

Strategies for Success – Business Development Plans

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Today's speaker



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Crisis rewards those who take swift action



Don't just survive but thrive!!

Opportunity presents itself when there are seismic changes in the way the world consumes

But it's how you react that determines where you land

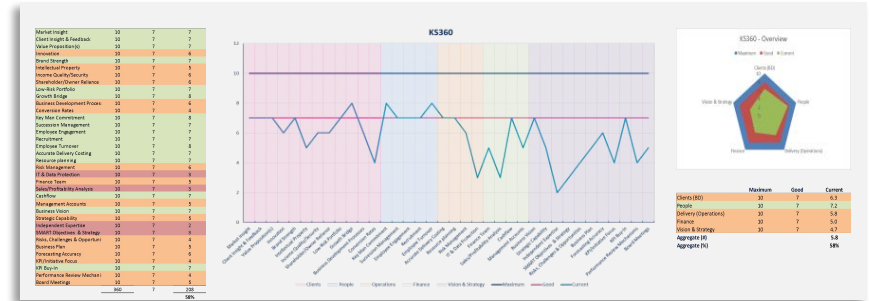
Accept there will be pain

Recognise the changes needed

Prioritise your time

Have a plan and monitor it

Few SMEs rate well on Business development



...and key findings from MKS360s are:

- Many companies score **less than 50%**
- Biggest 'gaps' often relate to the biggest drivers of EV...
 - Eg Business development
- ...yet most leaders are unaware and/or not managing the biggest improvement opportunities...
- ...because they're not *proactively* asking themselves the right questions

'Survivor to Thriver': BD Effectiveness is key to Growth

MKS research into what top 'Thriver' businesses do differently showed that many of the 'top 10 strategies' relate to Business Development

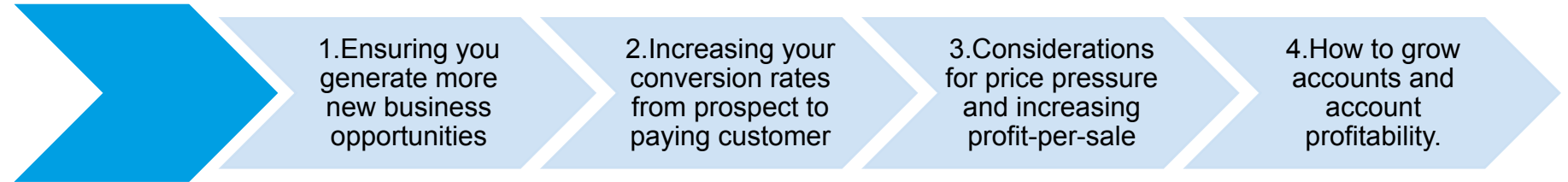


TOP 10 STRATEGIES USED BY THRIVER AGENCIES

Stepping back from all the interviews, what were the big picture strategies that were critical to Survivors improving their performance to become Thrivers?

1. **Don't procrastinate** – take those tough decisions. Get external support or help – a fresh set of eyes.
2. **Choose clients carefully** – for profitability, potential and the right relationship with senior decision makers whilst avoiding over-dependence.
3. **Be clear on your proposition** – focusing on what you do best. Don't be side-tracked. Be in the top three of your sector/agency type, delivering massive value.
4. **Recruit for the agency you want to be** – Always look for talent, not just when you've got a vacancy.
5. **Engage your people authentically** – by listening and regularly communicating with them. See your people as more than 'workers' – understand the whole person in and out of work. Build a culture of inclusion, involvement and community.
6. **Focus on strategic work** – using your cerebral skills not just your implementation ability.
7. **Lose any long tail of scrappy clients** – if you have one. If they do not serve you well either financially, relationship-wise or through the type of work involved, then either resign some or let them whither away.
8. **Work out what you need to STOP doing** – What's distracting your agency from being more successful? (Peter Drucker believed that part of the success of a leader is not just knowing what to do, but also knowing what NOT to do).
9. **Take time to really think about your business and your clients' businesses** – No room for busy fools - Running faster is not a strategy.
10. **Don't get complacent** – with clients or employees – treat all existing clients as 'prospective clients'.

