

How to prioritize the Business Development initiatives for different offerings



Introduction

Organizations are often faced with a dilemma of allocating time, effort and resources to diverse offerings that demand management's attention, priority and budget. Irrespective of size and domain, this is a common scenario in almost all organizations that have multiple products / offerings.

From the Business Development perspective, identification and prioritization of initiatives for multiple offerings is a huge challenge. A small misstep may result in a significant adverse impact on the company's revenue and profitability.

The problem becomes all the more complicated when a company does not have enough Market data / intelligence.

In this write-up, we are presenting an approach that companies may adopt to address the above challenge. We call this PPC approach, where PPC stand for Potential, Preparedness and Contribution.

To prioritize and plan for the BD initiatives of different offerings, a company should analyse and assess the market Potential, Preparedness for the market and Contribution margin for each of its offerings and compare the same, based on relevant common parameters. And all these may be done even when you do not have the Market intelligence data.

Now, let us see how this can be done. Suppose a Company XYZ has 6 products/offerings: A, B, C, D, E and F

Step 1: Potential Assessment

To assess the market Potential: For each of these 6 products/offerings, the following 4 parameters may be rated (on a scale of 1 – 5, 1 being Poor/Undesirable and 5 being Strong/Desirable)

- Market Growth Potential
- Offering Strength
- Expected Market Size
- Ease of lead generation

To make the Ratings more insightful, appropriate weightage (1 – 5) may be assigned to each of the above 4 parameters

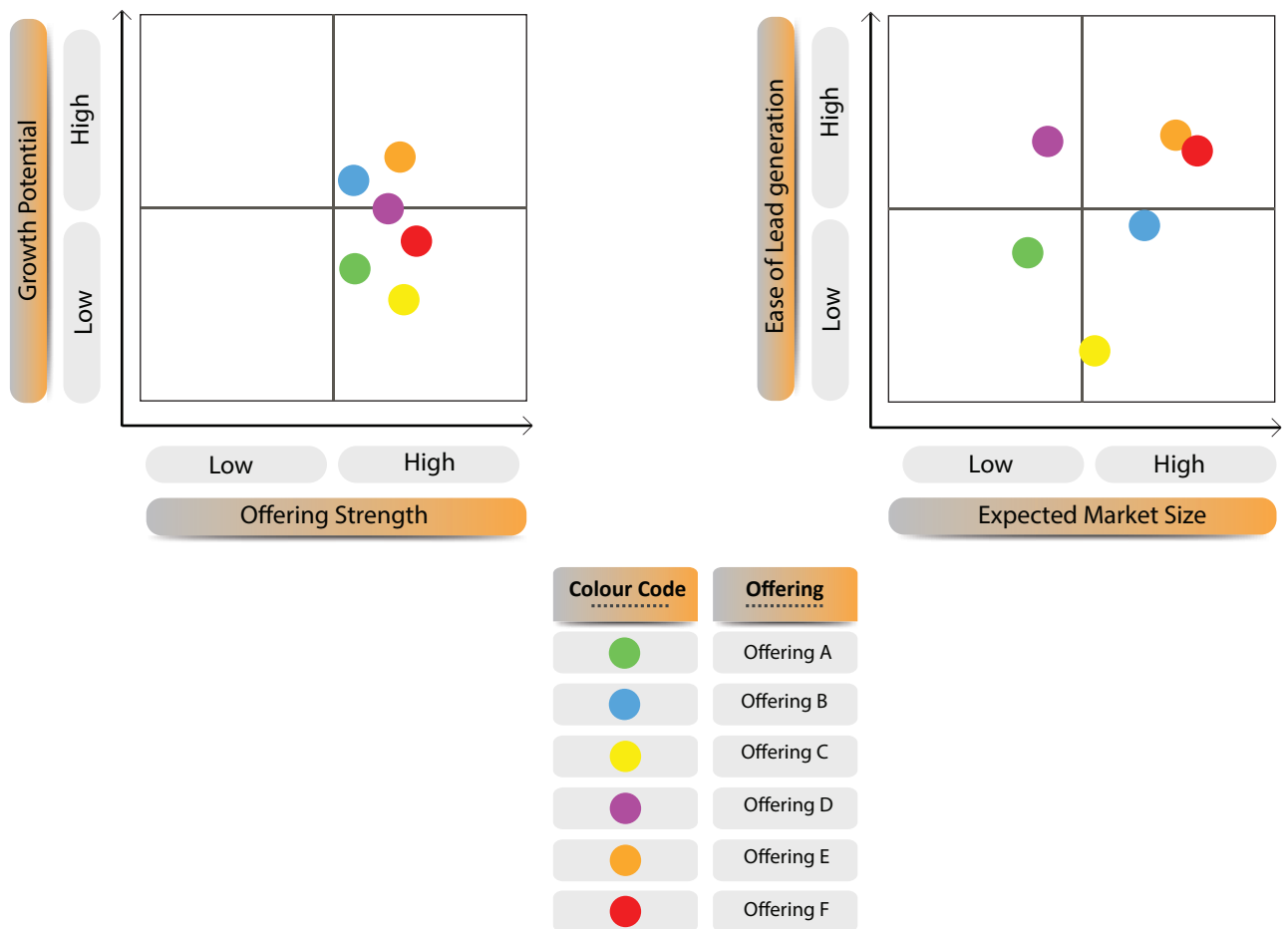
Who should do the Rating: The rating should be done by at least 3 senior persons in the organization, who are responsible for the performance and success of the Business.

