

## I. Problems to Be Solved

As previously defined in this paper, business solutions are things (products) that answer a business' need or problem and the value proposition is the tangible benefit a customer gets from the business solutions (products). The business solution and the value proposition are inextricably linked and the problem that a business development team should solve is: determining the business solution and accompanying value proposition. In this paper, we have tied together several business development and value models to determine which business solutions and value propositions to a business development team should pursue.

The business development team must:

- 1) Determine a market and market value action and;
- 2) Assess the company's ability to conduct the selected value action.

The market value action is the identification of the target market segment and target customers to derive a market need and eventually develop a business solution. We have combined the elements of the Business Development Triangle (as presented in Professor Bixler's Lecture in Marketing of Technology) and the Growth Matrix Model (Naumann Ph. D. n.d., 7) to demonstrate how a business development team would select the appropriate value action. To assess the company's ability to conduct the selected value action and determine potential business solutions, we have aligned the Values Sought vs. Value Capability Model (Ardichvilia, Cardozob and Rayc 2003, 117) to the previously mentioned models.

## II. Process

### a. **Determining a Market and Market Value Action**

The business development triangle (Figure 1) allows the company to align its business development goals with the actions of the growth matrix (Figure 2). Business development goals are summarized into three categories: sustaining the base business, growing business from the base, and developing new business. Ultimately, a company can acquire new customers or rely on old customers, expand into the sale of new products and services, or rely on the traditional product mix. When the two models are aligned, the business development team can determine market value actions relevant to each business development goal as seen in Figure 3.

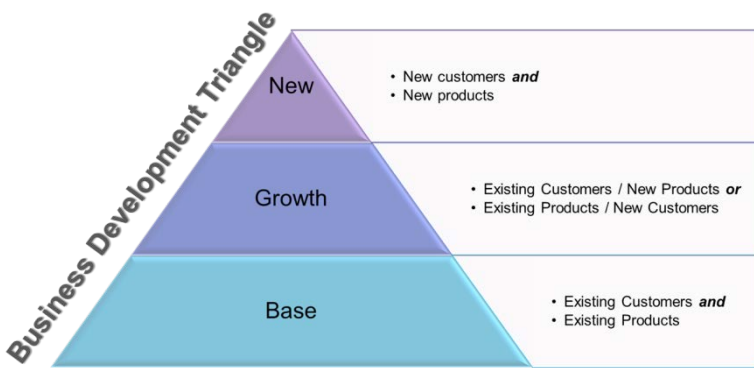
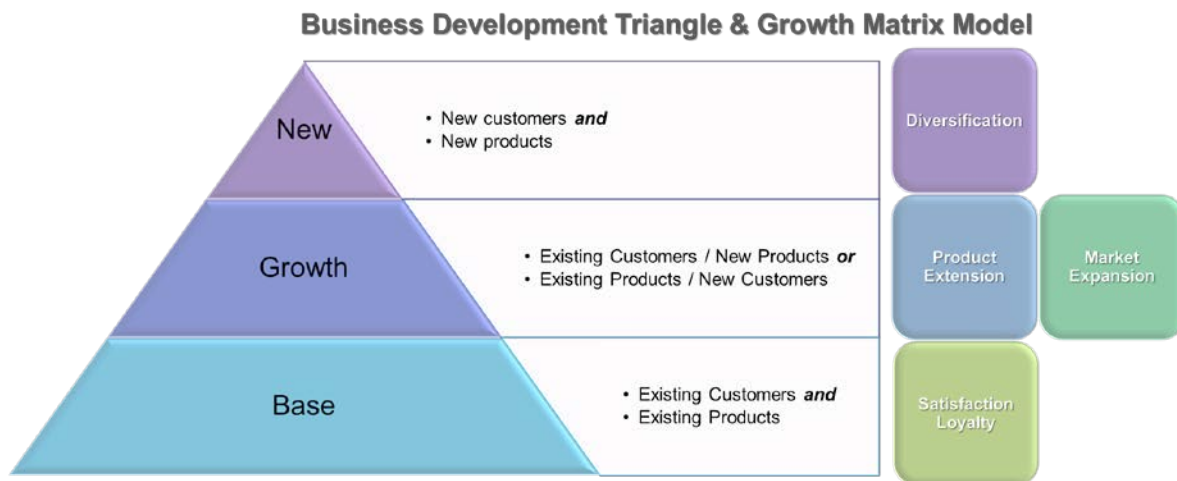


