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An Integrated View on Managing Business Development in Organizations

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Abstract
Although business development (BD) is a well-established industry concept and a prerequisite for the growth and competitiveness of firms, it has only attracted moderate scholarly attention over the years, and a comprehensive understanding of the BD concept is needed. The purpose of this paper is to review the concept of BD using different theoretical perspectives and integrating these into a logical and coherent framework that can successfully guide developers and researchers in making strategic decisions for resource allocation. It is shown that the theoretical understanding of BD is broad and fragmented and rest on different assumptions. To understand the full advantages and possible limits of the concept, this article draws on management and marketing theory to further develop the concept. More specifically, a framework is developed that consists of four strategic modes of development for better understanding the organization of BD. Furthermore, the implications for management and learning are discussed.

Keywords: Business development, conceptualizing, strategic framework, learning.

Introduction

In practice, business development (BD) is not new to industry, as the concept is much used for organizing growth and to encounter market change. Studies show that firms increasingly rely on BD, for instance in connection with globalization processes (Yelkur and Herbig, 1996; Kilbourne 2004), advances in technology (Massa, Tucci and Afuah, 2017), and shifting consumer preferences for sustainable products and services (Bask, Halme, Kallio and Kuula, 2013; Peronard and Ballantyne, 2019). Such changes and others have intensified competition and made differentiation of products and services a critical parameter for growth success (Sarwoko and Frisdiantara, 2016).

To be successful, business developers must therefore be able to understand, adapt, and influence changes as well as the implications they have for marketing. Arguably, this requires making sense of dealing with development and an ability to make more conscious decisions, no matter how complex they may appear, in order to capture relevant opportunities (O'Connor and DeMartino, 2006). Therefore, the purpose of this article is to propose a way for a more eclectic understanding of BD, in which several perspectives are aligned

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to enable the design of an action plan that suits the specific purpose of an analysis (Morgan, 1997). In fact, BD has only received limited scholarly interest (e.g., Loranzi and Sørensen, 2014; Giglierano, Vitale and McClatchy, 2011; Kind and Knybhausenaufseß, 2007), and there is indeed a need for conceptual frameworks that can successfully link the various challenges with an effective BD strategy.

A core element of BD is to organize for growth as well as to advance these developments in the market. While research has primarily looked at the practical side of management and marketing issues of BD, the "humanistic side" seems to have attracted less scholarly interest, as will be shown below. Furthermore, when taking the various definitions of BD into consideration, it appears that the challenge for developers is to make sense of at least two associated issues 1) identifying the scope of a BD and 2) assigning resources for the development process. Following Lindgreen et al. (2020), this conceptual article will apply both literature and empirical insights, and it contributes to the literature by first reviewing BD. This review shows that, when it comes to the conceptual understanding, the literature is biased toward narrow economic ends and lacks the human and socio-cultural side of BD. This is then followed by establishing the scope of BD, which reveals that the specific dimensions are tied to risk and the psychological competencies needed for business developers to be successful. Next, the issue of strategic orientation for developers' resources is outlined by distinguishing among four types of BD modes, using two dimensions that address their quality: (1) realized by the firm and (2) realized by the market; each is characterized by distinct trade-offs for approaching BD. Finally, the skills and competencies needed to deal with the uncertainty of BD are discussed.

Re-conceptualizing business development

The term BD is not defined consistently in the literature, which describes the concept using different idioms such as business innovation (e.g., Sawhney, Wolcott and Arroniz, 2006), product development (e.g., Krishnan and Ulrich, 2001), business renewal (e.g., Stopford and Baden-Fuller, 1994), development of new ventures (e.g., Delmar and Shane, 2003), business model innovation (Markides and Charitou, 2004), etc.

Exploring the literature on what is meant by "business development" and what kind of assumptions is assigned, it becomes clear that the understanding of the BD concept mostly stems from practice (e.g., Kind and Knybhausenaufseß, 2007; Loranzi and Sørensen, 2014), implying that the mainstream discourse has evolved around the objective of improving a business' performance from the perspective of some actor (Forsman, 2008) and thus holds a positive meaning as it suggests some recouped value. The following definitions of BD offer some insight into the academic understanding of the concept and show the strengths and weaknesses of the concept in prevailing thought.

