute, but perhaps not all of them and certainly not in a linear manner.

From a sales competency point of view, Steve W. Martin describes his hypothesis that sophisticated human interaction skills will displace rigorous, linear process execution as the key seller competency of the future.

New B2B Sales Methods & Competencies
Our View of the Current State of Seller Adoption

"Today," says Martin, *"It's the personal interactions with prospective customers that determines winners from losers, not the internal processes of the sales organization. More companies will be studying and categorizing these customer interactions… to understand how (sellers can) formulate their winning account strategies based upon customer politics, evaluator psychology, and the human nature of executive decision makers…"*

The few sales organizations in the world that are truly innovators of these new concepts embrace, experiment and actively pursue implementing changes like this.

But they are the few: like Sybase who showed financial institutions they should be assessing risk holistically instead of by department, in stove pipes. Or Mentos, as Daniel Pink illustrates, who moved from selling candy to selling retail insights about the confections category.

Finally Grainger, one of the flagship examples from Dixon and Adamson's *The Challenger Sale*, sells its MRO supplies by illustrating to prospects the true cost of buying ordinary office supplies, like pencils, "off contract," that is by going around procurement.

Grainger has actually been using this provocative insight since at least 1999, when B2B procurement took its first fledgling steps onto the Internet from EDI, proving unequivocally the ROI of investing in truly powerful customer insights. (FYI: an off-contract box of pencils in 1999 cost about $70 according to Grainger or $98 today.)

It's worth noting that only one of these examples is a high-tech firm, and not a young one either. You might expect the high-tech industry, where innovation is bedrock, to be among the earliest adopters of new B2B sales processes. Not necessarily. Grainger, in fact, operates in possibly the least glamorous industry on earth, maintenance supplies.

Our suggestions is to not assume that if you work in a staid industry, say financial services, your competitors won't be innovators as far as sales methodology goes. Nor should you assume that when you apply the "chasm" bell curve to your own company, the earliest adopters will be the Millennials on your sales force.

Examples in the literature naturally highlight the innovators and early adopters of change in B2B selling. We wondered about the groups on the other side of the chasm.

THE OTHER SIDE OF THE B2B SALES CHASM

THE "LATER RATHER THAN SOONER" CROWD – is a far larger population comprised of pragmatists and conservatives who understand change is required, but are cautious because of the financial and political realities of the organizations they work in.

In the lexicon of the "Chasm," these are the early and late majorities who account for about 68% of the entire population of B2B sellers.

These groups clearly see the differences in selling to buyers today, and they know they must take action. For the early majority, this means making pragmatic, mildly disruptive changes and observing what the early adopters are doing.

We asked members of the early majority to describe what actions they've taken as a way to illustrate that progress can be made by making small moves toward the radically different sales processes and competencies required to win in the new B2B sales environment.

ON ADOPTING SALES PROCESS CHANGE

Ed Funaro is the go-to-market leader of the $650M manufacturing consulting practice for Capgemini in North America. He takes a contrarian's view of lowering prescription on the linear sales process for big deals particularly, but for a quintessentially pragmatic reason:

"You have to follow the prescriptive (process) more stringently because (the market) is so competitive. Win rates aren't what they used to be, so you have to qualify yourself out earlier."

Ed emphasizes stringent process compliance from his sellers to make absolutely sure no money is wasted on a deal that won't be won.

He uses the savings to make investments in, for example, research than can be turned into insights about a prospect's operational metrics compared to their top competitors. This is certainly a step toward a new B2B way of sales; one that was born from necessity:

"Customers are not who they used to be, they're different now. Part of our value used to be educating them on the 'art of the possible.' That's no longer in our arsenal because they already know what the possibilities are."

So Ed's team makes a significant investment on resources up front to obtain data-backed research that shows how prospects compare to their top three competitors in key business metrics, and they share that data on prospecting calls.

"They don't hang up on you with that statement. We aren't offering some unachievable best-in-class vision, this is direct and specific to their situation."

Takeaway #1: If your rigorously inspected linear sales process isn't going to be dismantled tomorrow in favor of low prescription and seller judgment, re-purpose parts of it to move your organization a little closer to the new B2B Sales reality.

Ed Funaro still has a rigorous sales process, but he uses the cost-of-sales savings it yields from qualifying out earlier to make heavier investments early in the sales cycle, like buying insights.

ON ADOPTING NEW SALES COMPETENCIES

Larry Nettles is Director of Sales Development for Premier Global Services Inc. (PGI), a maker of virtual collaboration applications (teleconferencing, virtual meetings, etc.).

"Our experienced sellers are struggling with the change in B2B sales. We're asking them to be flexible in their selling process but more disciplined in their prospecting, and to do more of it. We also introduced a radically different means of prospecting… asking them to sell higher into the organization at the C- and SVP levels. They're uncomfortable because now they have to have a business reason to get that meeting ."

Larry notes that it's easier for their sellers to have a discussion on the merits of virtual-meeting technology rather than say, "I can shorten your sales cycle by *X* amount" to an SVP.

"People who buy things demand their sellers to be better business people and to have better business (acumen)."

Selling at all levels requires stronger human interaction skills and the ability to speak to customers in the languages they use for their role and level of hierarchy within the company. This isn't new, it's been true since the solution sale was invented. However the ever-tightening grip of the new B2B sales environment will make any lack of business acumen, relationship-building capacity or political savvy much, much more visible. Human interaction skills are hard to teach quickly, so pragmatism must be applied.

Takeaway #2: One of the languages spoken at the C- and SVP levels is that of business operations. An old-school, solution-sale way to begin strengthening human interaction skills is to ensure sellers are fluent in business acumen so they can connect more successfully at a higher level.

