
INTRODUCTION

Many businesspeople use the terms “sales” and “business development” interchangeably. They think the two phrases refer to the same process with the same potential results. Granted, the two words together—“business” and “development”—could vaguely refer to any method of creating business, but when people use them to mean “grow revenue quickly,” they’re really referring to sales. But sales is not *developing* the business; sales is solely about generating income. Business development (BD), on the other hand, is more strategic; it’s not just about the money to be earned. So the people who use the two terms synonymously are, plain and simply, wrong.

While there is a place for both BD and sales within most companies, the skill set required, prospecting approach, deal structure, business process, and potential impact on the company are worlds apart. Use a typical sales approach to pursue a BD deal and I guarantee that, at best, you’ll get a crappy outcome, relative to what you thought this so-called powerhouse deal could do for your company. Conversely, take a BD

tack with a sales deal and you'll rarely ever close it efficiently, because they are completely at odds with each other. It's the wrong approach.

On the one hand, sales is all about offering tangible goods and services available for purchase—items many companies have already identified as something they need. Sales is about developing revenue for the company in the short term by finding buyers for clearly defined products and services. I always use paper cups as an example. Most companies know what paper cups are, know whether they need them, can clearly describe their features and benefits, and have a budget line item for them. So the role of sales is to persuade the customer to buy your cups instead of someone else's. Why? Because you already know that the company is going to buy cups from *somebody*. Your challenge is to convince the buyer that your products make the most sense for his or her particular need and then seal the deal with a purchase order.

BD is the polar opposite of sales. It's about selling a vision of the future—of what could be—for a potential partner willing to collaborate with you. It's about defining what we can do together that neither company is doing today to serve a third customer. You're not selling tangible products and services to another company in BD; you're proposing a partnership in pursuit of bigger opportunities elsewhere. That's the biggest difference between sales and BD, but there are several other important distinctions as well.

In BD, the business process is strategic, not transactional, and no money changes hands between partners. Your potential partner, which is typically an industry heavyweight (what I'm calling a sumo), and your ultimate customer may have given no thought whatsoever to the benefits your proposal can reap. So there are no incentives related to consummating a deal with you. It's even more likely that sumos will try to discourage future contact from you; they prefer to compete solo. Making any headway at all in forging a business

relationship with your potential BD partners can take months, even years. And yet, when the relationship is formalized and collaboration begins, the rewards are often pivotal for the companies involved. Your company's valuation can double or triple with a successful BD deal. It's a growth catapult.

A single sales contract rarely has the same impact. But let's be very clear here. The purpose of BD is to help accelerate your sales—think of it as a platform or springboard. The BD Layer, which is something I'll get into more detail about in the next chapter, will accelerate your revenue through faster, greater, more profitable sales.

BD ADVANTAGES

So how, exactly, do you leverage business development to accelerate growth in your business? Keep in mind that partnering with sumos can achieve a number of different goals for your business. Your goal may be revenue generation, or market share increase, or tapping into a sumo's resources to avoid duplication of effort. Your goal may be to adopt your partner company's best practices in a particular area of their business where you feel yours is weaker, or to gain access to their technology, or to develop a lower-cost customer acquisition model, or to build increased credibility in your space, for example. The point is accelerating growth in your business can be accomplished in a number of ways beyond pure revenue generation; sales isn't the only option. It all depends on what your business goals are and how your partner can best help you achieve them.

In the end, your sales results will skyrocket when you use an effective BD strategy. Here's an example of how to create a BD Layer, which goes beyond just thinking about sales. SpareFoot.com, a company I advise on BD, is a great early stage company in Austin, Texas. It is a business-to-consumer (B2C) marketplace for more than 8,000

storage facilities across the country. Consumers in need of a storage facility can turn to SpareFoot for a profile of the location and the available units in their local area. This extends way beyond U-haul and Public Storage, the titans in the storage industry. By forging this network of independent storage facilities, SpareFoot is helping to elevate the competitiveness of the smaller players.

But SpareFoot is doing more than helping independent storage facilities find customers. It is also helping other, much larger, companies expand their product lines into storage. One such example is truck rentals, since a high number of people moving to another home generally need to move some of their “stuff” into or out of storage facilities. So SpareFoot partnered with sumo Penske Truck Rental and now connects consumers seeking a truck rental with storage facilities, as well as helping its storage facility operators gain access to Penske trucks for their own customers.

SpareFoot had a huge opportunity to partner. It created a BD Layer to connect its service—information about storage space—with related services provided by market leaders to the same customer base. Why is it better to pursue a partnership versus a product development initiative? A partnership will reduce risk, provide expertise, minimize distractions, lower costs, and help your company to focus on its core competency and scalability. By pursuing a partnership with an established company, such as Penske, SpareFoot has filled two voids in the market and made its position much stronger.

