



Certified Business Development  
Manager Sample Material  
VS-1453

**Vskills Certifications**

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# 1. BUSINESS DEVELOPMENT BASICS

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The chapter discusses basics of business development.

## 1.1. What is Business Development

Market development is a business strategy whereby a business attempts to find new groups of buyers as potential customers for its existing products and services. In other words, the goal of market development is to expand into untapped markets. These potential customer groups may already be served by competitors or may not be currently marketed to by anyone for the product.

### The Process of Market Development

Market development is a two-step process. It starts with market research. You need to engage in segmentation analysis to determine which market segments are worth pursuing. A segment is simply a small slice of an overall market. You can segment a market along demographic, geographic, psychographic (based on values and lifestyles), and product-benefit lines.

Once you have determined which market segments are worth pursuing, the second step of market development involves creating a promotional strategy to penetrate the new market. For example, you may decide to engage in an aggressive television and direct mail campaign. You'll also have to consider the pricing of your product. If there are competitors in the market, then you may opt for penetration pricing, where you aggressively price your product lower than the competition in order to quickly obtain a large share of the market and customer loyalty.

### Market Development and Strategy

Market development is a strategic step taken by a company to develop the existing market rather than looking for a new market. The company looks for new buyers to pitch the product to a different segment of consumers in an effort to increase sales.

Business development can also be taken to mean any activity by either a small or large organisation, non-profit or for-profit enterprise which serves the purpose of 'developing' the business in some way. Business development activities can be done internally or externally by a business development consultant.

In the simplest terms, business development can be summarized as the ideas, initiatives and activities aimed towards making a business better. This includes increasing revenues, growth in terms of business expansion, increasing profitability by building strategic partnerships, and making strategic business decisions.

But it's challenging to boil down the definition of business development. First, let's look at the underlying concept, and how it connects to the overall objectives of a business.

## Cost Savings

Business development is not just about increasing sales, products and market reach. Strategic decisions are also needed to improve the bottom line, which include cost-cutting measures. An internal assessment revealing high spending on travel, for instance, may lead to travel policy changes, such as hosting video conference calls instead of on-site meetings, or opting for less expensive transportation modes. Similar cost-saving initiatives can be implemented by outsourcing non-core work like billing, accounting, financials, technology operations and customer service. Strategic partnerships needed for these initiatives are a part of business development.

## 1.2. Business Development and Other Departments

Business development activities extend across different departments, including sales, marketing, project management, product management and vendor management.

Networking, negotiations, partnerships, and cost-savings efforts are also involved. All these different departments and activities are driven by and aligned to the business development goals.

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

Let's understand how this business development goal can be tied to the various functions and departments:

### Sales

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

### Marketing

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

### Strategic Initiatives or Partnerships

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

## **Project Management/Business Planning**

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

## **Product Management**

Regulatory standards and market requirements vary across countries. A medicine of a certain composition may be allowed in India but not in the U.K., for example. Does the new market require any customized (or altogether new) version of the product? These requirements drive the work of product management and manufacturing departments, as decided by the business strategy. Cost consideration, legal approvals and regulatory adherence are all assessed as a part of a business development plan.

## **Vendor Management**

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

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

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

In essence, business development involves high level decision-making based on a realistic assessment of all potential changes and their impact. Through new ideas and initiatives, it aims to improve the overall business prospects, which drive the functioning of the different business units. It is not sales, it is not marketing, it is not partnering. Instead, it is the ecosystem encompassing the entire business and its various divisions, driving overall growth.

## **1.3. Skills for Business Development**

Business development may be difficult to define concisely, but it can be easily understood using a working concept. An open mindset, willingness for an honest and realistic self-assessment, and the ability to accept failures are a few of the skills needed for successful

business development. Beyond the ideation, implementation, and execution of a business development idea, the end results matter the most.

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

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

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

### **The Right Fit**

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

Businesses also seek help from external incubator firms, business development companies (BDC) and small business development centers (SBDC). However, these entities assist in business establishment and the necessary fine-tuning only during the early stages of business setup. As a business matures, it should aim to build its business development expertise internally.

### **1.4. Business Development Drivers**

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

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

## 1.5. Business Development Process

Market Development is a 2-step process to tap the untapped market. It begins with market research wherein a company does a segmentation analysis and market segments which are worth pursuing. It is an attempt to use the existing product or service to attract new customers. The goal is to expand the reach or tap into a different segment or unexplored market. A segment is defined as the small sub-group of a larger population. For example, the marketing team of the company can divide the market based on geography, demographics as well as income levels etc. Once the company decides which segment to choose, the next step of market development involves creating a promotional strategy to enter into the market. For that, companies may have to take the support of both audio and visual media to push the product deeper into the market.

Another aspect is the pricing of the product. If there are competitors in the market, you may have to price the product accordingly or come out with a product which belongs to the same segment but differs in features, quality etc. to command higher pricing. To counter competition, the marketing team could look at the penetration pricing where you can aggressively price the product below competitors product to gain market share. The major challenge faced by firms, which want to indulge in market development, is that it is a costly affair. It requires huge capital investment to keep the project going. If the investment in the new segment doesn't pay off as desired, then the whole exercise turns out to be worthless.

The process involves the following steps

- ✓ Establish market development aims and targets.
- ✓ Identify target market(s), sectors and niches.
- ✓ Assess your existing sales organisation and develop it as necessary.
- ✓ Source/utilise a suitable prospect database - ensure data is clean and up to date, and strategic decision-makers are identified.
- ✓ Develop and agree your strategic proposition(s) - with reference to USP's, UPB's, competitors, positioning, product mix, margins, etc.
- ✓ Design your communication(s) and method(s) to generate enquiries.
- ✓ Design your response and sales processes and establish or provide required capabilities.
- ✓ Design and provide your required monitoring, measurement and reporting systems.
- ✓ Implement your sales development activity and reinforce it through coaching, training, meetings, executive endorsement, etc.
- ✓ Follow-up the activity; coach as required, review, monitor, seek customer and prospect feedback (successful and unsuccessful) and report on performance.
- ✓ Make changes and improvements and continue your activity at the appropriate stage.



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- ▶ **Design**
  - Certified Interior Designer
- ▶ **Digital Media**
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  - Certified Inbound Marketing Professional
  - Certified Digital Marketing Professional
- ▶ **Foreign Trade**
  - Certified Export Import (Foreign Trade) Professional
- ▶ **Health, Nutrition and Well Being**
  - Certified Fitness Instructor
- ▶ **Hospitality**
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  - Certified Scrum Specialist
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  - Certified Marketing Manager
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& many more job related certifications

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