

BEST PRACTICES IN *BUSINESS DEVELOPMENT*

AIA Practice Management Knowledge Community

10.18.12

10:00 am (PST)

Presenter



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15+ years AEC experience

Principal of A3K Consulting (CA)

***Nationally recognized for
expertise in business and
business development planning***

National Speaker

***AIA, ASLA, NOMA, and PSMJ
Resources***

Founder Industry Speaks™

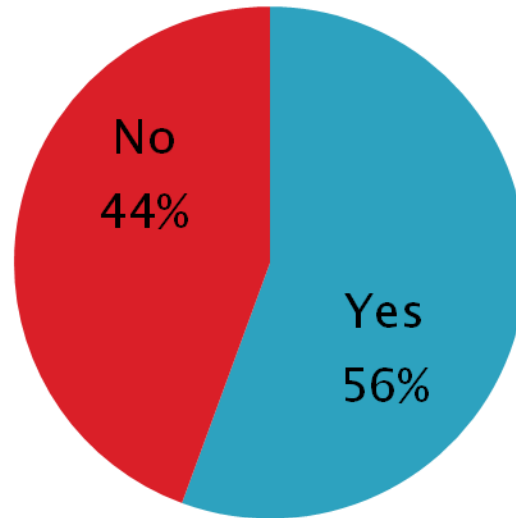
***International on-line reviews of
consultants and education
content***

LEARNING OBJECTIVES

- 
- The background of the slide features two blue street signs with white text. The top sign, tilted upwards, reads 'MARKETING'. The bottom sign, tilted downwards, reads 'STRATEGY'. The signs are set against a light blue, cloudy sky background.
1. Understand the **value of business development planning**.
 2. How your business development plan **supports** your **firm's business objectives**
 3. Understand the **metrics** in developing a sales culture

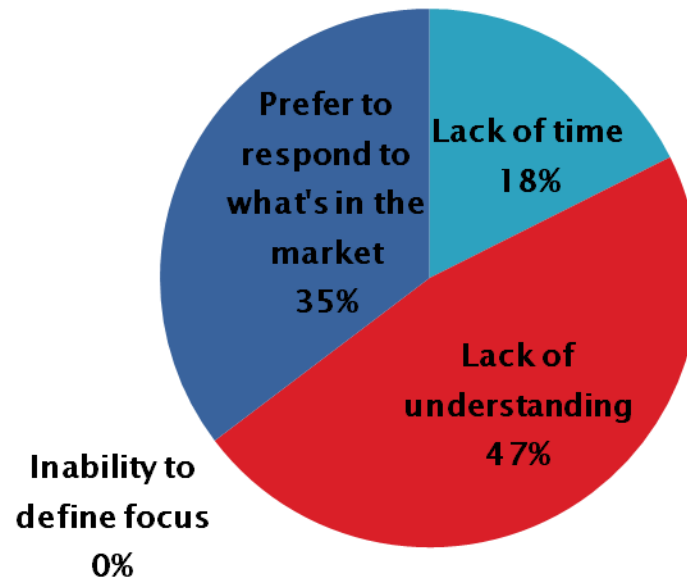
SURVEY SAYS

**Does your firm develop an annual
business development plan?**



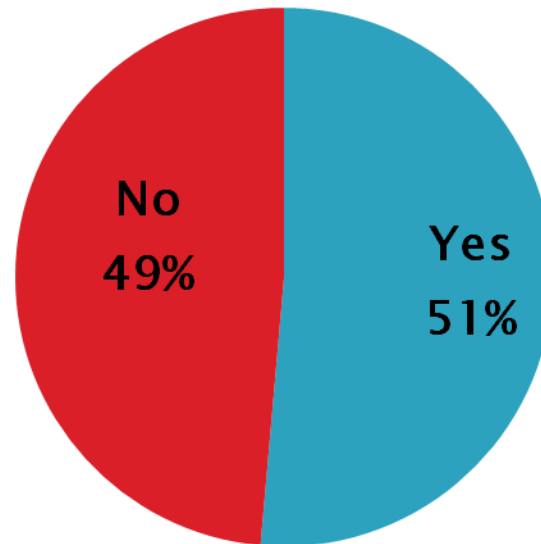
SURVEY SAYS

Why does your firm not have an annual business development plan?



