

What Are the Basics of Business Development?

In the simplest terms, business development can be summarized as the ideas, initiatives, and activities that help make a business better. This includes increasing revenues, growth in terms of business expansion, [increasing profitability](#) by building strategic partnerships and making strategic business decisions.

“Business Development Executive,” “Manager of Business Development,” and “VP, Business Development” are all impressive job titles often heard in business organizations. Sales, strategic initiatives, [business partnerships](#), market development, business expansion, and [marketing](#)—all of these fields are involved in business development but are often mixed up and mistakenly viewed as the sole function of business development.

KEY TAKEAWAYS

- Business development encompasses a wide scope of ideas, activities, and initiatives that a business owner and management implement with the goal of making the business better.
- Business development can include many objectives, such as sales growth, business expansion, the formation of strategic partnerships, and increased profitability.
- Successful business development impacts every department within a company, including sales, marketing, manufacturing, human resources, accounting, finance, product development, and vendor management.
- Business developers should be aware of new market opportunities, possibilities for expansion, competitor developments, and the current sources of the company's revenue.

Understanding the Basics of Business Development

Business development activities extend across different departments, including [sales](#), marketing, project management, product management, and vendor management. Networking, negotiations, partnerships, and cost-savings efforts are also involved. All of these different departments and activities are driven by and aligned with the business development goals.

For instance, a business has a product or service which is successful in one region, such as the United States. The business development team assesses further expansion potential. After all [due diligence](#), research, and studies, it finds that the product or service can be expanded to a new region, such as Brazil.

Sales

Sales personnel focus on a particular market or a particular (set of) client(s), often for a targeted [revenue](#) number. In this case, business development assesses the Brazilian markets and concludes that sales worth \$1.5 billion can be achieved in three years. With such set goals, the sales department targets the [customer base](#) in the new market with their sales strategies.

Marketing

[Marketing](#) involves promotion and advertising aimed towards the successful sale of products to end-customers. Marketing plays a complementary role in achieving sales targets. Business development initiatives may allocate an estimated marketing budget. Higher budgets allow aggressive marketing strategies like [cold calling](#), personal visits, roadshows, and free sample distribution. Lower budgets tend to result in passive marketing strategies, such as limited online ads, print ads, social media ads, and billboards.

Strategic Initiatives or Partnerships

To enter a new market, will it be worth going solo by clearing all required formalities, or will it be more sensible to form a [strategic alliance](#) or partnership with local firms already operating in the region? Assisted by legal and finance teams, the business development team weighs all of the pros and cons of the available options and selects the one that best serves the business.

Project Management/Business Planning

Does the business expansion require a new facility in the new market, or will all the products be [manufactured](#) in the base country and then imported into the targeted market? Will the latter option require an additional facility in the base country? Such decisions are finalized by the business development team based on their cost- and time-related assessments. Then, the [project management](#)/implementation team swings into action to work towards the desired goal.

Product Management

Regulatory standards and market requirements vary across countries. A medicine of a certain composition may be allowed in India but not in the United Kingdom, for example. Does the new market require a customized—or altogether new—version of the product?

These requirements drive the work of [product management](#) and manufacturing departments, as decided by the business strategy. Cost consideration, legal approvals, and regulatory adherence are all assessed as a part of a business development plan.

Vendor Management

Will the new business need external [vendors](#)? For example, will the shipping of a product need a dedicated courier service? Will the firm partner with any established retail chain for retail sales? What are the costs associated with these engagements? The business development team works through these questions.

Negotiations, Networking, and Lobbying

A few business initiatives may need expertise in [soft skills](#). For example, lobbying is legal in some locales and may become necessary for penetrating the market. Other soft skills like [networking](#) and negotiating may be needed with different third-parties, such as vendors, agencies, government authorities, and regulators. All such initiatives are part of business development.

Cost Savings

Business development is not just about increasing sales, products, and market reach. Strategic decisions are also needed to improve the [bottom line](#), which includes [cost-cutting](#) measures. An internal assessment revealing high spending on travel, for instance, may lead to travel policy changes, such as hosting video conference calls instead of on-site meetings, or opting for less expensive transportation modes.