Figure 1: Business Development Triangle



Figure 2: Growth Matrix Model

The “base” of the pyramid represents existing customers and products, from here the business development team would take market value actions aimed and geared at customer satisfaction and loyalty. The “growth” level of the pyramid would lead the business development team to conduct market value actions to either market new products to existing customers or market existing products to new customers. It’s arguably easier to do product extension (existing customers, new products) versus market extension (existing products, new customers). Product extension allows the company to leverage existing relationships with its customers and introduce new products. Ideally, the new products would be developed and presented to the customer as a result of listening to customer feedback and needs. Meanwhile, market extension (existing products, new customers) is a little bit more difficult since the “new customers” may be another company’s “base” and if that company effectively conducts “customer satisfaction and loyalty” activities, then the desired growth toward these “new customers” may not be easily achieved. The “new” level of the pyramid requires diversification activities from the business development team where new products are created *and* new customers are sought for the new products. This is arguably the most difficult business development activity – the customers are unknown to the organization and the products are unknown to the market. This type of business development also requires a fair amount of market research and may also include research and development activities, which can become quite costly.

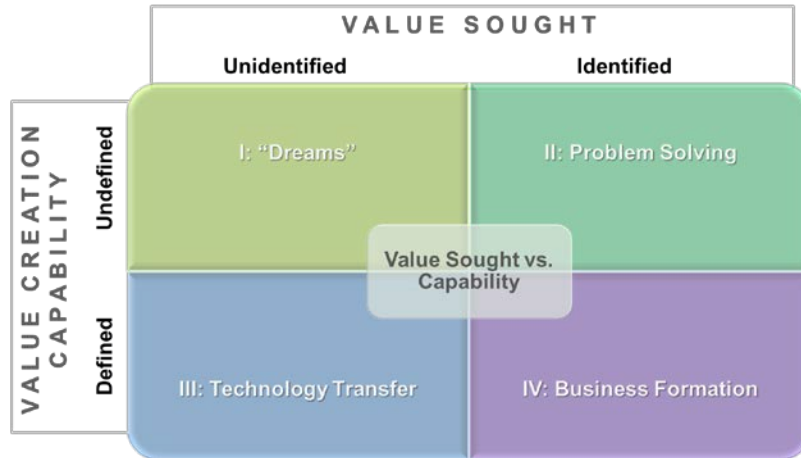


**Figure 3: Market Value Actions Aligned with Business Development Triangle**

**b. Assessing the Company’s Ability to Implement the Selected Market Value Action.**

Upon determining the appropriate Market and Market Value Action, as described above, a company must assess its ability to implement the Market Value action, that is, determine the feasibility of implementing a business solution with a value proposition that matters to the customer. Here, we have determined that the Market Value Actions can be aligned with the value sought vs. value creation capability model (Figure 4). These allow a company to review the type of value sought and determine, based upon the company’s available capabilities, if the business solution and corresponding value proposition can reasonably be offered to the target market and customer.

Market needs or value sought may be identified (known) or unidentified (unknown). Value creation capability may be defined or undefined. Defined value creation capability includes general specifications of intellectual, human, financial and / or physical resources (e.g., general specifications for a product/service). In this matrix value sought may represent problems and value creation capability may represent solutions. (Ardichvilia, Cardozob and Rayc 2003, 117)



**Figure 4: Value Sought vs. Value Creation Capability Model**

Quadrant I “Dreams” is defined as the space where both problems & solutions are unknown. The business solutions for this realm are considered exploratory and generally align with research and development. Quadrant II “Problem Solving” is where the problem is identified, but the solution is unknown. The business solution for this realm is to design a product or service to address the identified need. Quadrant III “Technology Transfer” is where the problems are unknown, but solutions are available. The business solution for this realm is to search for applicability of the existing technologies, typically in new markets / to new customers. Relatable examples include finding use for NASA’s spacecraft Teflon shielding as a no-stick surface for pots and pans. Quadrant IV “Business Formation” is where both problems and solutions are known. The business solution in this realm is to match the available solutions to identified needs. In summary, the business solutions related to each quadrant are summarized below:

- I: Problems and solutions are unknown; conduct research and development
- II: Design product or service to meet unaddressed needs
- III: Search for applicability of existing products or services
- IV: Matching existing products or services with identified needs

We’ve aligned all three models (Figure 5) in a manner that provides a guide to business development teams on how to identify the business development goal and target market segment, determine the corresponding value action and how to determine and deliver the business solution.