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1. *"activities aimed at finding and "developing" sources of new revenue. In general, this could include new business or new revenue from new customers in existing segments, new business from new segments, or new business from new industries. The new business can come from new products, existing products, new versions of existing products, or existing products offered with additional service features"* (Giglierano, Vitale and McClatchy, 2011, p. 31).

2. *"tasks and processes concerning analytical preparation of potential growth opportunities, the support and monitoring of the implementation of growth opportunities"* (Sørensen, 2012)

3. *"as a capability comprised of routines and skills that serves to enable growth by identifying opportunities and guiding the deployment of resources to extend the firm's value-creation activities into technological or market areas that are relatively new to the firm*." (Davis and Sun, 2006, p. 146).

Definition 1 explicitly mentions the aim of creating new sources of income, either from existing or new customers and products. However, and more importantly, this definition also relates BD to new product versions and added service features. Consequently, this definition highlights the incrementality of BD from minor to major changes and is representative of most practitioners' understanding of BD. Definition 2 seems to draw on Penrose's (1959) understanding of the concept as a necessary aid for making informed decisions about growth opportunities and the implementation phase by dividing the process into opportunity analysis as well as overlooking its implementation. The definitions assume that developers know when they come across an opportunity. In other words, they suggest that the BD process is deliberate, planned, systematic, etc. Definition 3 also has growth as its main aim in its use of skills to identify opportunities and guide value-creation activities. The definition extends the rationalistic definition 2 and implicitly introduces organizational learning as part of the BD process, as skills are assumed to be central and present in both the identification and implementation process as to give advice and instruction regarding the process to be followed.

It follows that the challenge facing marketers is to make the BD process more explicit, as the definitions do not provide any clear understanding of the construct, but rather take it for given instead of considering it adjustable to contingencies. Arguably, this may be unavoidable, as the definitions are built on loose definitions of yet other concepts. In fact, the ambiguities that are visible in the definitions of BD are the same for most definitions in business and social sciences. The conceptualization of BD as shown above consists of sentences of words that are built on other ideas. For instance, in the third definition of BD,

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words such as *routines and skills* and phrases such as *extend the firm's value-creation activities into technological or market areas* are especially equivocal, though not uncommon for the field of business and social sciences. Furthermore, and rather conspicuous, is the lack of human involvement, implying that BD is not a personal responsibility to anyone in the organization as such, but more like an organizational necessity or an extended wealth generation function. This lack indicates a significant misconception as the world today faces many challenges. Not only do many developments initiated and produced by businesses appear to trigger societal concerns over their environmental impacts (e.g., Hoffman, 2000; Iles and Martin, 2013), but the sheer complexity of modern society also demands collaboration across both national and organizational borders to solve challenges of all kinds, e.g., health issues, which would prove hard to solve individually (e.g., Weick, 2005). As inter-organizational work activities become more interconnected, the understanding of the BD concept needs to recognize the importance of mobilizing social creativity among and between organizational actors to create ideas that inspire and stimulate business development (Peronard and Brix, 2017). Unfortunately, none of the above definitions address the external side of BD and the role the market actors play in the process. Consequently, a more elaborate conceptualization of BD should include an understanding of the market system (Pieterse, 2010; Kilbourne, 2004; Figueiredo et al., 2014).

To sum up, any advanced understanding of BD needs to include the human and socio-cultural dimension and, in the process, direct attention to both the markets under consideration as well as the internal organization of BD. In fact, a BD definition ought to adhere more to the sign of the times and offer vision and direction as to the responsibilities that business developers share with both internal and external actors. Such a definition should possibly signal a moral stance toward environmental and human issues, which would foster public trust in organizational development and possibly improve the image of businesses and the market.

The scope of business development

Although being a much-used term among practitioners, the term "business development" is, as we have seen, not a well-defined concept, as also pointed out by Davis and Sun (2006, p. 157): "the literature contains no validated constructs of BD functions or attributes". Consequently, some clarification of the concept seems appropriate. Broadly speaking, BD refers to any alteration or modification of an organization's value creating process. That is, any adjustments of a business that improve its market conditions and contribute to revenue generation, i.e., definition 1 and 2 can be said to be doing "business development".