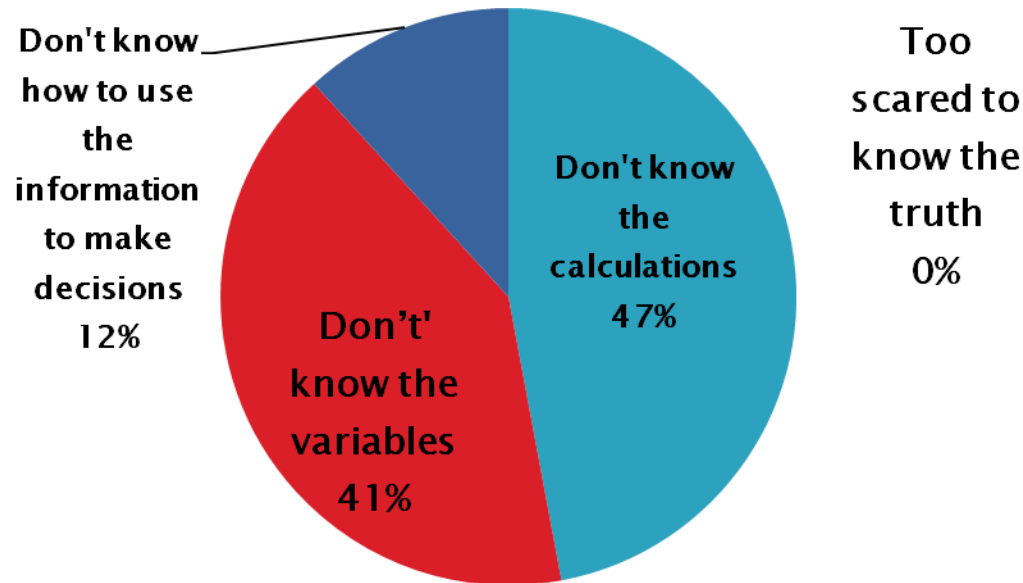
SURVEY SAYS

**Does your firm have metrics by which to
measure its efforts?**



