

**YOUNG PROFESSIONALS
MANAGEMENT TRAINING PROGRAMME**

WEBINAR

CREATING A BUSINESS DEVELOPMENT FRAMEWORK

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- **Business Development: A definition**
- **Business Development Framework**
 - Business Development Strategy
 - Marketing Plan
 - Effective Sales Programme
 - Client Relationship and Communication
- **Conclusion**



Business development may be defined as follows:

“The creation of **long-term value** for an organisation from **customers, markets** and **relationships**”.



Marketing, sales and client relationships must work together to generate business leads, optimise close rates and generate cash for the business

- ✚ A clear and concise strategy
- ✚ A detailed marketing plan
- ✚ An effective sales programme
- ✚ Focused client relationships and communication channels



Some of the themes for developing a strategic agenda:

- **Futures thinking**

- **Strategic intents**
 - Goals and objectives
 - Core business
 - Existing and desired core competencies
 - Customer segmentation
 - Customer value proposition
 - Positioning



- Market Analysis
 - **The Industry**
 - **Target Market (Market Segmentation)**
 - Competitors analysis, including SWOT analysis
 - Competitive advantage
- Definition of the service offering
- **Market Positioning**
- Unique selling proposition
- Selling model
- **Branding**
- Pricing strategy
- Business development organisation and Budgets



Markets can be segmented by:

- Geography
- Demographics
- Products or services
- Public or Private
- Economic Sector (Industry, resources, infrastructure etc)



Some advantages of market segmentation

- focuses the marketing efforts
- increases competitiveness, resulting from:
 - higher brand recall
 - brand equity
- customer retention
- better communication
- increases profitability



Michael Porter's "5 forces that shape and influence the industry or market":

- + Strength of barriers to entry
- + Extent of rivalry between firms:
- + Supplier power:
- + Buyer Power
- + Threat from substitutes:

Other factors: **P**olitical, **E**conomic, **S**ocial and **T**echnological



Delta model :

- 3 Distinct Strategic Options for companies
- Options for Strategic Positioning of the firm



