

Business Development – Processes, Methods and Tools

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Business development has been in the center of many researches and practices about business management and business operations for decades and many company experiences in variety of industries have revealed so far that creative and productive (innovative) design and solutions found for goods and services are important factors for reaching planned financial targets. Business development concept is also important for entire economic and social life if considered in total from the aspect of business management culture. Business development is a process of continues planing, producing, controlling and feedback, realized via agile acting approach with specialized mindset, skillset and toolset, in relate to the products to improve them for the client needs and use. With a broad management perspective in ten chapters, the author, Dr. Andrea Kohne, is explaining the business development concepts and processes in the book titled „Business Development - Processes, Methods and Tools”.

In the introduction chapter the author defines business development as a collection of different approaches that, when they are used properly, assist to align a company with client needs and market integration. It is stated that rather than trying to develop the whole company, business development optimizes and expands individual areas of a company such as a specific business operation, product or service. The author also explains the importance of change management, agility and corporate culture in business development processes.

In Chapter 2, the author explains the basic conditions of business development as mindset, skillset and toolset, and determining tasks and roles to

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further implementing the business development processes via integrated business development unit/s to the organization which may consist of a separate central team or may work inside the each individual organization unit as a decentralized unit. Followingly, a prototypical process framework of business development cycle in detail are explained which can be adapted and/or customized by the companies based on their specific conditions, targets and needs. Business development processes are prototypically outlined in 12 stages in the book; if summarized;

1) *Idea Phase*: Business development is motivated with a change request based on information received from the market, or initiated with the organization unit involving in product to improve it's conditions for the customers. In the center of this motivation there is necessity which should be identified. After identification of the necessity, the goal should be clarified based on these necessities. *Variety of needs and goals should be taken in to consideration optimally in business management (Drucker 2012)*. In the idea phase, some of thinking techniques can be applied to make the working process more prolific; brainstorming, mind mapping, design thinking, maker thinking, destroy our business, design sprint, hackathons and the magic question, can be some of these methods to be applied based on the product/service planned to be developed. *Successful multiple-product innovation blends limited structure around responsibilities and priorities with extensive communication and design freedom to create improvisation/inspiration within current projects (Brown & Eisenhardt 1997, p. 1)*.

2) *Project Plan*: After the idea phase, the roadmap must be created to evaluate whether the project of the idea worthwhile to realize. For this purpose; the blueprint (technical, architectural details) of the project should be clarified, the budget plan, target group – market analysis, risk assessment, revenue-costs-resource analysis, cost-volume-profit analysis, investment projections should be done, deadlines and key performance indicators of the project should be determined.

3) *Business Model*: After the project plan is accepted, the influences of the new project on current business model/s must be evaluated in terms of whether a change in business model/s is necessary. Value chains should be reassessed, to customize them to the new business model. For this purpose business model canvas can be used, which consist of following 9 step; 1- value proposition 2- customer segments 3- customer relationship 4- channels 5- key activities 6- key resources 7- key partners 8- revenue streams 9- cost structure.

4) *Business Plan*: After business model is structured, customizing the project plan to the new business model and conditions should be completed. The business plan should include the overall economic context.

5) *Prototype*: In prototype stage, the schematical/graphical illustrations are created and beyond these illustrations the first version of the product as a trial item or Minimal Viable Product (MVP) demonstrating the core features of the new product is formed and become an object of experience from the pure idea. The prototype must be evaluated from the customer and the production units perspective. The scenario analysis can also be realized in this stage.

6) *Development Phase*: In development phase, based on the project and plan, a new product in it's final form is started to be produced or the existing product is improved/optimized. A product line is structured and setted based on the technical specifications of the product and it's components, the related knowledge, personnel, hardware and software tools are gathered. This is the phase where final version of the product is developed.

7) *Test Phase*: after the ultimate version of the new product is formed, it must be tested by the potential customers to detect missing parts and potential errors of the product at an early stage. Before the test phase, compliance criteria must be met. During and after the test phases the customer feedback should be noted for the necessary updates and configurations.

8) *Realization Phase*: After the positive evaluation of customer feedback received through the test results, the realization phase is the following step which represents the overall operations of the team. New product portfolio are started to be directed based on new production, distribution, finance and marketing strategy plans, interorganizational coordination is maintained and periodic controls are done and support for clients after sales are organized during the realization phase.

9) *Communication and Internal Marketing*: During the business development phases keeping communication clear and influential is very important for motivation and success. Using a communication strategy that is individually adapted to the change, the failure of a project can be prevented and the actual goal of a project can be successfully achieved.

10) *Documentation*: Just as internal communication should accompany to the business development processes continuously, the overall process flow and records of it's individual process results should be documented and stored centrally for retrospective and prospective analysis and evaluations. Database about the business development projects should be created.

11) *Lessons learned*: It would be reasonable, the stakeholders to state their opinions and talk about their experiences in relate to the business development project and it's outcomes in a meeting together with other stakeholders who are involved in the project to understand the experience better and to increase the quality of the following project's process flows.

12) *Continuous Improvement*: After lessons learned sessions, the business development processes are verified again and they are optimized for the following term. The processes of constant reflection and adaptation is called PDCA cycle, these basic steps are summarized as; plan-do-check-act. In this chapter the business development is also evaluated from the agile act, three horizons model by McKinsey, innovation landscape and business development KPI analysis perspectives.

