THE BUSINESS DEVELOPMENT MANAGER AS A VALUE CREATION WORKER

Abstract

The sales function, called business development management (BDM) in construction, is located at the front of the front-end of the project. The work of BDMs is twofold: to secure sales opportunities and to align client needs with firm capabilities through value propositions. The balance between the sales role and value related work depends upon the theoretical marketing lens applied. Applying the lens of the service-dominant logic (S-DL) implies that BDMs help to configure value propositions derived from their work in contacting and understanding of clients. This work is conceptually part of the co-creation of value and feeds into value realisation in two ways: (i) value in use and context as service provision during the project lifecycle, (ii) value in terms of benefits and impact post-completion. The empirical analysis examines the extent to which practice aligns with S-DL. Semi-structured interviews across 9 different contractors provide the source of information. Interpretative analysis is employed. The findings show a low level of awareness of the theoretical scope of the work among BDMs, a lack of support from senior managers and variable involvement at different stages of the project lifecycle. The theory-practice gap is broad and an evaluation of the appropriateness of the theory and practitioner work is provided as a conclusion. Future research can examine rates of BDM change, and practitioners can challenge current norms.

Keywords: Business Development Manager, Co-Creation of Value, Service-Dominant Logic, Project Lifecycle, Value Propositions

INTRODUCTION

Marketing in construction remains under-theorised. Marketing strategy is theoretically part of the corporate strategy and business model; yet, it is frequently divorced from other functions in practice (Pinto and Covin, 1992). Sales is part of marketing and the focus of this research is selling, particularly those responsible, who are called ‘business development managers’ (BDMs). Little is known about their activities, and hence, to understanding the construction firm and its operations. Investigating BDM conduct is set against the dual marketing aims of securing work and delivering value.

The service-dominant logic (S-DL) provides the marketing lens, placing particular emphasis upon value co-created in use and context (Vargo and Lusch, 2016), thus the formation of value propositions for delivery through mobilising, combining and integrating the resources of multiple actors. Why is this important? Value configuration is greatest at the project front-end, and business development, commencing prior to any particular project, is the first function to enter into the project front-end. It is here that value is identified in and beyond the brief or stated
requirements, before it is configured into value propositions during and with bid management. Value is then realised during delivery and post-completion (Smyth, 2015). The contribution of BDMs is overlooked in theory and practice.

Value creation is traditionally viewed as inputs for delivery. Yet, the S-DL definition adopted here sees value as co-created through combining organisational resources. Co-created value is realised in context and use (Vargo and Lusch, 2016). In projects, realisation is twofold: i) value is co-created during delivery and is experienced as a service; ii) the value of the project content is realised post-completion (Smyth, 2015). The ability and scope to co-create value informs the configuration of value propositions at the front-end during the sales and bidding stages. Configuring integrated value propositions can optimise value realisation in use and in context.

The research aim is to address the BDM contribution to value creation as a co-created activity via external and internal interactions. Previous research found low integration levels from marketing and sales into other functions (Smyth, 2015). The research objective is to see what BDMs do and evaluate this against functional support for forming value propositions. The research contribution is to examine the actions and behaviour of BDMs as value creation workers.

LITERATURE REVIEW

Value creation has a prime role in marketing (Woodruff, 1997). Haas et al (2012) state that value identification through sales has been neglected in marketing research. It has been neglected in construction. Theory suggests BDMs help identify and configure value at the front-end (Smyth, 2015). Yet, marketing lacks systematic implementation and linkage with other functions in construction (e.g. Preece et al, 2003). The extent to which BDMs as workers are constrained or contribute to this finding is unclear. BDMs as value creation workers in construction have yet to be analysed in relation to the marketing claim: sales contributes to conceiving, producing, and delivering customer value by understanding customers’ and/or sellers’ needs and fulfilling them with the bundle of goods and services (Haas et al, 2012, p.94).

Work is an activity to execute ordered tasks by priority, function and sequence. The worker fulfils these tasks using systems and procedures, and supporting behavioural norms. In this context BDMs apply skills sets, expertise and creative initiative as individuals or conceptually in consort with other specialist functions – procurement and bid management – to configure requirements into value propositions. How well this is done by main contractors, depends upon the quality of individual and functional support. Securing sales and configuring value proposition are key BDM criteria.

