It’s all about growth – an empirical status report of business development

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Abstract: While business development (BD) is currently a widely spread term among practitioners, to date BD has received only little attention in scientific research. The objective of our study is to improve current knowledge on BD by analysing the status quo of BD in practice. Therefore, we conduct a descriptive quantitative empirical study on a cross-industry basis with 352 German companies. Specifically, the analysis focuses on understanding, activities, organisation, people, instruments as well as challenges and future relevance of BD. Our results indicate that BD is understood as the search for growth opportunities in four key dimensions: products, processes, markets and/or business models. It has top management access, highly skilled people with diverse backgrounds, who mainly apply instruments found in management literature. Main challenges in BD result from a paucity of human and financial resources. Yet in the future, BD is of increasing relevance for firms.

Keywords: business development; strategy; strategic management; strategic marketing; corporate entrepreneurship; growth opportunities; status report.


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1 Introduction

The fact that growth is of great importance for firms is not news: As early as 1959 Edith Penrose stated in her ground-laying work ‘The growth of the firm’ that realising growth opportunities is essential for companies to be successful in the long-run (Penrose, 1959). Although the topic growth has always been important in academic literature and in business context, it has received special attention during the last years. Since then a new management concept for achieving growth has evolved in recent academic research, which is known as business development (BD) (e.g., Davis and Sun, 2006; Kind and zu Knyphausen-Aufseß, 2007). BD aims at identifying growth opportunities with the goal of creating a driver for growth alongside daily business activities (Lorenzi and Sørensen, 2014). Littler and Sweeting (1987, p.156) define BD as “the entry into a business arena other than one forming a normal extension of existing activities [and] purposeful movement into new generic product or customer markets in accordance with corporate strategy”. According to Sørensen (2012, p.26), “BD refers to the tasks and processes concerning analytical preparation of potential growth opportunities, the support and monitoring of the implementation of growth opportunities, but does not include decisions on strategy and implementation of growth opportunities”. Within academic literature no uniform definition of the term yet exists (Giglierano et al., 2011). Nevertheless, researchers agree upon the common objective of BD being in charge of identifying growth opportunities which are in line with the overarching corporate strategy in order to secure long-term profitability (Porter, 1996; Lorenzi and Sørensen, 2014).

Despite the increasing importance of realising growth for companies, BD has received little attention in academic literature until now (Giglierano et al., 2011). The focus of prior research lies upon particular topics of BD and therefore only analyses a restricted scope of the underlying subject. For example, BD has been investigated in certain industries, i.e., information and communication technology (Davis and Sun, 2006) and biotechnology (Kind and zu Knyphausen-Aufseß, 2007). Moreover, the majority of studies dealing with BD are based on qualitative research approaches. Hence, in academic literature BD has not yet been analysed from a holistic point of view.

With regard to business practice, capturing growth has become one of the biggest challenges for firms in an environment characterised by increasing competition (Porter, 1996) due to globalisation (Dreher, 2006), progressively differentiated customer needs (Kotler, 2011) and technological changes, e.g., digitalisation (Bharadwaj et al., 2013). Many markets have reached maturity and firms can no longer grow within existing market boundaries. Thus, companies need to adapt to changing market conditions and identify new and innovative possibilities to expand their business beyond existing business fields (Roberts and Berry, 1984). Further, firms need to continually foster new operating approaches in order to secure their market position (McGrath and Tsai, 1996). The identification of growth opportunities is an essential prerequisite for firms to establish and to maintain competitive advantages. Potential strategies for facing these challenges and outrunning the competition are the development of existing as well as new business fields (Littler and Sweeting, 1987). This can be achieved by innovation in products and markets (Ansoff, 1965), processes (Kuratko et al., 2009) or business models (Osterwalder et al., 2005). Many companies have already managed to successfully adapt to their changing environment by pursuing BD. One example is Hilti, a manufacturer of high-end powertools. By switching from selling to renting tools Hilti developed its business model from product based to service-based due to changing customer demands.
(Johnson et al., 2008). Another well-known example of development in an existing business is the Nespresso capsules system from Nestlé. The company accomplished creating a new niche segment in the mature coffee market by customising their product to the individual preferences of their consumers (Matzler et al., 2013).

Taking into account the limited studies on BD on the one hand and the necessity of growth in practice on the other hand, further research on BD seems to be required. For this reason the main purpose of this paper is to provide a comprehensive status report of BD in practice. The goal is to set a common ground from which firms can take next steps to professionalise their BD activities. By comparing different BD approaches firms can identify the best practice for them and consequently derive individual plans of action. In order to do so, the paper is organised as follows. Initially, we examine fundamental theories, prior research and influences of different research fields on BD from which we derive our research questions. Subsequently, we answer these research questions by analysing the nature of BD with the help of a descriptive quantitative empirical study on a cross-industry basis with 352 German companies.

2 Conceptual background

2.1 Theory

As mentioned before BD has only been scarcely analysed in academic literature. Besides the non-uniform definition of BD, the research lacks a comprehensive and consistent theoretical background so far. This calls for a differentiated literature review within the conceptual framework of BD.

We draw on two basic theories to lay the foundation for BD research. These are the resource-based view (RBV) with an internal focus on resources and capabilities, and the market-based view (MBV) dealing with external market needs, conditions and stakeholders.

The RBV of the firm can be traced back to Schumpeter’s theory of innovation and economic development (Amit and Zott, 2001) in which resources are essential to foster innovation and consequently value creation (Schumpeter, 1934). According to the RBV a company can be understood as a bundle of resources and capabilities (Amit and Zott, 2001). Companies can achieve value creation through new combinations of complementary and specific resources and capabilities (Wernerfelt, 1984; Barney, 1991). Thereby, long-term competitive advantages can be generated only if the resources are both strategically valuable and sustainably scarce (Wernerfelt, 1984; Barney, 1991). Building upon the RBV the dynamic capabilities approach regards evolutions of resources and capabilities over time. Dynamic capabilities describe the firm’s ability to adapt internal processes and resources to changing markets (Teece et al., 1997; Eisenhardt and Martin, 2000). Dynamic capabilities are “the antecedents organisational and strategic routines by which managers alter their resource base – acquire and shed resources, integrate them with each other, and recombine them – to generate new value-creating strategies” [Eisenhardt and Martin, (2000), p.1107]. With regard to BD, Lorenzi and Sørensen (2014) point out that competitive advantage stems not only from valuable, rare and difficult to imitate resources, but also from how these are composed and managed by the organisation and thus, originates in the dynamic capability view. The RBV extended by dynamic capability theory is a starting point for BD research, since it
It’s all about growth – an empirical status report of business development

provides an economic explanation for the ultimate goal of BD: achieving growth through competitive advantages and innovation from within the company. Furthermore, the RBV underlines the importance of identifying relevant competitive resources within a company, which can be leveraged to achieve growth via BD projects.

