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Choose a business development or sales strategy to grow revenue

A source of important debate in growing companies is how best to dedicate important and often scarce resources to drive revenue.

Do we build a sales force? Do we invest heavily in marketing materials? Do we invest in advertising? Do we retain outside expertise and pursue a public relations strategy? Do we push our principals to get out and network?

These are some of the questions that need to be addressed before settling on a revenue strategy that makes sense for your organization. But what drives the decision?

The threshold issue is whether your business is selling a product or service that lends itself to a structured sales process or a service that is not easily commoditized and requires unique personal attention.

Understanding the distinction between a sales strategy and a business development strategy can mean the difference between success or failure for your revenue enhancement efforts.

BUSINESS DEVELOPMENT STRATEGY

Companies that depend on building interpersonal customer (or client) relationships, such as professional service firms, rely on business development strategies to grow market share, increase revenue and drive profits.

Implicit in any business development strategy is the notion that the key to building a customer base is people building relationships.

Out of the connections between people come trust and, ultimately, the loyalty that is the lifeblood of any accounting, consulting, law or engineering firm or similar service-based organization. The key salespeople in a professional services environment are those who actually perform the services — the sales force. They cannot be replaced by a hired sales team.

Customers make purchasing decisions based on individual personal relationships with those who will be providing the services. Only in the



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rarest of situations are purchasing decisions based on brand alone.

So what is “business development?”

At its core, business development starts with creating a culture that encourages and rewards the behavior that drives new-revenue-building activity.

To create an environment where actively growing revenue is part of the culture, senior leadership must make business development a way of life. This entails a visible focus on interacting with customers and potential customers. It also includes accountability for tracking and measuring effort and success.

One-on-one interaction can be accomplished in many ways, such as entertaining, reaching out by phone and e-mail to key customers and referral sources, sending personal notes and the like, and is the key to a successful business development initiative.

To support development activities, brand-building tools such as Web sites, marketing materials, advertising campaigns and public relations initiatives are all important, but the success of business development depends on people connecting with people.

Once such interactive behavior becomes part of the company’s culture, an important second step is to establish a compensation system that rewards such behavior and its resulting success.

The axiom that you should applaud effort and reward performance is very applicable in this domain. Take care of those people in your organization who achieve results by expanding existing customer relationships and creating new ones.

SALES STRATEGY

Companies that have an identifiable product or a commoditized service can effectively drive revenues by adopting sales strategies rather than business development strategies.

The fundamental distinction is that a sales strategy involves staffing a sales force independent of the production or provider of the product or service.

A sales team led by a seasoned sales execu-

tive can be populated with a blend of experienced and inexperienced members with differing responsibilities. All of the individuals need not necessarily have experience unique to a particular industry; they just need to have the right personality, ambition and training to be effective salespeople.

The team can employ traditional sales methods, systems and processes that work in almost any sales-driven environment, such as cold calling, mass mailing, advertising and sponsorships.

In most environments, effective sales strategies also require professionally produced sales tools to augment the sales initiatives. Web presence, marketing materials, advertising and proactive public relations enhance the process and provide support to the sales team.

As in the business development environment, appropriate measurements need to be in place to gauge effort and outcomes.

Compensation structures and incentives need to be adopted to properly motivate the sales force. These can include bonus programs, commission structures and long-term equity opportunities.

These programs must align goals and outcomes with compensation. Doing so will position the company to achieve the desired behavior from the sales team and drive an increase in revenue.

To confront this important distinction between sales and business development, focus on this fundamental question: Is your customer buying a product or service that he or she would likely purchase without interacting with the maker of the product or the provider of the service?

If the answer is yes, you can comfortably pursue a structured sales approach. If the answer is no, then you should pursue a business development approach.

With all of the attendant complexities inherent in each approach, the decision regarding direction is simple.

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