Management can implement similar cost-saving initiatives by [outsourcing](#) non-core work, such as billing, accounting, financials, technology operations, and customer service. Strategic partnerships needed for these initiatives are a part of business development.

What Should a Business Developer Know?

Since business development involves high-level decision making, the business developer should remain informed about the following:

- The current state of the business in terms of [SWOT analysis](#) (strengths, weaknesses, opportunities, and threats)
- The current state of the overall industry and growth projections
- Competitor developments
- Primary sources of sales/revenues of current business and dependencies
- The customer profile
- New and unexplored market opportunities
- New domains/products/sectors eligible for business expansion, which may complement the existing business
- The long-term view, especially with regards to the initiatives being proposed
- The cost areas and the possible options for cost-savings

The Business Plan

The business development scenario discussed above is specific to a [business expansion plan](#), whose impact can be felt by almost every unit of the business. There can be similar business development objectives, such as the development of a new business line, new sales channel development, new product development, new partnerships in existing/new markets, and even [merger and acquisition](#) (M&A) decisions.

For example, in the case of a merger, significant cost savings can be accomplished by integrating the common functions of the manufacturing, finance, and legal departments of the two firms. Similarly, a business operating from five different offices in a city can be moved to a large central facility, resulting in significant [operating cost](#) savings. However, would this lead to employee attrition, if the new location isn't convenient for everyone? It's up to the business development team to assess such concerns.

In essence, business development involves high-level decision-making based on a realistic assessment of all potential changes and their impact. Through new ideas and initiatives, it aims to improve the overall business prospects, which drive the functioning of the different business

units. It is not sales; it is not marketing; it is not partnering. Instead, it is the eco-system encompassing the entire business and its various divisions, [driving overall growth](#).

While it's common for [startup companies](#) to seek outside assistance in developing the business, as the business matures, it should aim to build its business development expertise internally.

The Right Fit for Business Development

A business developer can be the business owner(s) or the designated employee(s) working in business development. Anyone who can make or suggest a strategic business change for a [value-add](#) to the business can contribute towards business development. Businesses often encourage employees to brainstorm innovative ideas, which can help in improving the potential of the overall business.

Businesses also seek help from external [incubator firms](#), [business development companies \(BDC\)](#), and small business development centers (SBDC). However, these entities assist in business establishment and the necessary fine-tuning only during the early stages of business setup.

What Drives Business Development Activity?

Due to the wide-open scope of business development and activities, there are no standard practices and principles. From exploring new opportunities in external markets to introducing [efficiencies](#) in internal business operations, everything can fit under the business development umbrella.

Those involved in business development need to come up with creative ideas, but their proposals may prove to be unfeasible or unrealistic. It's important to be flexible. Employees charged with business development should try to seek out and take constructive criticism, and remember that it's a process.

Business Development Ethics

[Business ethics](#) involves implementing appropriate and fair practices regarding issues such as corporate governance, insider trading, bribery, discrimination, corporate social responsibility, and fiduciary responsibilities. Laws and regulations often set the standard for business ethics, which companies can then choose to follow and build on in order to earn trust and loyalty from consumers and market participants.

Business Development FAQs

Why Is New Business Development Important?

New business development is important for generating jobs, developing key industries, and keeping the economy moving forward.

What Are the Key Skills for Business Development Executives?

Development executives need to have leadership skills, vision, drive, and a willingness to work with a variety of people to get to a common goal.

How Can I Be Successful in Business Development?

Having a vision and putting together a good team are among the factors that help predict success in business development. But a successful developer also writes a good business plan, which becomes the blueprint from which they build their success.

What Should a Business Development Plan Include?

A business development plan, or [business plan](#), describes what a business's objectives are and how it intends to achieve them, including goals, start-up costs, and targeted milestones.

The Bottom Line

Business development may be difficult to define concisely, but it can be easily understood using a working concept. An open mindset, willingness for an honest and realistic self-assessment, and the ability to accept failures are a few of the skills needed for successful business development. Beyond the [ideation](#), implementation, and execution of a business development idea, the end results matter the most.

The brightest minds in business development should be ready to accommodate a change in order to achieve the best results. Every approval or disapproval is a learning experience, better preparing these professionals for the next challenge.