The MBV emphasises the markets the firm operates in and hence pays attention to what happens outside of the firm (Makhija, 2003). The explanation for differing profitability of firms thus also depends on industry characteristics (e.g., Caves and Porter, 1977, 1978). According to Makhija (2003), the competitive advantage results from managing barriers to competition rooted in market structure. The MBV has been mainly shaped by the structure-conduct-performance paradigm (Bain, 1968) and is primarily influenced by Porter’s research on strategic management (Porter, 1980, 1985). In particular ‘Porter’s five forces model’ represents a fitting framework for how market factors can influence a firm’s performance (Peters et al., 2011). Accordingly, corporate strategy and the success of a company are determined by market structure, i.e., bargaining power of suppliers and customers, threat of potential new entrants, current competitors and substitute products or services (Porter, 1980). A focus on market structure and the important key players implies the importance of market orientation in this context. Kohli and Jaworski (1990) define market orientation as “the organisation wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organisation wide responsiveness to it”. Of special interest for market-oriented firms are customer orientation, competitor orientation and interfunctional coordination (Narver and Slater, 1990). For BD, which operates in line with corporate strategy (Porter, 1996; Lorenzi and Sørensen, 2014), this means that the consideration of the market side is equally important for the success of BD as internal resources, since thereby the necessary market orientation of the company is achieved. The link to BD research can be drawn if we consider innovation research as one important research stream for BD research. Sexton and Barrett (2003) argue that in the MBV firms adapt to changing market conditions through innovation. In their study they also broach the issue of “market-pull” as a driver for innovation leading to “market-based innovation” (p.616). Similarly, Tidd et al. (1997, p.14) state that firms “have to scan and search their environments to pick up and process signals about potential innovation…”. To conclude, the MBV implies specific responsibilities for BD, i.e., identifying market opportunities, new customers and attractive new business fields or new sectors in order to promote innovation and to identify as well as to exploit growth opportunities.

2.2 Literature review

Up to now BD research has mainly targeted specific industries (e.g., Davis and Sun, 2006) or strategies for capturing and implementing growth (e.g., Littler and Sweeting, 1987). The research design is predominantly of qualitative nature (e.g., Kind and zu Knyphausen-Aufseß, 2007). We have reviewed all scientific articles relating to BD. For this purpose we did not focus on any particular journals since the total number of articles is quite small. Table 1 shows the results of our literature review. It contains the studies that address BD with their main topic, theory and key research interest, definition of BD, research approach as well as results.
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Topic</th>
<th>Theory/research stream</th>
<th>Key research interest</th>
<th>Definition of BD</th>
<th>Research approach</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Littler and Sweeting</td>
<td>Possible strategic options for mature companies to develop a business beyond existing borders.</td>
<td>None</td>
<td>What strategic options are possible to develop for mature businesses?</td>
<td>None</td>
<td>In-depth interviews with 14 UK companies over a time period of two years.</td>
<td>Large companies often neglect new business development (NBD) until stagnation occurs in the core business; and are ineffective when establishing individual NBD initiatives.</td>
</tr>
<tr>
<td>Littler and Sweeting</td>
<td>Strategies companies pursue to assess potential new business acquisitions.</td>
<td>None</td>
<td>Identifying strategies to perform NBD activities.</td>
<td>“Entry into a business arena other than one forming a normal extension of existing activities” and purposeful movement into new generic product or customer markets in accordance with corporate strategy, “redeploying assets in non-strategic business areas to alternative areas, and diversifying into higher margin activities”.</td>
<td>Survey with 24 respondents over the period 1984–1985.</td>
<td>NBD combines new technology, new customers and new products and is performed by acquisitions in most companies.</td>
</tr>
<tr>
<td>O’Sullivan (2002)</td>
<td>Development of an information architecture and associated toolset for understanding and managing the process of business development.</td>
<td>None</td>
<td>Identifying core processes of the management of business development in organisations with the goal to foster employee involvement and more goal centred change.</td>
<td>None</td>
<td>Developing a development funnel as a conceptual framework and testing it in 30 companies through the use of self-assessment surveys in the respective companies.</td>
<td>By using the approach companies can improve the efficiency of the development process in the following core processes: 1 goal definition 2 alignment of goals to project 3 participation among employees 4 idea generation and problem solving 5 mapping of change to key processes 6 reporting of results 7 management of projects.</td>
</tr>
</tbody>
</table>
### Literature review (continued)

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Topic</th>
<th>Theory/research stream</th>
<th>Key research interest</th>
<th>Definition of BD</th>
<th>Research approach</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uittenbogaard et al. (2005)</td>
<td>Development of a guideline for creating a corporate entrepreneurship function in order to realise business development in a high-tech context.</td>
<td>None/corporate entrepreneurship</td>
<td>How can an effective corporate entrepreneurship function (CEF) be developed in a medium-sized technology-based company?</td>
<td>None</td>
<td>Using the 4S social system perspective and data on five high-tech companies.</td>
<td>Identified a list of success and fail factors for creating a CEF. Hybrid model combining BD and innovation process elements were identified.</td>
</tr>
<tr>
<td>Davis and Sun (2006)</td>
<td>BD in the ICT industry.</td>
<td>None/corporate entrepreneurship</td>
<td>How is BD defined, what are main tasks in BD and who works in BD?</td>
<td>“We define business development as a capability comprised of routines and skills that serves to enable growth by identifying opportunities and guiding the deployment of resources to extend the firm’s value-creation activities into technological or market areas that are relatively new to the firm.”</td>
<td>Analysis of 80 business developer job descriptions and in the follow-up 26 in-depth interviews.</td>
<td>BD is a recognised concept in the sample and the principal function for BD is to identify new growth opportunities within the business network.</td>
</tr>
<tr>
<td>Kind and zu Knyphausen-Aufseß (2007)</td>
<td>BD activities in the German biotechnology industry.</td>
<td>Strategy-as-practice-perspective/ dynamic capability</td>
<td>How is BD managed in companies of the biotechnology industry?</td>
<td>Business development: enterprise development; the activity that increases, or is intended to increase, the profit, production, or service potential of an enterprise; investment of capital and time that causes, or is intended to cause, the growth and expansion of an enterprise; the process of moving a business towards the point where it can provide its services and products to the entire outside group that wants them; the promotional side of business networking; persuading, or intending to persuade, prospects that appear to have the potential become customers, clients, or buyers; the process of promotion to build and sustain working relationships that relate to the business purpose. (quoted by <a href="http://www.findmehere.com/glossary/index.html">http://www.findmehere.com/glossary/index.html</a>).</td>
<td>Qualitative case study approach with 15 companies in the biotech industry in Germany.</td>
<td>BD is an integrated function in biotech companies with low formalisation but with a high degree of institutionalisation.</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Topic</td>
<td>Theory/research stream</td>
<td>Key research interest</td>
<td>Definition of BD</td>
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<td>Results</td>
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<tr>
<td>Keil et al. (2008)</td>
<td>Influence of different government modes for external BD on the innovative performance of a company.</td>
<td>None</td>
<td>Re-examine prior findings of a positive relationship between different forms of external relationships and innovative performance.</td>
<td>None</td>
<td>Longitudinal study with 110 companies in the period from 1993–2000.</td>
<td>Alliances, joint ventures and corporate venture capital investments have a significantly positive correlation to increases in innovative performance of companies.</td>
</tr>
<tr>
<td>Burgers et al. (2008)</td>
<td>The fit between the creation of technological and market knowledge and important project management characteristics influences the success of NBD projects.</td>
<td>None</td>
<td>How does the match between the creation of technological and market knowledge and project management characteristics influence the success of BD projects?</td>
<td>None</td>
<td>In-depth longitudinal case research of NBD projects from 1993–2003.</td>
<td>Senior management support and an engagement in an alliance with partners possessing complementary market knowledge can counter-balance the technology emphasis of NBD projects.</td>
</tr>
<tr>
<td>Gigliemino et al. (2011)</td>
<td>Role of BD in the commercialisation phase of innovation.</td>
<td>None/strategic marketing</td>
<td>BD’s role in the commercialisation of disruptive innovation.</td>
<td>None</td>
<td>Undefined number of interviews with entrepreneurs and marketers.</td>
<td>BD has an impact on the early commercialisation of disruptive innovations.</td>
</tr>
<tr>
<td>Lorenzi and Sørensen (2014)</td>
<td>BD activities in biotechnology industry with focus on BD capabilities.</td>
<td>None</td>
<td>Exploration of the main elements underlying a BD capability.</td>
<td>“BD refers to the tasks and processes concerning analytical preparation of potential growth opportunities, the support and monitoring of the implementation of growth opportunities.”</td>
<td>In-depth case study methodology with three cases.</td>
<td>Lay foundation for BD capabilities in the biotechnology industry in particular structure, process, tasks and people.</td>
</tr>
</tbody>
</table>
It’s all about growth – an empirical status report of business development

With respect to the research topics addressed in prior studies, we can distinguish two general thematic focuses on BD, namely strategies of implementation and organisation. Strategies include internal implementation of BD (Littler and Sweeting, 1983; Giglierano et al. 2011; Uittenbogaard et al., 2005), and implementation strategies of BD with external partners (Littler and Sweeting, 1987; Burgers et al., 2008). Further, BD is analysed concerning organisation with an industry-specific focus on the biotechnology industry (Kind and zu Knyphausen-Aufseß, 2007; Lorenzi and Sørensen, 2014) and with a special focus on people and job descriptions (Davis and Sun, 2006).

