Business Development Management

Best Practices in Managing and Executing Business Development
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**Next step for business development**
The speed of change in virtually all industries has increased exponentially over the past decades – and conventional wisdom proves that the trend will continue. In this fast-paced global business environment, the ability to possess fact-based strategic foresight, deliver systematic exploration of new growth opportunities and to institutionalise a continuous drive to improve internal business practices is more important than ever.

Many companies have responded to the new clock speed challenge, and we have witnessed the emergence of a new corporate support function labelled “business development”. Business development has become a way for top management to dedicate a permanent team of capable professionals to explore new growth and diversification opportunities and deliver accelerated development of their existing business. A recent sample of the top-500 companies in Scandinavia shows that more than 65% of these companies have invested or plan to invest in building in-house business development capabilities.

Businesses all over the world hire talented people to occupy positions with a short reporting route to the top management and close proximity to the strategic management of the company. Typically, they are highly capable people with a successful track record from management consulting or other professional services. They are asked to take charge of or participate in some of the most important strategic initiatives and apply their analytical rigour, strong personalities and execution power to deliver lasting improvements to overall business performance.

Our interest in the field of business development stems from our work as counsellors on overall business performance to some of the most successful companies in Scandinavia. They all struggle with finding the formula for strengthening their strategic agility and internalise the strategy management and execution processes to accelerate the speed by which the company generates returns to its shareholders.

“Never confuse movement with action”

Ernest Hemingway
Through our work as consultants, we interact with private companies, equity funds, venture capitalists and business leaders all seeking answers to the same questions

- How do we accelerate business development?
- How do we manage and organise business development?
- How do we bridge the gap between strategy and implementation?

Business development has become a hot management topic, and it has entered the corner offices as the answer to a rapidly changing business landscape in which competitive advantages have become temporary by nature.

The rationale behind the often expensive investments in intellectual capital is to fuel the company’s readiness to act and hence become more effective in

- Discovering new business opportunities, forming alliances and striking deals
- Improving portfolio and performance in the existing business activities
- Ensuring an efficient execution of strategy and strategic projects throughout the organisation

"The early experiences from the reality of business development indicate that the success formula is less obvious"

However, the early experiences from the reality of business development indicate that the success formula for accelerating business development efforts is less obvious. Certainly, it involves much more than just getting the right people on the bus. Since business development is still touching virgin ground, the experiences from leading business institutions provide little guidance as to the best practices in management and organising logic of successful business development.
At Quartz+Co, we have embarked on a journey which began in 2004 to explore the best practices within the emerging discipline of business development. Today, we have positioned ourselves as the market leaders within the field through a close collaboration with business developers, business leaders and leading academic institutions across Scandinavia.

This booklet is edition 2.0 of our handbook on business development published in June 2005 and distributed in more than 2,000 copies. The purpose of this edition is to provide evidence of best practices from successful business development units and derive an understanding of what business development is, how it should be managed and how to effectively integrate it in the organisation to reap the full benefits of the investment.

The booklet is based on the combined experiences with business development from Quartz+Co, recent international academic research on the topic as well as interviews with and consulting work for a range of business development practitioners. The booklet is targeted for and can be used equally beneficially by business developers, their managers, academia or anyone else interested in the topic. Its purposes are to

1. Understand best practices to enable a (re)definition of business development
2. Provide a frame of reference for effectively managing business development
3. Define the key requirements needed to integrate business development
### Figure 1: Structure of the book

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1 (Re)defining business development
1. (Re)defining business development

“In a sense, business development is like the fusion of the suits and the ponytails ... they draw on creativity to pursue opportunities no one else can see, yet they rely on their business skills to discover the best ideas that can be turned into viable businesses”

Greg Bernart, Sony Corp, 2004

In the first edition of the business development handbook, we defined business development as "the organisational process that ensures an ongoing and persistent improvement of the existing business and contributes to identify and develop new business opportunities.”

This definition describes the nature of development of businesses and embraces different ways of working with business development. It gives a starting point for business developers to comprehend their field of work.

As with every new discipline in companies, business development needs time to mature – it needs to develop its own best practices and define the framework through which its mission and purpose can be executed successfully. Since the publishing of the first handbook, we have witnessed a rapid development in the area of business development and a sharper definition of the role of business development in many organisations.

By now, many business developers have found their feet within the organisations; they know what they are doing and why. The challenge going forward is to become successful in what they do.
In this section, we will seek to re-define business development in a definition that encapsulates the striking similarities despite the multitude of operating practices in a way that will make it possible to drive business development towards continued success. We will do this by explaining

A. The evolutionary pattern of business development
B. The common pitfalls of business development
C. The diversity of business development practices
D. The key success criteria for successful business development

“What is new is that business development is being institutionalised as an organisational process, a new function and a new role in modern companies”

**A. The evolutionary pattern of business development**

Business development is not a new thing. Every business develops on a continuous basis. What is new is that business development is being institutionalised as an organisational process, a new function and a new role in modern companies.

Through our work with business development in the past years, we have followed the evolution of business development. We have witnessed how the number of job ads for business developers has grown exponentially, and we have talked to headhunters that have filled hundreds of business development positions over the last couple of years.

This being said, the approach taken by many corporations investing in business development resources varies a lot. However, irrespectively of the approach taken, the evolution of business development units seems to follow a pattern of four distinct phases.
Figure 2: The evolutionary pattern of business development units

**Maturity level**

- **Stage 1:** Project-based
  - Project-driven
  - Ad hoc
  - Black box process
  - Few processes are defined, and success depends on individual heroism

- **Stage 2:** Requested
  - Request-driven
  - Annual planning
  - Several black boxes
  - Process discipline in place to repeat earlier successes, still much ad hoc problem solving

- **Stage 3:** Defined
  - Strategy-driven
  - Planned execution
  - Clear BD purpose
  - Processes fully in place, management track and monitor performance levels

- **Stage 4:** Matured
  - Strategy-driven
  - Institutionalised
  - Defined BD roles
  - Well-defined processes in place to improve BD performance across company

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In most cases, the business development function emerges as a result of one or a few large-scale projects that do not have a natural affiliation with any other function within the company. Once the projects or initiatives hit implementation and need resources to oversee and co-ordinate their execution, many companies choose to invest in building in-house delivery capacity in the form of a business development unit.

In quite a short time, these high-calibre resources are requested to participate in different types of projects throughout the organisation with little or no bearing to the strategic agenda. The result is that the investment in business development becomes scattered around the organisation leaving both top management and the business developers confused and unfocused.

Consequently, it becomes necessary to define the raison d’être of the business development function more clearly, just as the need for formalised planning and systematisation increases.

The majority of business development functions today find themselves in exactly this position. Business development has proven to be a viable and value-adding investment, but the absence of a clear definition of its purpose, role and tasks is dominant and leaves the assessment and evaluation of business development efforts up to coincidence.

**B. The pitfalls of business development**

The easiest way to understand the common pitfalls of business development, often hindering a full exploitation of the unit’s potential, is to think back to the 1980s when the HR paradigm was introduced. Back then, the HR function was recognised by everybody as the magic silver bullet that would enable organisations to make the most of their intellectual capital. However, it took almost 15 years before HR was denoted as a management discipline (HRM) and fully developed into an organisational discipline with its own organising logic, performance measures and defined work processes.

"Business development has proven to be a viable and value-adding investment, but the absence of a clear definition of its purpose, role and tasks is dominant and leaves the assessment and evaluation of business development efforts up to coincidence"
The same problem is facing business development in transitioning from its current state as a request-driven discipline with only very few well-defined processes and even fewer performance measures. What often happens is that business development units initially thrive on the excitement and attention of being the newborn “rock stars” of the organisation; they have interesting projects, motivated employees, and they are high on the management day-to-day agenda. However, after a while the excitement wears out, the unit grows, and the number of projects becomes overwhelming reducing the quality and output of the business development unit.

Exactly at this point of maturity, the next phase of business development sets in, and failure to manage this transition decreases the chances of being successful.

The predominant pitfalls of business development are

- Uncertainty about the role, responsibility and mandate of the business development unit
- Unclear definition of the interaction with management and the line organisation
- Vagueness about how to measure the success of business development
- Limited understanding of the process and management of business development

Today, far too many business development units are merely an attempt to internalise permanent consulting competences into the organisation, and little attention is put into the internal structure of the unit. In such cases, the business development unit often ends up being just another parking lot for ad hoc tasks and problematic projects; or alternatively, the unit becomes yet another project office with little bearing on the strategic agenda.
The result is that the business developer finds him-or herself in an exciting position close to the top management only to recognise that their newborn "rock star" existence lacks notes, instruments and a band to play with – and maybe even more importantly: an audience who likes the music and buys the album.

