

The Psychology of Business Development

by Michael P. Marshall, Ph.D.*



Why is business development difficult for most? Do CEOs need to lead business development to be effective? I offer a simple methodology that can be utilized to be more successful in business growth. This article will share some pretty interesting insights.

I am often asked, "What is business development and why do so many businesses struggle with it?"

First, I will explain that business development is composed of many things with many influences and pressures. I will proceed by explaining that to discuss truly what business development is all about, you need to picture in your mind holding a diamond with many cut facets. Hold this diamond up into the light and slowly turn it. As you rotate it and the light bounces off the many cut facets, the diamond looks different with varying colors. Business development is very similar.

Business development is far beyond a staff being dedicated to develop leads or follow-up on sales leads. It is well beyond renaming a sales position to business development.

Effective business development closes the gap between:

- Current sales and the potential with existing customers
- Current customers and potential other customers
- Current market and potential other market niches
- What a business knows about their customers and what they should know
- What customers know about a business or vendor and what they should know

These gaps are often significant.

- Rarely do businesses know all about their customers' current needs and future needs.
- Rarely do customers know all about their vendors' capabilities or those they get services from.
- Rarely do businesses acknowledge all of their true capabilities.
- Rarely are businesses active in all markets and niche markets that they could be.

A fundamental that is often overlooked and rarely done is, "Anything important for customers to know about a supplier/vendor/service provider needs to be affectively and aggressively communicated in writing and in all communications, continually."

The critical fundamentals of business development consist of several skills, listed as follows:

1. Rigorous investigating of markets and potential niche markets
2. Rigorous investigating of customer needs and pain points
3. Continual investigating of customer and market changes and future needs
4. Rigorous investigating of the business's own capabilities
5. Creativity, "out-of-the-box thinking" and continual innovation of all types
6. Market penetration and expansion
7. Effective marketing communications: literature, PR, website, advertising, trade shows, etc.
8. Communications of all types
9. Promotions
10. Database marketing
11. Market research
12. Competitive analysis; bench marketing and gap analysis
13. Lead generation
14. Developing strategic alliances
15. Account relationship development and management
16. Strategic thinking and planning
17. Team approach, team building and team management
18. Total quality improvement (TQM) of all types
19. Incentives and motivation
20. How to motivate others
21. Root cause analysis
22. Creative problem solving
23. Time management and time lines
24. Project management
25. Product and services development
26. Goal setting and achieving goals
27. Negotiations
28. Organization management and delegating
29. Merchandising and packaging; products and services
30. Customer service
31. Managing distribution channels
32. Managing sales networks and channels
33. Training management
34. Developing strategy, implementing and getting cooperation
35. Change management
36. Fundamental sales skills
37. Value-added selling and marketing
38. Consultative and solutions selling
39. International business management

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There are a few more skills that can be added to this list but you should get a pretty good understanding of the fundamental skills needed to accomplish business development and growth.

You need to make a close assessment of your organization's actual skill sets. This assessment can be accomplished by reviewing your staff's education, training and experience or having an outside consultant coordinate the review, along with utilizing some of the skill assessments that are available. Once you have a base line or inventory of the skills your staff has, then you need to evaluate whether individuals are in the right job suited to their skills, the training needed to increase skills and whether these staff members are given the time and responsibility to successfully complete the critical tasks. Remember, studies indicate 50 to 70% of people are in the wrong jobs with the wrong skills. This includes management level.

A caution needs to be mentioned about training. Training is not a cure-all to problems. It only enhances and helps. Do not expect a one- to three-day training course or workshop to be the cure for everything.

The critical skills listed above can be within the business's staff or complimented by utilizing outside resources such as consultants and agencies. The key is to have these skills in some way and to be utilizing them continually. When businesses do not have these skills through direct staff or outside resources, business development fails.

What commonly sets in is often referred to as "business psychosis." Business psychosis is repeating the same things that do not work over and over again and expecting different results.

"Inaction-itis" and "inaction constipation" often refer to businesses and staff that do little for business development. They come up with reasons and excuses why they are doing little to improve the situation or why improvements will not happen. This can come in the form of doing little to grow the business or just repeating things that have proven not to be effective which, as you know is referred to as "business psychosis." Lack of creativity, lack of innovation and lack of "out-of-the-box thinking" are usually prevalent.

"Excuses are nothing more than lies wrapped in delusions."

To make things more challenging, the truth of the matter is that even the most skilled professionals with many of the appropriate skills can easily be distracted significantly from effective business development. Yes, you are reading this correctly.

Even when a business or a senior level professional has these skills, business development is often hindered. At this time you are probably thinking that maybe business development is only for a few lucky businesses. I can assure you that luck does not have anything to do with business development.

In regards to obtaining and retaining the skill sets that are critical fundamentals of business development, you have three alternatives.

1. Find, hire and retain senior level professional staff with the skills.
2. Find, hire and retain outside resources such as consultants and agencies with such skills.
3. Utilize a combination of both skilled staff and skilled outside consultants and agencies.

In regards to why even the senior level professionals who may have some of the skills, are hindered and neglecting business development objectives, let's discuss this a little further.

Granted, business in the United States is based on capitalism, which in turn is based on profits, which in turn is often based on a profit and loss statement, which in turn is mostly based on short-term profit with the minimum expenditure. This is often the primary driver and motivator to business here in the United States. This is pretty fundamental and most will agree with it.

Business development efforts often cost money and are expenditures of money, time and staff whether internal or utilizing outside resources. Depending on one's definition of short term versus long term sales and profit improvement, business development efforts may not fit within a short term P & L directive that is strictly enforced. Obviously, without business development there is no future profit or sales growth and no business stability.