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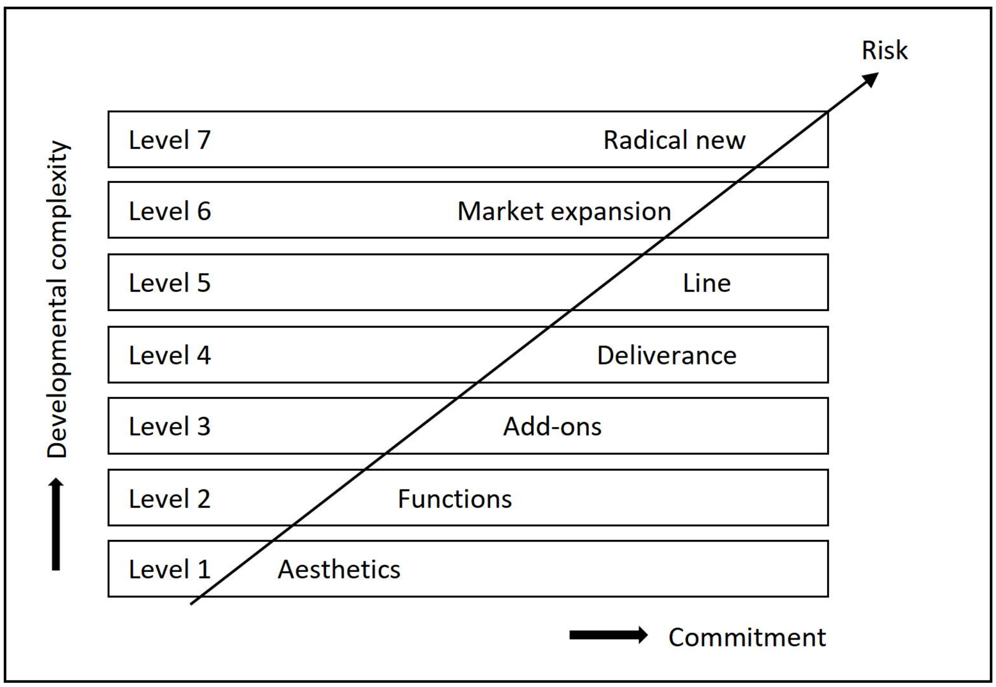
BD can, according to the above definitions, be of a major nature, e.g., the introduction of a completely new business opportunity such as iTunes, or more minor, as when managers modify the appearance of staff uniforms or change the marketing communication. Consequently, BD lies somewhat in between incremental improvement and a radical innovation. Although it requires quite different skills and commitment for people to manage each end of the continuum, it nevertheless suggests that change and development are closely connected. That is, a development is to be seen as a change process that starts from the initiation and continues to its end (Van de Ven and Poole, 1995). In other words, developmental and change processes co-exist on various levels. This grouping of developmental events into larger and more risky business creates a hierarchical system of change levels. Figure 1 shows this hierarchy of levels illustrating whether the development in question focuses on a simple modification or on a more complex change (e.g., Lovelock and Wirtz, 2011; Ansoff, 1957).

Figure 1: A continuum of business development categories



With each level, developmental complexity, organizational commitment (e.g., time and investments) and risk increase. The hierarchy starts with visual and communication and ends with the maximum effect of achieving fundamental changes in the core business on new markets. The first and lowest level of complexity is aesthetics, which may involve development in the design (new colors) or communication (e.g., script) of a product or service, e.g., new staff uniforms. The second level concerns minor functional changes in product or service performance, e.g. an insulated cup for coffee. Third is add-ons, new or

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improved product or service elements, e.g., camera in iPhones or letting the customer tailor-make their individual product, e.g., Nike, Volvo. Fourth, deliverance: Alternative or enhanced product or service delivery procedures aimed to provide a different experience, e.g., adding a digital distribution channel to bricks and mortar. Fifth, line extension: Adding a different product class quality or category to the current product or service line, e.g., banking and insurance. Sixth, market expansion: New geographical markets or new processes for delivering products or services with additional benefits to the customer, e.g., digital university educations or Cirque du Soleil. Finally, radical new business involves a new core product/service of a previously undefined market (e.g., O'Connor and DeMartino, 2006). Examples of such radical innovations are Ebay and Eflornithine (see later explanation). When it comes to the distribution of each level in organizational development, previous research has shown (Booz and Hamilton, 1982) that approx. 45% of all new developments fall under the scope of the first four levels – considered as improvements and revisions to existing services and products (e.g., iPhone 4 replacing iPhone 3), around 25% fall within the level 5 category, about 20% fall within level 6 and represent a move into new markets, and approx. 10% of all new products and services on entirely new market fall within the level 7 category.