To mature business development professionally, it is important to recognise that business development units

• Do not have monopoly on new business opportunities – but act as a catalyst for qualifying new opportunities

• Are not responsible for making the corporate strategy – but orchestrate the strategy process and enable it as a process, not a stand-alone event

• Are not just an office of the CEO – but facilitate informed strategic decisions through analytical rigour and speed of mind

• Are not an ad hoc problem solving centre – but co-ordinate and refine the corporate agenda and drive the implementation of key strategic initiatives

• Are not a project office – but lead or participate in projects of strategic importance to the enterprise
C. The diversity of current business development practices

During our research for the business development handbook edition 1.0, we established that business development means different things to different companies.

The practices that companies develop evolve as a result of the development of the business development unit, and it is thus difficult to find any patterns in the diversity of business development units. What we have found is that the practice of business development depends on:

- The company’s stage in the corporate life cycle (emerging, growing, maturing, declining)
- The clock speed of the industry (slow, fast)
- The ownership structure of the company (public, equity, private)
- The company size, structure and portfolio (small, large, simple, complex)
- The management risk profile and style (risk averse, risk taker, proactive, reactive)

We found no immediate relation between the type of company and its business development practice, but some patterns are recognisable within the current business development practices.

We have identified the four current practices in business development present in different kinds of companies.
Today, the majority of business development functions could be placed somewhere between "ad hoc" and "emerging"; the need for a structured approach to business development is recognised by the management, and a couple of projects have been completed successfully. The unit has been self-sustaining, one project has succeeded the other, and a few talented people have been hired to meet the requirements from management and the organisation to accelerate the speed of strategy implementation and new business exploration.
Whereas this loosely defined structure may work for a short period of time, it is hardly sustainable in the long run. As projects become more complex, the requirements from the organisation and the number of full-time equivalents involved in business development increases. Also, a well-defined organising logic is required along with the need for a defined work process and methodology – in other words, the need for management materialises.

D. Succeeding with business development

When looking for successful business development units, we have searched for prosperous units that are both reported successful by management and where the business developers themselves deliver clearly identifiable impact in their respective organisations. In the search for excellence, we have found one striking feature of the business development units that do well. They are both managed and integrated. They have successfully transitioned to the phase of maturity and avoided the pitfalls that arise in the initial phases of business development units. They have succeeded in designing their organising logic, their engagement approaches and the roles they play vis-à-vis both senior management and the line organisation to address the most pressing issues of the organisation.

One of the premier Danish examples of a well-run and highly successful corporate business development unit is found in DONG Energy where former CEO Anders Eldrup and his lieutenant in command – former corporate business development director Jakob Barüel Poulsen – have emerged as a powerful duo in consolidating the Danish energy sector. They had quickly reached the state of maturity and within a very short time built a corporate business development function with one overriding purpose: to define and execute the game plan that would take DONG from a state-owned energy supply company to a highly competitive European multi-supply enterprise with IPO potential within five years.

"In the search for excellence, we have found one striking feature of the business development units that do well. They are both managed and integrated. They have successfully transitioned to the phase of maturity and avoided the pitfalls that arise in the initial phases of business development units"
Their corporate business development unit has been placed with direct report to the CEO and staffed with a variety of different competences – strategists, M&A experts, lawyers as well as experienced programme managers. All competences needed to successfully execute the strategy.

On the opposite side of the success equation we find the units that are less successful. Typically, they are organisations that have asked their business development units to explore new business opportunities and assist the organisation in building a highly efficient, cost-effective and flawless organisation but failed to provide the unit with an organisational context and overriding purpose through which the business development initiatives could be managed. Often what happens is that one or two bright guys or girls are hired with a background from finance or management consulting. They have responded to a job ad or a headhunter power speech promising them a job close to top management and a task of freedom to analyse, advise, instruct, engage and change. Reality, however, is that these units are not driven by a long-term strategic aspiration but merely by request only. The consequence is that business development becomes detached from both the annual and the strategic planning processes and becomes an ad hoc centre for problematic projects, often in close collaboration with external consultants.

Indeed, what distinguishes successful business development practices from those who do well is that

- They are anchored close to the strategic management of the company
- They are engaged with resolving strategic issues
- They are designed to purpose
- They work to bridge the gap between strategic intent and powerful execution

As such, successful business development plays an integrative role in modern organisations – bridging the gap between strategic intent and organisational execution. They orchestrate, co-ordinate and facilitate the strategy management process across the company and in effect form an “office of strategy management” that provides a clear link between top management and the rest of the organisation, making sure that the strategy is formulated, translated and executed.
For business development to fulfil its purpose of being the integrative link between strategy and execution, it needs to revolve around three axes, and it needs a clearly defined interplay with other support functions, top management and the line organisation. This is illustrated below.

As a corporate support function, business development is concerned with managing the development of the business from both an external and an internal perspective. This is reflected in the conception of business development units as “integrative links” between strategy and execution.

It is concerned with pinpointing important new business opportunities, enabling quick and fact-based decision making and finally making things happen. Every step is completed not as a singular event, but as a process that is concluded and followed up in collaboration with the top management and the line organisation.

Figure 4: Business development as the integrative link between strategy and execution

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As such, the most successful business development units solve three different tasks:

- Investigate strategic options (external/internal)
  - Evaluate strategic positions
  - Identify new market segments
  - Qualify new market entry
  - Support M&A activities

- Execute strategic projects
  - Lead or support business portfolio optimisation
  - Lead or support process improvement programmes
  - Lead or support organisational change processes
  - Evaluate strategic investments

- Orchestrate strategy management
  - Co-ordinate the strategic planning process
  - Align performance measures with budgets
  - Facilitate sharing of strategic learning
  - Ensure ongoing follow-up and reporting
  - Integrate strategic thinking into the annual planning cycle

Whereas the investigation of strategic options and the execution of strategic projects are recognisable activities for many business development units, the orchestration of strategy management is a new activity to most units. In some cases, the business development unit may be implicitly involved in this activity without the process being structured and managed. In the cases where business development efforts are most efficient and generate the most evident results, they include a managed process where the unit orchestrates the strategy management process ensuring that the strategy is translated into actionable tasks aligned with other corporate functions such as HR, IT and Finance.
E. From business development to business development management (BDM)

As we have already declared, business development suffers from a range of childhood deceases, as did HR back in the mid-1980s in its attempt to move from a request-driven to a strategy-driven, managed and integrated organisational discipline. These childhood deceases transform into common pitfalls preventing business development to mature and have resulted in a great diversity in today’s business development practices.

The units that are successful have managed to overcome the transition from being the newborn “rock stars” of the organisation into becoming managed and integrated. This transition also signifies a transition from being task-focused to being process-focused.

For investments in business development to pay off and move beyond being a doubtful incubator for new management talent, we conclude that the successful business development unit must be both “managed” and “integrated”.

There is not a silver bullet solution to achieving this. As with every other new management discipline, business development needs time to mature professionally. Those who hire business developers (senior management) and those who perform business development (the business developers) have a joint responsibility in making sure that business development moves beyond the treadmill and becomes designed to purpose.

"In the cases where business development efforts are most efficient and generate the most evident results, they include a managed process where the unit orchestrates the strategy management process ensuring that the strategy is translated into actionable tasks aligned with other corporate functions such as HR, IT and Finance"
Similarly, business development (BD) needs time to mature and become institutionalised as business development management (BDM).

We can denote our definition of business development signifying this move from BD to BDM as

“A managed organisational process that ensures a systematic approach to strategy management and delivers lasting improvements in business performance by playing the role of being the integrative link between strategy and execution”

In order to live up to this definition of business development as an organisational process that bridges the gap between strategy and execution, a business development unit must

• Have a clearly defined role and mandate in the organisation
• Have a defined interplay with top management and line organisation
• Be focused on projects of strategic importance
• Be managed and process-driven
• Be integrated with the strategic planning process

Today, business developers struggle less with defining their work – they have plenty to do – but more with
finding a way to ensure long-lasting and evident impact. Far too many business developers report that they are very busy, lack resources and lack perspective in what they do. These are all symptoms that point in the direction of poor or inadequate management of business development.
2. Managing business development
2. Managing business development

In essence, what is happening in many companies investing in business development is that they have not asked themselves: "if business development is the answer, what is the question?" Or alternatively: "is there a need for a business development function in our company?" And if yes; "what type of tasks would we like to perform?"

While still touching virgin ground, a recurrent problem for many business developers is to define and delimitate their roles and responsibilities. We have heard many business developers complain about the fact that they are drowning in non-strategic fire fighting or have become problem solvers for the CEO - in effect operating as an advanced corporate secretariat.