Basis of Rating: In the absence of Market data, the ratings should be based on Experience, Knowledge and stated Assumptions.

Collation of Ratings: The individual Ratings of the participants should be collated and averaged out.

Plotting of Ratings: Next, the average Ratings should be plotted for all the 6 products / offerings in the two Potential analysis charts, as illustrated below:

Market Potential analysis of offerings



Inference: Based on the above charts, Offering E has the highest market Potential and Offering C the lowest.

Step 2: Preparedness Assessment

To assess the Preparedness: For each of these 6 products / offerings, the following 4 parameters may be rated (on a scale of 1 – 5, 1 being Poor/Undesirable and 5 being Strong/Desirable)

- Favourable Competitive scenario
- Differentiation
- Breadth of Domain exposure
- No. of existing big brand/logo clients

To make the Ratings more insightful, appropriate weightage (1 – 5) may be assigned to each of the above 4 parameters

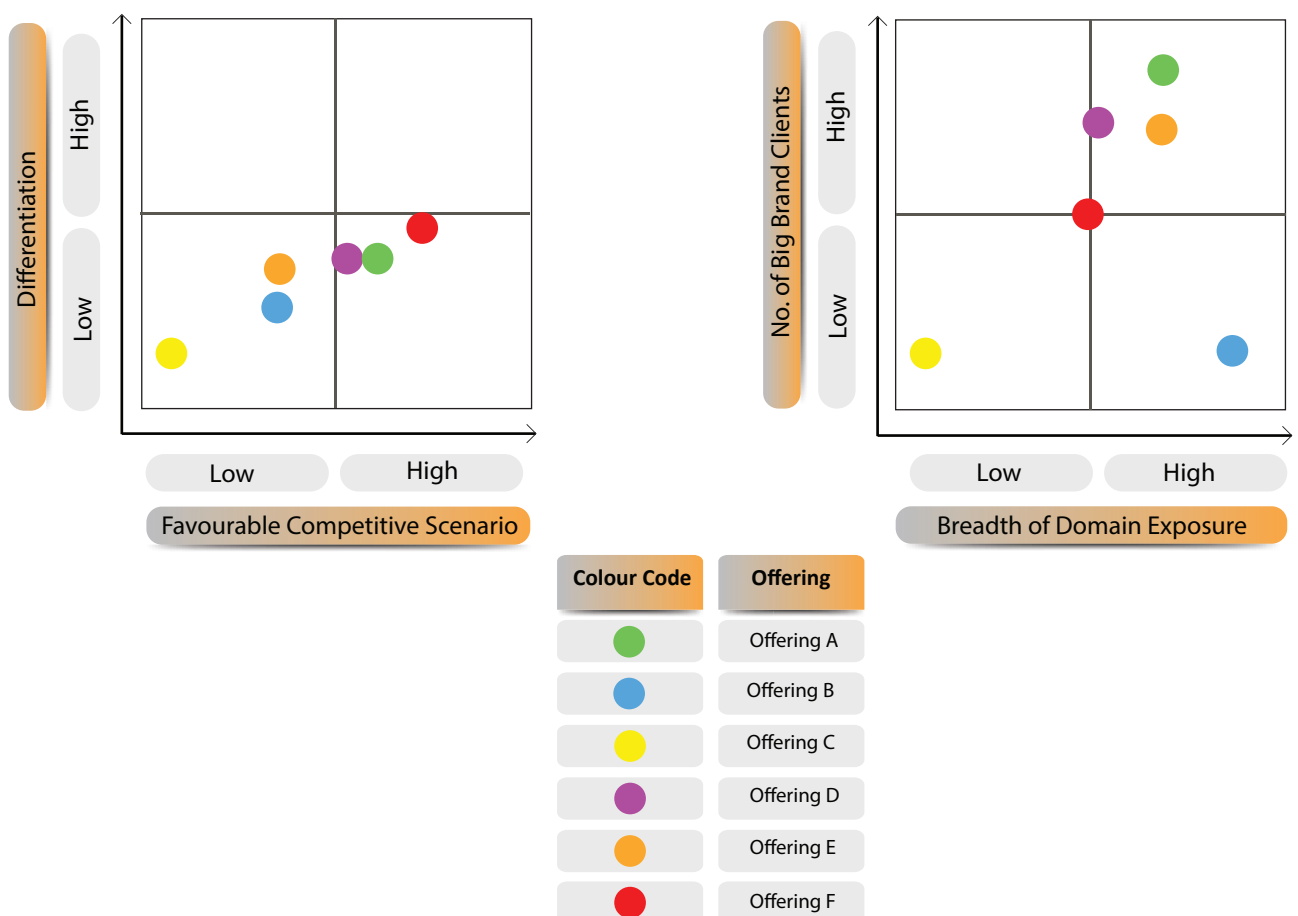
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Basis of Rating: In the absence of Market data, the ratings should be based on Experience, Knowledge and stated Assumptions.

Collation of Ratings: The individual Ratings of the participants should be collated and averaged out.

Plotting of Ratings: Next, the average Ratings should be plotted for all the 6 products/offerings in the two Preparedness analysis charts, as illustrated below:

Market Preparedness analysis of offerings



Inference: Based on the above charts, Offering A has the highest market Preparedness and Offering C the lowest.

Step 3: Contribution Potential Assessment

To assess the Contribution margin potential: For each of these 6 products/offerings, the following 4 parameters may be rated (on a scale of 1 – 5, 1 being Poor/Undesirable and 5 being Strong/Desirable)

- Current Revenue as a % of Total revenue of Company XYZ
- Repeat Business potential
- Economy of customer acquisition (how cost-effective it is to acquire a customer)
- Expected annual Gross margin \$

To make the Ratings more insightful, appropriate weightage (1 – 5) may be assigned to each of the above 4 parameters

