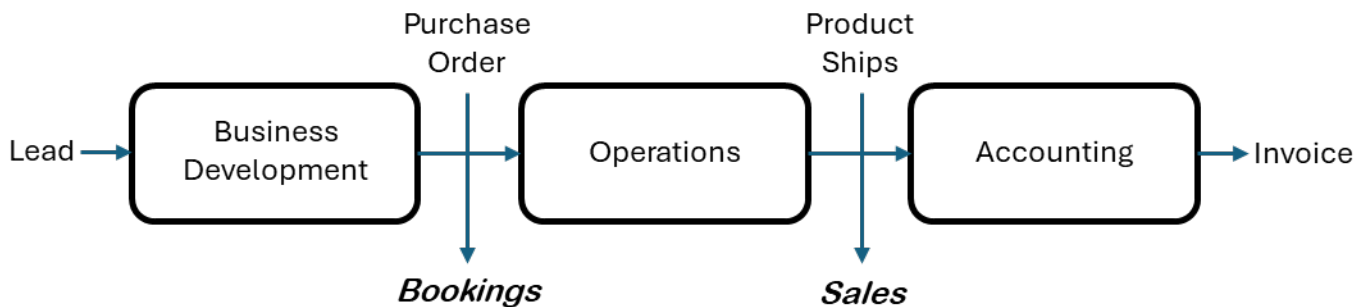


Business Development for Small Enterprises

Small businesses constitute the vast majority of enterprises in the US. There are approximately 16 million businesses in the US with less than \$5 million in annual revenue and fewer than 20 employees. For UBI, this defines a small enterprise.

When small enterprises are asked about business development, responses often range from 'sales' to 'something only big companies do'. In reality, every business engages in "business development" to varying extents. My definition of 'business' involves activities that generate revenue, and 'business development' encompasses every interaction with individuals or organizations external to the company until they become revenue-generating customers.

The diagram below delineates the responsibilities of three key departments in any small enterprise providing products or services.



The terminology used assumes a product-based business. Service-based businesses would substitute "Service Completed" for "Product Ships". Everything related to generating leads, meeting potential customers, cultivating trust, and ultimately securing a purchase order falls within the domain of Business Development. Operations, when triggered by a purchase order, manufacture products or deliver services to customers, Accounting invoices the customer and ensures timely payment.

In small enterprises with less than \$500,000 in annual revenue, business development is primarily handled by the owner/founder. Often, the owner/founder also oversees operations and accounting. Both business development and accounting typically operate as overhead functions, consuming substantial unbillable hours. Given the similarity of accounting practices across business types, outsourcing accounting is usually among the initial expansions a company pursues. This frees up the owner/founder to focus more on business development and operations.

As the owner/founder gains more time to attract new business, balancing both business development and operational responsibilities becomes limiting. There simply isn't enough time to both attract new business and fulfill product deliveries or service obligations. Moreover, every hour spent on business development is an hour not devoted to revenue generation.

The logical next step is to hire someone to oversee operations as the owner/founder believes an operations professional with relevant experience can be found. This resource addition allows the

owner/founder to step back from hands-on operational duties and dedicate more time to generating bookings.

With increasing bookings and sales, financial management evolves into a strategic function rather than a purely accounting task. Operations require more equipment, manpower, and inventory to keep pace with rising bookings. Decisions about whether to make or buy resources arise to support operations. Aging accounts receivable may increase, and outsourced accounting might struggle to keep up. The owner/founder may find themselves with insufficient time to keep bringing in bookings while fulfilling the role of company president. This could potentially lead to a decline in bookings or an owner/founder that seems to live at the office.

The next logical expansion for the company appears to be implementing a dedicated sales function. This step would free up the owner/founder to fully assume the role of company president. Throughout my 40+ years in commercial business, primarily with small companies, I've witnessed growth consuming the owner/founder, success overwhelming the enterprise, and the resulting cyclical nature of bookings and sales. I've also seen the short- and long-term repercussions of securing a significantly larger order or contract than the norm.

Bringing in a sales function—hiring a dedicated salesperson to manage all business development tasks—is a common strategy. This approach can be highly effective if the salesperson hired possesses familiarity with the company's products and markets. Typically, this isn't a low-cost hire, as effectively running with minimal oversight from the owner/founder demands experience. I've observed varying degrees of success with this approach, as well as instances where inexperienced salespersons were hired, resulting in disastrous outcomes.

My service involves consulting with companies interested in implementing business development resources and strategies with a plan that fits the budget and timeframe. If your company wants or needs a business development strategy that is based on your past experiences and future vision, and one that is scalable as your company grows, I would be delighted to meet with you.

The initial meeting is free of charge. We'll discuss your current situation, your future aspirations, and all aspects of business development pertinent to your business. This introductory meeting represents the first step towards realizing your vision for the future of your organization.