Regarding the methodology, research on BD has mainly been conducted using either case-study designs or in-depth field interviews. The first group investigates BD based on case studies and consists of Uittenbogaard et al. (2005), Kind and zu Knyphausen-Aufseß (2007), Burgers et al. (2008) and Lorenzi and Sørensen (2014). All scholars within this group conduct their research with high-technology firms. Uittenbogaard et al. (2005) and Burgers et al. (2008) look at technology firms in general, whereas Kind and zu Knyphausen-Aufseß (2007) and Lorenzi and Sørensen (2014) investigate biotechnology companies. The second group focusing on in-depth field interviews consists of Littler and Sweeting (1983), Davis and Sun (2006) and Gigilerano et al. (2011). Further, Littler and Sweeting (1987) were the first to survey on a quantitative basis, however merely 24 respondents participated in their study. O’Sullivan (2002) measured the efficiency of BD by self-assessment of 30 company representatives, and Keil et al. (2008) performed a longitudinal study with 110 companies and focused on external BD strategies only.

2.3 Business development – drawing upon different research streams

Most studies dealing with BD do not allocate the concept of BD to a certain research field. In prior research the following research fields were considered to be fundamental for BD research: strategic management (Kind and zu Knyphausen-Aufseß, 2007), strategic marketing (Gigilerano et al., 2011) and corporate entrepreneurship (Uittenbogaard et al., 2005).

2.3.1 Influence of strategic management research

Strategic management decisions and activities deal with the long-term orientation of a company with the primary objective to gain competitive advantage (Wheelen and Hunger, 2011). Such activities comprise the analysis of internal resources and external market conditions. Furthermore, they imply the development of a corporate strategy, the implementation of the latter and the monitoring of the goals set. Regarding BD the most important research to be considered for further analysis has been done by Ansoff (1965) with his product/market matrix and Porter (1980, 1985, 1996) with his generic competitive strategies, value chain analysis and five forces.

The crossroad between strategic management and BD lies within the approach to foster the long-term orientation of a company, gaining competitive advantages as well as developing market strategies in order to realise further growth potentials.

2.3.2 Influence of strategic marketing research

The focus of strategic marketing research is the interaction of a company with customers, consumers, competitors and other external stakeholders in the market (Varadarajan,
According to Barney (1991), strategic marketing includes exploiting market potential and managing customer relationships. Strategic marketing focuses on issues regarding the selection of markets, competitors and suitable timing strategies for market entry and exit (Jain, 1983). By generating value for the customer a company is able to create competitive advantages.

Intersections of strategic marketing and BD result mainly from the focus on markets, competitors and customers for a market-oriented development of individual business units and the company as a whole.

2.3.3 Influence of corporate entrepreneurship research

Corporate entrepreneurship is the process of organisational renewal of the company and refers to two different, but related, concepts: innovation and corporate venturing (Guth and Ginsberg, 1990). Innovation management is designed to support and realise the operational implementation of new ideas into commercially successful products or processes with the aim of developing sustainable competitive advantages for a company (Bröring and Herzog, 2008). Corporate venturing focuses on processes which are seen as essential to create and integrate new businesses into a firm’s business portfolio (Narayanan et al., 2009).

Entrepreneurship is often referred to as “the identification and exploiting of previously unexploited opportunities” [Ireland et al., (2003), p.965]. This is in line with the overarching goal of BD, i.e., the search for growth opportunities (Sørensen, 2012). Researches on innovation and research on BD have a common foundation which is the mutual objective to develop and to introduce innovations aiming at growth (Davis and Sun, 2006). The influence corporate venturing has on BD is based on the fact that BD addresses several corporate entrepreneurship questions such as identification and exploitation of opportunities and the establishment of new company entities within or outside of the company (Keil et al., 2008).

In conclusion it can be stated that the research field BD is the interaction between individual research fields such as strategic management, strategic marketing and corporate entrepreneurship. Consequently, no individual research field can cover the field of BD on its own. This implies that BD is a diversified research field, which has not yet been recognised and investigated in its full range.

Concluding from the literature review, it can be said that to date only a small number of researchers have dealt with BD. With two exceptions the few studies examining BD are all based on qualitative research approaches and focus on individual industries. Remarkably, only few studies lay a theoretical foundation of their work and conceptualise BD or provide a definition. Overall, literature helps to explore what has been of interest for scholars with regard to BD but until now no common ground can be identified in how firms define and carry out BD.

We draw upon the prior investigated research subjects, such as BD understanding and activities (Lorenzi and Sørensen, 2014), organisational structure (Kind and zu Knypfhaugensen-Aufseß, 2007) or job qualifications (Davis and Sun, 2006) and refine these by combining the research topics into one holistic empirical study.

Further, we expand the existing studies by integrating research objects which until the present have remained unexplored. These research objects are regarded to be of interest for BD managers, i.e., the use of instruments, challenges and future relevance of BD. To sum it up, we attempt to cast new light on the topic BD with the goal of broadening the
understanding and existing insights into the concept BD by conducting a descriptive quantitative study on a cross-industry basis. In particular, we seek to answer the following research questions:

1. How do companies understand BD and what activities are assigned to BD units?
2. How is BD structured within the organisational framework?
3. What relevant instruments are necessary for BD?
4. What characterises people working in BD?
5. What are the challenges and how relevant is BD in the future?

3 Research design

As merely a scant number of scholars have investigated BD from an academic point of view, the research on this topic is still on an explorative level. Therefore we take the next step by conducting descriptive quantitative research (Amaratunga et al., 2002). To be more precise, we chose a two-step empirical research approach in order to answer our research questions. First, we conducted a preliminary qualitative study to explore what response options needed to be included in our quantitative research. For this purpose, we conducted in-depth field interviews with 16 practitioners working in the field of BD in companies from diverse sectors in Germany. Based on the results of the interviews we developed a quantitative descriptive questionnaire, which was sent out to business developers working in companies in Germany. The data collection took place in the spring of 2014. The participants were contacted on the grounds of the existence of a BD or corporate development responsibility in the firm. In total, 2,092 questionnaires were sent out and 449 replies were received leading to a response rate of 21.5%. From the 449 questionnaires 97 had to be eliminated owing to incomplete information on crucial items.