Securing sales through pipeline management was the prime transactional BDM task under the marketing mix (Preece et al, 2003). The task has transitioned towards building relationships to add value to secure firm growth through repeat business (Smyth, 2015). A recent shift has been to apply the theoretical lens of S-DL, which analyses the co-creation of value (Vargo and Lusch, 2016). Applying S-DL to enhance value creation in practice has yet to occur in construction.

Relationship marketing requires resource commitment to embed systems and procedures (Coviello and Brodie, 1998). Implementation requires dedicated actors (Homburg et al, 2002) to carry out organised activities with a degree of formalisation (Leonidou et al, 2006). Certain main contractors have adopted tools of relationship management to coordinate these activities, such as key account management (KAM), yet many BDM activities and task coordination have been left to individual
responsible (Smyth, 2015). This reliance upon BDMs as workers to coordinate the
sales effort is therefore critical in the ability of the firm to help configure value
propositions and secure (repeat) business for firm growth.

Conceptually BDMs align their actions to client needs to inform the way value is
configured (Ming-Huei and Wen-Chiung, 2011). BDMs use personal and team skills
to develop interactions, either supported by management systems and procedures, or
through reliance upon individual initiative and responsible action. Ming-Huei and
Wen-Chiung (2011) propose several stages: 1. Exploration phase, where power is
asymmetric (cf. Mayo et al, 1998). In so doing, BDMs try to generate interactions to
help form psychological contracts and behaviourally induce a better balance of power
(cf. Kang et al, 2009); following on, 2. Build up phase, where interactions aim to
establish behavioural norms through identifying mutual interests and agreeing goals –
such norms can be decisive to mitigate clients using asymmetric power to induce
dependency, or to help configure value propositions to deliver benefits and impact in
use and context (cf. Vargo and Lusch, 2016); 3. Maturity phase, where resource and
leadership commitment induce relationship commitment and leads to relationship
management and collaboration during delivery (Smyth, 2015).

BDM tasks include inter-organisational coordination through interactions (e.g.
Grönroos and Voima, 2013; Vargo and Lusch, 2016). The goal is to induce the
necessary understanding and hence identify the potential for co-created value. BDMs
have a key outward and inward facing role. The external BDM tasks involve, a)
listening to assimilate the technical requirements and meaning of the actors on the
client side – procurement, project managers, users, facilities and asset managers; b)
understanding the service value expected that can be realised; c) reflection and
learning to refine requirements for customised content and tailored service provision
to create potential propositions of high value in use and context; and d) coordinated
leadership to align supply chain capabilities to the requirements and deliver according
to the value propositions. The internal BDM tasks involve cross-functional working to
configure valuable customised and tailored solutions from generic templates –
working with bid management and procurement to configure the value propositions.
The BDM role also conceptually continues into delivery to set the behavioural norms
and psychological contract during construction on site.

This paper uses the S-DL lens to assess the BDM contribution to the co-creation of
value in two ways: i) value in use and context as service provision during delivery; ii)
value in terms of benefits and impact post-completion. The assessment of the BDM
role and activities necessarily and inclusively acknowledges the range of theoretical
influences on practices, namely the transactional marketing (e.g. McCarthy, 1994),
relationship marketing (e.g. Grönroos, 2000) and also S-DL (Vargo and Lusch, 2016).

**METHODOLOGY AND METHODS**

An interpretative methodology was applied, respecting value judgments and
information provided by respondents in their working context (Denzin, 2002).
Understanding of attitudes, levels of commitment, actions and behaviour was
important in interpreting, identifying meaningful patterns of events, and drawing
attention to outcomes of significance in a realistic way.

Data was collected using semi-structured interviews since the economic downturn.
The empirical examination addresses the extent to which practice aligns with theory.
Thus, marketing theory, drawing upon the marketing mix, relationship marketing and
S-DL, was used to inform the open-ended questions, although S-DL was applied as the lens for analysis. The focus was upon main contractors. Interviews were undertaken across 9 main contractors and 26 semi-structured interviews were conducted. A layered approach emerged with considerable depth in one firm, BranCo, permitting more follow up questions in the 9 interviews. Reasonable depth was achieved in 3 other firms, and access in a further 5 firms allowed singular interviews for comparative purposes (Table 1).