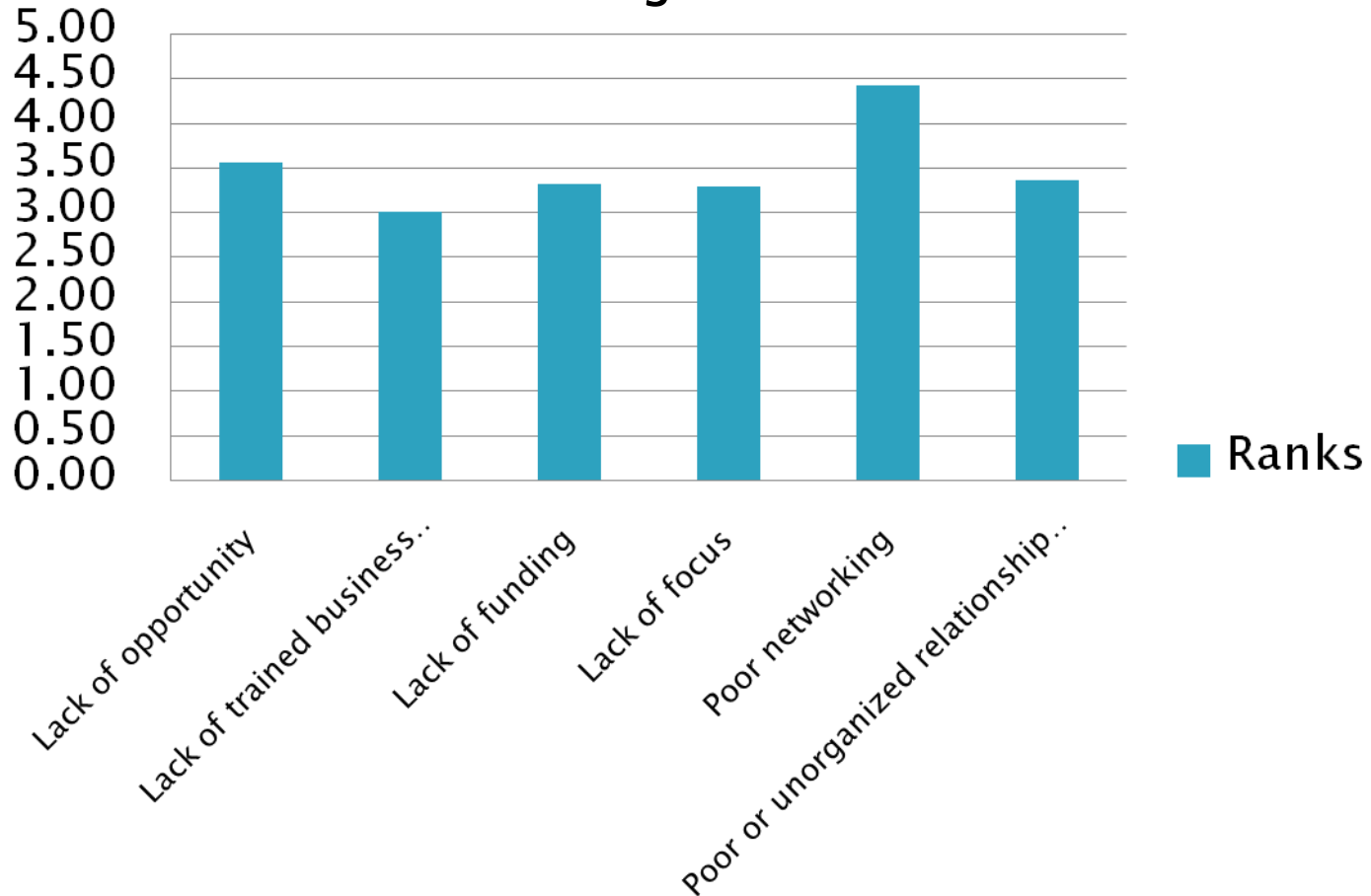
SURVEY SAYS

Why does your firm not have metrics to measure its business development efforts?