The complexity, commitment and risk of business development

For analytical purposes, it is useful to divide the level of developmental change process into a prescribed and constructive mode (Van de Ven and Poole, 1995). The former, a *prescribed* mode of change, happens more regularly and takes the development into a planned direction in an incremental and predictable way, adjusting and modifying products or services without deviating much from the original. Typically, the prescribed mode involves what Bateson (1972) called first-order change, which means that developmental change occurs within an existing framework that creates variations on an already established business. It is occasionally referred to as "change in order not to change". Another distinctive mark of first-order change is "continuous change", which according to Weick and Quinn (1999), is change characterized by being "ongoing, evolving and cumulative" and in which individuals are continually adapting and modifying the ideas they encounter. Clearly, in order to arrive at such developments, businesses only need to activate limited parts of the organizational system, e.g., the marketing department with only loose links to the rest of the organization. Levels 1-5 in figure 1 incorporate a prescribed mode of developmental change. In addition, market expansion (level 6) may also be part of the prescribed mode if done incrementally as in the Uppsala model. The latter, a *constructive* mode of change, happens less often, but when it does, it breaks fundamentally with the past product or service improvement process in unforeseen and discontinuous ways. Such developments create what Bateson (1972) calls second-order change, in which new purposes are enacted to produce novel and/or unique product or service qualities. This type of change is sometimes also called

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"episodic change", which according to Weick and Quinn (1999), is 'infrequent, discontinuous and intentional' and may involve the replacement of an established strategy due to the failure of organizations to keep up with change. The developmental process is dependent on interference from outside of the focal BD system, emergent, highly dissimilar to the original service or product provided and thus cannot be easily planned for or anticipated by business developers. This means that there is a high degree of uncertainty as well as difficulties with overseeing the process. Consequently, the incomprehensibility of BD makes sensemaking among and between business developers a vital part of the process, since sensemaking is "the process through which people work to understand issues or events that are novel, ambiguous, confusing" (Maitlis and Christianson, 2014, p. 57; Weick, 2005). Furthermore, the process is tightly linked to the rest of the organization and thus has consequences for the entire system. Radical innovation (level 7) requires a constructive mode of development. In addition, few developments may be categorized as second-order change as they have more dramatic consequences than first-order changes, including re-design or re-engineering, image and communication initiatives, etc.

It is a truism that most new innovations fail in the market, which in turn makes BD a risky activity. For instance, only 20% of new products meet their financial objectives, while 40% of all new products fail in the market (Cooper, 2012). According to Sarangee, Schmidt, and Calantone (2019), much of this can be attributed to the escalation of commitment and the continuation of a failing course of action. Add to this that many developments are short-lived initiatives. Consequently, the lack of a long-term perspective on BD seems to destroy trust and commitment in organizations (Sennett, 1998, p. 24). However, and especially as the developments become more complex, involving more organizational functions, they also become more commitment intensive (Lorenzi and Sørensens, 2014), which locks the organization to a certain course of action. That is, the more an action becomes public, the harder it becomes to disown, as more is at stake. In such a situation, explanation becomes assumption and self-confirming (Weick, p. 229). However, the downside to commitment is that it produces blind spots – once committed to an action, it acquires explanation to justify committed action. Hence, commitment increases risk because it draws attention away from issues that may cause a crisis, e.g., investing in an outdated brand because of a need for a flagship brand. It follows from this that also the degree of risk varies according to the levels in figure 1. Clearly, radical new innovations (level 7) that are new to the market carry high risks due to the difficulties of estimating consumer responses, partly because the consumers may not completely understand the benefits before they are experienced, which is especially the case with services.