<b>Business Development Triangle</b> <i>What market segment are we addressing?</i>	<b>Growth Matrix Model</b> <i>What value action are we taking?</i>	<b>Business Solution (using Value Sought / Value Creation Model)</b> <i>How do we deliver the business solution?</i>
<b>New</b> (New customers and new products / services)	<b>Diversification</b> Learn drivers of value for new customers and create value in fundamentally new products New customers New products / services	I: Problems and solutions are unknown; conduct research and development
<b>Growth</b> (Existing customers with new products)	<b>Product Extension</b> Create value for existing customers with new product Existing customers New products / services	I: Problems and solutions are unknown; conduct research and development II: Design product or service to meet unaddressed needs
(Existing products with new customers)	<b>Market Expansion</b> Demonstrate value of existing product to new customers Existing products / services New customers	III: Search for applicability of existing products or services
<b>Base</b> (Existing customers and existing products)	<b>Satisfaction Loyalty</b> Maintain value of existing products for existing customers Existing customers Existing products / services	IV: Match existing products or services with identified needs

**Figure 5: Model Alignment for Business Solution and Value Action**

### III. Metrics

Devising metrics to measure the performance of the business development team's ability to create and market value to the customer is dependent on a Customer Relationship Management Framework as well as developing goals, objectives and assigning performance metrics to aspects of the framework. Figure 6 is a CRM Framework from an article in the American Marketing Association's Journal of Marketing (Payne and Frow 2005, 171).

#### a. Program Goals

Goals are developed during the Strategy Development Process and align to our business development triangle (Figure 1). Goals identify the program's intended short, medium, and long term results. In our process, our goals are to sustain the base, grow the base or capture new business. Once identified, the customer strategy is selected – diversification, product extension (new products to existing customers) or market expansion (existing products to new customers), and satisfaction loyalty (existing customers and products).