This happens because many businesses fail to properly define an organisational context for the business development function. Even the most talented, experienced and self-motivated employees have a need for well-defined tasks, roles and responsibilities as well as a suitable organising logic and governance structure to be able to deliver what is expected.

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When business developers are organised within a non-existing logic with no clear mandate or license to operate and with little guiding purpose from top management, both small and large scale business development units fail. They do not fail to deliver on promise, because no promise has been made. They do not fail to deliver impact in the organisation, because the organisation may not be aware of their existence. And they do not fail to engage in co-coordinating the strategy planning process, because top management never saw it as one of the real values of investing in business development.
They fail because they wear out and become disoriented. They fail because they deteriorate and lose their meaning. They fail because they are not managed.

In this chapter, we will look at what it takes to manage business development in different organisations. Specifically, we will look at

A. The **roles and responsibilities** of business development – because business development means different things to different organisations

B. The **organising logic** of business development – because business development functions are designed to purpose

C. The **professional competences and people skills** needed – because no single person possesses all qualifications needed to succeed

D. The **performance measurement** of business development – because business development is under pressure to document results

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A. **The role and responsibility of business development**

The first and most important element in managing business development is to define what the unit is to be responsible for and the role it should play within the organisation. Clarifying responsibilities and roles will help adjust and align expectations while making it possible to hold the unit accountable and measure its performance.

A1. **The responsibility of business development**

In many companies, business development units are not held accountable for anything. Far too often, business development units operate according to a loosely defined list of ad hoc tasks such as trend spotting, competitor surveillance, market analyses and business case work, which other people in the organisation are accountable for delivering.
Through our research, we have found that business development typically fulfil either one or a combination of the areas of responsibility outlined in the figure on the right, depending on the strategic priorities of the company.

Some business development functions are strongly biased towards identifying new business in new territories (quadrant 1) and have a high degree of orientation towards the market. The role they play is to pick up on new business ideas either in the market place or from within the organisation. They analyse these and incorporate them into the strategy management process.

**Figure 5: Areas of responsibility of business development**

- **New business ventures**
  - M&A
  - Alliances
  - Joint ventures
  - Organic growth

- **New ways of working**
  - Process improvements
  - Performance mgmt.
  - Optimisations
  - Rationalisations

- **Better ways of doing things**
  - Acquisitions
  - Divestments
  - Turnarounds
  - Portfolio analysis

- **More profitable business portfolio**
  - Organic growth
  - Process improvements
  - Performance mgmt.
  - Optimisations
  - Rationalisations

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Other business development functions are more biased towards working with evaluating investments or divestments to improve the overall portfolio of business activities (quadrant 2). Their work typically focuses on improving existing market positions and improving the company’s competitiveness and market share within already-defined businesses.

Another grouping of business development functions is predominantly biased towards improving existing business performance from within (quadrants 3 and 4). They are typically engaged with evaluating the potentials of new business models or analysing and delivering the needed process improvements and organisational changes to lift performance and margins in existing business activities.

For any company seeking to reap the full benefits of investing in business development, it is pivotal that the area of responsibility is clearly articulated and defined.

A2. The role of business development

"Business developers must think, not act, like the CEO." This short but precise statement was the key message from Niels B. Christiansen, CEO of Danfoss, at a lecture on business development management. The message is important. Not because it is stated by a highly successful former business development manager that has now turned CEO, but because it entails the essence of the role that business development should play in modern organisations.

A CEO acts on behalf of the organisation and is able to effectively define new strategic objectives, formulate supporting strategies, translate these into their operational consequences and oversee their execution.

A good business development unit does the exact same thing: applies analytical rigour, speed of mind and powerful execution and brings about the evidence and missing links that effectively bridge the gap between strategy and execution. Similarly, the business development unit acts as a catalyst for surfacing new strategic options for the company and presents these facts and opportunities with a short reporting route to top management.
As such, the business development unit will in effect act as an idea centre for new business initiatives that percolate up through the organisation. Just as the CEO often does but rarely has the time and resources to further investigate, qualify and respond to.

The roles that business development units play in an organisation in relation to the tasks they carry out typically fall within one or more of the following types:

- Role 1: The "strategist" – acting as the Office of Business Analysis
- Role 2: The "executor" – acting as the Office of Strategy Implementation
- Role 3: The "facilitator" – acting as the Office of Strategy Management

Having depicted the possible areas of responsibility and roles within the organisation that a business development unit may play, an important recognition must be noted: business development means different things to different organisations.

Below are just a few examples of the differences in today's business development practices which underline the important point that business development is and should be designed to meet its purpose.
At **FIH Erhvervsbank**, the department labelled Strategic Business Development has been tasked with managing the transformation from a mono-line to a multi-service B2B bank, starting with strategy formulation, business model design and delivering defined strategic initiatives.

At **Arla Foods**, Business Development plays the role of in-house consultants participating alongside external consultants as analytical and facilitation resources defining and leading strategic transformation projects.

At **Novo Nordisk**, Strategic Business Development is concerned purely with M&A activities on the corporate level, whereas a separate entity called Business Development & Patents is engaged with in-licensing activities and small-scale biopharma acquisitions in the Novo Nordisk Biotech Fund.

At **Danske Bank**, Corporate Business Development – a grouping of more that 50 business developers – is predominantly engaged with concept definition and implementation as well as post-merger integration work and migration of IT platforms which tend to drive innovation in banking.

Finally, at **DONG Energy**, Business Development works in effect as the CEO’s chief of staff taking lead on all activities related to M&A, Corporate Finance and Strategy – their results are very visible in public: the making of DONG Energy.

Evidently, these examples show great diversity of the role that business development plays in different companies and the different kinds of roles that business development units can play.
CASE How a global high-tech company managed through their strategic transformation using strategic business development as a key lever

When a global high-tech player wanted to accelerate growth and earnings in one of their three business divisions showing promising global market conditions, business development was tasked with analysing options, defining strategies and engaging senior management and key subsidiary stakeholders to buy into the plans.

Having conducted a variety of market analyses focused on understanding future customer requirements, the dynamics of the competitive landscape and defined evidence to support the market growth pockets, business development formulated a comprehensive five-year growth programme including significant strategic investments in new product innovations, acquisitions and a complete rethinking of the global supply chain operation. The programme was defined in close collaboration with executive management and presented to the board by the CEO and hence approved.

The role of business development in the initial phases of constructing the plan was to

• Conduct market analysis
• Verify potentials and define windows of opportunity
• Complete high-level due diligence on acquisition targets
• Develop detailed plans with relevant parties in the organisation
• Engage in dialogue with management and board

The output from business development was

• Market size, growth and channel definition
• Qualified list of acquisition candidates
Having approved the five-year growth programme, senior management and business development agreed on which of the specific execution projects business development should lead and which projects and targets that should be anchored with the line organisation. It was agreed that business development should take charge of all M&A activities in the plan including taking lead on mission critical projects that needed an outside perspective on best practices and rethinking. The list ended up like this

**Business development should**
- Lead the acquisitions of five defined companies (in close liaison with the Finance Department)
- Build and implement a new divisionalised organisation (in close liaison with line organisation)
- Redesign and implement a new supply chain model (with external consultants)
- Execute the cost-of-sales reduction programme (with external consultants)
- Orchestrate the overall execution of the programme

**Other projects anchored with the different corporate and line organisation units**
- New ERP implementation (IT)
- Centralisation of R&D (R&D)
- Production to China (Production)
- Relocation of physical warehouses (Supply Chain)

In the period from 2003 to 2006, the company grew its sales by a compound annual growth rate of 125%, acquired four companies and increased its earnings significantly.
The case above is a great story about the role and responsibilities of successful business development at work. It also tells an important story about the necessity of defining a purpose, a role and a clear set of responsibilities for business development. In this case, the business development unit clearly liaised on an ongoing basis with senior management, the board and various organisational units to ensure effective execution. Notice also the distinction of tasks between business development and the line organisation, and notice how business development started as the analysers and architects of a growth programme and once approved went into execution mode by acting as leaders of specific change projects with overall responsibility for overseeing the totality of the programme.

A3. Responsibilities and roles in a BDM context

As it is evident from the above, business development is not a static discipline – its role is shifting as strategic priorities shift from analysis to architects to execution and back to analysis again. And obviously, a more mature business will have other and more disperse business development needs than a start-up company. Just as the diversified conglomerate with multiple business lines will have other and more complex business development needs than the less complex, mono-line SME.