Table 1: Schedule of firms and interviews

<table>
<thead>
<tr>
<th>Firm</th>
<th>Prime Activities</th>
<th>BDM Interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>BranCo</td>
<td>Civil Engineering</td>
<td>9</td>
</tr>
<tr>
<td>EUCo</td>
<td>Building and Civil Engineering</td>
<td>5</td>
</tr>
<tr>
<td>UKCo</td>
<td>Civil Engineering</td>
<td>3</td>
</tr>
<tr>
<td>EuroCo</td>
<td>Building and Civil Engineering</td>
<td>4</td>
</tr>
<tr>
<td>BritCo</td>
<td>Building and Fit Out</td>
<td>1</td>
</tr>
<tr>
<td>FinCo</td>
<td>Building</td>
<td>1</td>
</tr>
<tr>
<td>ElecCo</td>
<td>Civil and Electrical Engineering</td>
<td>1</td>
</tr>
<tr>
<td>BudCo</td>
<td>Civil Engineering</td>
<td>1</td>
</tr>
<tr>
<td>AntCo</td>
<td>Building</td>
<td>1</td>
</tr>
</tbody>
</table>

Interviewees reported on their activities. Self-reporting incurs bias depending upon the psychological condition of interviewees and what is being reported upon (Wilson and Dunn, 2004). Interviewees are optimistic about their own role and a negative about task performance (Kluger and DeNisi, 1996). Abilities tend to be positively exaggerated while behavioural discrepancies and poor performance are negatively reported so that the individual looks good at the expense of the employer.

**FINDINGS AND ANALYSIS**

**BDM tasks**

*Business development prior to a project*

This is equivalent to the exploration phase (Ming-Huei and Wen-Chiung, 2011). Prior to any project, contact was established with potential clients or maintained with existing clients. Previous research shows that BDMs were highly protective of such contacts, applying a transactional mindset (Smyth, 2015). A partially transformational and systematic approach was now evident. A senior BDM perceived the role as developing market share and gaining entry to new markets at the “incubating level” (AntCo BDM interview). This task was formally documented in some of the firms. EUCo produced its first marketing plan in 2008. EuroCo BDMs produced market summaries, a marketing business plan and customer plans for key clients. EUCo BDMs were briefed to gather background information of target clients, their contacts, communicate the information and prepare for the first contact with the targeted client. Follow up meetings aligned personnel with their counterparts on the client side wherever possible (EUCo and EuroCo BDM interviews).

Customer relationship management (CRM) software database packages were tools used to record interpersonal contacts and client information. CRM systems employed included Salesforce® by BranCo and Pursuit® by EUCo. In BudCo, the CRM system was purely used to aid the transactional pipeline management of contracts (BDM
There were low levels of CRM engagement by BDMs and other staff, although in BranCo there was concerted management commitment to drive up engagement. Elsewhere, it was a low priority as there were no personal consequences for low or zero engagement levels, for example in BritCo. In a few firms CRM was used to map client decision-makers by job title, scope of role and decision-making power and influence, profile and motivation. In BranCo it was used at firm, programme and project levels for key contacts (BDM interviews). In some firms, only job titles and roles were mapped. Overall, this low engagement constrained coordination of interactions with clients and limited interaction for cross-functional coordination. There was concerted, although restrained, relationship building in the build up phase prior to any project (cf. Ming-Huei and Wen-Chiu, 2011).