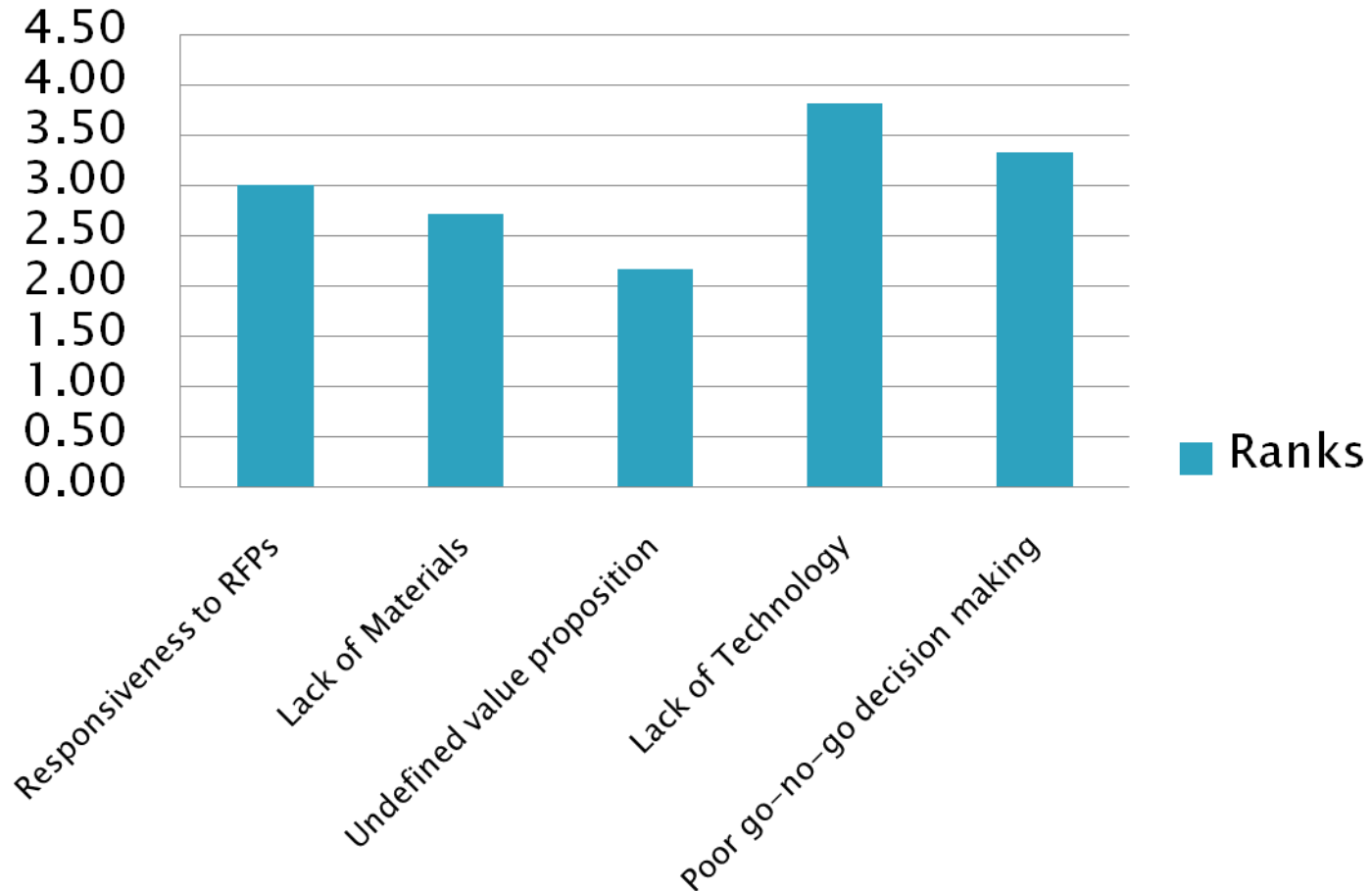
SURVEY SAYS

Rank your business development challenges




SURVEY SAYS

Rank your marketing challenges



Value of *Business Development Planning*

Increases the efficiency and efficacy of
your sales effort



A word cloud featuring various business development terms. The words are arranged in a cluster, with some oriented horizontally and others vertically. The terms include: Wins, Strategy, Entry, Expansion, ROI, Approach, Penetration, Positioning, Repositioning, and Targeted. The words are in different colors (purple, yellow, green, red) and sizes, creating a dynamic visual effect.

Business Plan

Elements

- **Business Objectives.** Long- short-term
- **Services.** Current new
- **Management.** Structure
- **Operations.** Service Delivery
- **Technology.** Requirements
- **Finance.** Revenue
- **Human Resources.** Key hires, training, staffing
- **Sales.** Pipeline

Do You Know

Firm's Business Goals

- **New markets**
- **New regions**
- **New client types**
- **Financial**
- **Staff**
- **Sustainability**
- **Technology**



Business Development *Plan Must...*

BRIDGING THE GAP



Business Goals

Sales

OBSTACLES

Business Development Plan *Elements*

- **Sales**
 - **Services**
 - **Regions**
 - **Market Focus**
 - **Market Conditions**
 - **Alliances**
 - **Roles & Responsibilities**
 - **Tools**
 - *Conferences*
 - *Networking*
 - *Publishing*



"It's not enough to just show up. You have to have a business plan."