Key BD challenges in current crisis



Business Development Framework

1 Target Market

2 Value Proposition

3 Marketing

4 Qualification

5 Conversion

6 Account Development

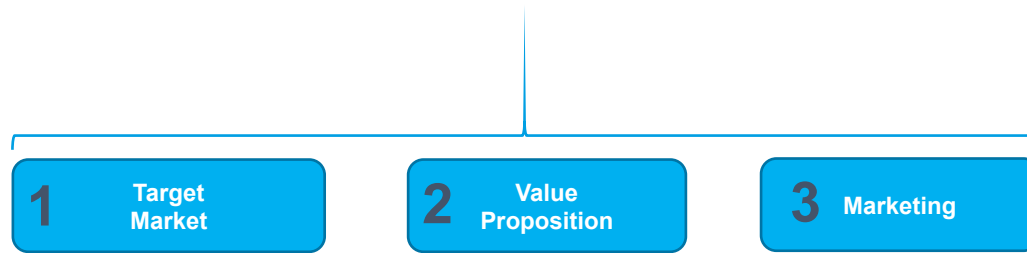
1. Ensuring you generate more new business opportunities

2. Increasing your conversion rates from prospect to paying customer

3. Considerations for price pressure and increasing profit-per-sale

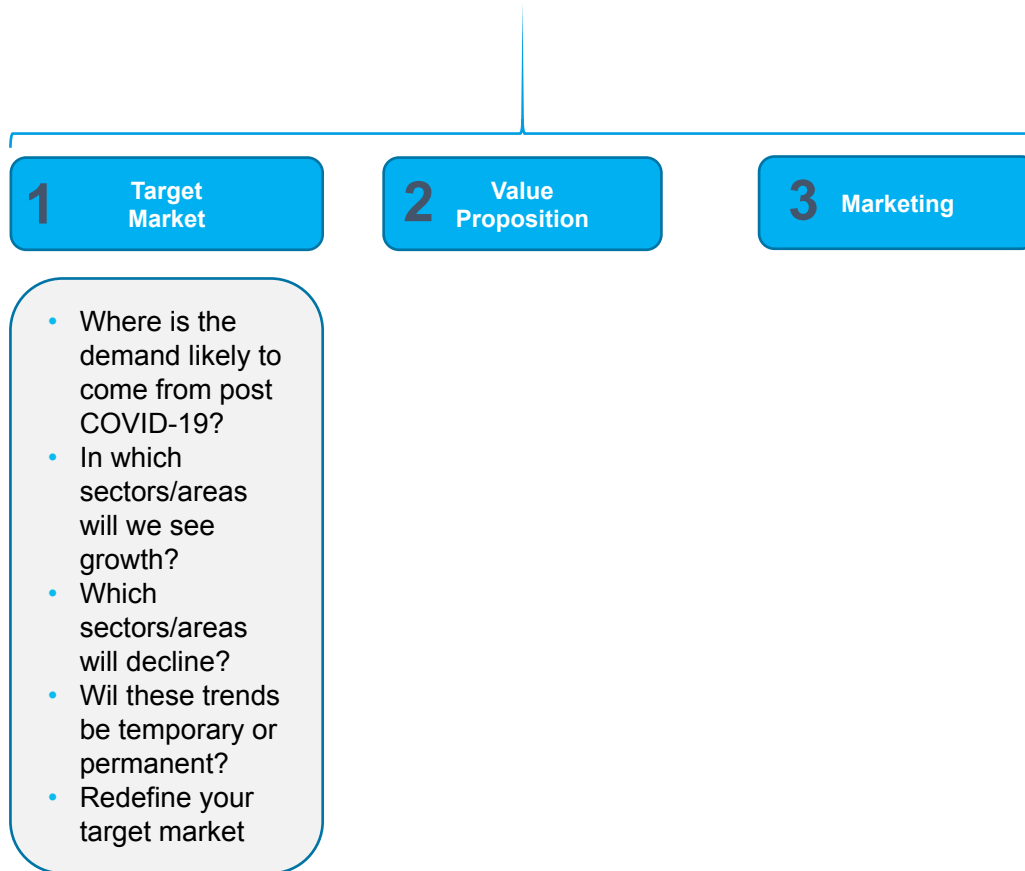
4. How to grow accounts and account profitability.

