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The Psychology of Business Development

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Academic Leadership Journal

This article will share numerous interesting insights that are important for business development, marketing and sales growth.

I am often asked “What Is Business Development and Why Do So Many Businesses Struggle With It”.

First, I explain that business development is composed of numerous things with many influences and pressures.

I proceed by explaining that to truly discuss what business development is all about, you need to picture in your mind holding a diamond with many cut facets.

Hold this diamond up into the light and slowly turn it.

As you rotate it and the light bounces off the many cut facets, the diamond looks different with varying colors.

Business development is very similar.

The fundamentals, skills and activities needed in business development are like the facets of a cut diamond.

Business Development is far beyond a staff being dedicated to develop leads or follow-up on sales leads.

It is well beyond renaming a sales or customer service position to business development.

Effective Business Development closes the gap between:

- Current sales and the potential with existing customers
- Current customers and potential other customers
- Current market and potential other market niches
- What a business knows about their customers and what they should know about them
- What customers know about a business or vendor and what they should know

These gaps are often significant.

- Rarely do businesses know all about their market and customers’ current needs and future needs
- Rarely do customers know all about their vendors’ capabilities or those they get services from

- Rarely do businesses acknowledge all of their own true capabilities
- Rarely are businesses active in all markets and niche markets that they could be

A fundamental that is often over-looked and rarely done is 'Anything important for customers and the market to know about a supplier/vendor/service provider, needs to be affectively and aggressively communicated in writing with lots of pictures and in all communications, continually.'

The critical skills & fundamentals of Business Development include;

1. Rigorous investigating markets and potential niche markets
2. Rigorous investigating customer needs and 'pain points'
3. Continual investigating customer and market changes; and future needs
4. Rigorous investigating the business's own capabilities
5. 'Creativity', 'Out of the Box Thinking' and 'Continual Innovation' of all types
6. Market penetration and expansion
7. Effective marketing communications; literature, PR, website, advertising, trade shows, promotional events, digital media, etc.
8. Communications of all types
9. Promotions
10. Database marketing
11. Market research
12. Competitive analysis; bench marking and gap analysis
13. Lead generation & follow-up
14. Developing strategic alliances
15. Account relationship development and management
16. Strategic thinking and planning
17. Team approach, team building, team management
18. TQM total quality improvement of all types
19. Incentives and motivation
20. How to motivate others

21. Root cause analysis
22. Creative problem solving
23. Time management and time lines
24. Project management
25. Product and services development
26. Goal setting and achieving goals
27. Negotiations
28. Organization management and delegating
29. Merchandising and packaging; products and services
30. Customer service
31. Managing distribution channels
32. Managing sales networks and channels
33. Training management
34. Developing strategy, implementing and getting cooperation
35. Change management
36. Niche marketing and segmentation
37. Branding
38. Fundamental sales skills
39. Value-added selling and marketing
40. Consultative and solutions selling
41. International business management
42. "Creativity", "Bold Innovations", "Out of The Box thinking"

There are more skills that can be added to this list but you should get a pretty good understanding of the fundamentals needed to accomplish business development and growth.

You need to make a close assessment of your organization's actual skill sets.

This assessment can be accomplished by reviewing staff's education, trainings, skills and experience or having an outside consultant coordinate the review.

It is advisable to utilize some skill assessments that are available.

Once you have a base line or inventory of the skills your staff has, then you need to evaluate:

- whether individuals are in the right job suited to their skills and interests
- the training needed to increase skills
- whether these staff are given the time and responsibility to successfully complete the important business development tasks.

Remember, studies indicate 50 -70% of people are in the wrong jobs with the wrong skills.

This includes management level.

A caution needs to be mentioned about training.

Training is not a cure all to problems.

It only enhances and helps.

Training individuals who do not like their job or do not have a passion for it, is not effective.

Do not expect a one to three day training course or workshop to be the cure for everything.

The critical skills listed above can be within the business's staff or complimented by utilizing outside resources such as consultants, advisors and agencies.

The key is to have these skills in some way and be utilizing them continually.

When businesses do not have these skills through direct staff or outside resources, business development tends to struggle and fail.

What commonly sets in is often referred to as 'Business Psychosis'.

'Business Psychosis is repeating the same things that do not work over and over again and expecting different results'.