2.2.3.1 The 3 Distinct Strategic Options

System Lock-In

- System Economics
- Market Dominance
- Achieving Complementor Share



Enabled Through
Effective Use of
Technology

Total Customer Solutions

- Customer Economics
- Cooperation
- Achieving Customer Share

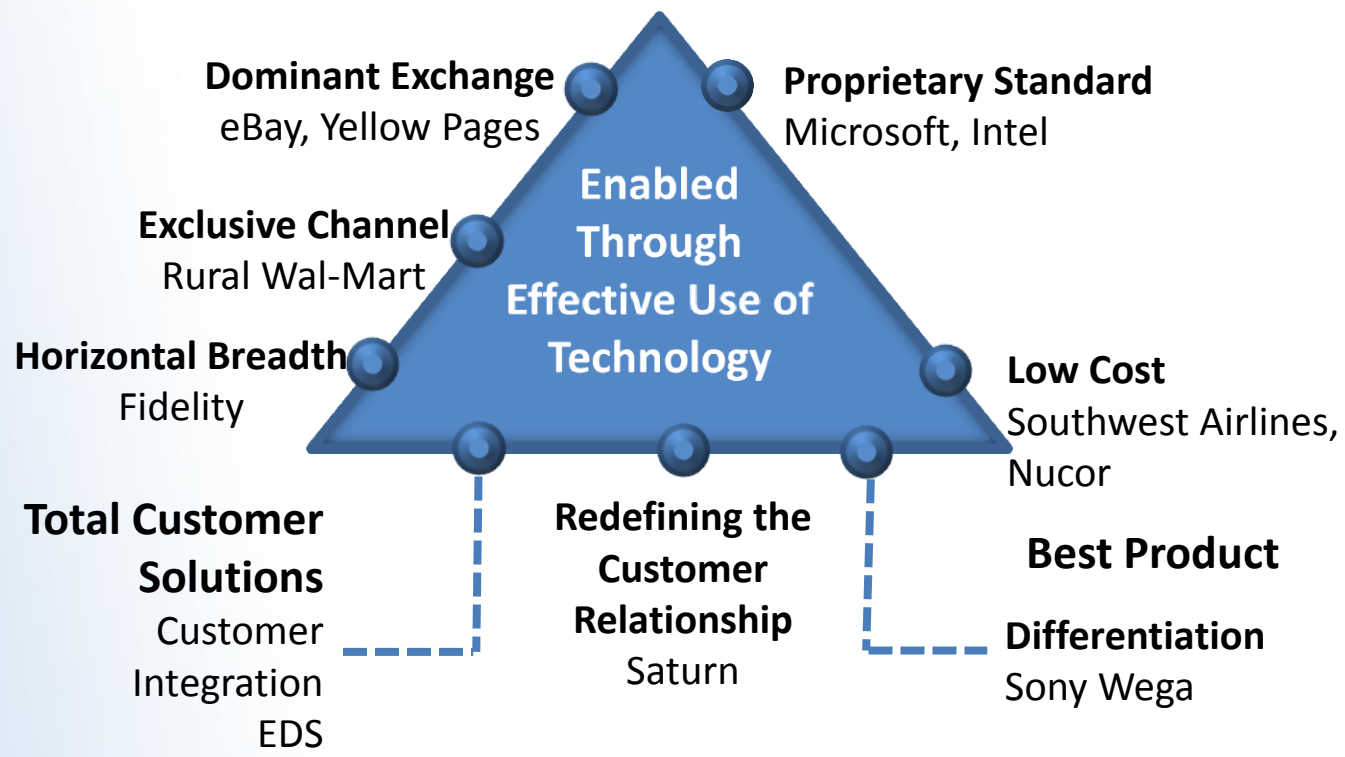
Best Product

- Product Economics
- Rivalry
- Achieving Product Share



2.2.3.2 Options for Strategic Positioning

System Lock-In



2.2.3.3 Strategic Positions of the Total Customer Solution Option

Strategic Position	Definition	Comments
Redefining the Customer Experience	The focus is placed on considering the full experience of the customer from the point of acquisition through to the complete lifecycle of ownership of the product.	This positioning is based upon an intimate knowledge of the customer, leading towards effective customer segmentation and a differentiated customer value proposition for each tier.
Customer Integration	This strategy seeks to provide full support of customers' activities by transferring knowledge to improve their performance. It involves a high degree of outsourcing, which develops a complex way of connections with customers that enhance their ability to do business and to use your product	The firm is regarded as a bundle of competencies that will be brought to the customer to boost the customer profitability.



2.2.3.4 Strategic Positions of the Best Product Option

Strategic Position	Definition	Comments
Low Cost	Focus on being the lowest cost provider in an undifferentiated product category.	Since there is only one lowest cost producer, this strategy leaves very little space as a competitive position. It also tends to standardize the product offering, commoditize the customer, and intensify rivalry
Differentiation	Focus on the development of features and functionalities that make the product/ service unique and allows to demand a price premium from the customer.	As soon as the differentiated product emerges, competitors tend to imitate it.



2.2.3.5 Public Sector Positioning

Quality is usually a differentiator, with cost playing a role in the final selection.

Normally one of two methods:

- The two envelope system where a benchmarked score for quality is used to determine whether or not the price proposal should be considered or
- A scoring system whereby the weighting for the score is skewed towards quality, usually at 70 for quality and 30 for price.



“YOUR PROMISE TO YOUR CUSTOMER”

- Defines expectations, differentiation
- Derived from who you are, who you want to be, who people perceive you to be

Branding is not just a logo or corporate identity as is normally assumed. It incorporates these elements, but is also embedded in the benefits of your products/services such as quality, customer service, value proposition etc.



- Consistent, strategic branding leads to strong brand equity (e.g. **Virgin**)

- Sometimes it is preferable to have a group of companies bearing totally different brand identities, particularly under the following circumstances:
 - Shareholding in a subsidiary is a JV
 - Subsidiaries pursue independent aims and business strategies
 - Independence of external influences is a key success factor for a subsidiary or related company



- All marketing efforts must be designed with an objective of generating reliable business and project leads, culminating in sales.
- Consulting engineers sell a service/product that a client cannot see
- Written proposal and/or oral presentation must inspire **TRUST**.
- Trust has two elements to it, namely, the **rational** and **non-rational**.
- The rational elements:
 - measurable and the rules of objectivity apply
 - demonstrate expertise and experience
- The non-rational elements:
 - differentiator
 - feeling of safety
 - Self-orientation



Application of non-rational elements influenced by:

- Risk and consequences of failure or the potential rewards of success
- Size, complexity and ill defined project
- For acquiring a new client with large, complex and poorly defined projects, larger firms use a team approach, typically performing the following roles:



Team Role	Expected Impact
Rain maker	Closes the deal, fully understands total solutions selling. Has mastered services selling techniques
Business Developer	Solid working understanding of the product and services side of the business and can communicate strategically as all levels of the relationship. Faces the marketplace without fear and believes strongly in the company and its solutions capacity. He is the one who creates beachhead and opens doors for the closer or technical experts to participate.
Market Researcher	A data master who assists the team in understanding the prospect's needs, place in the marketplace, and greatest industry challenges. He provides input to the team and related trends, best practices, and information on competitors.
Specialist	Provides technical insights and credibility to the team.



Building Trust:

- **Engage**
- **Listen**
- **Frame**
- **Envision**
- **Commit**

At the beginning of the process, credibility and reliability—the rational skills—are key. It is in the middle three steps—listen, frame, envision—that non-rational elements become critical. Trust-based selling thus puts more emphasis on the middle three steps—those critical to building the non-rational trust components so key to professional services sales.