But leaving aside the complexity and dynamics, we have built a model of four archetypical types of business development at work and linked these to the areas of responsibility typically fulfilled by business development

- **The “Entrepreneur”**
  - typically found in young (2-5 years) start-up companies

- **The “Commercialiser”**
  - typically found in high-growth-driven companies

- **The “All-round strategist”**
  - typically found in large, mature corporations

- **The “Turnaround manager”**
  - typically found in companies or SBUs where turnaround is needed
A4. Guidelines for defining the role and areas of responsibility

As the figure illustrates, defining the role and responsibilities of the business development functions entails an understanding of the purpose that the unit should meet in the organisation. For a start-up company’s business development activities should focus on defining and understanding the market place, positioning the company, its products and services optimally and defining and implementing the business model that will yield the greatest returns to its shareholders.
The need for formalised organisational processes and strong integration between business development and the strategy management process is low, and the business developers will typically play the role as analytical capacities and strong executers.

Similarly, the larger and more mature company will need business development to be more biased towards the role of "All-round strategist" with enough capacity within the unit to fulfil all four areas of responsibility simultaneously.

At the other end of the spectrum we find the "Turnaround manager" where either the company or individual business units are under commercial and financial pressure. Here, the business development effort needs to be biased towards analysing the severity of the crisis, re-establish a profitable portfolio and define new and smarter ways of working. Typically, business development will play the role as being supportive of the turnaround in the form of providing fresh strategic insight, analytical power and strong execution abilities to rethink the business model, design the financial restructuring (if needed), identify the opportunities for divestment, off-shore or improve existing business activities.

As such, a business development unit may take on different roles at the same time, and it may change role from time to time.

When defining, or redefining, the areas of responsibility and role within the organisation, the following checkpoints are useful to keep in mind:

1. Is the role of the unit clear and communicated to its stakeholders?
2. Is the area of responsibility clearly defined and delimitated?
3. Are roles and responsibilities aligned with the overall strategy of the organisation?
To truly become a managed and integrated business development unit, management and business developers must spend the adequate time and resources on defining the overriding purpose, role and areas of responsibility of business development. In other words, an answer to the question: "what should be the contribution from business development in one year, three years and five years time?" is a good place to start.

All evidence supports that this is a vital starting point for any business development unit struggling to find its foothold in the organisation, and it is an excellent way for management to make the most of their investment in business development.

**B. Organising business development**

The second element of managing business development successfully relates to the organising logic through which business development is delivered.

During the course of our work, we have experienced many different kinds of organising logics for business development functions. We have seen

- Diversified conglomerates with both corporate and divisional business development functions as well as large-scale in-house project and programme offices
- Large global corporations with only one business developer acting as the analytical mind of the CEO and organised as a board secretariat
- Medium-sized Scandinavian companies with large teams of business developers with a skill base ranging from business management, corporate finance to legal profiles
- Small start-ups with 4-5 assigned senior industry specialists or subject matter experts organised with direct report to the top management
### B1. Organising business developers

Organising a business development unit requires attention to many factors. Not only the hierarchical position in the organisation must be considered when figuring out how to organise or reorganise a business development unit. We have found that the following organising levers are necessary to attend to:

- **The modus operandi of the unit:** a fixed vs. a mobile unit that moves around and changes in form from project to project.
- **The relation to the organisation:** a centralised vs. a decentralised unit that is aligned with a division or SBU.
- **The interplay with the rest of the organisation:** a stand-alone vs. integrated unit that collaborates closely with the rest of the organisation.
- **The role in the strategy management process:** a direct involvement in the strategy management process vs. an indirect participation.

The following examples illustrate how these levers are used in practice to organise for business development.

#### Examples from current organising practices

**Company A – a supplier of aircraft spare parts**

Previously, business development resources were anchored locally market by market and driven by a strong desire to ensure organic sales growth market by market. But it was later recognised that business development would deliver more value if organised to work across business units and engage in the strategic planning process. Today, it is a 20-20-60 work load split. 20% of the time spent on managing the annual strategic planning process, 20% of the time spent evaluating investments and acquisition targets and 60% of the time spent executing projects.
Company B – a pharmaceutical company

Top management recognised that future growth was highly dependent on the ability to in-license, acquire or obtain preferential rights to new biopharmaceutical innovations due to patents becoming obsolete and R&D pipeline drying out. A business development unit of 55 FTEs was defined with the purpose of analysing and integrating new biopharmaceutical products, and a corporate business development unit managing the M&A activities in the core business was also defined.

After two years of operation, top management recognised a clear disconnect between the corporate strategy process, the in-licensing activities being pursued and the execution of defined strategic initiatives in the core business. They decided to re-organise business development and make clearer distinctions between Strategic Business Development (SBD), Licensing & Patents (L&P) and Strategy Implementation & Execution (SIE).

Today, an effective organising logic has been defined, assigning distinct roles and responsibilities linked to the corporate strategy. In effect, three different organisational units drive business development activities – SBD is responsible for corporate level strategy design and orchestration; L&P is responsible for pursuing defined licensing and acquisition activities, and SIE is responsible for acting as a focal point for executing strategic projects in close co-operation with corporate IT, HR and other support functions.

Company C – a multi-line financial institution

Having pursued a range of domestic and foreign acquisitions, top management recognised that the bank needed to roll out a consistent IT platform and retail concept across its many branches.

The issue was defined as the number one strategic priority for the next five years in order to successfully integrate the acquisitions and realise the economies of scale and scope defined in the acquisition business cases. To accelerate the corporate-wide integration process and define the strategic baseline for future customer service and selling, a multi-skilled team of in-house consultants was organised into a corporate business development unit with direct report to top management.
The new corporate business development unit's purpose was to co-ordinate the making of the strategy that would enable the bank to realise its full potential by effectively migrating both existing and new brands to a “one system, one concept” model and provide the necessary implementation power and expertise to make this happen.
B2. Organising logics in a BDM-context

Studying the different cases closely has led us to conclude that there are certain logics for organising business development that determine the nature of business development practices today. These are depicted in the figure below.

**Figure 7: The classic organising logics of business development**

<table>
<thead>
<tr>
<th>The corporate support function</th>
<th>The division support function</th>
<th>The permanent project organisation</th>
<th>Outsourced business development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pro</strong></td>
<td><strong>Con</strong></td>
<td><strong>Pro</strong></td>
<td><strong>Con</strong></td>
</tr>
<tr>
<td>Reinforces a top-down approach and facilitates corporate-wide strategy co-ordination</td>
<td>Risk of generalisation across strategy and business issues</td>
<td>Underpins specialisation and reinforces BU development focus</td>
<td>Risk of inability to “think out of the box”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Supportive of an innovative business culture</td>
<td>Difficult to manage – people do not have time to prioritise business development</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ensures a focused and effective execution of strategic initiatives</td>
</tr>
<tr>
<td>© Quartz+Co 2007</td>
<td></td>
<td></td>
<td>Prevents co-ordination between strategy and execution</td>
</tr>
</tbody>
</table>
The following characteristics are typical for the four types of organising logics

- **Corporate support function model**: We typically see a need for a broad representation of competences – from M&A capabilities to business consulting skills and legal expertise. We often find that these types of business development units are comprised by teams of 2-10 “in-house consultants” with a license to operate on both the corporate (strategic) and the organisational (execution) level acting as both specialists and generalists.

- **Division support function model** (SBU support model), we find small units of 1-3 people acting in effect as subject or industry matter experts. Their prime responsibility is to fuel the SBU strategy agenda and assist the organisation in executing strategic initiatives and analysing new business opportunities. The dominant skill set required is a combination of industry insight and strong business acumen.

- **Permanent project organisation model**, we witness the organic mode of operation for managing business development. In this organising model, a team of dedicated project resources is charged with assisting the organisation in delivering defined organisational change programmes. The business development unit operates as a virtual unit with the potential to act as both a generalist and a specialist on various tasks. We label it the permanent project organisation because of its adaptive (as in projects) and permanent (as in structure) nature.

- Finally, in the **outsourced business development model**, we find a mode of operation that does not necessarily favour a strong link between strategy and execution, but a model that is highly favourable to large organisations lacking the necessary power to execute. In this model, business development is synonymous with execution. Teams of capable project resources are organised into distinctly defined teams delivering e.g. IT implementation, process improvements and the like.

In either way of organising, business development is representative for a conscious choice of best modus operandi, given the strategic agenda and organisational context. Through our experience, we have seen how one type of organisation works in one company but is less successful in another.
These four logics are all prevalent among business development practices today. However, what we have experienced as the most efficient one in ensuring that business development is “managed and integrative” is the logic of the corporate support function, allowing business development to act as the connecting link between top management and the line organisation. Similarly, business development can become the centre of gravity for capturing and qualifying new ideas for the organisation.