Table 2 Sample overview – companies

<table>
<thead>
<tr>
<th>Industry</th>
<th>No. of employees</th>
<th>Revenue, sales in m. €</th>
</tr>
</thead>
<tbody>
<tr>
<td>High technology/IT</td>
<td>14% &lt; 50</td>
<td>26% &lt; 10</td>
</tr>
<tr>
<td>Industrial goods</td>
<td>13% 50–250</td>
<td>19% 10–250</td>
</tr>
<tr>
<td>Services/consulting</td>
<td>10% 251–1,000</td>
<td>17% 251–1,000</td>
</tr>
<tr>
<td>Oil/pharma/energy/chemicals</td>
<td>9% 1,001–5,000</td>
<td>15% 1,001–50,000</td>
</tr>
<tr>
<td>Telecommunication/communication/media</td>
<td>9% 5,001–15,000</td>
<td>9% &gt; 50,000</td>
</tr>
<tr>
<td>Trading</td>
<td>9% &gt; 15,000</td>
<td>13% N.i.</td>
</tr>
<tr>
<td>Financial services</td>
<td>8% N.i.</td>
<td>1%</td>
</tr>
<tr>
<td>Automotive</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Consumer goods</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Public sector</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>
Table 3  Sample overview – participants

<table>
<thead>
<tr>
<th>Time working in BD (in years)</th>
<th>Age (in years)</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 0.5</td>
<td>18–25</td>
<td>7%</td>
</tr>
<tr>
<td>0.5–1</td>
<td>26–30</td>
<td>14%</td>
</tr>
<tr>
<td>1–3</td>
<td>31–40</td>
<td>22%</td>
</tr>
<tr>
<td>4–7</td>
<td>41–50</td>
<td>32%</td>
</tr>
<tr>
<td>7–10</td>
<td>51–60</td>
<td>20%</td>
</tr>
<tr>
<td>11–20</td>
<td>&gt; 60</td>
<td>4%</td>
</tr>
<tr>
<td>&gt; 20</td>
<td>N.i.</td>
<td>1%</td>
</tr>
</tbody>
</table>

Consequently, 352 usable questionnaires represent the basis for our data analysis. This results in an effective response rate of 16.8%. Detailed information on our sample is displayed in Tables 2 and 3.

4 Empirical results

4.1 Understanding

Owing to the lack of consistency of definitions for BD in academic literature (Giglierano et al., 2011) it is necessary to determine the understanding and for consolidation purposes also the associated activities of BD. Therefore, the participants were asked to specify their understanding of the term BD. The results indicate that with more than 53% most participants regard the search for growth opportunities and development of existing markets as BD. The general orientation towards growth reflects the understanding of prior research and hence is in line with the understanding of other scholars (Davis and Sun, 2006; Sørensen and Lorenzi, 2014). Specifically, about half of the respondents subsume the entry into new markets (49%) under BD followed by new product development (37%) and the development of new business models (33%) as well as process optimisation (30%). Concisely stated, our results reveal four key dimensions within the understanding of BD, namely the focus on

1 new markets
2 new products
3 new business models
4 new processes.

Another essential finding is that the understanding of most participants includes more than one dimension. Often at least two dimensions are necessary to grasp the scope of BD according to practitioners. For example 24% see the search for new markets as well as new products as the main fields of activity for BD. Similarly, other combinations of dimensions are represented by the search for new markets and new business models with 22% or the search for new processes and new business models with a 15% overlap.
Hence, BD is a multifaceted discipline described by four key dimensions: markets, products, business models and processes or a combination of the latter (see Figure 1). Unique for BD is the broad scope while other functions often only cover specific parts e.g., marketing (products and markets) (Varadarajan, 2010) or strategy department (business models) (Osterwalder et al., 2005).

Figure 1 Key dimensions of the understanding of BD (n = 352)

![Diagram showing key dimensions of BD]

4.2 Activities

In a follow-up step we attempted to specify the understanding by examining activities assigned to BD units. First, the general alignment of activities has been of interest to the questioned practitioners in the preliminary qualitative study. This finding has drawn attention to the question whether the activities assigned to BD have an internal or external focus. Activities and projects with an internal focus aim at internal processes to increase the effectiveness and efficiency of a company (Ostroff and Schmitt, 1993). Activities with an external focus concentrate on information and requirements of markets such as mergers and acquisition activities or performing portfolio analysis (Hunt and Lamb, 2000). In our study, activities with external orientation account for more than half of the BD activities. Nevertheless, the ratio between external (54%) and internal (46%) orientation is nearly balanced. This leads to the conclusion that BD in companies is in accordance with BD in theory because it takes into account the MBV and RBV by combining external and internal activities in a nearly equal proportion.

In addition to the general outline we also examined the individual activities found in BD. The presented activities from which the participants could choose were gathered in a preliminary qualitative study where the questioned experts on business development named the activities they pursue in business development. The activities are measured on a scale from one (‘I do not agree at all’) to six (‘I highly agree’). The leading activity is the search for new growth potentials in general (arithmetic mean of 4.85) which is in line
with the comprehensive understanding of BD. Further, the identification of market trends (4.77) was mentioned, followed by developing new market segments (4.67) and new business models (4.63). In addition, the analysis of customer needs (4.59), the strategic orientation of the company (4.45) and the development of new market strategies (4.38) are among the main activities belonging to BD. The rest of the activities and their scores are shown in Table 4.

Table 4

<table>
<thead>
<tr>
<th>Activities</th>
<th>Mean (1 to 6)</th>
<th>SD</th>
<th>Sig. Activities</th>
<th>Mean (1 to 6)</th>
<th>SD</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search for new growth potentials</td>
<td>4.85</td>
<td>1.112</td>
<td>*** Coordination of cooperation with external partners</td>
<td>4.22</td>
<td>1.278</td>
<td>***</td>
</tr>
<tr>
<td>Identification of market trends</td>
<td>4.77</td>
<td>1.156</td>
<td>*** Optimising business processes</td>
<td>4.20</td>
<td>1.391</td>
<td>***</td>
</tr>
<tr>
<td>Developing new market segments</td>
<td>4.67</td>
<td>1.223</td>
<td>*** Support of business units</td>
<td>4.17</td>
<td>1.413</td>
<td>***</td>
</tr>
<tr>
<td>Developing new business models</td>
<td>4.63</td>
<td>1.228</td>
<td>*** Increasing diversification of product portfolio</td>
<td>4.13</td>
<td>1.410</td>
<td>***</td>
</tr>
<tr>
<td>Analysis of customer needs</td>
<td>4.59</td>
<td>1.181</td>
<td>*** Customer management/CRM</td>
<td>4.13</td>
<td>1.369</td>
<td>***</td>
</tr>
<tr>
<td>Strategic orientation of the company</td>
<td>4.45</td>
<td>1.324</td>
<td>*** Integration within the value chain</td>
<td>4.07</td>
<td>1.305</td>
<td>***</td>
</tr>
<tr>
<td>Development of new market strategies</td>
<td>4.38</td>
<td>1.207</td>
<td>*** Cooperation with other companies</td>
<td>4.05</td>
<td>1.364</td>
<td>***</td>
</tr>
<tr>
<td>Development of new products/product innovations</td>
<td>4.36</td>
<td>1.337</td>
<td>*** Key account management</td>
<td>4.00</td>
<td>1.487</td>
<td>***</td>
</tr>
<tr>
<td>General organisation of BD projects</td>
<td>4.36</td>
<td>1.294</td>
<td>*** Mergers and acquisition processes</td>
<td>3.89</td>
<td>1.532</td>
<td>***</td>
</tr>
<tr>
<td>Development of new country markets</td>
<td>4.34</td>
<td>1.577</td>
<td>*** Human resources/personnel development</td>
<td>3.51</td>
<td>1.554</td>
<td>***</td>
</tr>
<tr>
<td>Innovation management</td>
<td>4.31</td>
<td>1.258</td>
<td>*** Venture capital management</td>
<td>3.48</td>
<td>1.622</td>
<td>***</td>
</tr>
</tbody>
</table>