Ensure you get enough new business opportunities



1. Ensuring you generate more new business opportunities

Ensure you get enough new business opportunities



Evaluating where to focus

Relative Market Attractiveness

- Market size
- Market growth
- Industry profit margins
- Competitive intensity
- Barriers to entry/exit

Competitive Position

- Relative market share
- Relative brand strength
- Customer relationships
- Relative cost position
- Market knowledge
- Perceived USP

		COMPETITIVE POSITION (Business Strength)		
		Weak	Medium	Strong
MARKET ATTRACTIVENESS	High			
	Medium			
	Low			

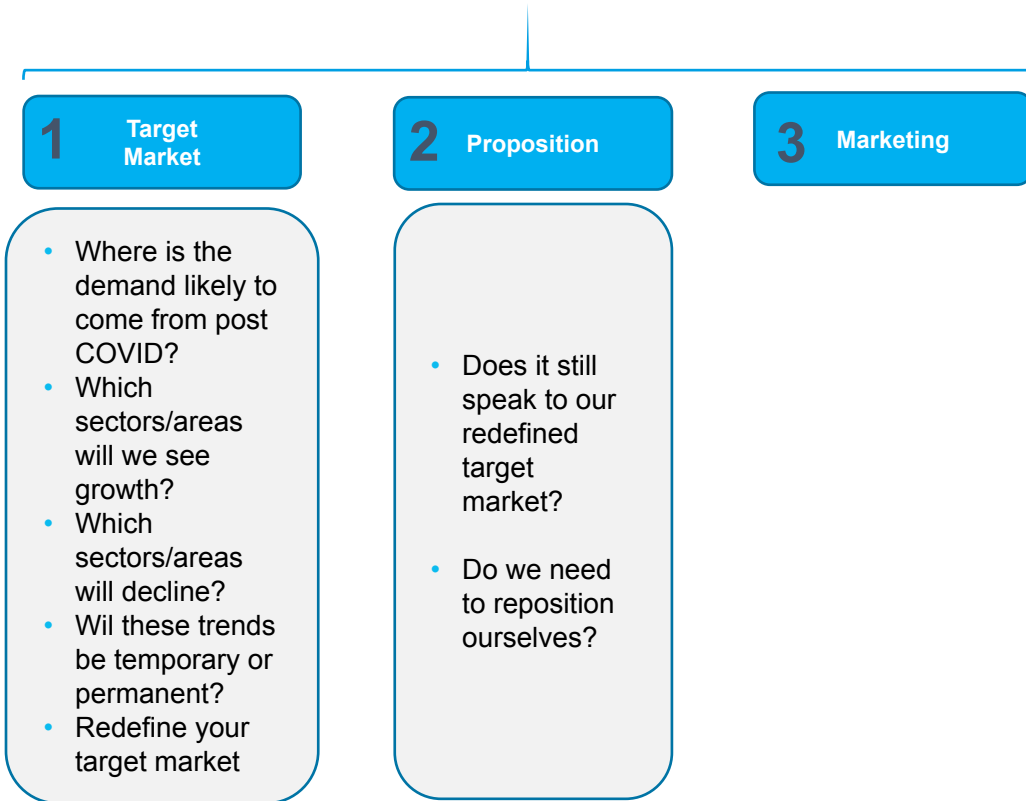
Evaluating where to focus

		COMPETITIVE POSITION (Business Strength)		
		Weak	Medium	Strong
MARKET ATTRACTIVENESS	High		Invest To Build <ul style="list-style-type: none">• Challenge for leadership• Build selectively on strengths• Reinforce vulnerable areas	
	Medium			
	Low			

