



What is Business Development?

Business Development Best Practices Series

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In order to execute a successful business development program, it is important to define what business development truly means and what steps are required to make it so. At its core, business development is the strategic manufacturing of revenue growth opportunities. While some use the term as a synonym for sales and others include mergers and acquisitions, business development actually involves a broader scope including corporate strategy, marketing, sales, and human resources. Each of these are prevalent throughout the following steps, which outline a successful business development process.

Step 1: Determining your company's strengths and value proposition:

What does your company do better than your competitors and how can that be leveraged for the benefit of current and potential customers? The success of any business development plan hinges on this question. Wal-Mart has superior logistics and supply chain management that translate into low prices. Nordstrom has excellent customer service that makes for a great shopping experience. Each company uses its strengths as the basis of its value proposition.

Step 2: Selecting a generic business strategy that aligns with your value proposition:

Based on the work of Dr. Michael Porter at Harvard Business School, companies can compete with one of three generic business strategies: price, differentiation, or focus. The determined strategy should align with the value proposition of the company and be used as a "true north" to guide major decisions. Wal-Mart is superior at managing their supply chain and suppressing cost. They take these savings and pass them onto consumers; consequently, Wal-Mart competes on price. Nordstrom has great customer service so they compete with a differentiation strategy. It should also be noted that if a company attempts to follow more than one strategy, it likely does not have a strategy at all as it cannot claim to provide premium service in the morning and compete on price in the afternoon.

Step 3: Define which market to service:

Who do you want to sell to? The selected market should value what your company is offering. Someone who is

looking for an item of the highest quality is not likely going to make their final decision on price. Conversely, a price-sensitive customer is likely uninterested in hearing about the "craftsmanship" of the item. It is important to know who your potential customers are. Wal-Mart and Nordstrom are both in the retail sector, but do not compete for the same customers.

Step 4: Communicating your value proposition to customers:

It is important for potential customers and clients to be familiar with your company and know what your value proposition is. BMW is the "Ultimate Driving Machine." From the tagline, it is very clear BMW is offering a car with superior handling. Because of BMW's marketing efforts, people are familiar with the company and it will likely make the "mental short-list" of those looking for an upper end car with superior handling. Once a company makes the "mental short-list," the job of sales becomes exponentially easier as the competition is reduced. Be cognizant that marketing messages are essentially promises to customers that must be lived up to though.

Step 5: Set yearly and quarterly goals:

For any business development plan to be successful there needs to be quantifiable goals. As always, goals should be S.M.A.R.T. (Specific, Measurable, Attainable, Realistic, and Timely).

Key Takeaways:

- Business Development is more than just sales
- Align your BD strategy with the Company's value proposition
- Clearly communicate your value proposition to your customers
- BD goals should be S.M.A.R.T.

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