The reason such a partnership makes sense for Penske is that it receives inbound calls for truck rental reservations every day. Now, through SpareFoot, Penske has a nationwide network of storage facilities that booking agents can bundle with the truck rental transaction. SpareFoot’s sales will potentially skyrocket by putting Penske Truck Rental customers directly into the SpareFoot network.

Besides not having to invest huge sums of money in a start-up operation, such as with a truck rental business, a second advantage of partnering with a sumo is the barrier to entry you're establishing for your competitors. If you spent the time and money to set up your own product, you're telling your competition that it's not tough to do. But if you partner with a major player to leverage *their* capabilities, you're signaling to your competitors that it's hard, but you just leapfrogged them by partnering with the best. And to beat you, they're going to have to best your partner—your sumo—which is a daunting challenge. As a start-up, you suddenly have scale, experience, and additional resources to supplement your (perhaps) limited funding.

A third advantage of partnering is the validation and authority you've just earned by aligning yourself with a Fortune 500 or Fortune 100 company—your sumo. Given the herd mentality, when others see that you've partnered with a major player, they'll perceive you to be more established. They'll also assume your idea is a smart one, since your Fortune 500 partner wants to be involved. The respect your partner receives in the marketplace is now transferred to you. And passing the rigorous due diligence process corporations insist on is now an asset for your business and your investors. You've gained instant credibility through your strategic partner, which, in the end, helps the execution of your sales strategy.

I launched my charity using this BD philosophy as well. I have a very deep appreciation for those in our country who keep us safe. Military men and women, police, and firefighters, who I refer to as America's heroes, all deserve massive recognition for taking on a career that puts their lives on the line in the normal course of work. That's a job I don't have, and I would have concern (yet support) if one of my children chose such a path.

As a result of this feeling, I have been buying this group lunch whenever I can. If they are ahead of or behind me in line for lunch,

I try to grab the check. To me, this is not charity, and I would never hand one of them cash. It is a gesture of thanks.

I started ThanksABunch.org (TAB) in 2010. TAB's goal is to facilitate an action where individuals approach these heroes, shake hands, and say "Thank you! Your next lunch is on me!" In doing so, they hand a TAB lunch card worth \$50, good at over 18,000 restaurants.

As you can imagine, the big challenge in launching the program was the participation by restaurants. I could try to approach the big national chains such as McDonalds and Burger King. Those certainly are two sumos on the list. But there were inherent challenges with doing so. For example, will all franchisees accept the card? Who pays for the food—corporate or the franchisee? I need to make sure I have enough volume in place to train this network. This is a lot of effort, and it's still limited by food choice.

As a result, I approached Restaurant.com. They have 18,000 restaurants across the country trained to accept a redeemable certificate of monetary value. These locations are very diverse in geography, cuisine, and expense. Approaching this sumo was easier than most. Through a series of discussions, documents, and process flow charts, Restaurant.com agreed to be the fulfillment channel for the ThanksABunch program. On top of that, this sumo agreed to help us financially through the ongoing volume of cards.

So overnight and upon launch, ThanksABunch.org launched a nationwide platform where individuals can come to the website, purchase tax-deductible \$50 cards for \$10 each (yes, that's right; a \$10 donation turns into an American hero receiving \$50 in value), and hand them to our military personnel with a handshake gesture of thanks. TAB does not have to manage a network of restaurants, issue dynamic codes that the restaurants accept, provide any technology to support such action, etc. We, as an organization, can feel very confident that the process is handled by a capable and focused enterprise.

BD is as much about earning a solid reputation in the marketplace in a split second by partnering with a more established and respected partner as it is about increasing your top line. All the positive attributes your partner has are now yours, to a great extent. And moving forward, even after your current BD effort wraps up, your company will be light-years ahead of your competition, thanks to your partner relationships. You can now use that first BD success as a stepping-stone to bigger and more lucrative projects.

ACCELERATION ENGINE

While BD is strategic and sales is more transaction oriented, your company needs both to be successful. Don't feel you need to choose between the two functions. Instead, use them in combination to achieve even faster growth.

BD is a sales accelerator, but you need a strong sales organization to support your BD efforts if you are going to reap optimal results. BD and sales have different roles, but both contribute to a successful partnership. Where BD identifies the opportunity and forges the business partnership with an outside organization, sales is critical to the overall results of the project. BD helps create transactions, but, ultimately, it's the sales team that will get the revenue in the bank account. While BD takes the lead in getting valuation-doubling deals, sales is the transaction generator you can't live without. They work together . . . but don't try to use them at the same time.