In Chapter 3, chapter the author explains the importance of product portfolio as a whole; since business development have a direct impact on individual portfolio elements and perception of whole brand, the portfolio analysis are important to better understand the current standing point and to form the new strategy of the company. It can be stated that these analysis can be realized via 1- portfolio structure analysis, through which the company can use BCG Matrix, 2- portfolio lifecycle analysis through which BCG life Cycle and Diffusion of Innovation analysis can be realized to be able to see the current stage of the product. and 3- portfolio management analysis through which the company can determine it's strategy as „market penetration”, „market development”, „product development” or „diversification” by considering existing and new, market and product characteristics via Ansoff Matrix.

In Chapter 4, the role of the resources in business development are explained. Personal skills, technology used, know-how, business partners and budget can be counted among these resources. It is stated that the resources can be internally or externally obtained for the business operations and optimizing these resources is important for achieving planned results. Merging and acquisition type of investments may also be reasonable options in some cases to reach required resources for realizing business development plans.

In Chapter 5, the author explains the target market analysis which are essential to form the product features in compliance with the target market expectations. It is realized via 1- market observation, where Gartner Hype Cycle can be used to see the current and future trends of the market, 2- market segmentation, where some demographic and geographic factors can be considered to determine the common features of the clients, 3- risk analysis, where the PESTEL analysis can be realized based on political,

economic, social, technological, environmental and legal factors to understand the business environment better to further direct the business operations, and the SWOT analysis can be realized to determine the company strategy by evaluating what can be realized with its strengths and potential opportunities despite its weaknesses and by avoiding potential treats. Internationalization of the product can also be taken in to consideration based on region specific analysis.

In chapter 6, the core marketing operations are explained from the perspective of market cultivation strategy which are realized after the market analysis. The aim of the market cultivation strategy is expressed as to present and supply the product optimally through a market driven pricing model in a well defined market via well controlled marketing and sales channels. It can be stated that here in this stage, 4 basic tools of marketing as product, place, price & promotion are actively initiated to be used. Online marketing which is formulized as search engine marketing=search engine optimization+search engine advertising, and importance of partners concept such as distributors, technology partners, suppliers and financial partners are also described in this section.

In Chapter 7, the significant practical details about a business development cycle of a software company is demonstrated via a comprehensive (from the beginning to the end) real case study. This section supports visualizing the processes of a real business development case.

In Chapter 8, to an interview with the vice president of T-Systems, Björn Radde, is given place. The chapter provides an insight into the use of business development at T-Systems. Innovation centers where new technologies and business models are tested together with the clients are described as an example of operating appropriate to the target market expectations.

In Chapter 9, the business development processes described in detail in the book are summarized via the following 6 steps; They can be explained in sequence as;

1 – Basics: Business development itself is a change in organization for providing better goods/services in response to the changes in client needs. Creating a business culture considering the idea of „change” as a normal and necessary factor of continuous business is vital for a company’s business development. Prevailing an internal agreement in the entire organization about the necessity of developing new products is important and the changing processes should involve all the stakeholders with a controlled project flow. *All service institutions are threatened by the tendencies to*

cling to yesterday rather than to slough it off, and to put their best and ablest people on defending what no longer makes sense or serves a purpose (Drucker 1986, p. 106).

2 – *Organization and Process*: The roles, responsibilities, tasks and the personnel profiles of the business development team members must be clarified in accordance with required criteria to further implement the planned business development processes. The centralized or decentralized organization units can be created in the company to create new business development ideas to be realized.

3 – *Portfolio*: The portfolio includes all the goods and services which is being provided to the existing clients or having potential to be provided to the prospective clients. A clear definition of all these products make the life cycle and performance analysis easier to realize. The product portfolio can be restructured based on the result of these analysis and potential new product features can be initiated to be determined.

4 – *Resources*: For realization of the business development projects, the resources (employees, equipment, and software for instance) must be gathered optimally considering required skills and technology. If necessary, external resources (external finance sources or outsource services for instance) may also be used by taking optimal liability/equity structure of the company in to consideration. Acquisition method can provide advantage of reaching these resources more quickly to enter in to the targeted market and/or to increase the market share. A controlling system to monitor these resources and their productivity should also be established. *Resources include the abilities or 'competencies' that are fundamental to the competitive advantage of a firm (Eisenhardt-Martin 2000, p. 1107).*

5 – *Target Market*: The target market analysis in detail are very important to realize sales operations with planned volume and with required qualifications. Accurate market segmentation, continues market observation and accurate product design which is made based on these segmentations and observations are principal requirements of these marketing activities. Internationalization of the product and sales operations should also be evaluated if it is feasible considering the specific market analysis results.

6 – *Marketing Strategy*: The four basic elements of marketing as product, place, price and promotion are initiated to be applied after determining the target market. The marketing strategies are important in sustainability of sales after the first presentation of the product. In addition to own distribution channels, outsourced business partners can be also used to broaden

the sales channels. Promotion and/or publicification activities should accompany to the core sales operations to keep the customer information updated. Services after sale and feedback mechanism should be maintained for progressing the operations. It can be stated that acting with agile approach accompanies to all of these six steps.

In Chapter 10, quotes from scientists and business experts in relate to business development are stated. The readers attention is drawn to comprehend how extensive the business development subject is, when evaluating that in both theory and practical experiences perspectives. Thus in each case, the processes may differentiate and gain unique specifications based on the structure of the organization and nature of the business and market.

As a business development expert, the author, Andrea Kohne, has professional experience in sales and management, doctorate degree in computer science from Technical University of Dortmund and works as a university lecturer and as a consultant and trainer. The content of the book does not only provide theoretical aspects but also practical methods. The explanations and figures in relate to business development processes are supported by real business case examples in variety of different industries for readers to better illustrate and understand the explained concepts and their relations with prior and following business development stages. The book provides a detailed content about business development concepts and having features of being a reference resource for professionals to understand how to structure their business development strategies, moreover for researchers interested in related business studies.

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