



Andreas Kohne

Business Development

Processes, Methods and Tools

Second Edition



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I dedicate this book to my wife Linda.

Preface to the Second Edition

What do mice and people looking for cheese in a maze have to do with Business Development? Spencer Johnsen uses exactly this metaphor in his successful book “Who moved my cheese” to encourage permanent change; the main task of Business Development (cf. [22]).

The story is about two mice and two people. They live together in a labyrinth. There one day they find a room filled with delicious cheese. Both the mice and the humans eat the cheese every day and enjoy it. While the humans make it a routine to eat cheese in just this one room, the mice, on the other hand, quickly notice that the cheese is getting less and less, and in time they go in search of new food sources in the maze. After some time, they find another chamber filled with even tastier cheese. The humans, however, remain in the first chamber and one day find that all the cheese has been eaten. They are annoyed beyond measure, since they had laid out their lives to find cheese in this chamber. One of the two people, after a period of pondering and agonizing, realizes that their situation has fundamentally changed and that they must adapt; otherwise, they will starve. He overcomes his fear and begins to search for new food sources in the labyrinth as well. The first attempts remain fruitless. But after some time, he too finds the chamber with the new cheese.

History shows very clearly that no one can rely on the same conditions prevailing tomorrow as they do today. Only those who look around, seize opportunities, and do not stand still will find something new and lucrative.

LEGO would still be selling wooden toys today, Nintendo would be producing card games, and Amazon would be one online bookseller among many. Companies must accept that ongoing digitization and globalization, disruptive innovations, and global crises or wars can change customer needs, supply chains, and entire markets overnight. Those who adapt to this and react promptly and flexibly will also be able to operate successfully on the market in the future.

Business Development offers a solution to precisely this challenge. With the right processes, methods, and tools, which are described in this book, Business Development ensures that a company with its products and services grows with the market and the needs of the customers.

The second revised and expanded edition of this book describes key performance indicators (KPIs) that are important for Business Development. It explains why a crisis can also be an opportunity and presents current, digital business models that are relevant for every company. With the Gartner Hype Cycle, McKinsey's "Three Horizons Model", and the innovation map of the company board of innovation, further tools for Business Development are presented. A detailed interview with Björn Radde (Vice President of Digital Experience at T-Systems) complements the book and rounds it off with quotes from science and business.

As the man in the story searches for new cheese, he summarizes his experiences and knowledge gained in the search and writes them on the walls of the labyrinth as a reminder for himself and for his friend. On one wall he writes: "What would you do if you were not afraid?" In this spirit, I wish you at all times the courage to leave the familiar "environment" and embark on a successful search for something new.

Hessisch Oldendorf
May 2022

Dr. Andreas Kohne

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About the Author



Dr. Andreas Kohne.
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Andreas Kohne As an expert in innovation, transformation, and communication, Andreas Kohne publishes relevant expertise in a concise and understandable way. His publications are standard international reading in business and science and appear in German and English language.

The author works as a Business Development Manager in the IT industry and guides companies and public authorities on their way through digitalization.

As a sought-after speaker, trainer, and consultant, Andreas Kohne imparts practical expertise. With a successful mix of expertise, interaction, and motivation, he travels internationally as a tech translator. In doing so, he succeeds in illustrating complex digital structures and processes in a generally understandable way.

Andreas Kohne studied computer science and business administration at the Technical University of Dortmund (Germany), where he also earned a doctorate in computer science.

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Abstract

The business world is changing faster and faster. The digitization, globalization, and technologization of the markets are progressing faster and faster. Companies that want to remain successful in the marketplace at this high speed must constantly adapt to changing circumstances and customer needs. This is exactly what Business Development supports. It optimizes individual divisions, products, or services and permanently aligns them to market needs. In addition to involving employees in these changes, a successful change management is needed, which helps to communicate and anchor the necessary changes. At the same time, the stakeholders of the respective products and areas must be informed at all times and involved in important decisions. To make all this possible, a corporate culture must be created, for which change and optimization is the norm.