Evaluating where to focus

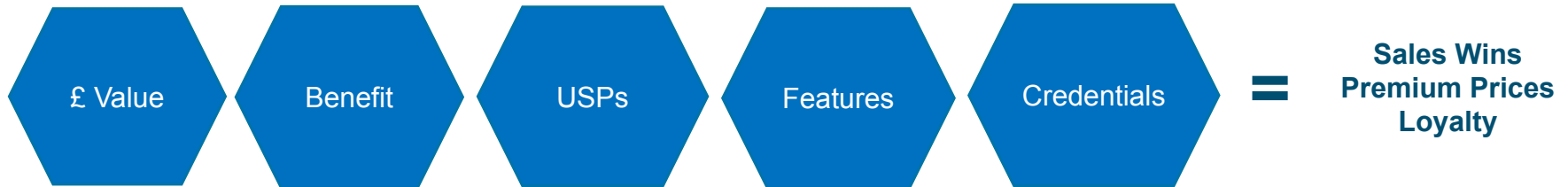
		COMPETITIVE POSITION (Business Strength)		
		Weak	Medium	Strong
MARKET ATTRACTIVENESS	High			
	Med	Limited Expansion <ul style="list-style-type: none">• Look for ways to expand without high risk; otherwise, minimise investment and rationalise operations		
	Low			

BD Effectiveness - Value Proposition

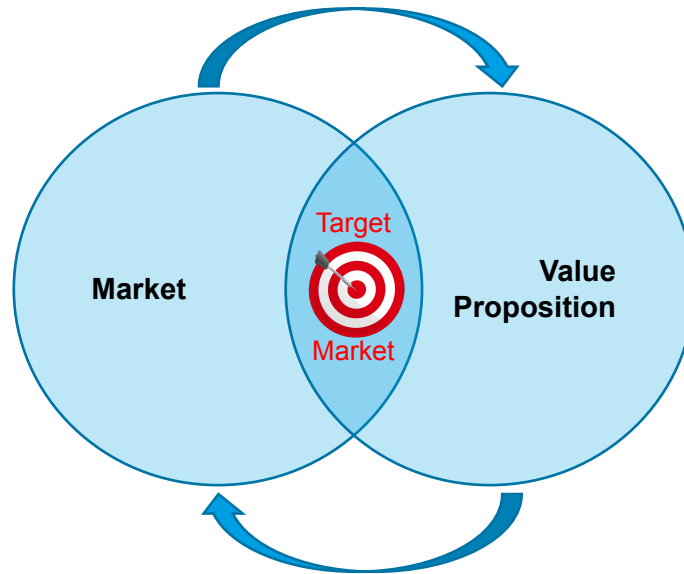


Value Proposition – what's your USP?

Getting your value proposition right in recessionary times is vital!