A component of this is the psychology term of 'Approach Avoidance'

This is when there is a motivation or drive to approach something but as one gets closer, a very strong feeling takes over to avoid it.

This is commonly seen in business organizations talking about how improvements and changes are needed to compete in the changing business environment and to help grow the business.

Often, when the details of improvements and changes needed are uncovered, many of these things are not acted upon.

Instead, the improvements and changes needed are avoided.

'Inaction-itis' and 'Inaction-constipation' often refer to businesses and staff that do little for business development.

They come up with reasons and excuses why they are doing little to improve the situation or why improvements will not work.

Lack of 'Creativity', lack of 'Innovation' and lack of 'Outside the Box Thinking' is usually prevalent.

'Creativity', 'Outside The Box Thinking' and 'Bold Innovations' is critical for business development.

Even though most people may say that they are creative, they are not.

As children, we often heard;

"Do not color outside the lines"

"Only use certain colors for certain things"

"Only start reading the book from the beginning, never the back or middle"

"There is only one correct answer and you do not have it"

Most people have been trained Not to be creative so formal training is needed to help everyone get creative and possibly bring out the creativity that they have some abilities in.

When people disagree with this and boast how they are creative and have no need for formal training, there is a simple method to handle this.

I list 8 or 9 simple items such as; paper clip, pen, pencil, pin, safety pin, rubber band, belt buckle, auto spark plug, etc.

I professionally and politely ask them to select one of these items to write down 100 uses for.

The rule is that there are no wrong answers.

I tell them to take 1 hour to write down 100 or more uses of the object or item.

I explain that if they are 'Creative', 'Outside The Box Thinking' and 'Innovative', they will have their list complete within 30 to 60 minutes; if they can use some formal training in 'Creativity' they will have the list 100 completed by the following day after they have the entire evening to think and probably ask others to help with ideas.

Seldom does anyone complete the list of 100 in the 30 to 60 minutes and many come back the next day without the list of 100 complete.

'Creativity', 'Out of The Box Thinking', 'Bold Innovations' are things that can be formally trained to help people gain some of these skills and open up their creative side of their brain/mind.

These skills rarely come naturally.

They require some effort.

Formal training, reading some books on the subject to expose one to ideas and thoughts and a variety of creative thinking exercises such as the one I just explained, will help people to become more 'Creative', 'Out of The Box Thinking', and 'Innovative'.

I always advise that senior executives send all of their supervisory and management staff to formal training in 'Creativity' and 'Out of The Box Thinking' and to come back with ideas to help grow the business.

The same approach should be used for quality improvement, eliminating wastes and decreasing costs.

'The Rule of 10' and "Business Psychosis" can prevent such progressive steps.

"Excuses are nothing more than lies wrapped in delusions."

To make things more challenging; the truth of the matter is that even the most skilled professionals with many of the appropriate skills can easily be distracted significantly from effective business development.

Yes, you are reading this correctly.

Even when a business or senior level professionals have these skills, business development is often hindered by not enough time and effort being dedicated to it.

At this time you are probably thinking that maybe business development is only for a few lucky businesses.

I can assure you that luck does not have anything to do with business development.

In regards to obtaining and retaining the skill sets that are critical fundamentals of business development, you have 3 alternatives.

1. Find, hire and retain professional staff with the skills
2. Find, hire and retain outside resources such as consultants, advisors and agencies with such skills
3. Utilize a combination of both skilled staff and skilled outside consultants, advisors and agencies

In regards to why even the senior level professionals that may have some of the skills being hindered and neglecting business development objectives; let's discuss this a little further.

Generally speaking, business in the United States is based on capitalism, which in turn is based on profits, which in turn is based on a P & L, profit and loss statements, which in turn is often based on short-term profit with the minimum expenditure.

This is often the major driver and motivator to business here in the United States.

Pretty fundamental that most will agree with.

Business development efforts often cost money and are expenditures of money, time and staff whether internal or utilizing outside resources.

Business development results maybe beyond short-term needs and expectations.

Depending on ones definition of short term versus long term sales and profit improvement, business development efforts may not fit within a short term

P & L directive.

Obviously, without business development there is no future profit or sales growth and no business stability.

In addition, most would agree that businesses have streamlined their staff levels to keep costs down and profits up to certain levels.

Some may call it downsizing and others may call it right sizing.