- Chapter 8 of the FIDIC Guide to Practice covers this topic
- The same three middle steps: Listen, Frame and Envision
- Everyone in the project delivery process must be trained in communication skills and building lasting client relationships.

“If you truly care about your clients, they’ll care about you”



Parable: What would you do if you had only one customer

Strategy, Marketing, Sales, Client relationships and communication are a continuum which when applied with great care and skill can increase the company's revenue and build long term value for its stakeholders.



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Case Questions 1 - 13



• **Business Development**

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- Your company has developed quite rapidly in recent years, partly through organic growth of the traditional civil/structural consulting business and partly by adding a number of high profile specialities by acquisition. This expansion has left a number of customers quite confused, because the services offered cover a different and much broader scope. It has also left the company with the challenge of establishing quite another image in the eyes of the general public not to mention potential applicants for jobs in the organisation.
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- In the domestic market the backbone remains the traditional consulting jobs that are plentiful and with relatively low fees, however, the increasing number of specialist services requires innovative approaches, investment in research and development and consequently much higher fees than the company used to charge.
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- In foreign markets the company is picturing itself as multidisciplinary and in relation to large projects benefiting from the many disciplines covered.
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- *Q 1: Describe a marketing strategy for this development.*
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- *Q 2: How would you plan, budget, control and assess the results of this marketing effort.*
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- Branding the company towards clients and the industry, and for that matter the general public - becomes quite complicated. The clients are targeted through a constant flow of articles and advertisements in technical papers based on individual project cases, emphasizing the individual and seemingly independent business units.
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- The company tries to attract young professionals by picturing small units with highly specialized staff providing state of the art technology and at the same time promoting the attractiveness of large international and multidisciplinary jobs.
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- *Q 3: Define management structure incl. risk management catering for an international and multidisciplinary company.*
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- However, the group financial results are disappointing in particular compared with its competitors. This is caused primarily by an inability to obtain the high fees required in the specialized divisions and on international jobs because of much higher promotion (proposal) costs.
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- *Q 4: How would you solve this problem in the domestic market and in the international market.*
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- It turns out that the expected results from some particularly high tech, high profile projects in the domestic market are technically not up to standard. The company faces a situation with a risk of losing its high tech, high quality image.
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- You have the following - to some extent alternative - possibilities:
- (A): Reorganising the company into one large unit with a single, efficient QA function
- (B): Changing the approach from selling technology to selling trust
- (C): A general branding effort emphasizing results, quality, reliability, financial standing
- (D): Develop a global brand drawing on all resources from all countries
- (E): Change all marketing to be internet based
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- *Q 5: How would you organise business development in a multidisciplinary and multinational firm. Are you local globally, adapting to the individual market, or do you draw on the whole range of capabilities everywhere.*
- *Q 6: What are the pros and cons of the proposed marketing strategies*
- *Q 7: Is small beautiful but big better – or is this simply not true !*
- *Q 8: What will be the most important marketing features in the future ?*
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- The marketing initiatives chosen turn out to be very successful, turnover grows, more people are employed and suddenly the financial people sound an alarm. The company's bank connection is asking critical questions related to the overdraft, starting up new projects require liquidity, outstanding invoices are skyrocketing etc. Project Managers seem to be more concerned about quality and progress than about getting invoices out and paid. Minor problems cause clients not to pay.
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- The auditors suggest to split the company in separate, independent divisions and to develop a completely new and more efficient financial management system for the entire organization.
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- *Q 9: What measures would you take to solve the liquidity problems. How do you reduce the outstanding payments.*
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- *Q 10: How do you improve budgeting procedures*

- One of the reasons for the poor liquidity turned out to be that invoices create a lot of discussions with clients because of minor mistakes, lack of clearly defined payment guidelines and poor communication in general resulting in substantial delays in payment.
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- *Q 11: What measures do you propose to take to solve these problems.*

- A task force is established to analyse projects where the final result deviated substantially from the budgeted result. Among the key findings are: design errors and poor definitions of services in the agreements in question, as well as lack of attention to the preparation of payment schedules in the agreements made.
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- Design errors and the like also were found to cause a substantial increase in Professional Indemnity insurance cost, which over time is becoming a considerable overhead item. The many insurance cases started to weaken the Clients' confidence in the company. The previous reputation for solid technology and reliable delivery became more and more difficult to maintain.
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- *Q 12: Define the necessary quality assurance measures*
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- *Q 13: How to reduce design errors and regain the Clients' confidence*
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Further information on FIDIC Young Professionals Management Training Programme

A brief presentation: <http://ypmtp.org>

A more detailed account:
http://fidic.org/sites/default/files/event-files/FIDIC_YPMTP2017_Flyer.pdf

YPMTP 2014 Video
https://youtu.be/Bny_6vYUS6c