MATCHING TARGET MARKET AND VALUE PROPOSITION



Business Development Framework

1 Target Market

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4 Qualification

5 Conversion

6 Account Development

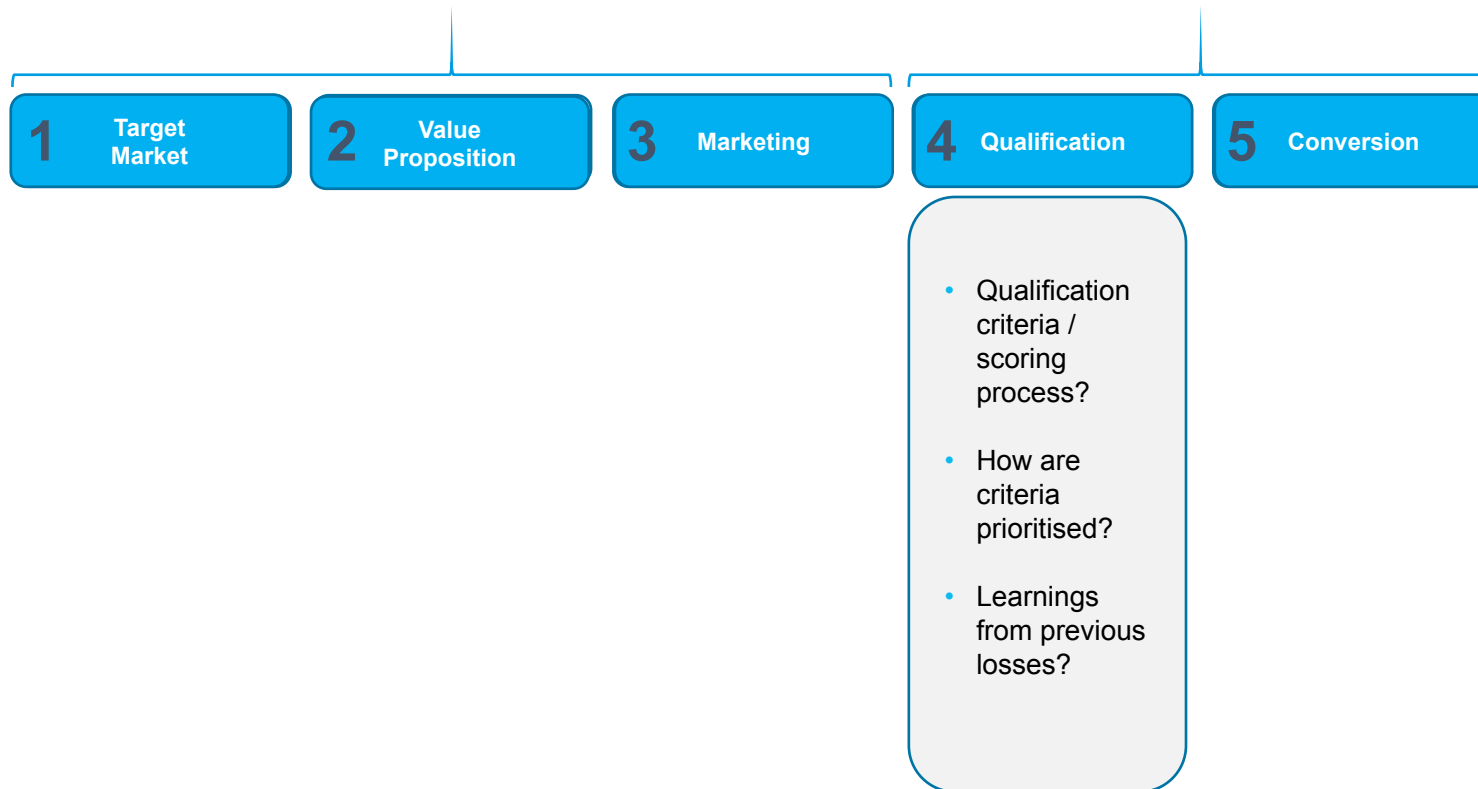
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Qualification & Conversion