The corporate support function explicitly emphasises the close relation to top management while allowing for the mobility needed to move across the organisation. It is implied in the logic that the business development unit may have closer relation to some units than others – and that these relations may change over time.

**B3. Guidelines for organising a business development unit**

An important conclusion about the organising logic of business development activities is that there is no “one size, fits all” solution to organising business development. Instead, business development activities should be organised to best serve a specific purpose defined by the strategic priorities of the company. Due to the specific needs of a managed and integrated business development unit, the following precautions must be considered when organising for business development.

1. **Place the unit close to the management** of the company or the SBU
   - act as a focal point for bridging the gap between strategy and execution

2. **Charge the unit with the necessary resources and capabilities**
   - act as a catalyst, a facilitator and a driver for change

3. **Allow the unit to transform over time**
   - respond effectively to the strategic agenda

"In either way of organising, business development is representative for a conscious choice of best modus operandi, given the strategic agenda and organisational context"
C. Competences of business development

Injecting the business development unit with the necessary resources is an important aspect of managing business development effectively. But simply hiring people with a strong track record is not enough.

"Simply hiring people with a strong track record is not enough"

Managing the competences within the unit in coherence with the tasks it is fulfilling is an important part of the management of the business development unit – one that is often overseen. In many cases, people think that by hiring highly capable people, the competences are in place. However, since business development tasks are of such a changeable and complex nature, attention must be put into managing these competences over time and develop them to match the tasks at hand.

C1. Competences of business developers

Even though business development units are often quite small (on average between 2-12 people), their tasks and role in the organisation require that they cover a wide spectrum of competences, ranging from specific knowledge about a market or a specific business process to their ability to manage, engage and interact in large-scale change programmes and with people whose commitment is vital for their own success.

Business developers must be multi-faceted; they must be analytically skilled and they must be able to manage big projects and communicate with many different kinds of people. That is why most business developers have very diverse backgrounds, often with industry experience combined with some sort of consulting experience.

"Business developers must be multi-faceted; they must be analytically skilled and they must be able to manage big projects and communicate with many different kinds of people"

To fulfil the roles as strategists, facilitators and/or executors, the following competences are necessary.
With the diverse range of tasks of business developers, it is impossible for one person to cover all aspects. This is especially true for companies with highly specialised functions. Business developers are not superheroes that can take on many forms to fight the day-to-day battles against evil – nor should they strive to become so. The competences mentioned above are representative of the totality of skills any effective business development unit must possess in some form or shape. The role of the manager is to manage the spectrum of competences so that it matches the tasks that the unit is to carry out.
C2. Competences in a BDM context

The range of competences necessary to carry out tasks varies according to the role that the business development unit fulfils in the organisation.

Not all business developers must be excellent strategists, executioners and facilitators at the same time. Neither should they be specialists in project management only. Business developers must be knowledgeable of several disciplines and roles and while being proficient in them all, they must also know how to activate and make use of them through others.
When it comes to the orchestration of strategy management, competences pertaining to being a strategist must be present at all times in a business development unit since this is an ongoing process that has its affiliation in business development. However, when it comes to specific business processes that require specialist knowledge, the business development unit may also draw on competences from outside the unit: from other people within the organisation or from its network of advisers. Examples of this include highly specialised market or product knowledge, jurisdictional or legal resources, accounting and financial specialists, etc.

The competence spectrum includes the tangible competences that are needed to know how to carry out the tasks. However, to be truly successful, business developers must do more than manage and carry out the tasks set out for them. BDM is also a human discipline that entails a focus on the people that are to adopt, implement and execute the strategy. This includes consideration of the way in which tasks are carried out.

We call these the intangible competences which are often contingent on the personality of the person in question. One such competence is the ability to be creative and think beyond the boundaries of existing markets, products and the organisation.

Being creative is indeed important, but it is not any kind of creativity that is appropriate for business developers. The ability to be creative is valuable when combined with an understanding of the business and an ability to critically analyse and evaluate alternatives. The point is not to come up with as many ideas for business development as possible but to come up with a few, valuable ideas.
Besides “qualified creativity”, the other intangible competences that are important in the discipline of BDM are

- **Ability to be humble**
  According to Professor Flemming Poulfelt, Copenhagen Business School: “Business development is too important to be left to business developers”

- **Ability to navigate**
  According to Professor Anders Drejer, Aarhus Business School, business developers must "accept and deal with the insecurity and unpredictability – there is no fixed agenda of business development”

- **Ability to engage**
  According to Professor Anders Drejer, Aarhus Business School: "The need to anticipate the context – the organisational, managerial, cultural and market context – and moving within and in between different contexts is pivotal to business developers”

- **Ability to translate**
  Peter Læssøe, Business Development Director, Nykredit, states that “business developers must be able to talk strategy so that everybody understands it and knows what to do”

- **Ability to impact**
  According to Nicolai Hesdorf, Arla Foods, business developers must be "empathetic tough nuts that are not afraid to state their opinion and speak up”

As with the competence spectrum, it is important to stress that all business developers within a unit need not be excellent in all competences. However, when it comes to the intangible competences, the manager of the unit is an exception. As the face towards the management and the organisation, it is necessary that the manager acts as a role model and contains all these intangible competences or traits.
Having a focus on the competences and on "selling" these competences makes it easier to define and conceive the role of the business development unit within the organisation. However, it also increases the difficulties of delimitating the kind of tasks that are taken on by the unit. Careful attention must be put into ensuring that the role as the connecting link between strategy and execution is fulfilled and that the unit does not become entangled in daily operations.
C3. Guidelines for managing competences

To mature the business development unit professionally, start with the people. For talented and high-calibre individuals with a strong career motivation which characterises many business developers today, managing and developing both personal and professional skills is a vital point of succeeding with business development.

Depending on the role of the business development unit within the organisation, some competences will be more important than others. It is the role of the business development manager to co-ordinate and develop these competences so that the unit can solve its tasks successfully at all times. Developing business developers is an integrated task for the HR organisation, yet a completely overlooked area of responsibility for many HR organisations. But if business development is there to stay, it is there to enter a structured professional development plan on par with all other organisational units within the organisation.

We believe the following guidelines can be used to more effectively manage the business development competences:

1. Revisit the **purpose, role and areas of responsibility**
   - clearly articulate the business development role and area of responsibility

2. Map the unit’s **current competences** using the competence spectrum
   - allow for a 1-5 scale to plot both professional and people skills

3. Involve HR in constructing a **professional development plan** individual by individual
   - using the competence spectrum plot as a point of departure

4. Build a **compensation scheme** that also rewards professional development
   - allow for inclusion of soft measures in bonus schemes and long-term career planning

5. **Follow up biannually** on needed development points and corrective action
   - making the most of HR templates, tools and techniques
Being able to mobilise a meticulous set of competences combined with an ability to dissociate oneself from the subject matter is the ultimate role of the business developer. This means that the management of competences becomes an important part of the management process of business development units.

Naturally, the specific competences will vary according to the area(s) of responsibility, and attention must be put into matching competences and responsibilities. Aside from that, competences should be managed with careful attention to the role that the unit fulfils in the organisation.

D. Measuring the performance of business development

A well-managed business development unit has a clearly defined role and area of responsibility, an organising logic that complies with it and a range of competences that cover the relevant competence spectrum. What is missing to complete the picture is to understand how to define the expectations to the outcome of business development and define its key success factors. Or, in other words, to find an answer to the question: “When do you release an extraordinary bonus to your business developer?”

The nature of the work carried out by many business development units leaves it next to impossible to document the value of the work they perform and hence legitimise their existence. Business development units are subject to the same risk as external consultants – being the first to lose their job once economic slowdown kicks in if they have not delivered value to their organisation. Business developers are probably the easiest cost-cut for executives to pursue, but they may also be one of the most dangerous parts to cut off if the business development unit has matured to become an integrated part of the way the organisation spots new opportunities, formulates plans and executes strategies.
D1. Performance measures for business developers

The lack of well-defined performance criteria causes many business development practitioners to operate blindfolded, never really knowing whether they are successful at what they do or not. Tracking the performance of business development units and setting up performance measures for them is necessary to mature business development as a discipline rather than operating it as a magic cure-all bullet.

The tasks at hand are often diffuse and ad hoc, and they are rarely planned in advance. Therefore, setting up performance measures is a way of clarifying goals, documenting effect and aligning expectations – in particular important to enable long-term planning in the unpredictable and changeable operating environment of today’s business development units.