**At the project front-end during business development**

The build up phase for selling is under way during this stage (cf. Ming-Huei and Wen-Chiu, 2011). All BDMs are responsible for information gathering. BDMs referred to understanding “client drivers” as the way to identify and align value: “If you know the drivers you can recognise what opportunities are likely to have most success” (EUCo BDM). Yet, the meaning of ‘drivers’ among BDMs depended upon individual interpretation rather than firm guidance. For some BDMs, ‘drivers’ meant obtaining the documented requirements, to others it meant identifying a set of expectations and unarticulated project requirements, around which value propositions could be configured, and, to a very few it was about understanding the service expectations. Interpretations were informed by engineering and technical expertise; not by service outcomes (e.g. EUCo BDMs; cf. Vargo and Lusch, 2016). As a result there was a widespread view that was summed up as, “the company does not recognise itself as a service provider” (EUCo BDM). BDMs were involved up to prequalification, but less so during bid management and to a very limited degree during delivery, a disjuncture occurring between the BDM and bid management functions in most of the firms. One BDM stated that value is largely identified pre-prequalification: “It is hard to shoehorn those things in post-prequalification” (EUCo BDM). This is evidence of a residual marketing mix approach of transactional pipeline management to secure contracts, sometimes encouraged via incentive payments.

A maturity phase is entered into prior to bidding (cf. Ming-Huei and Wen-Chiu, 2011). In EUCo, BDMs were reported as having to liaise with other departments. It was largely collaborative, yet there were problems, for example obtaining access to people or sourcing a testimony to demonstrate a capability (EUCo BDM interview). Collaboration was used to mobilise information for prequalification; it was not used to configure winning value propositions during bid management. EuroCo recognised the market has changed, efficiency being a prerequisite and thus added value being needed to win bids: the aim is “to shape the project” using the relationships (EuroCo BDM). Shaping did not typically carry through to procurement and bid management.

**At the project front-end during bid management**

A mature sales process culminates in the bid management function (cf. Ming-Huei and Wen-Chiu, 2011). BDM conceptually should work with the bid management function. ElecCo, as a main engineering contactor that is part of an industrial manufacturing and project service group, claimed to be robust at information transfer and collaboration between BDM and bid management (ElecCo BDM interview).

Processes were embedded across business units. ElecCo had co-located BDM and bid management, yet co-location did not help integration in BritCo and FinCo (BDM interviews). Integration was variable in BranCo. Another BDM said she took
responsibility for ensuring coordination: a) talking and listening to clients, b) understanding the business, c) critically liaising with estimating teams to help configure winning value propositions, d) liaison with the production director to ensure value proposition delivery, e) continuing a watching brief during delivery (BranCo BDM interview). In EUCo, there was inconsistent involvement in tenders to get “the theme running through” (BDM interview), foreclosing effectively co-created value propositions from prior client interactions. In BudCo, effective knowledge sharing at the front-end and from site was reported as a way of developing winning value propositions (BDM interview). There was a system in AntCo and BranCo to help handover from the BDMs to the bid management team (BDM interviews). BranCo BDMs had explicit input into the winning value propositions, including the “soft tender content” to improve the service value (BDM interview).

Making client promises to enhance value propositions posed problems. BDMs claimed they lacked confidence that the service or content would be delivered during construction (BranCo, EUCo and UKCo BDM interviews). In EUCo 70% of BDMs were reactive and unwilling to make promises or service commitments (BDM interview). UKCo stated that value was “timidly” levered due to lack of resources committed by management to align (added) value to clients needs (BDM interview). There were also insufficient systems to manage value from the front-end to delivery (BranCo and EUCo BDMs interviews; Smyth, 2015). Enhancing value propositions did not yield financial payback, except in ElecCo. Firm growth was enhanced, but managers did not convey this benefit to those in construction operations. Leadership commitment for business development was low, although BranCo, ElecCo and BudCo claimed to pay attention to leadership and growth (BDM interviews).

Construction delivery and post-completion
BDM actions during construction were minimal. UKCo BDMs were tasked with involvement during delivery, yet “in practice it never happens”. EuroCo BDMs were involved in collecting KPIs. In EUCo involvement extended to conducting 6-monthly client interviews to get feedback beyond the KPI measures. They were inconsistently conducted in practice (UKCo, EuroCo and EUCo interviews). BDMs were not involved in any projects post-completion to learn lessons from co-created value in use and context: feedback to create future value propositions was absent. This limited engagement constrained value co-creation viewed through the S-DL lens.