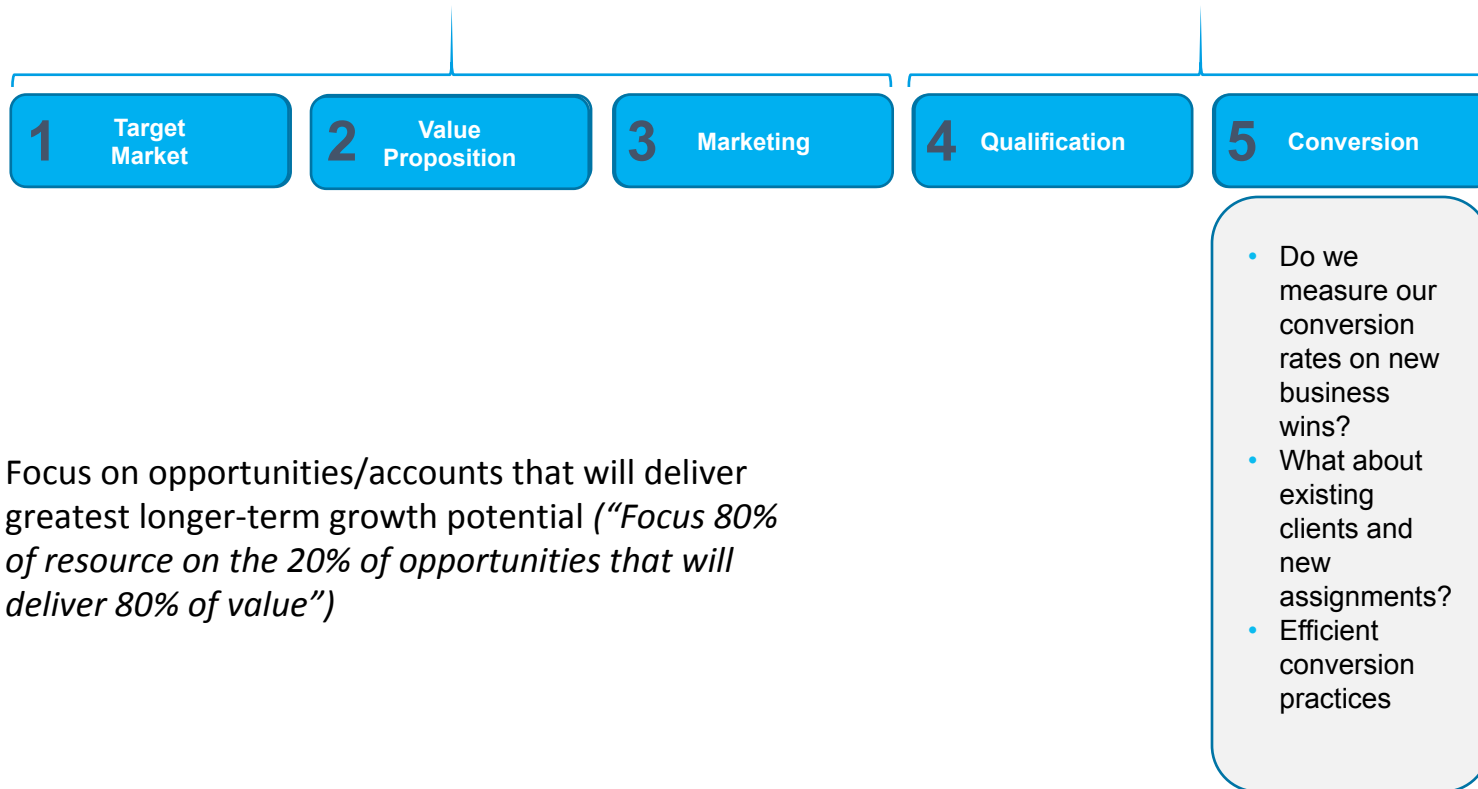


Qualification & Conversion

As an example, below is scoring matrix with some weightings used for how different criteria are prioritised.