Furthermore, depending on the kind of change processes involved in BD, risks

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may be major or minor. According to Pennington (2003), changes can be placed in a field of tension between radical-incremental developments and core-peripheral activities that form different difficulty levels, e.g., the risks BD contributes to the organization. That is, radical developmental changes in the core business will usually generate high risk levels, whereas incremental changes in peripheral activities must be considered as low risk. Assessing and reducing risks can occur through sensemaking, which may restore a common understanding (Weick, 2001; Weick, 1987). For instance, studies of organizational risk show that by meticulously interpreting organizational action and forming organizational behavior by responding mindfully to emergent problems may reduce the risk of crises. In addition, experiential learning may also reduce perceived risk. For instance, increased foreign market commitment also increases perceived risk. However, as businesses gain foreign market knowledge, the more confident they become, which in turn reduces the perceived risk (Johanson and Vahlne, 1977).

In sum, business development is not necessarily a straightforward and plannable process. On the contrary, it is complex and risky and therefore also challenging for the people involved. Understanding the assumptions underlying BD may help the developmental process achieve a more favorable outcome. Consequently, in the next section, a strategic framework for understanding the different types of BD considerations is examined and a typology of realization is developed.

Four ways to realize a business development process

According to the definition of Davis and Sun (2006), “identifying an opportunity” is central to BD. The old English dictionary define an opportunity as “a time, juncture, or condition of things favorable to an end or purpose, or admitting of something being done or affected”. Transforming this into a BD context by linking it to the outlined definitions of BD, a business opportunity can be said to be some idea, belief, or action that is favorable to a firm’s economic ends (see also Venkataraman (1997)). However, a given opportunity needs to be developed into concrete new products and services. This “development” may be defined as “the organized intervention in collective affairs according to a standard of improvement” (Pieterse, 2010, p. 3). It thus follows that the BD essentially involves two types of actors, namely those responsible for the “organized intervention”, which in this paper are the focal business or organization, and those emerged in the “collective affairs” that the developments seek to intervene in, defined in this paper as the market, more specifically both buyers and competitors. Consequently, a BD process concerns the realization of an external (market) or internal (firm) opportunity (Forsman, 2008; Davis and Sun, 2006; Powell, 1996).

Table 1 (next page) shows how the realization ranges on a continuum from both the demand (external) and supply (internal) side to being completely unknown

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to both the firm and market. The words "realized" and "unrealized" are used in the model to capture the notion of making the opportunity real, so that it can be observed in a physical and tangible way rather than being a vivid idea in a developer's mind. Most often, businesses choose to engage in development as a response to *external* forces that make marketing managers either proactively take advantages of market opportunities and take steps to be at the forefront of an expected development or reactively respond to a new product or service by the competitors. Further reasons include rapidly changing markets due to customers' demands (sustainability), novel technology that enables new products or services (e-commerce), attracting investors (stock value), etc. Other times, development is spurred by *internal* organizational innovation processes of dealing with strategic improvements. Or sometimes, it is a series of circumstances that leads to new market opportunities. For instance, the drug Eflornithine was developed for treating sleeping sickness caused by a parasite's invasion of the brain, but could originally not be marketed in the poor countries where the parasite lives due to the relatively high price of the product. However, when it turned out that the product could be used to remove unwanted facial hair in women, a new and profitable market was created in the western world, which made it possible to market the drug in African countries. Furthermore, such internal and external innovation approaches implicitly define two complementary strategic orientations (Saeed et al., 2015; Day, 2011) – the inside-out and outside-in orientation (Paladino, 2007). In the latter, the focus is on conditions external to the company, i.e., the markets in which it competes, the customers, suppliers, competitors, etc., as the basis for development and innovation (Day, 2004; Paladino, 2007). This external orientation means that the company seeks to integrate external knowledge and capabilities into the development process, anticipating market demands ahead of its competitors, and thereby more quickly establishes and achieves lasting market relations and positions, with competitive advantages as a result (Day, 1994; Tallman, 1991; Narver and Slater, 1990). In the former, focus of the orientation is on how a firm gains competitive advantages by possessing, developing, and leveraging strategic firm-specific resources that are valuable, scarce, incomparable, and non-substitutable (Day, 2011; Barney, 1991). This orientation evolves around the firm's ability to utilize and implement its existing knowledge and capabilities – often in the shape of tacit knowledge embedded in the company's social structure – through processes that begin with the company itself and then look outward to the external environment (Paladino, 2007; Day, 2011). A special branch of inside-out is the theory of organizational dynamic capabilities – defined as the processes by which companies integrate, reconfigure, renew, and recreate resources and capabilities over time (Day, 2011, Zott, 2003; Teece, Pisano and Shuen, 1997).