We live in a time of constant and ever-faster change. All-encompassing digitization is becoming ever faster and affecting all areas of life. This affects the private as well as the business life. The Internet has completely changed communication and global trade in less than a decade and there is no end in sight. Cloud computing and mobile devices, such as tablets and smartphones, have become an integral part of everyday life and are changing the way people communicate with each other and how companies communicate with their customers. Entire value chains are emerging on the Internet, resulting in new business models.

This rapid development also brings changes in the expectations of customers and employees to products, services, and the way in which people work and communicate. Employees' expectations of their company are summarized by the term Consumerization. This means that the employees in the company want to work productively with mobile devices as well as social media with the same naturalness as in the private life. Transformations in the business world can be seen, for example, with the trend of BYOD (bring your own device). For example, BYOD allows private smartphones and tablets to be used as normal work equipment

and to use in-house services such as e-mail, calendars, and data services (see [17]). This is only a company internal change.

The expectations of customers are increasing with the ongoing digitization. More than ever before, products and services should be constantly considered and adapted, and new products must be positioned faster and cheaper in the marketplace. Instead, the traditional development methods should be thrown overboard and be replaced with contemporary and agile methods. If such a permanent process of change does not take place, the traditional enterprise and its business models can be overtaken on the left and on the right and left wide behind new markets. Nowadays, there is no big deal in the way of putting Internet-based businesses on the map, potentially counting millions of users worldwide overnight. This new situation in the business world presents many companies with traditional business models with great challenges. The business cycles have changed and shortened rapidly. Today, it is no longer uncommon for an Internet start-up to become a global giant with huge numbers of users within 6 months starting from total unknownness, only to be swallowed up by an even larger company or investor and then completely disappear again. These events are referred to as disruptive changes (see [13]). In such a short time, these companies can cause massive damage to the traditional markets and possibly even ruin whole companies. For example, consider the launching of the mp3 standard for music playback. Almost overnight, an entire industry was razed to the ground and it is still in parts still trying to recover. Music players such as cassettes and CD players were suddenly no longer needed. Nevertheless, your complete music collection could be carried around at any time. But not only the makers of the players had a massive problem. Also, the producers of the records faced massive sales losses. In the meantime, music download portals are established, which offer access to vast amounts of music at a fixed rate. The same trend has been evident in the movie industry for a few years now. Here, the ever-advancing Internet broadband expansion is steadily increasing the number of users of streaming services. This trend will in the near future also completely change the way television and movies are consumed.

As well as digitization, the globalization and internationalization of markets continue. The worldwide logistics networks are becoming ever more finely tuned and the speed of international traffic continues to increase. Likewise, research-driven progress continues in all areas from new product development to manufacturing.

These examples are only two among many. The digitization and internationalization of markets can wipe out or fundamentally change entire industries from one day to the next. Losers are often the old-established companies that do not expect that a small start-up could pull off their entire clientele within a very short time. The winners of this new era are those companies that are able to recognize such changes and react to them very quickly and spontaneously reinvent themselves when in doubt.

Especially entrepreneurs who have been very successful in the past think that a (radical) change in their value proposition is out of the question and often you can hear the phrase "It has always been like this...". This is an argument against change, but change is urgently needed. A study by DIM (German Institute for Marketing) shows that a once-good idea,

which was successfully sold, is worth nothing in the medium to long term. It states that 80% of all businesses fail in the first 5 years. In the first 10 years, even 24 out of 25 companies disappear. The reason is simple: not enough new customers could be won in the medium term and existing customers could no longer be bound to the company with updated offers.

That is why any business, whether it's a service or product company, requires constant innovation, change, and adaptation to new market realities and customer needs. For this change to succeed and last, it must be done in a well-ordered and plannable manner. Here lies the basic idea of Business Development. The Business Development team within a corporation is responsible for ensuring that the products or services offered are optimally tailored to a given target customer area. In addition, Business Development is responsible for the permanent adaptation of product portfolios to changing market conditions. This also includes, for example, the aspect of partner management. In doing so, the partners of a company are selected and controlled in a targeted manner, so that together more business is created.