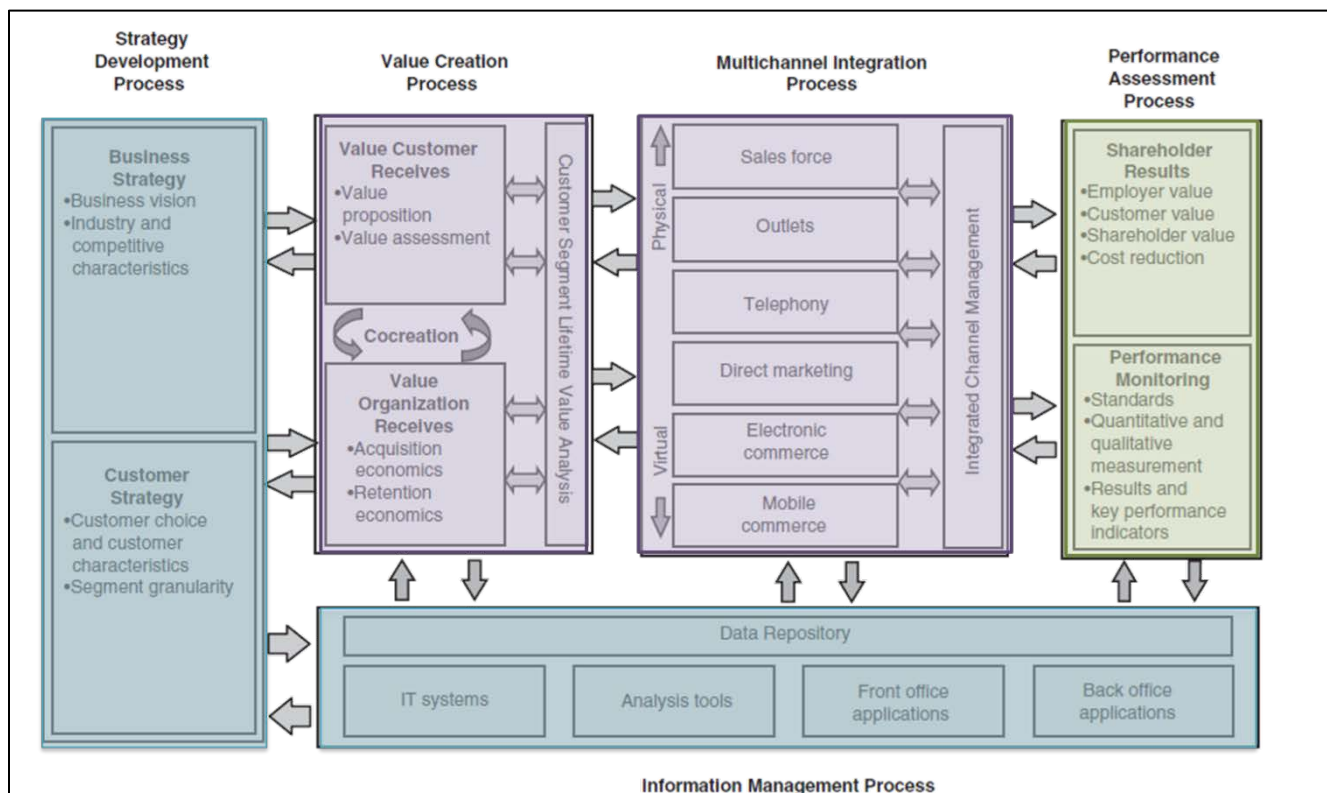


Figure 6: Strategic Framework of Customer Relationship Management

#### b. Program Objectives

Program objectives are derived from goals and explain how program goals will be accomplished. Objectives are well-defined, specific, quantifiable statements of the program's desired results and should

include a target level of accomplishment. In our model, the objectives are aligned with the value actions (Figure 5) and it is up to the business development team to make the objectives specific and quantifiable. For example, if the goal is to grow business for a particular service offering, then using our model from Figure 5, the business development team must select either product extension or market expansion. If the selection is market expansion, then a sample objective may read: “Demonstrate value of the [Service Offering Name] to [Number of Customers] resulting in [number of new sales] in the fiscal year.” The team can use this model to develop objectives aligning to each of the three business development goals and for several products or service offerings at a time.

### c. Performance Measures

Performance measures are qualitative or quantitative metrics designed to characterize and evaluate performance. Specifically metrics measure outputs and outcomes. Metrics represent data or information collected at the program level to measure the specific outputs and outcomes a program must achieve. In Figure 6 performance measures can be aligned to the “Multi-Channel Integration” Process where the sales force’s efforts in achieving the objectives are measured.

The sales force efforts will require output metrics – which are generally measured in terms of tasks or activities accomplished (e.g., calls made, quotes submitted, etc.) and outcome metrics – which measure the benefits or changes as a result of the outputs. Using our example objective: “Demonstrate value of the [Service Offering Name] to [Number of Customers] resulting in [number of new sales] in the fiscal year.” Tasks and activities must be aligned to this objective (output metrics). How do we demonstrate the value? Is this through customer visits? Trade shows? Samples? Once those activities are conducted and tallied, how is the outcome measured for the tasks / activities carried out? Can we directly correlate new customers to the trade show presentations and customer visits? If so, those are the metrics. Conversely, if we determine that the objectives were met better with certain tasks (trade shows) and not as well with other activities (cold calls), then the business development team can adjust the “Multi-Channel Integration” process and eliminate the tasks that yielded poor objective accomplishment and focus more on those which yielded better objective accomplishments.

In the end, our development of metrics follows a four-step process utilizing our alignment of the business development triangle, Growth Matrix Model and the Value Sought vs. Value Creation Capability Model with the CRM Strategic Framework to Guide the steps (Figure 7).