Note: ***Significant at the 1% level

Concluding, the found activities in BD correspond to the theoretical foundation which underlies BD in academic literature. The activities in general can be associated with the scope of strategic management (Porter, 1980) and corporate entrepreneurship (Sharma and Chrisman, 2007) as their goal is to find new growth potentials. Further, the focus on customers (e.g., developing new market segments, analysis of customer needs, customer management/CRM, key account management) and interfunctional coordination (e.g., general organisation of BD projects, support of business units, integration within the value chain) shows the high relevance of market-orientation (Narver and Slater, 1994) in the activities, which also fits the scope of strategic marketing (Varadarajan, 2010). In summary, the activities assigned to BD give a more precise outline of what BD comprises and provide evidence pertaining to the diversified nature of BD in practice.
4.3 Organisation

The organisational structure of BD is of concern since it mirrors the institutional implementation and management of growth opportunities in a company. When analysing the evolution of the function BD it becomes obvious that BD is a relatively new topic in firms. Precisely, 53% of the companies have established BD within the last ten years, 32% within the last 20 years and in merely 15% of the companies BD has been of importance for more than 20 years. This result shows that BD is mainly new for a large portion of companies, although BD has existed in some firms longer than it has been of interest to scholars.

Kind and zu Knyphausen-Aufseß (2007) identify three forms of how BD is managed in biotech companies: implicit (no official description, no planned effort), established (official label, recognised relevance) and institutionalised (organisational unit). In our sample 45% of the companies have institutionalised BD in distinct units. These 45% can be divided into two distinct groups: in 26% of all firms BD is anchored in staff functions and the remaining 19% organise BD in line functions (see Table 5). Nevertheless, considering all responses, most companies organise their BD in cross-functional projects (48%) where team size and team composition vary. In brief, our results correspond to the identified levels of BD by Kind and zu Knyphausen-Aufseß (2007) with regard to the established and institutionalised forms but extend their findings by a cross-functional organisation of BD.

Table 5  Organisation forms

<table>
<thead>
<tr>
<th>Organisation (n = 352)</th>
<th>Percentage of answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-functional projects</td>
<td>48%</td>
</tr>
<tr>
<td>Staff function</td>
<td>26%</td>
</tr>
<tr>
<td>Line function</td>
<td>19%</td>
</tr>
<tr>
<td>Others</td>
<td>7%</td>
</tr>
</tbody>
</table>

The strategic importance of BD stated in prior BD studies (e.g., Kind and zu Knyphausen-Aufseß, 2007) is also supported by our data. This is demonstrated by the reporting structures of BD. Most BD units report directly to the management board (54%). Another 30% of BD units report to the management level directly below the management board. Hence, more than 84% of all companies grant BD access to strategic decision makers. The managers to whom BD units report are responsible for general management activities (39%), sales (27%), research and development (21%) or marketing (20%), which emphasises the interdisciplinary scope of BD among the companies surveyed.

In summary, BD seems to be a well-known task, but is not established as an independent function in every firm. Due to the broad variety of tasks most BD projects are organised on a cross-functional basis instead of institutionalised units. In principle, BD is granted top management access.

4.4 People

Davis and Sun (2006) collected and analysed business developer job descriptions in the information and communication technology sector to perceive that business developers
exist at executive, senior and junior management level. They also state that business developers should have industry know-how and inter-personal skills. In order to enhance their findings we examine two further characteristics about the people who work in BD. First, we analyse what background regarding education and work experience the questioned business developers have. Second, necessary abilities which participants claimed are essential for success in BD are indicated.

People working in BD have different professional backgrounds. Business developers have knowledge of business administration and economics in general (39%) or engineering (32%), but above all they have sales (43%) and marketing (40%) experience. The analysis of the professional background stresses the interdisciplinary character of BD. All results for the professional background are displayed on the left-hand side in Table 6.

Table 6  Professional background and abilities of business developers

<table>
<thead>
<tr>
<th>Professional background (n = 352)</th>
<th>Percentage of answers</th>
<th>Abilities (n = 352)</th>
<th>Mean (1 to 6)</th>
<th>SD</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>43%</td>
<td>Entrepreneurial thinking qualities</td>
<td>5.28</td>
<td>0.908</td>
<td>***</td>
</tr>
<tr>
<td>Marketing</td>
<td>40%</td>
<td>Analytical and methodological skills</td>
<td>5.13</td>
<td>1.046</td>
<td>***</td>
</tr>
<tr>
<td>Business administration and economics</td>
<td>39%</td>
<td>Communication skills</td>
<td>5.11</td>
<td>0.901</td>
<td>***</td>
</tr>
<tr>
<td>Engineering</td>
<td>32%</td>
<td>Certain determination to implement new concepts</td>
<td>5.10</td>
<td>0.913</td>
<td>***</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>25%</td>
<td>Enthusiasm</td>
<td>4.95</td>
<td>1.008</td>
<td>***</td>
</tr>
<tr>
<td>Consulting</td>
<td>22%</td>
<td>Creativity</td>
<td>4.91</td>
<td>0.987</td>
<td>***</td>
</tr>
<tr>
<td>Finance</td>
<td>19%</td>
<td>Self-reliance or independence</td>
<td>4.90</td>
<td>0.974</td>
<td>***</td>
</tr>
<tr>
<td>Business and engineering</td>
<td>18%</td>
<td>Decision-making quality</td>
<td>4.85</td>
<td>0.977</td>
<td>***</td>
</tr>
<tr>
<td>Controlling</td>
<td>12%</td>
<td>Networking</td>
<td>4.78</td>
<td>1.043</td>
<td>***</td>
</tr>
<tr>
<td>Purchase</td>
<td>12%</td>
<td>Visionary</td>
<td>4.76</td>
<td>1.169</td>
<td>***</td>
</tr>
<tr>
<td>Law</td>
<td>9%</td>
<td>Working experience</td>
<td>4.54</td>
<td>1.193</td>
<td>***</td>
</tr>
<tr>
<td>Accounting</td>
<td>9%</td>
<td>Leadership experience</td>
<td>4.16</td>
<td>1.236</td>
<td>***</td>
</tr>
<tr>
<td>Natural sciences</td>
<td>9%</td>
<td>International experience</td>
<td>3.99</td>
<td>1.491</td>
<td>***</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: ***Significant at the 1% level

In order to examine which abilities are crucial for working in BD, the participants were asked to evaluate necessary abilities in general. The abilities are measured on a scale from one (‘I do not agree at all’) to six (‘I absolutely agree’). For example, on the one hand a business developer has to possess entrepreneurial thinking qualities (arithmetic mean of 5.28) as well as analytical and methodological skills (5.13). On the other hand he needs to have good communication skills (5.11) and a certain determination to implement new concepts (5.10) plus enthusiasm (4.95) and creativity (4.91). Other mentioned abilities are shown on the right-hand side in Table 6. Likewise, the abilities required for BD are diverse and can be mainly subsumed under the abilities of a generalist in contrast to a specialised expert. This is in line with Sørensen’s understanding of an “integrating generalist” meaning that business developers must be able to integrate knowledge from
It’s all about growth – an empirical status report of business development

It’s all about growth – an empirical status report of business development

Summarising, our findings reveal that business developers are highly skilled people with diverse professional backgrounds.