ON USING PROVOCATIVE INSIGHTS TO CHALLENGE THE CUSTOMER

PRAGMATISTS SPEAK – We saw earlier that Capgemini is quite successful using insights as a sales mechanism by challenging prospects on their view of their own operational metrics vs. their competition.

Ed has an additional view on challenging customers. He notes that many vendors view customer service and customer satisfaction as doing everything the customer wants or requests. He doesn't.

"We recently won a deal at Siemens for a project they had already tried once with a competitor, but it failed. I told them that customer satisfaction to us meant they would achieve their business objectives as a result of our work. Challenging them on assumptions or decisions that might put those objectives at risk is our job, because if they fail, we fail (risking reputation, repeat business and revenue). Being a provocative contrarian is our way of telling the customer we won't let them fail, and we stated that. I found out later that this was the reason they hired us."

Larry at PGI, however, has a large number of Millennials on his sales force, which creates an entirely different scenario.

"High human interaction skills are only useful if you can deliver an insight that is going to challenge the customer. If your seller is someone who can seize the discussion, then great. The difficulty we're having is that Millennials coming onto the team today don't like to provide a challenging insight because they don't like conflict. It's very, very uncomfortable for them. Our struggle is to take someone like that and find the right tool to motivate them, but we haven't found the right formula."

Takeaway #3: Uncomfortable sellers are probably uncomfortable precisely because they are selling instead of helping. Change their purpose and belief from selling the customer to serving them. **And make it their mission to not allow the customer to fail**.

OUR POINT OF VIEW

THERE'S NO GOING BACK, SO START MAKING PROGRESS – Sales organizations must adapt. But few will be innovators or early adopters of the radical changes required to step fully into the new environment.

We make the following six recommendations suitable for the other side of the chasm: those pragmatists and conservatives of the early and late majorities who need to change, but prefer to do so using caution.

1. **Strategy: Find your insights**

   Make the investment up front to research and build specific insights that are relevant to your customers, then use your most experienced sellers to challenge them to alter their assumptions. In discussing this very topic, Geoffrey Moore notes that up-front investment of high-value resources can shorten the sales cycle by as much as 4 months.

2. **Structure: Evaluate your inside vs. outside sales structure**

   Look for opportunities to use inside sales to augment the effectiveness of outside sales. Keep in mind that technology allows for F2F selling without actual

physicality and that Millennial sellers and decision makers are very comfortable with that.

3. **Processes: Repurpose parts of your rigorous sales process to get you closer to selling in the new reality**

   As an example, use the rigor to qualify yourselves out sooner, and put the cost savings toward making investments in change or training that moves your organization closer to new selling processes.

PROGRESS WITH SMALL STEPS CAN BE MADE IN ALL AREAS OF SELLING

- ✓ **Strategy:** Find your insights

- ✓ **Structure:** Evaluate % of inside vs. outside sales

- ✓ **Processes:** Repurpose parts of your rigorous sales process to get closer to selling in the new reality

- ✓ **Tools:** Update some of your tools to reflect needed changes in process or competencies

- ✓ **Enablement & People:** Change your mission from "we're here to sell" to "we're here to serve"

- ✓ **Metrics & Management:** Coach sellers as you make small changes to reinforce and solidify the change

Millennials in the C-Suite:

When Sony began selling its CD player in the United States in 1983, the very first members of the Millennial generation were preparing themselves for pre-school.

Much has been written about Generation Y: their comfort communicating via technology, the 24/7 connection to social media, their need to feel like they're work is important, the constant praise they grew up receiving from their baby-boomer parents.

One common dilemma in sales today is trying to identify who the actual buyer is because more decisions are made by buying commit-tees where it's difficult to tell if there is one buyer or 10.

This is the reason Steve W. Martin empha-sizes the need for seller sophistication in mastering human interaction and maneuver-ing successfully through organizational politics.

A key Millennial trait is their well-known need for collaboration. Extraordinarily team-oriented, this group prefers to reach decision by consensus and generally eschews conflict.

The first Millennials are now in their mid-thirties and advancing steadily toward upper management and the C-Suite.

Larry Nettles of PGI makes the poignant observation that once they enter it, any seller managing to actually reach the C-Suite will be kicked right back down to committee, such is the Millennial's need for group harmony and cohesiveness.

Says Nettles, "if you think you've experienced committee buying before, hang on to your hat!"

4. **Tools: Update some of your tools to reflect needed changes in process or competencies**

    Change some checklist items on your sales tools from "did we do this?" to questions that reflect selling with strong human interaction skills, e.g., "did we describe our solution's value proposition in the language of business operations at the executive level?"

5. **Enablement & People: Change your mission from "we're here to sell" to "we're here to serve"**

    Learn to become problem finders vs. problem solvers; your industry expertise has likely shown you patterns of linked issues that can help you alert customers to problems they weren't aware they had.

    Begin training sellers on human interaction skills by first teaching them the language of business operations so they can connect more successfully at the C- and SVP level.

6. **Management & Metrics: Coach sellers as you make small changes to reinforce and solidify the change.**

    Ensure that before you make any change in process or comp-etency with the sales force, managers are in a position to a) perform the changed process with competency themselves and b) are able to coach sellers on performance and suggested improvements.

CONCLUSION

Pay attention to the changes in process and competencies that are yielding success for innovators and early adopters in B2B selling. Determine *when* your sales organization is mature enough to adopt the new practices. Just because you're on other side of the chasm, however, doesn't mean you can't begin making headway now by taking pragmatic steps that produce results.