Most would agree that most businesses have streamlined their staff level to keep costs down and profits up to certain levels. Some may call it downsizing. Many businesses do not have staff levels to where all important tasks and functions are being done effectively and in a timely manner. Senior level management often are managing with less staff than what would be optimal and they themselves are performing duties and functions that should be delegated to others if staff levels were a little higher. Basically, not enough staff and time are available to do all of the important things needed to grow the business.

Businesses and staff often become reactive instead of proactive and focused on issues, problems, challenges and daily tasks that can significantly distract them from important business development efforts. Add to this the fact that the P & L statement is probably being reviewed monthly with their executive level, creating pressure and stress on short term fixes, resolutions to issues, short term sales and profits. The majority of their time and efforts are dedicated to such with little time available for business development. Business development is a struggle and challenge under this situation.

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This situation creates “Tunnel Vision” and “Selective Perception.” Tunnel vision is viewing things in a very narrow and select way and not seeing things outside the narrow scope of vision. Selective perception is simply seeing only those things that you are thinking about most often and not seeing anything else.

Keeping this in mind, “Selective Perception” and “Tunnel Vision” can keep staff busy on daily events and pressures, and keep them away from those things important to business development. The staff’s minds just have no time left for anything outside of those daily pressures and issues. Critical business development activities suffer.

Let’s consider an example of “Selective Perception.” You are thinking about purchasing a new car and start visiting automobile dealers looking at cars and looking at ads in the newspapers. All of a sudden the cars that you have the most interest in appear to be on the road more. All of a sudden you become more aware of these cars and wonder if more people all of a sudden ran out to buy the car that you like. Well, the cars were always there and you just did not see them since you were not thinking about them.

When you start thinking about something more and actually start doing some activities around that thought, you see far more related to it than ever before. Attention to such increases significantly.

There is a term called “Reticular Activation,” which relates to a part of the human brain. Stimulation with overt and aggressive attention to things will make individuals become more aware of those things. This area of the brain is associated with “getting things done.”

These natural phenomena can work for business development or against it. If you and your management staff are continually discussing business development in detail and working on activities specifically related to it, far more attention and positive progress will happen. Combine goals, objectives, assigned action items, time lines, measurements and aggressive incentives to such things and business development and growth gets significantly stimulated.

Some individuals comment that they do some of the business development fundamentals but not many. In every situation they also comment that they are not successful in business development. I comment how this is similar to basic engineering and the importance of strong a foundation/footing, individual components and structure. Without such there is only weakness and eventual collapse.

After a fuller understanding of what business development is all about, leadership and senior management can comment how it costs money, time, appropriate staff with the right skills, possible outside resources and effort. I can only respond to this with what Sigmund Freud once commented when asked why, if the cause for helping others and better mental health is so noble to him, why doesn’t he do it for free. He supposedly responded with, “You will not get better unless you pay for it.”

You may look at this as meaning that you need sincere good attitudes and motivation to get better and succeed. This is similar to what adults told me when I was a child growing up and outgrowing my bicycle. As I grew taller and got a bigger bicycle, I could give my smaller bicycle away to some other child in the neighborhood. Adults taught me not just to give it away and always to sell the bicycle for some amount and make sure the next child takes care of the bicycle. If not, I will eventually see my old bicycle left out in the rain getting rusty and bent up.

The last factor is senior leadership. Senior leadership has three options:

1. Embrace these facts and aggressively support all that is needed for business development and growth.
2. Look the other way lending little support which in turn will hinder business development and growth.

3. Get in the way with poor judgment and poor leadership and of course hinder business development and growth.

In most cases, it is important that business development leadership comes from the top, the CEO and president of organizations. It is important that CEOs understand business development fundamentals, many of them discussed in this article.

CEOs need to support business development efforts and hold staff accountable for such. CEOs need to understand clearly that business development is like a balloon or automobile tire. There is continual pressure on the balloon or tire causing it to deflate. You must continually be checking them and adding air to keep them inflated. The same is true for business development and the CEO needs to be monitoring this closely to make sure all efforts remain full. There are continual pressures of all kinds that will reduce business development efforts.

It is important for CEOs to be on the look out for “business psychoses.” This cripples organizations. As Albert Einstein once commented, “The only thing more dangerous than ignorance is arrogance.”

As Tom Peters comments, “There is a difference between being a CEO, Chief Executive Officer and a CDO, Chief Destruction Officer. It seems that it is easier to kill a business than change it.”

I have now shared with you:

- The psychology behind business development and growth
- The simple methodology on how to overcome these natural obstacles to be successful with business development and growth
- The need for CEOs to be active in stimulating business development efforts.

If you have further questions or need some help, you can give me a call or email. *P&SF*

About the author



Michael Marshall has more than 30 years of business experience focusing on business development utilizing extensive skills in marketing, sales and communications, both national and international. This experience comes from starting at field staff level positions and then progressing up to senior level Director and Vice President positions in several industries and markets.

His expertise is also utilized in special advisory and consulting situations.

Prior to his extensive 30-year business career, he studied advanced engineering and then transitioned to psychology and social human behavior. In these endeavors he learned what makes people do what they do, what influences others, how to motivate positive behavioral change and the importance to a strong foundation and the individual components in a structure.

Michael’s education and trainings include a Ph.D. in business, concentrating on marketing and business development, an MBA and Bachelor degrees in psychology and social human behavior. He has had formal training and is federally certified in international business plus engineering. He has over 35 additional formal trainings and certifications covering the fundamentals of business development, sales, communications, marketing, management and leading a business to significant sales and profit growth.