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Table 1: Four types of business development approaches

	Realized by the firm	**Unrealized by the firm**
Realized by the market	Q1. Opportunity recognition - Funct: Exploitation - Orient: Matching	Q2. Demand-side discovery - Funct: Exploration - Orient: Outside-in
Unrealized by the market	Q3. Supply-side discovery - Funct: Exploration - Orient: Inside-out	Q4. Opportunity creation - Funct: Sensemaking - Orient: A balanced market approach

Open market (Q1)

In this type, opportunity is public and known to all stakeholders. It is realized by the customers and the firm. This type resembles Sarasvathy, Dew, Velamuri, and Venkataraman's (2003) recognition view, in which both supply and demand clearly exist, and bringing the two sides together equals the exploitation of an existing market such as seen with franchising or in realizable and risk-free transactions such as arbitrage. According to Greve (2007, p. 945), exploitation is defined as "the use and refinement of existing knowledge, technologies, and products, and has more certain and proximate benefits" than mere exploration. Markets are assumed to be open and information transparent. The opportunity is thereby developed by putting resources to better use, and being able to discern which features of a product or service customers find salient or unimportant is central to marketers. Furthermore, the allocative perspective may be compromised because of inappropriability of recouping rents from the development, indivisibility from perfect substitution of actors, and uncertainty from information asymmetry. According to Sarasvathy et al. (2003), the implications of the recognition view are 1) a system perspective of actors with homogeneity in costs structure and access to technology, 2) equal likelihood of opportunity recognition among actors, and 3) a competitive equilibrium on the market for both factor input and products and services.

Demand-side discovery (Q2)

This type needs feedback from the customers in order to come into being as firms are blind to possible opportunities. Opportunity within this type is a target group's unmet need or want that can be satisfied by an existing or new product or service. This involves adaptive marketing capabilities that make it possible to examine the surroundings for business opportunities related to market, technological, and other developments that may be considered important in the developmental process (e.g., Tidd et al., 2001). This type involves the exploration of new market knowledge (Greve, 2007), and as an outside-in view, it emphasizes central external factors like needs, wants, desires, uses, etc. in

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selected target markets. Market research can be used to identify those needs and wants not being met and establish possible ways to fulfill them (Hunt and Madhavaram, 2020). According to Sarasvathy et al. (2003), this discovery view occurs when the demand side exists as in the exploration of a cure for a disease, or as in the case of Starbucks, which was established by coffee lovers and originally only sold freshly roasted beans from a shop in Seattle. Only because customers asked to try brewed coffee samples did Starbucks take the initiative to open actual coffee shops, which then developed into the coffee bar market as we know it today. Another example of the demand approach to innovation is from the toy manufacturer LEGO (e.g., Robertson, 2013). For a number of years, LEGO has worked to include and utilize consumer creativity to create value for the company. Any idea or proposal that achieves support from 10,000 Lego enthusiasts in 12 months is going to be evaluated by LEGO for the feasibility of developing it into a real product, thus considerably lowering the time to market for new LEGO products.

Supply-side discovery (Q3)

This type involves disclosure and persuasion (inform and test) as to whether the opportunity can produce solutions that are realizable by the customers. This kind of discovery view occurs when only the supply side exists as in the exploration of a market for an innovation (Sarasvathy et al., 2003). The opportunity is realized by the firm who selects the customers, defines the problem, and chooses the solution. This opportunity is realized by the firm's experts, e.g., R&D, but not by its customers. However, there are certain problems with this approach, for instance, it appears to be too static in nature (e.g., Hunt and Madhavaram, 2020; Teece, 2014) insofar that it does not emphasize new development and learning, as the existence of resources is taken for given. Furthermore, the selection of customers for testing the opportunity could pose difficulties, as the best suited customers may not be willing to participate or identifying them may be impossible. This is a well-known issue in sampling for statistical tests. Another problem is the time and resources needed to disclose and evaluate the possible opportunities. In any case, this type requires a great deal of interpersonal and learning skills as well as capacity to manage ambiguity and customer responsiveness (Davis and Sun, 2006). An example of the supply-guided type is Apple's development approach to the first-generation iPhone. Apple used a selected group of talented people to define and develop both hardware and applications in order to secure a seamless integration of hardware and software into Apple's system (Pesano and Verganti, 2008). Another example is the San Diego-based firm Qualcomm, which specializes in cellular and wireless (satellite) communication (Bogers et al., 2019). In the beginning of its existence, Qualcomm could not partner up with anyone as the focal technology was untested and thus undocumented and had many elusive interdependencies that needed to be coordinated. Instead, the company went forward with the development alone, and only much later, it was

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able to open up for collaboration.

