

How business development is different from sales?

Business development

Business development is the process of finding a match between a product and a segment in the market. It is quite related to product management in terms of competitive positioning and features. Also, the business developed is closely similar to marketing for the identification of the communication channels and the most cost-effective lead generation process.

All processes are done based on regular interaction with potential customers. In business development, the aim is not to generate revenue but to find the right product-market fit.

If you are entering a new market for example you are shifting your business to another place then at first, you have to go through the business development process. After that you can recruit sales persons because the environment is completely different from the previous one.

Sales

Sales are the process of generating revenue systematically with the product in the market in the race for market leadership. Sales is the process of generating revenue when you have proven and documented product-market fit and when you have strategies to support your customers' buying journey.

To achieve leadership in the market you need to continuously optimize your sales operation, like hiring more and more salespeople or more channel partners to expand your business. To optimize sales, you can create compensation plans with objectives and quotas.

Common misconception:

Although people believe that sales and business development are the same things, this is not true. The main objective of sales is to only generate revenue by selling a product. Sales operations have to be continuously scaled and optimized by a business, to gain a competitive edge in the market.

To boost sales, you have to hire more and more salespeople and channel partners, and then propose a solid compensation plan with realistic objectives. Whereas, business development has the objective to find the match between a product and a market segment with potential customers.

Here are some of the factors which show the difference between sales and business development.

- **Size of business**

Sales require identification of capacity. This means that to drive sales, more sales staff is needed in a company and with time it grows rapidly. Whereas, business development needs a small team and prefers to make its way through existing partners.

- **Gather Information**

Business development is responsible for collecting information like market leads, key problems, and solutions to those problems. A solid strategy is decided based on initial planning and working after gathering the necessary information.

The sales staff picks up where the BD staff left off, as they strive to seal a deal. Their responsibilities are to show how the value proposition fits their business plan, compare their own product with their competitors' product, provide a breakdown of a price, define the terms of the contract, set up a product trial, and devise an implementation plan

- **Execution of the plan**

Sales develop a relationship with their customers or end-users to link them to a final product or service. And business development needs to identify how much a business will expand and from where that expansion will come, and what will be the ways or approach to achieve them. So, business development is all about focusing on and measuring the plan, whereas, sales are only about the execution of the plan.

- **Scalability of task**

Scalability allows businesses to utilize their sales employees or small groups created by partners to have access to their large audience. The role of sales is just to sell their product directly to the consumers, whereas, in business development, their role is to sell their product through a partner in a scalable way. So it means that business development is not responsible for making the final sale.

- **Distribution of Products**

Business development managers have the work to identify the ways to grow the business so that revenue can be generated. To expand their market or to find a new market, they make strategies. Sales managers look after the distribution of products and services in the market and then decide the territories to sales representatives to achieve the pre-defined goals.

- **Price negotiation**

The prices of goods and services are critically observed by a business development manager and they also negotiate with manufacturers and distributors to set the right price. So, business development is responsible for setting the price of products and services.

Sales managers also deal with manufacturers and distributors, but the purpose of their interaction is to ensure that enough stock is available until the end. They use statistical

information to identify the inventory requirements of a business and to measure the preferences of their customers.