However, defining universal performance measures and report metrics that are viable for all business development units is an impossible mission due to the diversity of business development practices. Again, the analogy from the discipline of HR and HRM may serve as a point of departure. As HR has matured and become an integrated organisational discipline, a framework for measuring the value and performance of a successful HR function has been derived. This framework measures the management’s and the organisation’s overall satisfaction level with the work performed by the HR function as well as a range of specific and directly measurable metrics.

To work effectively, performance measures for business development must allow for

- Clear accountability for the team and their individual contributions
- Measurable business impact through consistent project evaluations
- Consistent and demanding standards for each job role fulfilled
- Procedures for communicating and rewarding the right results

“Tracking the performance of business development units and setting up performance measures for them is necessary to mature business development as a discipline rather than operating it as a magic cure-all bullet”
D2. Performance measures in a BDM context

With the roles as strategists, executors and facilitators come different kinds of requirements, and these requirements may be translated into different kinds of performance measures.

In the figure below, you will find an inspirational list of key success factors and examples of KPIs for each of the three roles played by business developers (strategist, executor and facilitator).

| Figure 10: List of relevant performance measures for the business development role |
|---------------------------------|---------------------------------|
| **Key Success Factors (KSFs)**  | **Examples of relevant KPIs**   |
| • Quality and analytical rigour in strategy process | • % of management time spent discussing strategy |
| • Satisfaction with overall input, process and output | • # of strategy review cycles per year |
| • Alignment and translation of strategy into action | • # of strategic initiatives under implementation |
| • Link between financial priorities and annual budgets | • # of strategy components translated into operational budgets |
| • Link between strategy and annual performance reviews | • % of employees who are aware of strategic priorities |
| **Strategist**                   | **Executor**                    |
| • Quality of product/market analyses performed | • # of strategic investigations presented to management |
| • Quality and rigour of acquisition targets evaluated | • # of targets/markets/products/customers evaluated |
| • Quality of business cases and investment advice | • # of business cases and investments approved/declined |
| • Scope of business issues analysed and addressed | • % of defined business issues analysed |
| • BD as a focal point for new business ideas | • % of employees that provide input to business development |
| **Facilitator**                  |                                |
| • Quality and speed of strategy execution | • # of strategic initiatives delivered on time, on budget |
| • Quality of quantifiable benefit realisation from execution | • DKK business benefits delivered from initiatives |
| • Level of organisational involvement in execution | • # of people engaged in implementation projects |
| • Satisfaction with work from business dev. | • Overall organisational satisfaction with BD work |
| • Organisational learning delivered from business dev. | • # of tools and techniques delivered to the organisation |

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A systematic approach to measuring the effort of business development units is something that is rarely seen in practice. Some units may have some metrics that they use for their work, but these are often randomly defined from project to project and not formally integrated in the processes within the unit.

Whereas this may work for a limited period of time and when projects are somewhat similar, it is not sustainable. To ensure performance over time, that the unit remains proactive and that the learnings are picked up and reacted upon, performance measures must be an integral part of the work of the unit.

"To ensure performance over time, that the unit remains proactive and that the learnings are picked up and reacted upon, performance measures must be an integral part of the work of the unit”

CASE Business development performance measures at work in a pharma company

In a business development unit of a large pharmaceutical company, the performance measures were designed to reflect the overriding purpose of the unit within the organisation.

The company took its point of departure in defining what they labelled strategic business development (SBD) as follows: “SBD is the process that enables the ongoing identification of new attractive strategic positions and opportunities and proactively seeks out, sorts out and executes collaboration, licensing and acquisition opportunities.”

Following this definition, they established a business development mission statement:

Strategic business development is aimed at ensuring future growth by optimal exploitation of intellectual assets. This means that we will

• Create sustainable value through identifying new investments and licensing activities
• Create the most valuable patent rights and comprehensive freedom-of-operation by aggressive and proactive patent strategies
Facilitate and challenge the long-term planning efforts to turn these investments into profitable new business.

Following these simple guidelines, the company was able to define a set of very precise performance metrics against which the success or failure of the business development investment could be measured, including:

- Number of identified candidates within the three areas of focus
- Number of right companies at the negotiation table
- Number of new licensing activities completed
- Number of new patent rights acquired
- ROI of commercialised in-licensed activities
- Management assessment of quality and speed of execution

**D3. Guidelines for defining performance measures**

Business developers and managers alike can follow these simple guidelines when defining performance measures:

1. **Make sure to have clearly articulated purpose** statement for the role you want the business development unit to play in the organisation
2. **Be creative in design and definition** of measures to reflect diversity – make sure that measures include all aspects important to the defined role of the unit
3. **Define the measures in consensus with top management** – the measures reflect expectations and may act as a way to attune expectations
4. **Reconcile metrics with existing measures within the organisation** – making the relation between business development measures and other measures within the organisation will help commonality and shared purpose
**CASE**  Managing business development at SanomaWSOY

SanomaWSOY, one of Europe’s largest media enterprises with revenue of more than EUR 2.7 billion and activities in more than 20 countries, is making extensive use of strategic business development to accelerate the implementation of its enterprise-wide strategic plans.

**The organising logic of business development in SanomaWSOY**

SanomaWSOY has adopted a divisional support function model in which a business development unit is anchored within each business division (2-5 people). A co-ordinating group-level business development function supports executive management in translating the group corporate strategy and completing the largest M&A activities (2 people).

**SanomaWSOY uses business development as a lever for two important strategic priorities**

1. Accelerating divisional business development
2. Fostering new management talent

Each divisional business development unit is in charge of business development for its division and contributes to the corporate strategic agenda with input from the individual divisions.
The following example is from the Sanoma Corporation division – the leading newspaper publisher in Finland.

**The role of business development in Sanoma Corporation**

The overall purpose of business development in Sanoma Corporation has been formulated as: “The vision of the business development unit is to be the preferred choice of the management of Sanoma when in need for fast and envisioned/insightful business development support.”

The success of the unit is thus dependent on its ability to position itself within the division to become ”the place where management turns for accelerating the execution of strategic ‘must-win-battles’.”

**Areas of responsibility of business development**

Complementing this overall purpose, or vision, is a formulation of the role that business development plays within the organisation: ”The mission of the business development unit is to help the management of Sanoma to create growth and profitability through identifying, initiating and implementing M&As, strategic initiatives and new ways-of-doing.”

Each divisional business development unit in SanomaWSOY supports corporate management in bridging strategy and execution, and all business development units thus have a responsibility for co-ordinating the annual strategic planning process. The divisions provide quantitative and qualitative feedback from their field and report this data to the group-level business development unit. Here, a coherent strategy plan is gathered once a year, and the final strategy is developed in collaboration with the top management.

Each divisional business development unit, in turn, plans its work according to its business area specific divisional strategy.

Aside from the responsibility of contributing to the strategic planning process, the responsibilities of each divisional unit vary from a strong M&A-focus in one unit to an operational focus in another. In Sanoma Corporation, business development has the responsibility for

1. M&As and post-merger integration
2. Internal business development projects including
a) Market and company monitoring and analysis
b) Communication material (an "internal messenger")
c) Guidelines and tools to support best practices

3 Strategic planning

Business development competences

The competences within the divisional business development units may vary according to the specific area of responsibility (whether operational, M&A-focused or other), but some commonalities exist: together, the people within the unit carry strong analytical skills and versatile knowledge about their field of work. Teams are put together with the purpose of the unit in mind: to accelerate managerial talent. Young professionals are thus hired and put together with more senior people (often the manager of the business development unit). In a timeframe of 2-5 years, they often move on to become leaders elsewhere in the organisation.

Business development performance measures

The success of business development is dependent on its ability to become the instinctive, preferred choice for managers to turn to. The performance of business development is thus based on its ability to produce expertise services - with a higher quality and/or lower cost of external service providers (e.g. consulting firms).

The differentiators that makes Sanoma Corporation the preferred choice are

- Efficiency
- Knowledge of Sanoma and SanomaWSOY
- Holistic view on Sanoma's business environment
- "Easy-to-approach" and "quick-to-respond"
- Cross-divisional co-operation and contact networks

These factors are incorporated into the work of the unit, and in addition to that, success criteria for each of the three areas of responsibility have been formulated. When evaluating projects and calculating bonuses, these success criteria are used to assess the degree to which the unit and its members have excelled in carrying out the tasks.
3. Integrating business development
3. Integrating business development

"As for the future, your task is not to foresee it, but to enable it"

Antoine de Saint-Exupery

We have argued that business development must be "managed" and "integrated" to have a chance at being successful. In the previous section, we discussed and provided advice on how to become a "managed" business development unit - in this section, we will discuss and give advice on how to become an "integrated" unit.