HOW TO USE THIS BOOK

I have spoken to hundreds of CEOs about BD. Although they are curious about it, there are always a few in each group who think there is no way that the Sumo Advantage can apply to them. I'm here to tell

you that it does apply, no matter what industry you're in. I'm 100 percent positive that your sumo is out there, even if you can't think of one right now. I would also submit that if you assume you have nothing to gain by partnering with a sumo, this book is even more important to you and your business.

The Sumo Advantage is filled with information about how to find and partner with sumos, but it starts by distinguishing between sales and BD. If you are unaware of the distinctions, then your sales-only focus may be what is holding you back. Understanding and really believing that sales and BD are different functions is an important first step in taking your business to the next level.

As you read and process this information, you will see that it is an interconnected system that takes patience and finesse but reaps huge rewards for companies that pursue partnerships. Resist disbelief in any one concept until you finish the book. I promise you that your perspective on the value of sumo relations, how to go after them and how to develop them will change. I'll share a story with you from one of my recent speaking engagements to drive this point home.

A CEO with a very impressive company attended one of my presentations and was not shy about sharing that he did not believe in partnerships; he made the point several times. He saw no value in them and actively enforced that belief throughout his organization. But I was determined to change his mind. So I would periodically look at him as I made various points during the presentation and could see that he not only was engaged but also wanted to hear more.

The next day he e-mailed me the following note:

Bernie,

I normally dislike our [CEO group's] speakers, but I got a lot out of your presentation. In the past, I have

been telling people: “Partnerships are worth nothing; paying customers are worth everything.” I think I’m ready to change my tune.

I wasn’t surprised. I’ve heard that partnerships are worthless countless times from skeptical audience members. I’ve also heard:

- “I don’t have millions of dollars to invest in this.”
- “I’m not big enough.”
- “I don’t have enough resources.”
- “I already do business development, and my company still is not growing.”
- “How can this possibly apply to my type of business [usually law, accounting, or some other professional service]?”

This list could go on and on. Yet I know they work. I’ve used these same principles in companies at a number of different life stages:

- As a start-up entrepreneur with no money. I was sitting in the basement of my rental with no salary and struck two deals with multibillion-dollar companies. I raised money after that.
- With a company that was around for more than 10 years.
- As a start-up whose initiative required the need to raise millions in initial funding before anything could happen.

Read on and you can learn how to apply these principles, too.

HOW THE BOOK IS ORGANIZED

So how should you make the most of what’s here? Read everything through once and then circle back to reread it or reread sections where you want more direction. I’ve divided the book into three main parts,

starting with business generation, followed by getting a deal, and then looking ahead to long-term opportunities.

In the first part of the book, you'll learn how and why sales and BD are two totally different animals. I offer my four distinctions between sales and BD as a guide to knowing which is which, as well as recommendations for when to use each one. Then I talk about the BD Layer and how it functions to turbocharge your company's revenues.

Once you clearly understand what BD is, how it works, and what it can do for your company, I will help you start to look for sumos to partner with. Believe it or not, there are sumos all around you; you just need to start thinking a little more creatively to identify them. I offer a couple of exercises to help you do just that. After you've identified potential sumos you want to work with, I provide the guidance, and even some dialogue, to start pursuing deals with them. I explain how important maintaining control is, as well as how to use confusion to stay in control. I also talk about how to use triangular attraction, which is my term for playing one sumo off another—borrowing one's credibility and reputation to get another interested in working with you. Finally, I help you start to negotiate a deal.

While that section is the meat of the book, the last part is just as important. One sumo deal isn't enough—you need to create a steady stream of partnerships to have a significant impact on your business and your market. By managing the sumos you're working with, as well as the people on your own team, you can build profitable and lasting relationships. You may also discover a killer app within your own company—a capability that has the potential to shift the market dynamic in your favor.

As you finish the book, I'll offer some specific steps you can take now to start building a BD-centric organization, hiring the right people to make that possible, and finding sumos that will give you a huge advantage.

MY MISSION

I start every one of my speaking engagements with the following statement: “I am not a consultant! I am one of the founders and head of business development for TrueCar.com, and I LOVE what I do. I’m here because I want to teach other entrepreneurs how to leverage big strategic deals. Everything I talk about I have personally done and done successfully. This is not theory, nor is it derived from just researching other people’s successes. *The Sumo Advantage* is the result of my 20-plus years of business development success doing incredibly meaningful deals for my company’s growth.”

I want this for you, too. What I’m going to cover in this book is BD, not merely the process of developing business but a strategic, company-altering, life-changing system, and how you can use it to transform your entrepreneurial venture into an industry powerhouse.

Are you ready?