Business Development comes classically from IT-related companies. There, the sweeping changes in the last decades were the biggest. In the meantime, Business Development has become established in many industries, as it brings many benefits to companies that are not purely IT-savvy. For example, in the areas of biotechnology, chemistry, and medicine, Business Development is being heavily relied on, as internationalization and the ever greater degree of prefabrication of low-cost supply products demand a completely different business. In general, Business Development is essential for all companies in all areas. There is no fixed value for the number of employees. Even companies that have just completed their start-up phase will have to adapt their products permanently to the market. Whether a separate business unit is founded or the task is carried out by the sales or marketing manager, for example, depends on many individual factors, which are not taken into consideration here.

This book goes on to introduce Business Development in detail, showing you how to set up and optimally operate Business Development in your company and which disciplines need to be taken into account. For this purpose, the book is structured as follows: First, in Chap. 1, Business Development is defined and differentiated from other business areas. Furthermore, the most important stakeholders and the necessary corporate culture are examined in detail. Then, in Chap. 2, Business Development is presented in detail. A precise distinction is made between the role of the Business Development Manager, the organizational unit, and the actual process. Subsequently, the topic of the portfolio is explained in Chap. 3 and the impact that Business Development has on forward-looking portfolio development is described. The next chapter is dedicated to the area of resources Chap. 4. Here, skill management, the management of internal and external resources, the topic of mergers and acquisitions, and the topic of controlling are discussed. This is followed by an examination of the target market in Chap. 5. In this section, the topics of market observation, risk analysis, market segmentation, and internationalization are addressed. Subsequently, the heart of Business Development, the market cultivation strategy, is presented in detail in Chap. 6. Among other things, this covers pricing, the sales concept, the partner concept, the marketing concept,

and sales enablement. Further on, Business Development is shown in action in a fictitious case study in Chap. 7. Chapter 8 contains a detailed interview with Björn Radde (Vice President Digital Experience, T-Systems) on the topic of Business Development. Finally, Chap. 9 shows the six steps to successful Business Development. The book is rounded off in Chap. 10 with quotes from science and business.

Please note that this book aims to describe the field of Business Development as holistically as possible. To this end, the concept of Business Development is described in such a way that it can be applied to all types of businesses. For this reason, no consistent distinction is made between product and service in the following.

But for now, I hope you enjoy this book and that it helps you to gain a comprehensive impression of the topic of Business Development. No matter if you are a manager who wants to introduce or optimize Business Development in your company or if you are already working in this area or will be doing so in the future, I hope this book will provide you with answers and suggestions and help you to shape and develop your business in a future-proof and customer-oriented way.

1.1 Business Development

In recent years, Business Development has become the key driver for changes and adjustments in many industries. Business Development is not a clearly defined task or a clearly defined role. It is rather a collection of different approaches that, when used properly, help to permanently align a company with the wishes and requirements of the customers and to achieve the highest possible market penetration. This often leads to misunderstandings. Business Development tasks are always dedicated to a specific business, product, or service rather than trying to develop the whole company. This would be called Corporate Development, which refers to the strategic corporate planning, optimization, and expansion of a company. Another term that would better describe the task would be Business Field Development. Here, it becomes clear that Business Development optimizes and expands individual areas of a given company.

The tasks of Business Development are roughly as follows (see [33])—Business Development should

1. satisfy existing, unexpressed market needs;
2. bring new technology, products, or services to the market;
3. break up or improve existing markets with a new business model; and
4. create or explore brand new markets.

Normally, Business Development works in the areas (1) to (3). Often, these areas also work together with marketing, production, and research departments. Point 4) should not go unmentioned here, but it is reserved for the very big companies of a particular industry,