4.5 Instruments

Business developers can choose among different ways of initiating growth, e.g., by looking at new processes, developing new products, opening new markets or creating new business models. Consequently, a wide variety of opportunities and ideas calls for a deeper and systematic analysis. The use of instruments enables business developers to identify, evaluate and select suitable growth opportunities. To date, no prior studies address the topic instruments or methods used in BD (Davis and Sun, 2006). Only Sørensen (2012) mentions the business plan as an essential tool used in BD or the SWOT analysis, but no further research has been dedicated to this particular subject. In our study, the participants were asked to indicate on a scale from 1 (‘never’) to 6 (‘very frequently’) which instruments they use. The results show that 68% of the participants use business plans ‘frequently’ or ‘very frequently’. The second most used instruments in BD are key performance indicators (KPIs). About 63% of the participants claim to use KPIs ‘frequently’ or ‘very frequently’. These instruments are followed by cost-benefit analysis (60%), SWOT analysis (60%) and benchmarking (59%). All results for applied instruments can be seen in Table 7. Despite the multitude of instruments found in BD only about 3% of the companies use instruments specifically developed for their BD activities. The great majority uses instruments which can also be found in other research areas (e.g., strategic management, strategic marketing or finance). Examples for specifically developed instruments for BD are customised internal reports, self-designed checklists which are used for evaluating BD projects as well as trend scenarios, industry specific models or risk-bearing capacity analysis. Then again only 3% of the companies measure the performance of BD activities retrospectively.

Table 7 Instruments used in BD

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Percentage reporting ‘frequently’ or ‘very frequently’</th>
<th>Percentage reporting ‘frequently’ or ‘very frequently’</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business plan</td>
<td>321 68% McKinsey portfolio analysis</td>
<td>304 44% McKinsey portfolio analysis</td>
</tr>
<tr>
<td>KPIs</td>
<td>324 63% BCG portfolio analysis</td>
<td>299 42% BCG portfolio analysis</td>
</tr>
<tr>
<td>Cost-benefit analysis</td>
<td>326 60% Gap analysis</td>
<td>288 41% Gap analysis</td>
</tr>
<tr>
<td>SWOT analysis</td>
<td>325 60% Balanced scorecard</td>
<td>287 40% Balanced scorecard</td>
</tr>
<tr>
<td>Benchmarking</td>
<td>300 59% Scoring models</td>
<td>290 40% Scoring models</td>
</tr>
<tr>
<td>Break-even analysis</td>
<td>316 55% Product life cycle concept</td>
<td>312 37% Product life cycle concept</td>
</tr>
<tr>
<td>Cost structure analysis</td>
<td>321 54% Porter’s five forces</td>
<td>257 34% Porter’s five forces</td>
</tr>
<tr>
<td>Determination of RoI</td>
<td>305 52% Simulation scenarios</td>
<td>294 34% Simulation scenarios</td>
</tr>
<tr>
<td>Assessment of market research</td>
<td>316 51% Net present value analysis</td>
<td>268 34% Net present value analysis</td>
</tr>
<tr>
<td>Customer survey</td>
<td>316 50% Target costing</td>
<td>266 34% Target costing</td>
</tr>
</tbody>
</table>
Table 7  Instruments used in BD (continued)

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Percentage reporting 'frequently' or 'very frequently'</th>
<th>Instrument</th>
<th>Percentage reporting 'frequently' or 'very frequently'</th>
</tr>
</thead>
<tbody>
<tr>
<td>Added value analysis</td>
<td>316 48%</td>
<td>Porter’s competitive strategies</td>
<td>263 32%</td>
</tr>
<tr>
<td>Customer equity analysis</td>
<td>308 48%</td>
<td>Ansoff matrix</td>
<td>312 32%</td>
</tr>
<tr>
<td>ABC analysis</td>
<td>295 48%</td>
<td>Stakeholder analysis</td>
<td>275 29%</td>
</tr>
<tr>
<td>Core competence analysis</td>
<td>318 47%</td>
<td>Environmental analysis</td>
<td>263 26%</td>
</tr>
<tr>
<td>(PESTEL)</td>
<td></td>
<td>7-S model</td>
<td>260 3%</td>
</tr>
<tr>
<td>Trend scenarios</td>
<td>302 44%</td>
<td>Cash flow statement</td>
<td>316 44%</td>
</tr>
</tbody>
</table>

All in all, our study evinces that instruments used in BD can be mainly found in strategic management, strategic marketing and finance or corporate entrepreneurship. The great majority of companies use proven and established instruments and methods, while at the same time neglect performance measurement of BD activities.

4.6 Challenges and future relevance of BD

BD is essential to promote growth in a company, but this implies changing the approaches a company has previously been using (Burgers et al., 2008). Often BD operates alongside daily business and the team does not work full-time on BD projects, but gets pulled off for the job from varying departments (Lorenzi and Sørensen, 2014), which represents a challenge in terms of coordination and resource allocation. Nonetheless, in order to improve BD processes and its acceptance within the firm, it is necessary to be informed about occurring difficulties or challenges. For this reason we asked the participants to name difficulties they encounter while working in BD. They could answer on a scale from 1 (‘I do not agree at all’) to 6 (‘I highly agree’). The main challenges business developers face in their work is a lack of human resources (arithmetic mean of 4.16) and low budget (4.03). These identified difficulties are complemented by a lack of focus in BD (4.02) and too little exchange of experience with business developers from other companies (3.91). On the contrary, a lack of management support is not seen as a major challenge, since it received the lowest agreement with an arithmetic mean of 3.34. This result can be explained by the earlier mentioned high organisational embedding of BD activities and the associated top management access. All results are shown in Table 8.

As BD represents a rather new topic for scholars, the question arises whether BD is of sustainable future relevance in business context. In order to answer this question, we asked the participants to estimate the general future relevance of BD in their companies and the development of human resources in BD. 58% of the participants believe that the relevance of BD will increase in the future. One third thinks it will stay the same and only 3% think that its importance will decrease. In line with these findings is the estimation of the development of human resources dedicated to BD. About 45% of all participants believe that within the next three years additional people will be hired to work in BD in
their companies. Consequently, BD appears to be a topic of top priority to most companies.

Table 8 Challenges for BD in the organisation

<table>
<thead>
<tr>
<th>Challenges/difficulties (n = 352)</th>
<th>Mean (1 to 6)</th>
<th>SD</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of human resources</td>
<td>4.16</td>
<td>1.442</td>
<td>***</td>
</tr>
<tr>
<td>Too little budget</td>
<td>4.03</td>
<td>1.483</td>
<td>***</td>
</tr>
<tr>
<td>Lack of focus in BD</td>
<td>4.02</td>
<td>1.541</td>
<td>***</td>
</tr>
<tr>
<td>Too little exchange of experience with business developers from other companies</td>
<td>3.91</td>
<td>1.529</td>
<td>***</td>
</tr>
<tr>
<td>Resistance/rejection to BD projects by involved departments</td>
<td>3.72</td>
<td>1.510</td>
<td>***</td>
</tr>
<tr>
<td>Large gap to daily operations of the business units</td>
<td>3.70</td>
<td>1.541</td>
<td>***</td>
</tr>
<tr>
<td>Lack of monitoring of the implementation by BD</td>
<td>3.65</td>
<td>1.503</td>
<td>***</td>
</tr>
<tr>
<td>Wrong organisational positioning of BD</td>
<td>3.61</td>
<td>1.606</td>
<td>***</td>
</tr>
<tr>
<td>Too little experience of involved BD staff</td>
<td>3.55</td>
<td>1.482</td>
<td>***</td>
</tr>
<tr>
<td>Lack of instruments and tools</td>
<td>3.55</td>
<td>1.551</td>
<td>***</td>
</tr>
<tr>
<td>Lack of acceptance of BD projects in the company in general</td>
<td>3.50</td>
<td>1.481</td>
<td>***</td>
</tr>
<tr>
<td>Lack of management support</td>
<td>3.34</td>
<td>1.757</td>
<td>***</td>
</tr>
</tbody>
</table>

Note: ***Significant at the 1% level

5 Managerial implications

For management practice our research implies above of all that BD is an essential driving force for growth in companies. Our results represent an empirical status report of BD which covers six main topics: understanding, activities, organisation, people, instruments as well as challenges and future relevance.