BDM time allocation to task types was enabled in BranCo, because a senior BDM took interest in the research, encouraging extra interviews and data collection (Table 1). Table 2 on the next page sets out the self-reported prime activities of 7 of the BDMs. BranCo BDMs spent most time on administration (c.25%). Following leads, tender stage actions and client management were each given c.15% of the time available, while lead generation was low (<5%). Tasks across the firms were variously emphasised by BDMs around perceptions of responsibility and preference. A coherent management plan for BDM task conduct was absent or unsystematic in all the firms.
BDM behaviour and norms

A relational mindset was present in the firms, a senior BDM reporting: “It is all about people and relationships” (EUCo BDM interview). Senior management reinforced this notion, yet did not provide support, guidance or formal procedures. Relationship development relied upon individual behaviour. AntCo claimed a cognitive approach to norm development: “It boils down to some trusted relationships”, hence, “there’s a lot of behavioural-cultural work that goes on” (BDM interview). Maintaining high levels of interaction was reported for developing winning value propositions: “having conversations” and “keeping them warm”; a close relationship was present when there was a continuous “willingness to partake in dialogue” (BranCo BDMs interviews).

Table 2: Days per week spent on prime BDMs activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>BDMs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.1</td>
</tr>
<tr>
<td>Generating leads and OJEU notices</td>
<td>1.0</td>
</tr>
<tr>
<td>Following leads</td>
<td>2.0</td>
</tr>
<tr>
<td>Prequalification</td>
<td>1.5</td>
</tr>
<tr>
<td>Tender stage actions</td>
<td>2.5</td>
</tr>
<tr>
<td>Watching brief during delivery</td>
<td>1.0</td>
</tr>
<tr>
<td>Client and key account management</td>
<td>1.0</td>
</tr>
<tr>
<td>Administration</td>
<td>0.5</td>
</tr>
<tr>
<td>Contingency and other</td>
<td>0.5</td>
</tr>
<tr>
<td>Equivalent total of days</td>
<td>6</td>
</tr>
</tbody>
</table>

The project was the prime unit of consideration among BDMs. They placed clients and service as secondary units of consideration. In BranCo thinking and action was largely bid-by-bid, despite an emphasis on relationship marketing (BDMs interviews). BDMs were described as a disparate group (EUCo BDM interview), and relationship building was seen as a means to improve information gathering (e.g. EUCo and BritCo BDM interviews). Others saw it as a means to improve strike rates in prequalification and bidding. The feed into relationship marketing or a general collaborative approach through relational contracting during delivery was not to the fore (e.g. EUCo BDM interview); co-created value was not cognitively considered. UKCo adopted a network approach to building relationships, yet these were shallow at the firm level, although some BDMs built strong relationships. The approach was “very short-term” and “quite open and loose” (UKCo BDM interview).

BranCo adopted relationship marketing principles. There was some management guidance on relationship building, although BDMs did not always comply. There were no clear guidelines as to what a valuable relationship looked like in any of the firms, and thus, around norms for interaction to identify and configure value propositions. There was no awareness of the concept the co-creation of value among BDMs. Behaviours did not emerge into sustained norms: it was stated that learning from behavioural practices was difficult. Thus, formal procedures did not emerge to generate norms and this was a barrier to BDM and subsequent performance (EUCo and BranCo BDM interviews). BranCo engaged in the research and asked for feedback on norms of trust that BDMs had in the organisation (Table 3).
Self-reporting is biased (Wilson and Dunn, 2004), over-emphasising levels of personal confidence. Yet the low levels of trust and confidence in the firm informed (sub-optimal) BDM actions and behaviour. BranCo was the most proactive and engaged in effective BDM activities. The low scores show it takes few marketing improvements to make a substantive difference, while indirectly showing how far leadership and resource commitment was behind the marketing strategic objectives of the firm.

Table 3: Levels of BranCo BDM trust, confidence and self-reported alignment to culture

<table>
<thead>
<tr>
<th>BDM Level</th>
<th>Trust</th>
<th>Confidence</th>
<th>Alignment to Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Organisational</td>
<td>Personal</td>
<td>Organisational</td>
</tr>
<tr>
<td>High</td>
<td>2</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Medium</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Low</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

Firm leadership commitment and investment to processes

A formal approach to relationship marketing was reported as being “fairly simplistic” (EUCo BDM interview). The relationship marketing principles adopted were partial and poorly supported across the firms (cf. Smyth, 2015). What each client generically valued was overlooked and specific value enhancement was underplayed, hindering BDM and firm learning for developing tailored services and customised content as value propositions. Project-by-project, BDMs draw in senior management and technical personnel to develop relationships up to 3-4 months prior to prequalification (EUCo BDM interview). A long-term view with a client and service focus for relationship marketing and enhancing co-created value was largely absent.

