



Managing Three Key Processes for Successful New Business Development

As traditional markets for many companies become increasingly competitive, the search for **new** business opportunities can take on an extra 'edge' and urgency. Yet the business landscape is littered with the failure of many grandiose diversification efforts, acquisitions and other, often highly touted, efforts to develop new business initiatives. Does this mean that the underlying premises of diversification and growth are flawed? Or do the mistakes lie in the implementation processes?

This is truly a subject worthy of much debate and critical analysis, but this short article will address part of the puzzle at least. Based on our direct experience with clients' efforts to grow new business one of our most critical insights is that success of a new business venture is strongly related to the successful management of **three** crucial processes. These are:

- Managing the search for and development of, the "new" concept
- Managing the internal acceptance of the "new" culture
- Managing the external acceptance of the "new" product

Further, these cannot be managed sequentially. One of the added twists on the road to success is that the company must essentially manage these three, very dynamic processes, **in parallel**. Let us take a brief look at each of the three processes and then compare and contrast the all too common pitfalls of a piecemeal, incomplete, approach with the benefits of an integrated new business development (NBD) process.

Managing Search and Development of the New

Before any pro-active efforts are made to generate new business ideas and strategies we work closely with our clients to help identify suitable targets, based on a close examination of the company's current competency base. Necessary conditions for success are clarity and consensus on "How good is good enough?", and any specific areas/products the company wishes to avoid. Moving targets, poorly defined starting situations, and lack of consensus on what constitutes success are some of the most common sources of frustration, inefficiency, and eventual NBD failure.

In marked contrast, a thorough and objective review of core capabilities often reveals

immediately that success in any new business area is going to require additional skills in order to allow a pragmatic and successful entry strategy. Companies may have the technology or expertise to develop a new product or service but have no understanding of the 'culture' of the industry those products would serve; - a common problem for defense companies entering commercial markets, for example. In the same vein, experience in selling through distributors or dealers may need to be acquired as an integral part of the managing of external acceptance.

A comprehensive and integrated process brings this and other variables into the equation at an early enough point so that it becomes a relevant factor in the planning process; and not an afterthought.

Managing External Acceptance

This phase of the process includes some fairly obvious and well known steps. These encompass such activities as general market research, and feasibility studies for a new product or service. While these are unremarkable in themselves, more relevant to this discussion are those companies who exhibit the tendency to research too much, too early in the new business process.

Therefore instead of concentrating time on issues of fundamental strategy and success criteria, - which require management time and effort - vast market research projects become a surrogate new business development process. The naive assumption is that somehow out of vast reams of market data new business potential will rise to the surface, obvious to all!

In contrast by tying this phase in closely with the other parts of the NBD process, market information is provided only to the extent required, and when it is needed. For example, if specific industries, market segments, or geographical areas are being ruled out in the process of defining suitable success criteria, then no time and resource is wasted generating reams of irrelevant information on them. Detailed information gathering is reserved for later in the process when the options have been narrowed down to a more manageable list. In this way "analysis paralysis" is avoided.

Managing Internal Acceptance

Perhaps the easiest way to describe the challenges of this activity is to highlight what occurs when this doesn't happen. These include:

- business opportunities wasting away because senior management wasn't involved early enough; and a prolonged review process proves inimical to quick footed 'intrapreneurship'.

- delays arise because of possible inter-divisional conflicts suddenly rear up as important decision factors, just as the NBD project approaches its conclusion.

- new business founders because no budget allocation was made for needed 'start-up' money. Energy is wasted on bruising internal battles while the market window closes.

- new business often requires new organization structures, especially key management to drive the new enterprise forward to success. If no provision is made for this, and implemented at a suitable point in the development process, new business momentum is frequently lost. The new is then unable to overcome the inertia of the old.

The list could be far longer, and most executives who have had any experience of trying to nurture new business initiatives could relate to and amplify many of the points made here.

In contrast an integrated approach to NBD means that a management team at a suitable level is involved from the start, and indeed is intimately involved in hammering out the thorny questions of "what constitutes success?" before major work on any project begins. Likewise the crucial need for a project 'champion' is recognized at the outset. Part of the managers' responsibility is to plan for who is going to 'take charge' of the new business as it starts to crystallize and move from a business concept through to a market reality.

The analogy we sometimes use to describe this three-fold, multi-tasking management process is a description of a watch. In order to explain thoroughly how one works one may wish to take it apart to show each major piece, and explain its function. However the watch itself only operates correctly when all pieces are working together in unison; - likewise with developing new business. The well spring of success is the management of these three functions as a totality. Each process is a necessary, but not sufficient, condition for NBD success

From our experience failure and disappointment derive frequently from the lack of attention to one of these three key processes we've described. Common examples

would include:

- Well developed new product concepts, and much work on external acceptance, but no attention to internal acceptance - with inevitable delay or abandonment as unresolved management issues surface.
- Conversely, the new business team works closely with all levels of management - but spends not enough time to issues of external acceptance of the new; - especially the 'culture' of the new business area.
- The company concentrates on the interrelationships between external research and internal acceptance, but does not allocate the resources needed to ensure the search for the new is innovative and effective.

While making a success of NBD sounds a complex process, in reality it is susceptible to a systematic approach which combines structure and analysis together with the ability to integrate the unexpected, the 'brainwaves' which are the serendipity of the new business development function. Certainly we have identified and refined over the years certain processes and systematic procedures that can substantially increase the likelihood of new business success for our clients.

Indeed those companies who can pull together these pieces into an integrated whole can not only do much better at nurturing and launching successful new businesses, they also 'learn by doing'. They further refine and develop their corporate skills in this area. Thus they can and do become better at the business of developing new business. In NBD too, nothing breeds success like success!

Wynford Jones
MSA International
781 270 9383