To become an integrated discipline, business development needs to resolve its immaturity issues. However, the current diversity of practices is not just a result of a lack of executive sponsorship to the activities or the shortage of proper role descriptions and performance measures. It is as much a result of the way many business developers themselves choose to integrate, engage and execute.

We have seen numerous examples of how high-calibre individuals that previously enjoyed the role as professional problem solvers in management consulting have entered the corner offices and failed to recognise the dramatic changes in personal style and engagement from consulting to corporate life. It is a shift in role from outsider to insider – from infrequent visitor to permanent organisational resource. It is a new role to be played in which success is contingent on the business developer’s ability to collaborate and engage in a corporate and often political minefield. A key requirement is to play the simultaneous role as advisor to executive management and execution partner to the line organisation.

"It is a new role to be played in which success is contingent on the business developer’s ability to collaborate and engage in a corporate and often political minefield. A key requirement is to play the simultaneous role as advisor to executive management and execution partner to the line organisation."
When the investment pays off, the key factors for success are that the business developers themselves have

- Participated proactively in the processes that connect strategy and implementation
  - becoming an integrated part of the way strategies are defined and executed
- Followed a simple set of rules of engagement
  - enabling them to challenge status quo while respecting the corporate DNA

### A. Connecting strategy and implementation

When introducing the concept of being “integrated” earlier, we identified business development as performing three activities

- Investigating strategic options (external/internal)
- Executing strategic projects
- Orchestrating strategy management

What is new to many, and what is essential for units to become truly “integrated”, is to work to bridge the gap between strategy and implementation – to perform the orchestration of strategy management.
A1. Bridging the gap

Many readers will recognise the fact that their business strategies in many cases are disconnected from execution. Many will also acknowledge that most of the execution work being delivered is opportunity-driven rather than a planned effort defined as part of the strategic planning process.

When business developers are positioned in companies where strategy is disconnected from execution, their role tends to quickly deteriorate, and they become absorbed to support the line organisation’s tactical priorities. But instead of accepting this as a fact of corporate life, business developers must proactively engage themselves in reconfiguring the strategy management process in the company – for the benefit of the company, making sure they work to bridge the gap between ambition and performance.

According to Kaplan & Norton, the lack of alignment is typically the result of a poor strategy management process which leaves top management with an inconsistent way to describe strategy, CFOs unable to link budgets to strategy and the majority of middle managers and workforce incapable of understanding the strategy.

The traditional strategy management process – still in operation in the majority of large companies – is kicked off halfway through the fiscal year. The CEO invites the management team to the annual update on budget performance to debate strategy going forward. A short time hereafter, the same meeting is taking place on a divisional or business unit level and soon after on functional levels of the organisation.

Towards the end of the third quarter, the CFO takes over and initiates the annual budgeting cycle – typically a combined top-down and bottom-up process. Finally, by the end of the fourth quarter, the HR organisation conducts annual performance reviews and co-ordinates the establishment of new functional and individual targets for the year to come.

“When business developers are positioned in companies where strategy is disconnected from execution, their role tends to quickly deteriorate, and they become absorbed to support the line organisation’s tactical priorities”
**Figure 11: The role of business development in the strategy management process**

<table>
<thead>
<tr>
<th>Strategy development</th>
<th>Description</th>
<th>Role of management</th>
<th>Role of business development</th>
<th>Role of organisation</th>
</tr>
</thead>
</table>
|                      | Synthesis of data and competitive reports from business areas to assess options | • Participates in data collection  
• Leads strategy discussions  
• Concludes on strategic priorities | • Facilitates input gathering  
• Analyses options and generates hypotheses  
• Facilitates strategy debate | • Competitive input  
• Customer input  
• Performance input  
• New business ideas |

| Strategy translation | Translation of strategy into specific KPIs and operational consequences | • Approves investment  
• Communicates strategies  
• Links budgets with strategy | • Breaks down strategy into operational consequences  
• Defines strategic projects | • Takes lead on or participates actively in project execution |

| Strategy execution | Execution of strategic projects | • Ongoing change communication  
• Performance reporting  
• Sponsor projects | • Leads defined strategic projects  
• Oversees programme implementation | • Takes lead on or participates actively in project execution |

| Strategy anchoring | Enabling organisation to work in new ways through training, tools, techniques | • Sponsor initiatives  
• Performance reporting  
• Corrective actions | • Picks up learning from execution  
• Transmits learning to management  
• Refuels the strategy cycle | • Provides input on key learnings to the business development function |
The problem here is that all of these events happen more or less in isolation and with no or little guidance from the overall strategy. This partition of responsibilities creates a chasm between top management’s strategic priorities and the priorities and resource allocations of business units, functional levels and even individual targets. When, for example, simple things like compensation packages for middle managers and workforce incentive models have no link to the success and failure of strategy implementation, it is no wonder that we often see a gap between ambition and performance.

If business developers are to execute their tasks in alignment with top managers’ strategic priorities, they need to find a way to orchestrate the strategy management process so that it ensures alignment and consistency between strategy, budgets, projects and organisational priorities. Top management will make the most of their business developers’ analytical, engaging and facilitation skills by allowing them to take full responsibility for orchestrating the strategy management process. This will ensure close alignment of corporate priorities and provide mandate and space for the business development unit to translate, execute and anchor the strategy in the organisation.

“The strategy management process is not a singular event that comes once a year and that can be dealt with when it occurs – it is an ongoing process that requires a plan that is adhered to be successful”

“If business developers are to execute their tasks in alignment with top managers’ strategic priorities, they need to find a way to orchestrate the strategy management process so that it ensures alignment and consistency between strategy, budgets, projects and organisational priorities”

The role that business development plays in the strategy management process is depicted in figure 11.

The strategy management process is not a singular event that comes once a year and that can be dealt with when it occurs – it is an ongoing process that requires a plan that is adhered to be successful.
Figure 12: Planning for the strategy management process

Executing strategic initiatives

- Project A
- Project B
- Analysis A
- Analysis B
- Acquisition A
- Acquisition B
- Due diligence A
- Due diligence A

Orchestrating the strategy management process

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Strategy update and financial target setting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line-of-business</td>
<td>Strategy alignment and initiative planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFO/COO/CIO</td>
<td>Planning and budgeting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR</td>
<td>Annual performance reviews and incentives</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

BD facilitates strategy planning and supports execution of strategic initiatives

Top executives conduct monthly management reviews

Corporate communications unit disseminates information

Chief knowledge officer oversees knowledge sharing

Ongoing co-ordination and support to strategic initiatives

3. INTEGRATING BUSINESS DEVELOPMENT
As the figure illustrates, the business developer is a focal point of the annual strategic planning process, ensuring that strategic priorities are aligned in the line organisation, reflected directly in annual budgets, linked to compensation and individual targets as well as communicated and disseminated throughout the organisation. As such, the unit becomes “integrated” and hence a connecting link between strategy and implementation.

In most of the successful cases we observed, the business developers, or at least the business development managers, are of a strong, uncompromising nature and have strong relations to other managers within the organisation.

Building on the behaviour of the business developers that succeed in navigating as the connecting link between strategy and organisation execution, we have constructed a set of guidelines, or “rules of engagement”. These may be used as a line of direction for business developers to keep in mind when executing their tasks within their respective organisations.

“When performing the role of being the integrative link between strategy and execution, business developers are not only carrying out a range of tasks, they are also becoming important characters in the organisation that represent an element of interest, and in many cases also interference.”

A2. The new strategic planning paradigm
Planning this kind of process is a meticulous matter that is dependent on the needs of the individual company. The figure below, inspired by Kaplan & Norton’s article on The Office of Strategy Management, is an example of how such a plan can be constructed, and it may serve as inspiration for business developers and their managers to plan for the strategy management process.

As the figure illustrates, the business developer is a focal point of the annual strategic planning process, ensuring that strategic priorities are aligned in the line organisation, reflected directly in annual budgets, linked to compensation and individual targets as well as communicated and disseminated throughout the organisation. As such, the unit becomes “integrated” and hence a connecting link between strategy and implementation.

B. The rules of engagement
When performing the role of being the integrative link between strategy and execution, business developers are not only carrying out a range of tasks, they are also becoming important characters in the organisation that represent an element of interest, and in many cases also interference.

It is thus important that the business developer, as a person, is attentive to the way he or she behaves in the organisation.

In most of the successful cases we observed, the business developers, or at least the business development managers, are of a strong, uncompromising nature and have strong relations to other managers within the organisation.