- Step 1: Identify business development goal (BD triangle and Strategy Development Process)
- Step 2: Derive objectives using the appropriate market value action (Growth Matrix and Value Creation Process); ensure specific and quantitative attributes are included in the objectives.
- Step 3: Establish activities and tasks to accomplish the objectives (Multi-Channel Integration Process)
- Step 4: Assess outputs from activities against outcomes and accomplishment of objectives; refine activities and tasks based upon outcomes

# Determining Business Solution and Value Proposition

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<b>Growth</b> (Existing customers with new products)  (Existing products with new customers)	<b>Product Extension</b> Existing customers New products / services  <b>Market Expansion</b> Existing products / services New customers	Create value for existing customers with new product  Demonstrate value of existing product to new customers	I: Problems and solutions are unknown; conduct research and development II: Design product or service to meet unaddressed needs III: Search for applicability of existing products or services
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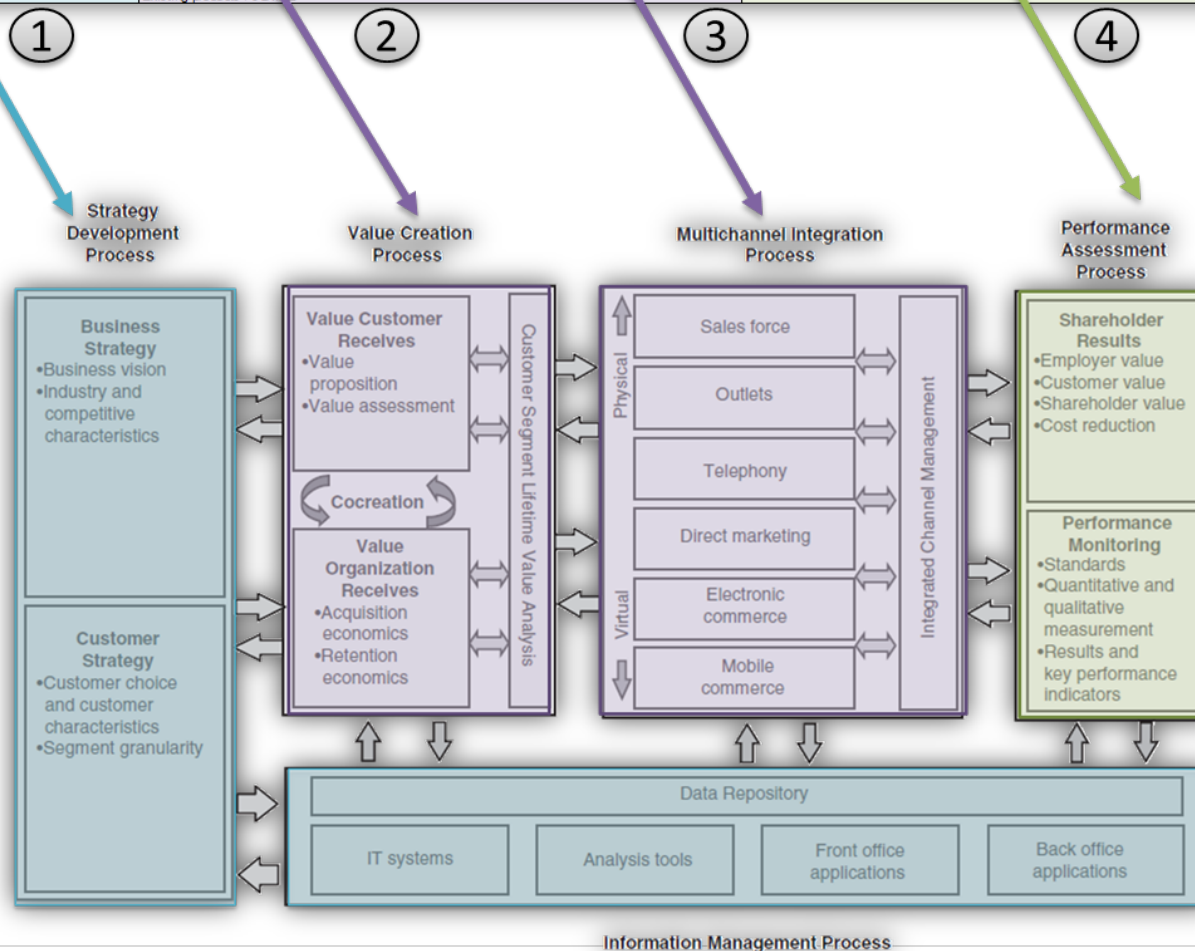


Figure 7: Development of Performance Metrics

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