Many businesses may lack staff levels to allow for all important tasks and functions to be done effectively and in a timely manner.

Senior level management may be working with less staff than what would be optimal.

They themselves may be performing duties and functions that should be delegated to others, if staff levels were a little higher.

Basically, not enough staff and time to do all of the important things needed to proactively grow the business.

In such situations, businesses and staff often become reactive instead of proactive.

They get focused on daily issues, problems, challenges and tasks that can significantly distract them from important proactive business development efforts.

The P & L, profit and loss statement is being reviewed often by the executive level.

There can be pressures on making short-term fixes and resolutions of issues, to encourage short-term sales and profits.

This can delay or interfere with the important larger business development efforts needed.

The majority of time and efforts may be dedicated to short-term fixes, daily issues and tasks with little time and effort available for the larger business development needs that are important.

Business development is a struggle and challenge under this situation.

This situation can create "Tunnel Vision" and "Selective Perception".

Tunnel Vision is viewing things in a very narrow and select way, and not seeing things outside the narrow scope of vision.

Selective Perception is simply seeing or acknowledging only those things that you are thinking about most often and not seeing or thinking about anything else.

Keeping this in mind, 'Selective Perception' and 'Tunnel Vision' can keep staff busy on daily events, tasks, issues and pressures; but also keep them away from those things important to business development.

Staff's minds just have no time left for anything outside of those daily tasks, pressures and issues.

Critical business development efforts and activities can suffer.

'Selective Perception' and 'Tunnel Vision' affects attention in a major way.

An example is; when you are thinking about purchasing a new car and start visiting automobile dealers looking at cars and looking at ads in the newspapers.

The cars that you have the most interest now appear to be on the road more.

You become more aware of these cars and wonder if more people all of a sudden ran out to buy the car that you like.

Well, the cars were always there and you just did not notice them since you were not thinking about them.

When you start thinking about something more and actually start doing more activities around that thought, you see far more related to it than ever before.

Attention to such increases significantly.

There is a term called 'Reticular Activation' which relates to a part of the human brain.

When stimulating with overt and aggressive attention to things, individuals become more aware of those things.

This area of the brain is associated to 'getting things done'.

These natural phenomena can work for business development or against it.

Leadership and organizations can creatively utilize these natural phenomena to help stimulate business development.

If you and your staff are continually discussing business development in detail and working on activities related to it, far more attention and positive progress will happen.

Combine goals, objectives, assigned action items, time lines, measurements and aggressive incentives to such things; and business development and growth gets significantly stimulated.

Some individuals and organizations comment that they do some of business development fundamentals but not many.

In situations like this, they also comment that they are not as successful in business development as they should be.

I comment how this is similar to basic engineering and the importance of strong a footing, foundation, individual components and structure.

Without such there is weakness and eventual collapse.

The pineal gland in the brain produces and secretes a chemical called melatonin, which affects our biorhythms and how we feel.

It is known that the length of sunlight in a day affects humans.

A lack of sunlight for any length of time whether seasonal or geographical, affects our moods and feelings, and can stimulate depression and lack of motivation.

This is called 'SAD Seasonal Affective Disorder'.

A psychologist may be able to help an organization manage this both within the organization and possibly externally out in the market with customers and clients.

This is similar to what happens with plants and the chemical of chlorophyll that they produce, depending on the length of sunlight in a day.

The result of this affects the production of leaves and flowers or loss of them.

This is referred to as 'photo periodic'.

Botanists and greenhouses with special sunlights can overcome this to help produce plants and flowers even in the winter season.

The scientific community has been studying what is often referred to as human vibes and feelings; people producing and emitting them and those receiving or feeling them.

In the scientific community this is referred to as 'quantum entanglement'.

Metaphysics have studied this for a long time.

This is written about in the popular book called 'The Secret' which has become a common book to read in business.

A psychologist may be able to help an organization manage this within an organization and possibly externally in the marketplace with customers and clients.

All fundamentals and components of business development are important.

After a fuller understanding of "What Business Development Is All About", leadership may comment

how this costs money, time, appropriate staff with the right skills, possible outside resources and effort.

I can only respond to this with what Sigmund Freud once commented when asked, why if the cause for helping others and need for better mental health is so important and a noble cause to him, why doesn't he do it for free.

He supposedly responded with, "You will only get better if you pay for it".

