WHY NEW BUSINESS DEVELOPMENT SUCCEEDS OR FAILS: COMPLEMENTARY INSIGHTS FROM A PROCESS PERSPECTIVE (SUMMARY)

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Recommended Citation

Available at: http://digitalknowledge.babson.edu/fer/vol26/iss16/1

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SUMMARY

WHY NEW BUSINESS DEVELOPMENT SUCCEEDS OR FAILS: COMPLEMENTARY INSIGHTS FROM A PROCESS PERSPECTIVE

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Principal Topic

Why new business development (NBD) succeeds or fails is an intriguing question that has kept many researchers and practitioners occupied. Previous research has addressed organizational and market factors that influence new business development activities. These outcome-driven studies are very appropriate for uncovering factors influencing success and failure of NBD-activities, the effect on business development is in this type of research independent of the temporal sequence of events. This limits our ability to understand the business development process, because the order in which events take place matters regarding our understanding of why business development fails.

Therefore, we need event-driven studies to provide insight about how the NBD-process unfolds, and how the sequence of events leads to path-dependent processes that determine the outcome of the NBD-process. The key question we address is how the sequence of events affects the success and failure of business development processes?

Method

We address this issue by developing a conceptual framework encompassing factors derived from prior research, and employing a longitudinal case study approach. By mapping the events and tracking the progress of the NBD-projects, we develop a narrative that shows why success or failure becomes inevitable. Over the period 1993-2005 we investigated 8 new business development projects within a division of a major European consumer electronics firm. The data are based on extensive interviews combined with a wide variety of internal and external documents.

Results and Implications

We believe this paper makes two significant contributions. First, it provides more insight in how the sequence of events leads to path dependent processes within business development that determine the outcome. Top management commitment seems to be the linking pin between these events and ultimate success or failure. Second, this practice-centered framework delivers insight in how to manage these factors and the sequence of events to increase the likelihood of success for new business development.

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