1 With regard to understanding, our study shows that the understanding of BD in companies is quite heterogeneous, which is in line with a non-uniform definition in academic literature. Nevertheless, a general consensus can be derived: BD is the active search for growth opportunities in order to gain and maintain competitive advantages. This active search encompasses four key dimensions: new products, new processes, new markets and new business models. Therefore, managers need to focus on these four dimensions when developing their business.

2 The overarching activity assigned to BD is the search for new growth potentials which is in line with the comprehensive understanding of BD. The analyses of the activities assigned to BD provide an outline of the multifaceted nature of BD in practice. This means that managers have to tackle several tasks in order to develop their business.

3 When the organisational structure of BD in German companies is considered, three main findings are presented. Most companies have only recently established BD units, e.g., more than half of the companies have established BD units within the last ten years. Despite its novelty BD is of high strategic relevance to top management.
This is shown by the high organisational anchorage which BD is granted within corporate structure as well as top management access. Looking at the organisation of BD activities, our results indicate three prevailing organisation types, i.e., staff function, line function and cross-functional projects which represent the majority of cases. Thus, in order to foster growth, managers need to establish BD within the organisation and grant BD units top management support in order to sustainably leverage new growth opportunities. Managers should carefully consider the organisational and environmental determinants in choosing an adequate organisation type for their BD project.

Business developers are highly skilled and have different professional backgrounds. Often they come from sales or marketing or have general knowledge in economics and business administration or engineering. The variety of different backgrounds underlines the diversified character of BD also found in academic literature. Considering the abilities crucial to work in BD, the most important ability a business developer needs to possess is entrepreneurial thinking skill. On top of that communication skills are as important as analytical and methodological capabilities. For example communication skills are especially relevant since a business developer is often at the intersection between management and business units. They must communicate the strategy or decisions taken by management to all levels of hierarchy within the company. Consequently, managers need to carefully select potential business developer candidates and look for highly skilled applicants with analytical, methodological and communication skills. Also they should recognise the interdisciplinary character of BD which must be acknowledged via a BD team combining different expertise. For people interested in working in BD our results indicate that they need to possess diverse abilities best described as an ‘integrating generalist’. Future business developers should train analytical and communication abilities equally.

Instruments used in BD account for tools of analysis and valuation methods typically found in management literature such as strategic management, strategic marketing, finance and corporate entrepreneurship. The most frequently used instrument in BD is the business plan. It integrates and consolidates the different perspectives a BD activity comprises. This underlines once again the diversified character and the comprehensiveness of BD activities. While a relatively great variety of instruments is used to select promising growth opportunities only 3% of the companies measure the performance of BD activities. Hence, managers need to be aware that measuring the performance of BD is necessary to ensure sustainable development of future BD projects.

With respect to major challenges business developers name a lack of human resources, budget and focus in BD as well as a lack of exchange with other business developers as critical factors to face. Concerning future relevance of BD the majority of the participants believe that it will increase in the future. For managers this means that they should provide their BD units with sufficient human and financial resources.
and promote knowledge exchange between business developers from other companies. With regard to future relevance managers need to be sensitive to the necessity of BD for their business segments. They need to evaluate opportunities and threats for their business operations occurring from changes within the organisation as well as in the business environment.

6 Limitations and future research opportunities

As each scientific study, our research is subject to some limitations. First, our study includes only German companies. For generalisation purposes our study should be replicated on an international scale. Second, based on the descriptive character of our study no normative data of how BD should be managed optimally was collected. For instance, we cannot predict any cause-and-effect relationships of what makes BD successful. Third, we neglect to examine how the nature of BD will develop in the future and why BD will be of more importance. Fourth, we did not investigate how BD has developed over time in the firms. Hence, we cannot differentiate whether the understanding of BD 30 years ago has changed compared to now.

Despite the limitations of our study, several implications for theory result from our findings. As previous studies have investigated BD only from an angle of specific industries or specific implementation strategies, we complemented this literature by addressing a holistic approach for investigating the cross-industry nature of BD. Further, our research establishes a more determined scope of BD in academia by identifying the theoretical embedding and important research streams. We propose that BD can be conceptualised as the interaction of the established research streams strategic management, strategic marketing and corporate entrepreneurship. Further, our study lays a foundation for BD research by drawing upon two basic theories, namely the resource-based-view and the market-based-view. Finally, we showed that the diversified character of BD enables scholars from different fields to conduct research with the aim of deepening knowledge on BD.

Based on the mentioned limitations and the scientific and empirical insights into the concept of BD a necessity for further research can be derived. Starting from the descriptive status report of BD in practice, individual elements can be investigated regarding possible cause-and-effect relationships. Future studies should thus be designed to examine success factors of BD in general and in specific of the key dimensions: markets, products, business models and processes. To get an even clearer picture of what BD encompasses in firms and which activities and instruments are unique for BD it should be investigated how BD is distinct from other corporate functions. Another research opportunity in this context would be the investigation of what organisation type is best for BD activities. In addition, it would be of interest to determine the right timing of when to initiate BD activities for each business segment to optimally manage the development of a firm. With regard to applied instruments in BD the task for scholars is first to analyse whether additional tools and methods are necessary for BD activities and second, if so, to develop especially designed BD tools.
7 Conclusions

This paper proposes an empirical status report of BD in firms in order to gain deeper insight into the concept of BD from a practical perspective. For this purpose we analysed the nature of BD based on a literature review from which we derived our research goals for our descriptive quantitative empirical study on a cross-industry basis with 352 German companies.

The theoretical foundation of BD consists of the RBV, dealing with internal resources and capabilities as sources for growth and the MBV with its consideration of external market powers for capturing competitive advantages. In addition, our theoretical development of the BD concept attempts to bridge three main research fields which pave the way for BD, i.e., strategic management research, strategic marketing research and corporate entrepreneurship research. This interdisciplinary foundation of BD is also reflected by our empirical results on understanding, activities, organisation, people, instruments and future challenges and relevance of BD.

In summary, it can be concluded that BD is not simply a new name for established fields as e.g., marketing (new markets) or innovation management (new products), but rather it is the crossroad of existing fields. Therefore, BD should be regarded as a new research field and an important task for firms.

References


It’s all about growth – an empirical status report of business development


Appendix

Questionnaire

Section A: details of the company

1 What industry is your company associated with?
   - Automobile
   - Oil/pharmaceutical
   - Consumer goods
   - Transport
   - Media
   - Financial services
   - Telecommunication
   - Industry goods
   - Chemistry
   - High technology
   - Trade
   - Public sector
   - Energy
   - Other: ______________________

2 How many employees work for your company?
   - < 50
   - 50–250
   - 250–1.000
   - 1.000–5.000
   - 5.000–15.000
   - > 15.000

3 What revenues did your company make during the past financial year?
   - < 10 Mio. €
   - 10–50 Mio. €
   - 50–250 Mio. €
   - 250–500 Mio. €
   - 500 Mio.–1 Mrd. €
   - 1–50 Mrd. €
   - > 50 Mrd. €

4 Which area does the department you work for belong to?
   - Business development
   - Research and development
   - Marketing
   - Distribution/sales
   - Executive board
   - Other: ______________________
   - Finance/controlling

Section B: details of the organisation of business development in your company

5 When you think about business development in your company, what is the best description? Business development is (multiple answers allowed)
   - Development of new business segments.
   - The entry into new markets.
   - Corporate development.
   - The further development of existing markets.
   - The search for growth opportunities for our business.
   - The search for internal process optimisation.
   - The search for growth opportunities for our business segment.
   - The search for new markets in general.
   - The development of new products.
   - The replacement of existing activities.
   - The development of new business models for established products.
   - The supplement of existing activities.
6 Is there a separate department responsible for business development in your company?
   - [ ] Yes
   - [ ] No