You may look at this as meaning that you need sincere good attitudes and motivation to get better and succeed.

This is also similar to what adults told me as a child growing up and out-growing my bicycle.

As I grew taller and got a larger bicycle, I could pass my smaller bicycle onto some other child in the neighborhood.

Adults taught me not to just give it away and to always sell the bicycle for some amount of money, even if just a few dollars.

This helps make sure that the next child sees value in the bicycle and takes good care of it.

If not, I will eventually see my previous bicycle left out in the rain getting rusty and bent up because the next person lacked perceiving value in it.

Another important concept that everyone needs to be aware of is 'The Rule of Ten'.

This concept is more of an understanding to a common business syndrome and phenomena that harms a business and dramatically hinders business development.

Simply explaining: 'The Rule of Ten' refers to common behavior of management staff to selectively hire others at skill levels below their own.

From a skill level ranking of one to ten with ten being the highest, there is a natural tendency for tens to hire nines and lower, nines to hire eights and lower, eights to hire sevens and lower, sevens to hire sixes and lower, and so on.

People tend to hire those at skill levels below their own, both consciously and unconsciously as a natural self-protection reaction to job security and ones own ego.

Again this can be both consciously and unconsciously.

As management staff with the higher skill levels leave an organization and those in the ranks are promoted up; a spiral down of skill levels in the organization can occur.

Such a situation obviously harms the organization and hinders business development and growth.

Of course, sometimes staff with higher level skills than their immediate supervisor can be hired but; during times of downsizing and right sizing, 'The Rule of Ten' can come alive and become dominant.

Individuals with the higher skill levels can be targeted and be part of the layoffs as a way to re-align

things in the order of 'The Rule of Ten'.

Again, the phenomena can be both unconscious and conscious in nature since it is a self-protectionism behavior within individuals.

'The Rule of Ten' is a business syndrome that needs both the executive level and human resources management to put formal processes, procedures and measurements in place to manage this progressively and hopefully help to avoid this, as well.

This needs to transcend all internal political considerations.

Business and organizational internal politics is a natural tendency and certainly common in our culture and most others, as well.

Such progressive efforts need to be in place during both good business times and the not so good business times.

Let me suggest something that will help this situation.

Organizations' senior executives and leaders need to make mandatory, all management and supervisory level staff to be continually participating in training and education; quarterly and semi annual.

The rationale is simple.

Getting all management and supervisory staff skill level increased will lessen the bad effects of 'The Rule of 10'.

Why struggle with 'mother nature' or what seems to happen naturally with this 'Rule of 10'?

Just use it and manage it to the organization's best interest.

Do not let the lower skill levels drag an organization down via 'The Rule of 10'.

Progressively help increase everyone's skill levels, instead.

Instead of a spiral down in skills, create a spiral up in skills with mandatory aggressive continual training and education for all management and supervisory staff.

Yes, you may be able to reverse the common negative effects.

The cost of such is far less than what an organization is losing from the negative effects of 'The Rule of 10'.

Keeping in mind fundamental behavioral psychology, we know that positive reinforcement is more affective and longer lasting, than negative reinforcement.

This fundamental should be applied in business.

Creative incentives and rewards of all types can be utilized for all levels of employees and staff to

stimulate improvements, positive contributions and positive change.

Incentives and rewards do not always have to be money.

This can significantly help business organization to grow, implement positive changes and progressive strategies, gain cooperation and enthusiasm, and overcome any potential resistance.

Taking these thoughts forward; studies indicate that progressive business strategies and planned improvements that fail, are not due to them being wrong or flawed but actually due to them not being fully implemented in a timely manner.

The combination of positive incentives for such along with designated time lines will improve this situation.

People tend to want to be part of positive change, improvements and contribute to it.

Keeping this in mind, to gain people's cooperation, willingness for positive change and maybe even get some personal positive contributions to such; a business organization needs to involve employees and staff early on in the process instead of dictating conformance once senior management decisions are made.

Getting employees and staff involved early on, will help gain support and contributions of major enhancements, as well.

Psychology teaches us that 'personal awareness' must happen before there is a willingness to get better and improve.

There is tremendous value and significance of continual education and training to help people and business organizations get 'awareness'.

Without 'awareness' positive improvement and positive change may not happen.

Psychology teaches us that people seek meaningfulness and having a purpose.

