



# Understanding New Business Development

## ***New Business Development is often never seen by the marketplace because well-done deals happen in the “back room” more often than not.***

For example, best-selling author Seth Godin notes these “behind-the-scenes” deals as benchmarks for successful New Business Development:

- Starbucks licenses their name to a maker of ice cream and generates millions in royalties.
- A rack jobber like Handleman does a deal with a mass marketer like Kmart. Kmart gives them room in the store to sell records and gets a cut: Handleman does all the work.
- AOL buys AIM instant messaging software and integrates it into their service.
- Years ago, Seth Godin licensed the rights to Isaac Asimov’s Robot novels from a business development person at his publisher and turned the books into a VCR murder mystery game which Seth Godin licensed to a business development person at Kodak, a company that was experimenting with becoming a

publisher. (Isaac Asimov made more from this project than he did from many of his books).

- Best Buy offers extended warranties on appliances you buy. They don’t provide the warranty, of course: a business development person did a deal with an insurance/service company to do it and they share the profit.
- The Princeton Review built a huge test prep business, but only by licensing their brand to a series of books which did the lion’s share of their marketing for them.

These examples clearly demonstrate how New Business Development creates significant change for a company by crafting opportunities that expand the horizons for all partners in the deal.

Deals done in the New Business Development arena are often contiguous to the core business but outside of the “way we do business here.” These deals can be in licensing, collaborative product development, acquisitions or partnerships for the betterment of all brands involved.

What’s difficult for New Business Development management is that each deal will be unique, different and have its own set of challenges and opportunities. And, many deals will die.

However, a vetted process of New Business Development will keep focus on what’s doable for your company. Knowing how your company works, the resources it has, the culture for innovation and an ability to do deals will drive your company forward with confidence.

[\*\*\*Click here\*\*\*](#) to read some tactical tips from Seth Godin on how to do business development better.