Measure of Success

Performance Metrics

- **Potential New Business**
 - Used to forecast new business (sales)
- **Win/Loss Data**
 - Used to assess aspects of your business development strategy
- **Business development costs**
 - Used to monitor cost of business development dollars against wins

Variables

General Leger Data

- **Labor:**
 - Technical
 - Marketing/business development
 - Administration
 - Consultants
- **Expenses:**
 - Reproduction
 - Binding
 - Mailing
 - Public/relations
 - Conferences



Calculations

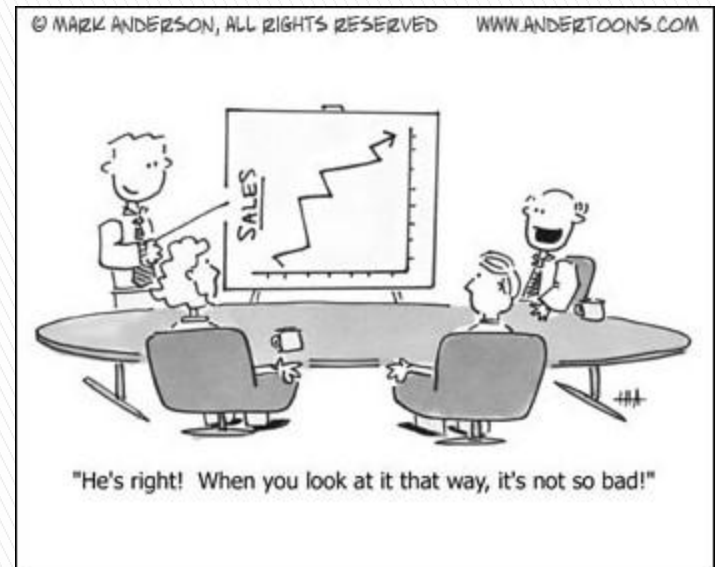
$$\sum \text{PNB} = \text{PF} * \text{Pr}$$

PNB = Potential New Business

PF = Potential Fee per Project

Pr = Probability

Σ = Sum



Sales Goal

Calculations

Probability

- Prospect 5-10%
- Shortlist 20-25%
- Top contender 40-55%
- Awarded 75-80%
- NTP 90%

$$\text{PNB} = \$3,600,000 * 0.10 * 0.05 = \$18,000 \text{ (A/E)}$$

Example

Calculations

$$S_p = \frac{R}{HR}$$

S_p = Sales in pipeline

R = Revenue goal for year

HR = Hit Rate

$$S_p \geq PNB$$

Sales Pipeline



Calculations

$$\text{ROI} = \frac{\text{NF} - \text{DL}}{\text{BD}_c}$$

NF= Net Fee

DL= Direct Labor

BD_c= Business Development Costs

BD Return on Investment

A graphic featuring the words "Return On Investment" in a bold, green, 3D-style font. The text is positioned over a large, stylized orange arrow that points upwards and to the right. The arrow has a gradient and a slight shadow effect.

It's an easy decision to spend a
dollar to make two!

Calculations

$$HR = \frac{P_r W}{TP}$$

$P_r W$ = Projects Won

TP = Total Number of Pursuits

Must be calculated for:

- Wins
- Shortlist
- Short-list Lost
- Pass
- Lost

Hit Rates

Calculations

Cause

- Examine proposal responsiveness
- Examine interview skills
- Evaluate entire strategy
- Examine go-no-go decision making

Effect

- Shortlist
- Short-list Lost
- Lost
- Pass

Analysis

Calculations

$$\mathbf{BDc} = \frac{C_{bd}}{T_s}$$

C_{bd} = Cost of business development

T_s = Total staff cost

Sources:

FMI

PSMJ Resources

Zweig White

Analysis

Calculations

BD Cost as % Net Revenue

Sources:

Mean 4-5%

FMI

Median 3-4%

PSMJ Resources

Upper Quartile 5-6%

Lower Quartile 2-4%

Analysis

Calculations

BD Cost as % Gross Revenue Sources:

Mean	1-2%	<i>FMI</i>
Median	3-4%	<i>PSMJ Resources</i>
Upper Quartile	3-4%	<i>MAP</i>
Lower Quartile	4-5%	

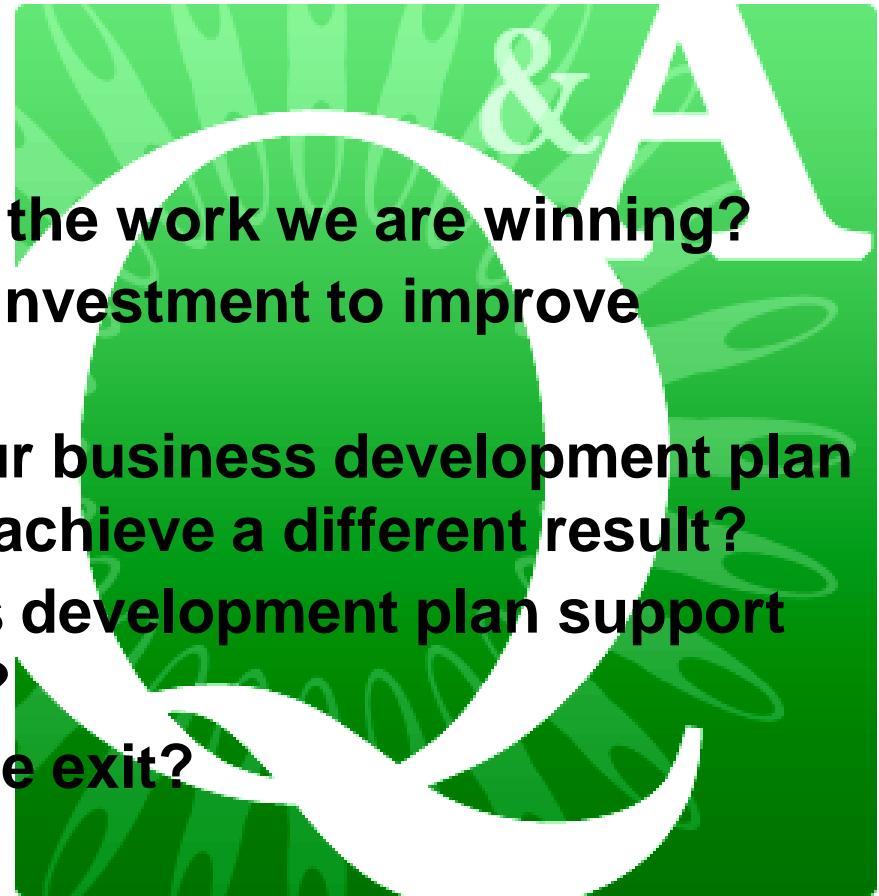
Analysis

Using Information *to Make Decisions*

Questions (20)

Open-ended questions

- 1. How effective are we in the work we are winning?**
- 2. How do we modify our investment to improve performance?**
- 3. What adjustments to our business development plan do we need to make to achieve a different result?**
- 4. How does our business development plan support our business direction?**
- 5. What markets should we exit?**