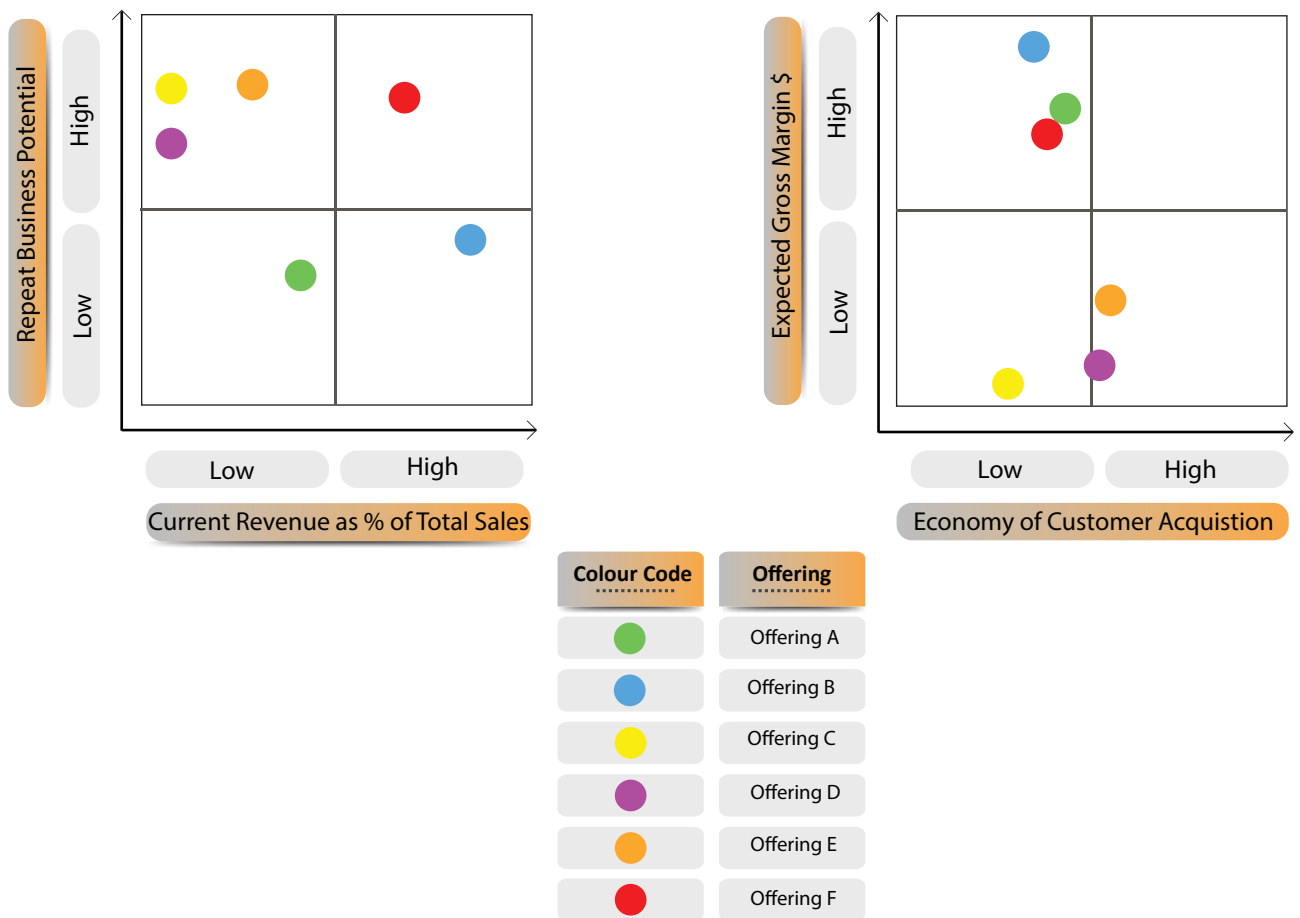
Who should do the Rating: The rating should be done by at least 3 senior persons in the organization, who are responsible for the performance and success of the Business.

Basis of Rating: In the absence of Market data, the ratings should be based on Experience, Knowledge and stated Assumptions.

Collation of Ratings: The individual Ratings of the participants should be collated and averaged out.

Plotting of Ratings: Next, the average Ratings should be plotted for all the 6 products/offerings in the two Preparedness analysis charts, as illustrated below:

Contribution potential analysis of offerings



Inference: Based on the above charts, Offering B has the highest Contribution potential and Offering C the lowest.

Step 4. Final Verdict:

Based on the six charts above, here is what management of Company XYZ should focus on:

Offerings B, E and F : Top priority and optimum investment in BD initiatives

Offering A : Medium priority and average BD investment

Offerings C and D : Low priority and minimum investment in BD activities

Conclusion

As outlined above, the **PPC** approach comes in handy when the decision on Offerings prioritization needs to be made quickly and that too with very limited resources and market intelligence. There are assumptions and approximations in this approach. However, from our experience, we have seen this approach to be very effective in prioritizing BD initiatives under severe resource and time constraints.

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