

Bad BD Data Ends Careers

All the forecast data indicated success in the fourth quarter. I had summed all the opportunities, applied the agreed probabilities, and calculated a number far more than my budget. So why couldn't I get to sleep at night? The opportunities were all current, as we had incentivized our business development (BD) team to "create" opportunities and enter them in the customer relationship management (CRM) platform. Our pipeline was full to overflowing, so life should be good, right? Our organizational logic was BD collects information and documents opportunities, management rolls up opportunities and calculates a forecast, finance records revenue and calculates the over-under to budget and the size of the bonus pool. Very straightforward and typical of most organizations oversold on the benefits of a CRM solution. I should also note all the real work in this scenario is laid at the feet of the BD team to gather the raw information and do the data entry to feed the system.

I am an advocate of BD compensation schemes rewarding the behaviors recognized by shareholders as valuable. In every company, that is: top-line revenue and bottom-line profit. The proportional weighting of each can be a function of the policies within the organization and the strategic direction of the business. For example, if BD cannot set pricing or control cost, then the emphasis is on top-line revenue for the BD team. This has the advantage of enabling team members to calculate their compensation in their heads before and after each prospecting call. A high investment in a state-of-the-art CRM solution encourages other behaviors. Your investment drives you to find the utility promised by the vendor. Incentivizing on opportunities creates a system loaded with contacts, promises, and probabilities that is of little use to shareholders in delivering top-line growth and bottom-line profit. Imagine the presentation by the CEO expounding upon the huge number of opportunities NOT realized. His or her tenure would be short lived. A superior approach to creating opportunities for opportunities' sake is to reward the outcome achieved by an established internal process of human intelligence (HUMINT®) validation.

The skilled BD professional knows how to gather data about his or her prospect using social media, internet or other public resources. The professional applies his or her personal knowledge of the marketplace, the target organization, and the personnel involved in decision making. Most importantly, the professional exercises humility in being able to reach out to his or her professional network, including internal and external resources to gather information. All of this is fodder for the CRM in providing background to opportunity development. The next step in the intel pyramid is to gather client HUMINT directly from the prospect and evaluate it against the backdrop of data, information, and personal knowledge to derive an opportunity value. This is the point where the professional engages with the CRM and assigns a probability. The probability assigned should be on the lower third of the scale, as is appropriate to counter the inevitable enthusiasm ever-present in business development.



Only when the opportunity intel has been validated through another party connected to the prospect should the probability be allowed to creep above 50%. Even so, the validation of HUMINT does have a temporal factor that is often overlooked. Opportunities need to be revalued, and their probabilities reassessed to some pre-determined schedule of timepoints, otherwise the probability must default to a reduced value. This point was well made in an analysis of the Boeing 737-MAX product launch. (See Grusin and Lindo, www.intelligentriskmanagement.solutions “Boeing 737-MAX: A Fatal Shift from Risk to Uncertainty,” December 2021). In this analysis, Boeing executives failed to re-evaluate and adjust expectations in light of new information, presumably due to pressure to adhere to the original plan. The analysis highlights the need to reassess and re-evaluate project timelines (opportunities) and management expectations (budget performance) considering new developments and information.

Is it hard to face the reality of many opportunities with shifting probabilities of success? Only if those probabilities are falling. The use of a disciplined validated HUMINT process ensures your organization is staying connected to the opportunity and can shape it to a favorable outcome. Probabilities should be rising. Temporally connected reductions in probability, if no additional information has been gathered, drive BD professionals to stay connected to the prospect and provide you the ability to sleep at night, knowing your funnel is full and what is filling it is good, solid, validated HUMINT opportunities.

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About the Author



Dr. Richard Higby is the lead instructor and an Executive Member of Mastering Business Development, LLC and is resident in Richmond, Virginia. He has over 30 years of business development experience in service-based organizations where he has held executive leadership roles in operations, marketing, and national sales. Richard can be reached directly at richard@mbdi.com.

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