Building on the behaviour of the business developers that succeed in navigating as the connecting link between strategy and organisation execution, we have constructed a set of guidelines, or “rules of engagement”. These may be used as a line of direction for business developers to keep in mind when executing their tasks within their respective organisations.
The ten rules of engagement

Communication
1. Be articulate about the role of BD – continuously
2. Be concrete/always translate strategy into actionable tasks
3. Continuously emphasise benefits and long-term results
4. Anchor communication with the line early and effectively

Relations
5. Ensure close relation to management
6. Establish a network internally and externally
7. Actively engage stakeholders and peers

Interaction
8. Get the fingers in the dirt (be where the conflicts are/arise)
9. Act professionally and convincing – have an exit strategy when in execution mode
10. Participate in operations only when mission is critical!
B1. Communication

The first four rules of engagement concern the way in which business development issues are communicated. As mentioned when discussing the intangible competences of business developers, the ability to communicate clearly and effectively is extremely important for business developers.

In the successful cases, managers recognise the pressing need for business development and establish business development units as the result of this need. From the beginning, the unit has a high priority at the management table, and it is embraced by an organisation eager to work with the unit. However, this “sense of urgency” is rarely present in all companies at all times. After the first “buzz” of business development, managers tend to prioritise other, more short-term matters, and people in the organisation “forget” about the presence and importance of strategy and business development. It is here the gap between strategy and execution widens and the crossing of the chasm becomes difficult. And it is here the ability to communicate becomes paramount.

The first part of the communication process consists in being articulate about the role of business development in the organisation; people must know that it exists, what the benefits are and that they need to prioritise resources to assist in bringing business development to its best.

Strategy is not the “thing that you think about after the daily work is done”, and the challenge for many business developers is to avoid that business development gets downgraded on the managerial agenda and drowns in the load of daily work and routines. To be successfully executed, strategy must be an integral part of the work carried out in every corner of the organisation. Business development units play an important role in translating strategy into the routines and processes of the organisation, and they are essential to ensure that strategic execution does not become a series of stand-alone projects or “happenings” but a continuous process that penetrates the organisation. That is why business developers must make sure to engage the key people in the organisation early on, communicate the message to them and make sure that they pass it on to the others.

"After the first 'buzz' of business development, managers tend to prioritise other, more short-term matters, and people in the organisation 'forget' about the presence and importance of strategy and business development"
As the drivers of change and development, business developers perform the role as the innovators of the organisation or "corporate entrepreneurs”. But they have to "sell" themselves and their projects. Whereas this may be a difficult task since business development tasks are often an add-on to the daily load of work, focusing on the benefits and long-term effects of business development may help. The general advantages of business development are that it

- Ensures long-term growth by widening the space of opportunities
- Creates new organisational structures that allow for sustainability in the future
- Ensures that great new ideas can quickly be assessed and presented to top management
- Ensures that capital and people are utilised to their full potential
- Allows for the creation of new career paths and job growth in new areas
- Makes sure that the capital of the company is soundly invested
- Strengthens the image of the company as an innovative, proactive and attractive company

We thus advocate that business developers continuously strive to create and uphold a sense of urgency – in the organisation and at the top management level. By continuously challenging existing assumptions and routines and by emphasising and underlining the long-term goals, the business developer contributes to developing a sense of urgency throughout the organisation. This will make the organisation more prone to work with the unit, and it will make the people more ready and willing to change.

“Business development units play an important role in translating strategy into the routines and processes of the organisation, and they are essential to ensure that strategic execution does not become a series of stand-alone projects or ‘happenings’ but a continuous process that penetrates the organisation”
B2. Relations

The next three rules of engagement concern the relation between business development and high-level managers and stakeholders within the organisation and outside it. A repeated cause of the lack of success of many business development units is the absence of top management mandate; business development has emerged as a bottom-up discipline without the direct involvement of top managers. This is an almost certain route to failure.

In our assertion, business development must be of a strategic nature to be called business development. This implies being on the agenda of the top management. Being on the top managerial agenda will ensure resources and buy-in at lower management levels.

However, the importance of a close relation to top managers goes beyond that. With business development as the integrative link between strategy and execution, top managers need a close relation to business development. They need to know the current state of the work of the business developers, they need to see their strategy at work, and they must attain the input needed for the continuous process of strategic planning.

In a broader view, innovation is (or should be) on the agenda of all top managers, and in getting input for the innovation process for new strategic options and prevailing market opportunities, business development plays a pivotal role in presenting this information to the management.

A network of stakeholders and peers, internally and externally, is an invaluable asset for this process. The business developers themselves are not the ones holding the golden key to the "innovation closet" - but they must know how and where to find it. New options and opportunities arise all the time, at all levels of the organisation (and in other organisations), and the business developers must know where to find and how to qualify them. Business developers thus need a network to draw on, activate and engage.

"With business development as the integrative link between strategy and execution, top managers need a close relation to business development"
B3. Interaction

The latter three rules of engagement concern the way in which business developers behave within the organisation and interact with other people in the organisation (aside from the top management and network).

Successful business development entails that strategy becomes integrated in the organisation – a role undertaken by business developers. However, too often business developers end up being isolated in an ivory tower under the protective wings of the management. Such an isolation of business development results in a lack of organisational impact, hereby failing to bridge the gap between strategy and execution.

To avoid this problem, business developers must make sure that they maintain short distances to the management and to the rest of the organisation – physically and structurally, or, as expressed by a business developer from a major Danish corporation, they must have "the fingers in the dirt."

We have designed a model illuminating the natural home bases and foreign land for business developers seeking to find the optimal mode of interaction.

![Figure 13: The home base and foreign land for business developers](image)

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Being able to create momentum and attain a rapid responsiveness are key for the success of the majority of business development projects. The organisational structure can facilitate this by providing "structural shortcuts" for the business development units. A structural shortcut is not limited to having mandate at the management table but includes a possibility of directly addressing key individuals – at the management table and throughout the organisation.

A high degree of proximity to the organisation will ensure that the business developer can

- Carry through initiatives and pass on tasks quickly
- Get immediate response on urgent issues and concerns
- Ensure that decisions are made quickly
- Ensure that new projects and initiatives can be initiated with momentum

Complementing this "structural proximity" is a physical proximity. In many of the successful cases, we have observed that business developers are often located physically close to the people they are working with, whether this may be a top manager or a department/group of people in the organisation. In these cases, physical proximity acts as an important driver in bridging the gap between strategy and execution, which may also be a perceived physical gap between the representatives of strategy (the corner offices) and the representatives of execution (the man on the floor). By being physically present, the business developer can diminish this perceived gap and encourage a higher degree of dialogue and interaction.

Business development tasks often imply a great amount of change. Therefore, business developers can easily become highly unpopular people that bring warnings of unwanted duties. Again, business developers must earn respect and
show worth of trust. Being close to the people from whom you want to earn this respect will increase the likelihood of getting it. Or as expressed in one of our interviews: "the business developer must be in contact with the organisation to earn 'street credit'."

"Street credit" comes from knowing who you are interacting with and the field you are operating in, but it also comes from acting with a high degree of professionalism and by being consistent and convincing in the work that is carried out. This requires a mobilisation of the tangible competences mentioned earlier, and it requires a personal morale and discipline of the business developers.

As the drivers of change, business developers are personal brands that emanate the nature of business development: entrepreneurial, uncompromising and insisting. They must be persistent and consistent in sending out this message and avoid becoming entangled in daily operational issues, nit-picking and political conflicts.
Next step for business development

Many organisations have achieved dramatic performance improvements by investing in permanent resources to sustain a focus on strategy development and strategy implementation. They have invested in setting up a professionally managed business development function with responsibility for capturing new business opportunities and bringing continuity and alignment into their strategy management process.

Throughout this booklet, Quartz+Co has captured and codified a body of knowledge from these successful organisations, leading academic researchers as well as business developers. Together, that provides a new foundation for an emerging new discipline in modern companies called business development management.

However, we also recognise that business development as an organisational discipline suffers from a range of childhood deceases and hence needs time to mature and professionalise as did HR and HRM in the early 1990s. In far too many companies, business development is mistakenly being adopted as a way to simply internalise or bundle a group of highly skilled people from inside and outside the organisation to deliver projects that are deemed important to top management.

But business development is much more than that. It is a way of thinking and a discipline that must be managed to pay off. It is a discipline in modern companies with many promising aspects to become a fully integrated and innovative way to accelerate and sustain a focus on strategy alignment, execution and anchoring.

At Quartz+Co, we strongly believe that business development management, or BDM, will become a critical component of tomorrow’s leading business institutions – and we also believe that it is subject to an academic research field of its own.

Good luck.

Quartz+Co