BDMs generally did not make service commitments and promises to clients as part of any enhanced value proposition. There was a pattern of low-level resource allocation and commitment to BDMs, and indeed, at the whole front-end to develop winning value propositions (e.g. EUCo and UKCo BDM interviews). BDMs were isolated in the hierarchy regarding resources and leadership support (e.g. EuroCo and BranCo BDM interviews). This was said to be changing in BranCo and the adoption of relationship marketing principles was improving resource allocation hence reducing hierarchical “blockers” in the firm. Yet, it was reported that BranCo senior management had poor awareness levels of relationship marketing (BDMs interviews). Yet overall, BDMs did not appear quite as isolated at the front-end as previous literature has reported (e.g. Pinto and Covin, 1992). This does not imply effective integration (cf. Smyth, 2015), but suggests improvement in this respect.

CONCLUSION AND RECOMMENDATIONS

The research aimed to address the BDM contribution to value creation. Previous research found low integration between marketing and other functions (Smyth, 2015). The research objective was to evaluate BDM actions and behaviour for forming value propositions. Overall, it was found that BDM tasks are increasingly becoming more systematically conducted when set against previous research. The intent is reasonably sound yet they lack firm support. Firms are reliant upon individual rather than managed action. The theory-practice gap remains broad. An evaluation of the appropriateness of practitioner work is provided as a conclusion.

BDM tasks were conducted with variance and different emphases both in and between the firms. While some differences are to be expected, some congruence would also be
expected across and especially in the firms to support the espoused transition from a transactional to relationship marketing. Tasks were conducted according to individual BDM preference and perceptions of responsibilities. Perceptions resided in a transactional mindset among many BDMs. The project remained the prime unit of consideration without a corresponding focus upon the client and service provision. Establishing aligned behavioural norms and supporting these in the firms was underdeveloped. Formal procedures did not therefore emerge, or become identified by the BDMs and management, to become embedded practice. However, behaviours have become more collaborative and relationship building appreciated, from which BDMs claimed benefits flowed. Thus, improved leadership and resource commitment could further support the strategic objectives and induce better BDM performance. BDMs were minimally involved in configuring value propositions and thus value co-creation in use and context, viewed through the S-DL lens (Vargo and Lusch, 2016). It appears that BDMs are less isolated at the front-end than in the past (cf. Pinto and Covin, 1992). The main weakness is vertical – the lack of senior management awareness, leadership and resource allocation. This needs to be addressed by BDMs in their role as value creation workers.

Overall, a phased approach to business development from exploration, through build up to a mature approach was not fully evident (cf. Ming-Huei and Wen-Chiung, 2011). Value was being identified and configured at a basic level to meet requirements, falling short of the potential during the sales process (Haas et al, 2012), and seen through the S-DL lens (Vargo and Lusch, 2016). Awareness creation, developing systems and procedures, and norms is a senior management task, yet is driven by BDM theorisation and practical actions. The recommendations reflect the BDM role, and emanate from the original contribution to examine BDM as workers for the creation of service and construction value.

Recommendations for research: (i) further research into the extent of influence of BDMs upon senior management in order to propose change, and hence, challenge the transactional norms of senior management, especially financial management; (ii) discrete and detailed examination of BDM activity along the project lifecycle; (iii) applying inductive analysis to examine the extent of applicability of S-DL to asset specific markets, such as construction. Recommendations for practice: (a) BDMs to promote awareness creation and learning opportunities to engage management and practitioners in the hierarchy and along the project lifecycle; (b) BDMs to challenge senior management around espoused strategic objectives in relation to daily practices in resource and leadership commitment; (c) BDMs to demand increased cross-functional working to improve coordination and integration for configuring and delivering value propositions.

REFERENCES