Tools

Four Winning Elements

Talent



Projects



Technique



Tool



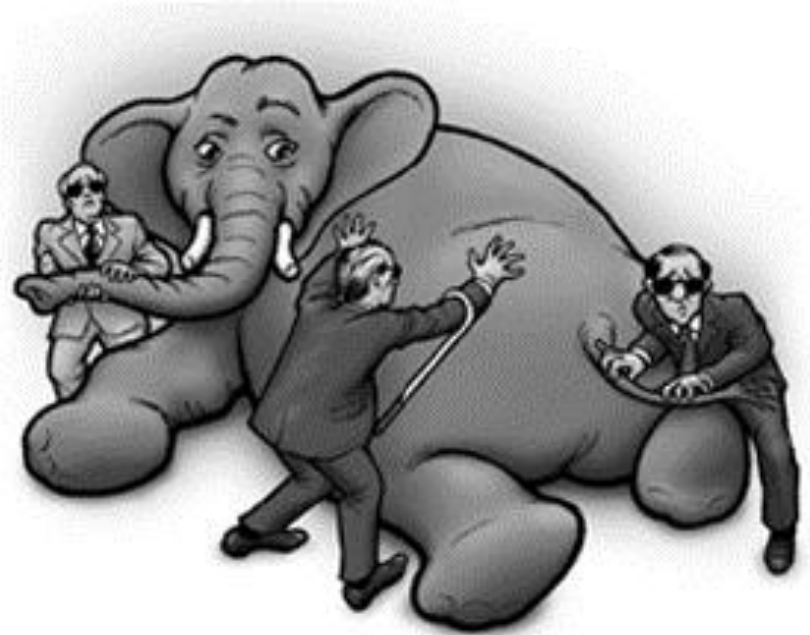
TOOLS

- Networking
- Conferences
- Public Relations
- Publications

Top 5

Business Development Impediments

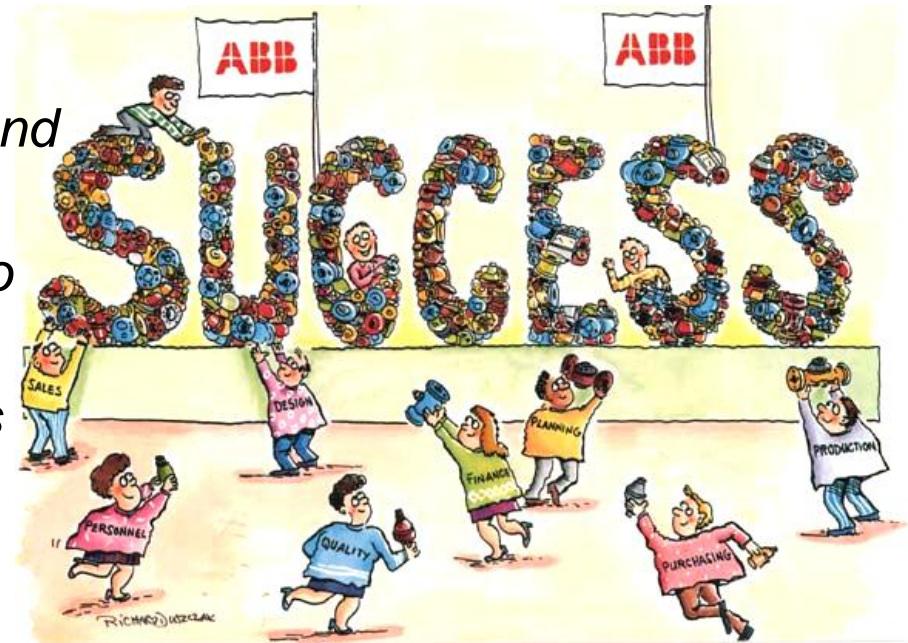
1. ***“We Can Do Anything”***
2. ***Failure to understand the client's core business***
3. ***Lack of leadership and accountability***
4. ***Lack of defined roles and responsibilities***
5. ***Poor market (project) performance***



Performance Based *Business Development*

REQUIREMENTS:

- *All members to know the plan and the metrics*
- *Leadership to be accountable to themselves for achievement*
- *Critical assessment of the firm's ability to achieve or not achieve the plan and its metrics*



Questions?



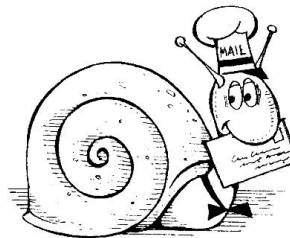
Join the Chat....

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#industry_speaks



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