Business organizations and employees need the same.

It is important that business leaders understand this.

Executives need to help create it along with employee 'passion' in the business organization, its importance and value.

Employees having a deep understanding of the organization's value and a 'passion' for being apart of it, is very common in the more successful business organizations.

A fundamental in psychology is the human need to be 'productive'.

Business organizations can easily tap into this fundamental need.

Just be creative in doing so.

Another fundamental is that individuals have a tendency to be resourceful when needed.

Again, this can easily be tapped into with employees' participation in teams, soliciting employee's ideas and thoughts with appropriate incentives/rewards programs established, getting employees active early on in potential change, improvements and more.

Executive leaders need to lead all of these efforts to help grow the business.

The last factor is senior leadership.

Senior leadership has three options;

1. Embrace these facts and aggressively support all that is needed for business development and growth
2. Look the other way, lending little support which in turn will hinder business development and growth
3. Get in the way with poor judgment and poor leadership, and of course hinder business development and growth

Senior leadership is the final key.

It is important that business development leadership comes from the top, the CEO and president of organization.

It is important that CEO's understand business development fundamentals with many being listed here in this article.

CEO's need to support business development efforts aggressively and hold staff accountable for such.

This is just as important as the P & L statement.

CEO's need to understand clearly that business development is like a balloon or automobile tire.

There is continual environmental pressure on the balloon or tire causing it to naturally deflate.

You must continually be checking the air in them and be adding air when needed, to keep them fully inflated.

The same is for business development.

The CEO needs to be monitoring this closely to make sure all efforts remain full and aggressive.

There are continual pressures of all kinds that will reduce business development efforts.

It is also important for CEO's to be on the look out for 'Business Psychoses'.

This cripples organizations.

Senior executives and CEO's need to be more sensitive to how their life style, compensation and

bonuses are being perceived by others especially if the business is struggling, if there are employee layoffs and any government bailout monies or subsidies are being paid.

This situation has become a major public issue with the struggling economics and the large corporation bailout monies from the US government.

Senior executives and CEO's are now under extreme scrutiny and many watchful eyes.

Any perceived excess of such is now seen as 'SCDD Social Conscience Deficit Disorder'.

As Albert Einstein once commented, "The only thing more dangerous than ignorance is arrogance".

He also commented, "We cannot solve our problem with the same thinking that created them".

As Tom Peters comments "There is a difference between being a CEO, Chief Executive Officer and a CDO, Chief Destruction Officer. It often seems that it is easier to kill a business than change it."

I have now shared with you

- the psychology of Business Development and Growth
- natural phenomena that can hinder or be utilized to help stimulate business development
- the simple methodology on how to overcome these natural obstacles to be successful with business development and growth
- the need for CEO's to be active in stimulating business development efforts

One question still remains.

Now knowing just some of the psychology behind business and business development; would utilizing a psychologist or having senior level staff with psychology backgrounds help a CEO grow the business?

Discussing this subject should promote some very interesting conversations.

If you have further questions or need some help, you can give me a call or email.

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Michael has more than 30 years of business experience focusing on business development utilizing extensive skills in marketing, sales, and communications; both national and international.

This experience comes from starting at field staff level positions and then progressing up to senior level

Director and Vice President positions in several industries and markets including medical and healthcare.

His expertise is also utilized in special advisory and consulting situations, as well.

Prior to his extensive 30-year business career, he studied advanced engineering and then transitioned to psychology and social human behavior.

He was a behavioral health counselor for several years in some major medical institutions prior to business.

In these endeavors he learned what makes people do what they do, what influences others, how to motivate positive behavioral change; and the importance to a strong foundation and the individual components in a structure.

Among the senior level positions held during his career, Michael was a vice president of marketing and business development for a healthcare organization.

Michael's education and trainings include a PhD in business concentrating in marketing and business development, an MBA, bachelor degrees in psychology and social human behavior, advanced post graduate certification in medical and healthcare marketing from UCLA, formally trained in 'Creativity and Out of The Box Thinking', federally certified in international business.

He has over 35 formal trainings and certifications covering the fundamentals of business development, marketing, sales, communications, management and leading a business to significant sales and profit growth.

His passion is 'Business Development' and 'Creatively Finding Ways to Grow the Business' using his psychology and behavioral health background and training.

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