	Resource	Scale	Profile	Rationale	Needs	Proposition	Profitability	Conversion	Process	Risk	KYC	Relative Attractiveness	Score
	x / 10	x / 10	x / 5	x / 5	x / 5	x / 5	x / 15	x / 15	x / 5	x / 5	x / 5	x / 15	%
Opportunity A	7	6	8	4	6	4	3	4	6	8	9	4	69
Opportunity B	6	5	6	5	3	8	8	8	3	4	8	8	72
Opportunity C	2	8	9	9	7	8	3	2	8	8	9	3	76
Opportunity D													0
Opportunity E	10	10	5	5	5	5	15	15	5	5	5	15	100

Qualification & Conversion



Focus on opportunities/accounts that will deliver greatest longer-term growth potential (*“Focus 80% of resource on the 20% of opportunities that will deliver 80% of value”*)

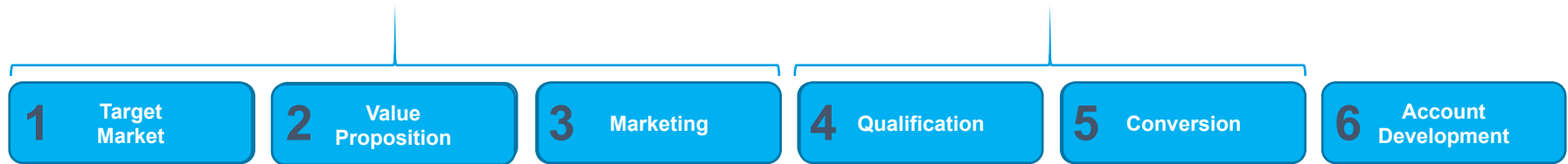
Price Pressure & Profit per Sale– Now More Than Ever

- Current environment means that all businesses are considering costs and cash flow management with intense scrutiny.
- Offering discounts – will slowly erode margins (see example)
- Be innovative and offer discounts/add scope in different ways
- Examples could include:
 - Rebates
 - Bulk buying
 - Subscription model
 - Dynamic pricing

Unit sales volumes (#)	50	50	50
Unit sale price (£)	1.00	1.00	1.00
Discount (%)	0%	5%	10%
Discount (£)	0.00	0.05	0.10
Discounted sale price (£)	1.00	0.95	0.90
Sales (£)	50	47.5	45
Cost per unit (£)*	0.85	0.85	0.85
Total costs (£)*	42.50	42.50	42.50
Profit (£)	7.50	5.00	2.50
Margin (%)	15.0%	10.5%	5.6%
Margin - Percent point decline		4.5%	9.4%
Margin - Percent decline		-29.8%	-63.0%

* Assumes constant costs

Account Growth and Profitability



“A 5% increase in customer retention can increase a company’s profitability by 25-95%” – Bain



“Attracting new customers will cost your company 5 times more than keeping an existing customer”

- Active management of existing accounts
- What are our clients’ / customers’ key issues
- Client / customer segmentation via account planning framework
- Issue-based selling

Swift BD action to be taken



In summary – 7 take-aways

1. **Act** fast and make important decisions
2. Define your target market **now** & evaluate where to focus (*competitive position vs market attractiveness*)
3. Develop value propositions that speak to the **market!** Should be different for variety of markets/sectors (*5 key attributes*)
4. Effective sales **process** where all opportunities are qualified (*Sales process/continually adapted to experiences*) and conversion rates measured
5. Seek independent **feedback** (*Voice of customer*)
6. Innovative **pricing** to convert opportunities and maximise revenues/profit from existing clients/customers (*Sales/profitability review*)
7. Account development for **existing** customers/clients (*Account planning framework & segmentation*)

Disclaimer

This presentation covers topics only in general terms and is intended to give a wide audience an outline understanding of the issues. It therefore cannot be relied on to cover specific situations; applications of the principles set out will depend on the particular circumstances involved. Furthermore, responses given in the presentation to questions are based on only an outline understanding of the facts and circumstances of the cases and therefore do not form an appropriate substitute for considered specific advice tailored to your circumstances. We recommend that you obtain professional advice before acting or refraining from acting based on any of its contents. We would be pleased to advise you on the application of the principles outlined in this presentation to your specific circumstances, but in the absence of such specific advice we cannot be responsible or liable.

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