Business creation (Q4)

According to Sarasvathy et al. (2003), an opportunity creation exists when neither supply nor demand is clearly present, and each must be formed for the opportunity to happen as in the creation of a new market. According to Sarasvathy (2001), an opportunity does not pre-exist, since it is the result of "intense dynamic interaction and negotiation between stakeholders – in this case customers and the firm, seeking to operationalize their (often vague and unformed) aspirations and values into concrete products, services and institutions that constitute the economy" (Sarasvathy, 2003, p. 157). People are not passive observers of their surroundings and need to have special skills to be effective in developing business (e.g., Sarasvathy, 2001; Readet et al., 2016). In fact, they are active meaning creators. According to Weick, "people invent rather than discover part of what they think they see" (1979, p. 166) as they deal with uncertainty and goal ambiguity in the BD process. Consequently, action comes before opportunity recognition as BD starts whenever there is a break with the current state of market affairs or as Weick (1979) calls it: an ecological change. That is, data, resources, and action are iteratively interpreted and organized into a new reality. Although the intention to create an opportunity cannot be separated from the interpreter, as perception exists in the individual mind, complex action will start to deviate from original intentions as soon as it "enters a sphere of interactions and […] is finally grasped by the environment in a way that may be contrary to the initial intention" (Morin, 1999, p. 45). This does not happen precipitously, but as a gradual drift when emerging cues become salient clues and create subtle changes in the opportunity in focus. An opportunity may therefore be said to be unexpected in the sense that it cannot be pre-planned, but gradually evolves as business developers enact a shared reality. An example of this type is the open business model approach in LINUX's open-source software community, where the modular structure allows for an easier development of new features without dealing with the complexity of the entire application (Pesano and Verganti, 2008). Furthermore, insights from the bio-industry show the importance of initiating and maintaining social networks among developers from various organizational collaborators in order to more effectively identify and "[facilitate] the matching between supply and demand of opportunities" (Lorenzi and Sørensen, 2014, p. 55).

Implications for competences and skills

The previous section outlined and discussed four approaches to BD. Given the loose nature of development, it comes as no surprise that there is a lack of understanding of how to manage the development process between firms and customers (Windahl, 2017). Consequently, the question emerges as to how to integrate the four views into practice. What seems clear from the previous section's theoretical framework is the immediate understanding that some

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types are probably more favored than others in the business environment. For instance, type 1 involves exploitation and is favored over types that involve exploration. The reason for this is that “compared to returns from exploitation, returns from exploration are systematically less certain, more remote in time, and organizationally more distant from the locus of action and adaptation” (March, 1991, p. 73). What comes to mind next is to review each type in the typology in terms of equally important and completely different modes of thinking about BD. The developed typology (table 1) can guide business developers strategically as to the approach by which opportunity realization should take place. However, businesses often shift between the different types, for instance, the development of Apple’s software system was originally controlled internally (type 3), but over time and in order to increase growth, Apple needed to open up to more collaborators with access to the market and a greater customer understanding (Pesano and Verganti, 2008). In addition, Starbucks was arguably a type 3 in the beginning and later turned into a type 1, as running a franchise coffee shop can be done by almost anyone. Consequently, the proposed typology can be used to talk about the direction that BD in an organization needs to take. This would, however, require skills necessary for engaging in all four types.