7 Do you distinguish between business development and corporate development in your company?
   - [ ] Yes
   - [ ] No

8 How is the function business development organised in your company?
   - [ ] Staff unit
   - [ ] Line function
   - [ ] Project-related cooperation
   - [ ] Other: ____________________

9 What is the business development-department/function in your company called?
   __________________________________________________________

10 According to your knowledge, since when does a Business development-department/function exists in your company?
   [Dropdown year] ___________

11 To which management level does business development report?
   - [ ] 1 Decision-making level (Board of Management/Executive Board etc.)
   - [ ] 2 Decision-making level
   - [ ] 3 Decision-making level
   - [ ] 4 Decision-making level
   - [ ] Other: ____________________

12 What responsibility does the management level to which the business development-department reports hold? (multiple answers allowed)
   - [ ] Board of management
   - [ ] Executive Board
   - [ ] Development
   - [ ] Marketing
   - [ ] Finance
   - [ ] Strategy
   - [ ] Product management
   - [ ] Distribution/sales
   - [ ] Controlling
   - [ ] Legal department
   - [ ] Other: ____________________

13 Who else does business development tasks in your company?
   Likert-scale with 1 (not at all) to 6 (very strong)
   - Executive board
   - Strategy
   - Marketing
   - Distribution/sales
   - Innovation management
   - Research and development
   - Controlling
   - IT
   - Product management
   - Market research
   - Quality assurance
   - Logistic
   - Production
   - Personal
14 Which focus do the business development projects/activities have?

<table>
<thead>
<tr>
<th>In percent (dropdown)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal (resources, process, organisation)</td>
</tr>
<tr>
<td>External (markets, costumers, competition)</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>100%</td>
</tr>
</tbody>
</table>

15 What is the number of employees within your business development?

- [ ] 1–2 employees
- [ ] 2–4 employees
- [ ] 4–6 employees
- [ ] 6–10 employees
- [ ] 10–15 employees
- [ ] > 15 employees
- [ ] Varies from project to project
- [ ] No indication

16 How has the number of employees changed in the last three years?

- [ ] Remained equal
- [ ] Increased
- [ ] Decreased

17 In your opinion, how will the number of employees within business development in your company change in the next three years?

- [ ] Remain equal
- [ ] Increase
- [ ] Decrease

18 Please indicate which professional backgrounds the employees within the business development come from. (multiple answers possible)

- [ ] Engineering sciences
- [ ] Economic science
- [ ] Industrial engineering
- [ ] Marketing
- [ ] Research and development
- [ ] Consulting
- [ ] Distribution
- [ ] Controlling
- [ ] Finance
- [ ] Legal department (law)
- [ ] Audit
- [ ] Purchasing
- [ ] Business development
- [ ] Natural science
- [ ] Other:

19 In your opinion, which requirements do employees have to meet for the work in the field of business development? Likert-scale with 1 (fully disagree) to 6 (fully agree)

- Analytical and methodological expertise
- Willingness to implementation/implementation drive
- Specialist knowledge in technical disciplines
- Autonomy
- Understanding of markets and customers
- Active decision taking
- Abstract thinking
- Work experience
- Project management – knowledge
- Communication skills
- Conviction and enthusiasm
- Leadership experience
- Building relationships/networking
- Visionary
- Creativity
- International experience
Entrepreneurial thinking  Other: __________________________

Section C: tasks of business development in your company

20 What tasks are assigned to the field of business development in your company? Likert-scale with 1 (fully disagree) to 6 (fully agree)

- Search for new growth potentials
- Identification of market trends
- Developing new market segments
- Developing new business models
- Analysis of customer needs
- Strategic orientation of the company
- Development of new market strategies
- Development of new products/product innovations
- General organisation of BD projects
- Development of new country markets
- Innovation management
- Identification of market trends
- Developing new market segments
- Developing new business models
- Analysis of customer needs
- Strategic orientation of the company
- Development of new market strategies
- Development of new products/product innovations
- General organisation of BD projects
- Development of new country markets
- Innovation management
- Search for new growth potentials
- Coordination of cooperation with external partners
- Optimising business processes
- Support of business units
- Increasing diversification of product portfolio
- Customer management/CRM
- Integration within the value chain
- Cooperation with other companies
- Key account management
- Mergers and acquisition processes
- Human resources/personnel development
- Venture capital management

21 What are the focal points of the work within business development in your company? Likert-scale with 1 (fully disagree) to 6 (fully agree)

- Evaluation of established business segments/products etc.
- Generation of new business ideas and models
- Evaluation of new business ideas and models
- Other: __________________________

Section D: use of instruments within business development

22 In our company the following instruments are used within the field of business development: Likert-scale with 1 (never) to 6 (very often) and additional box for instrument unknown

- Business plan
- KPI
- Cost-benefit analysis
- SWOT analysis
- Benchmarking
- Break-even analysis
- Cost structure analysis
- Determination of RoI
- Assessment of market research
- McKinsey portfolio analysis
- BCG portfolio analysis
- Gap analysis
- Balanced scorecard
- Scoring models
- Product life cycle concept
- Porter’s five forces
- Simulation scenarios
- Net present value analysis
It’s all about growth – an empirical status report of business development

Customer survey                      Target costing
Added value analysis                  Porter’s competitive strategies
Customer equity analysis              Ansoff matrix
ABC analysis                         Stakeholder analysis
Core competence analysis             Environmental analysis (PESTEL)
Trend scenarios                      7-S model
Cash flow statement

23 Do you use other instruments in your company which are not referred to in the list above?
☐ Yes  ☐ No
23a If so, which ones?

24 Do you measure the success of business development?
☐ Yes  ☐ No
24a If so, how?

25 Which data sources do you use while working with business development?
   Likert-scale with 1 (never) to 6 (very often) and instrument unknown
   Expert discussions
   Customer workshops
   Employee ideas
   Market research
   Controlling

Section E: information about current activities and evaluation of future trends within business development

26 Please evaluate the importance of business development for your company in the future. The importance of business development
   ☐ Remains constant  ☐ Increases  ☐ Decreases

27 What will the future focus for business development in your company be?
   Likert-scale with 1 (fully disagree) to 6 (fully agree)
   Evaluation of established business areas/products etc.
   Creation of new business ideas and models
   Evaluation of new business ideas and models
   Implementation of new business ideas and models
   Other:______________________________

28 In your opinion what are main challenges for business development in the organisation? Likert-scale with 1 (fully disagree) to 6 (fully agree)
   Lack of human resources  Lack of monitoring of the implementation by BD
Too little budget  Wrong organisational positioning of BD
Lack of focus in BD  Too little experience of involved BD staff
Too little exchange of experience with business developers from other companies  Lack of instruments and tools
Resistance/rejection to BD projects by involved departments  Lack of acceptance of BD projects in the company in general
Large gap to daily operations of the business units  Lack of management support

Section F: personal data
29 Since when do you work in the field of business development?
[Dropdown year] ___________

30 What percentage of your working time do you assign to the field of business development?
[Dropdown percentage] ___________

31 Please indicate your gender:
☑ Male  ☐ Female

32 Please indicate your age:
☐ 18–25 years  ☐ 26–30 years  ☐ 31–40 years
☐ 41–50 years  ☐ 51–60 years  ☐ > 60 years

33 Please indicate your highest completed level of education:
☐ Professional training
☐ Higher (technical) college degree
☐ University degree
☐ Doctorate degree
☐ No qualification