A further issue to consider is therefore the human resources and skills needed to succeed in BD. According to Lusch, Vargo and Malter (2006), some of the most innovative firms in the world have a different conception of the market dynamics than the traditional value-in-exchange perspective. From this service-dominant logic perspective, the integration of resources and skills with other market actors becomes imperative and less so the ingenuity of making things in isolation and narrowly focusing on the traditional linear model of value creation (Vargo and Lusch, 2004), as the latter limits thinking in terms of providing better vision of new opportunities. Although some studies claim that the process of opportunity development can be strengthened through the knowledge that developers already possess (Shane, 2000; Venkataraman, 1997), special industry and/or market knowledge acquired through work and/or education is the best approach to developing opportunities. However, other scholars argue that prior knowledge may in fact prevent a novel perspective from emerging in the BD process (e.g., Aldrich and Kenworthy, 1999). The reason being that new knowledge is the result of the enactment process. If people are too emerged in a given industry, it may result in cognitive dispositions that favor traditional ways of approaching problem solving, making it difficult to break away from established habits of conduct. Consequently, BD often becomes business-as-usual, which typically is less radical, e.g., type 1 (see also levels 1-5 in figure 1). However, to be more groundbreaking, developers must be able to search and experiment freely, and this is often found both when there is a means-ends perception of an opportunity as well as some kind of action in the shape of enactment by one or more individuals, as is the case in type 4. In the former,

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people must be mentally aware of the opportunity, and in the latter, an opportunity will develop by talking it into existence. Although especially large firms oftentimes benefit from separate research and development functions or external partners as the source of BD in connection with radical innovation (O'Connor and DeMartino, 2006), this may also have negative consequences and lead to failures in developmental processes as new business models reject old ones. Benefits become short-lived and the sense of direction may be lost as a result of using consultants for change processes (Sennett, 1998, p. 49). Furthermore, and especially for type 4, the role of marketing is going to change in an open development context and likely to be that of integration and coordination of the cross-functional processes in a business model (Vargo and Lusch, 2004). However, this is probably going to create some profound challenges in most organizations that typically hold a more traditional understanding of what constitutes the marketing and BD function. Consequently, a more liable scenario would be to establish a new staff function – a BD function among an organization's top management – responsible for interlinking the organization and the market. Preferably, it should be centered around issues of globalization, technology, and sustainability. According to Day (2004), this would require skills to perform tasks such as market-sensing and navigation, development of new value propositions, and ensuring organizational commitment through orchestration of organizational processes. Consequently, any business developer needs to make sense of the changes that BD brings about, and especially important will be their ability to recognize and articulate change in a way that explains to relevant actors the direction and challenges that are to be expected (Weick and Quinn, 1999). In order to adapt to emerging and continuous changes and capture an emerging opportunity, Weick and Quinn (1999) suggest that organizations follow three steps: freeze, rebalance, and unfreeze. Freeze means that the organization creates a focus on the development process by identifying patterns through visualizing sequences and patterns using maps and stories. Rebalance implies to "[...] reinterpret, relabel, and resequence the patterns so that they unfold with fewer blockages" (p. 380). Finally, to unfreeze is for the organization to return to emerging change using improvisation and learning that are mindful, flexible, and resilient to irregularities in change processes. If developers learn the skills necessary to execute these three steps and combine them into meaningful plans and coordinated action, they may improve the BD process, in particular in type 4 situations.

Conclusions

This article has thrown light on the relevance of BD for contemporary companies and organizations and suggested some strategic directions for its application and realization. The purpose of the article was to provide a more detailed view of BD and try to integrate the different perspectives into a theoretical understanding and framework. First, the definitions and scope of BD were outlined and

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discussed. While some scholars describe BD as an analytical process of identifying a business opportunity and overlooking its implementations, practitioners often associate the term with the incremental changes of products or services to achieve revenue. However, no one seems to take the human and societal aspect into consideration. Next, a model of BD was discussed in connection with complexity, commitment, and risks. Then, in relation to the BD concept, two basic choice variables for staging resources were used to develop a strategic framework for BD. This framework consists of a typology of four and is suitable for the strategic management of BD, as it provides insights into different situations of approaching resource allocation. This integrative perspective was further explored with business examples to provide a supportive view of future BD practice and research. Future research and practice should go beyond seeing BD as a lever for one's own growth interests and instead focus more on the human and societal side, thereby ensuring a more long-term development and, at the same time, a better strategic management of the company's development potential. Furthermore, the framework may support research by identifying relevant characteristics of the four types and the conditions under which they are likely to operate. Instead of working from preconceived theories of change and development, the framework makes it possible to study the existence of the different types in a more nuanced manner and support practitioners' direction-setting for BD processes. Finally, the typology presented in table 1 should be considered provisional. Further refinement and elaboration are needed, preferably through additional empirical data from different business contexts. This would strengthen the external validity of the typology.

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