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Business Model Innovation: A SME Perspective

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Abstract
While business model innovations are critical to a company’s long-term survival, they are still poorly understood compared to other kinds of innovations. In this paper, we investigate prior research and reframe business model innovation through a practitioner lens. We report on a content analysis of interviews with CEOs of small and medium enterprises in the technology industry, with the aim of recording their definition of business model innovation. This research intends to contribute to a better understanding of the meaning of business model innovation from a practitioners’ perspective. These findings open new directions for theory development and empirical studies in the business model and innovation management literature.

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ABSTRACT

While business model innovations are critical to a company’s long-term survival, they are still poorly understood compared to other kinds of innovations. In this paper, we investigate prior research and reframe business model innovation through a practitioner lens. We report on a content analysis of interviews with CEOs of small and medium enterprises in the technology industry, with the aim of recording their definition of business model innovation. This research intends to contribute to a better understanding of the meaning of business model innovation from a practitioners’ perspective. These findings open new directions for theory development and empirical studies in the business model and innovation management literature.

Keywords:

Business model innovation, CEOs, high technology, content analysis
INTRODUCTION

Business model innovation (BMI) is increasingly relevant to practitioners as companies look for alternative ways to compete beyond product or process innovations (Chesbrough, 2007; IBM, 2016). Whereas products and processes can often be easily copied by competitors, the dynamic and complex nature of BMI makes it harder to do so (Amit & Zott, 2012; Schneider & Spieth, 2014). Despite clear advantages, BMI tools and processes are deficient (Osterwalder & Pigneur, 2003; Zott, Amit, & Massa, 2011). One reason may be due to the lack of empirical and theoretical research to support BMI within organizations (Venkatraman & Henderson, 1998). In order to promote the establishment of adequate management frameworks and mechanisms that lead to BMI, more empirical foundations are necessary (Sosna, Trevinyo-Rodríguez, & Velamuri, 2010). Theory development should evolve toward a construct that best approaches “the hypothesized course of [observed] events” (Weber, 1949: 44) aimed at rigorous theory building (George & Bock, 2011). By elaborating a review and presenting findings from an inductive study of practitioner perspectives, our aim is to better understand BMI in order to advance scholarly knowledge and research. In a nutshell, to provide a preliminary bridge from the phenomenon in managerial practice to the literature. The findings of the analysis are discussed and implications are drawn in the conclusion. Finally, the limitations are stated and recommendations for future research presented.

RELEVANT LITERATURE

In order to create BMI, an organization must understand what its present business model is (Johnson, Christensen, & Kagermann, 2008). While Teece (2010) argues that since pre-classical times businesses have always operated according to a business model, the novel logic employed by firms has increasingly popularized the notion of BM among practitioners and scholars. Advances in information and communication technologies (ICTs), especially
the Internet, have served as a catalyst for innovation, opening up unprecedented ways of doing business and generating revenues (Amit & Zott, 2001; DaSilva & Trkman, 2014; Onetti, Zucchella, Jones, & McDougall-Covin, 2012; Timmers, 1998; Trimi & Berbegal-Mirabent, 2012).

**Business Model**

Various definitions of business models in the extant literature are presented in Table 1. Definitions were obtained through use of electronic libraries (e.g. ScienceDirect, EBSCO, JSTOR, and ACM Digital Library), by means of keyword searches “business model”, “BM”, and “modelling”. The definitions are deliberately selected according to the following criteria: 1) Quality Assurance, in terms of content, number of citations, and publication source; and 2) they cover an inclusive period from 1998 to 2014.

A central tension in these definitions is the attempt to differentiate the business model as a term from a more generic notion of strategy. (Casadesus-Masanell & Enric Ricart, 2010: 205), for instance, stated “a firm's business model is a reflection of its realized strategy” and added that “essentially, strategy coincides with [the] business model, so that an outside observer can know the firm's strategy by looking at its business model”. Similarly, Magretta (2002) used a metaphor for explaining what a business model does, and suggested that business models are essentially “stories” which explain how firms work. However, whilst business models do help analyze, test, and validate a firm's strategic choices, a number of scholars have stated that business model is not to be equated with strategy (DaSilva & Trkman, 2014; Magretta, 2002; Morris, Schindehutte, & Allen, 2005; Shafer, Smith, & Linder, 2005). Business model is meant to provide the ‘missing link’ between strategy and tactics (Osterwalder & Pigneur, 2002).

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Insert Table 1 about here
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This ambiguity presents problems for scholarship in defining the contribution it can make to further developing business model theory. Shafer and colleagues (Shafer et al., 2005) explained that, while some scholars have offered definitions of the term “business model”, none of these definitions appear to have been fully accepted; practitioners thus appear to be confused about how to use the concept (DaSilva & Trkman, 2014). An explanation for the lack of an accepted view on what business models are is advanced by several authors (for instance (Baden-Fuller & Morgan, 2010; Morris et al., 2005; Zott & Amit, 2010), namely that scholars have so far devoted little attention to empirical studies on the topic.

In recent years, academics seem to be pivoting from the question “what constitutes a business model” to understanding how to leverage business models in order to generate sustainable and strategic advantage (Achtenhagen, Melin, & Naldi, 2013; Bocken, Short, Rana, & Evans, 2014). This novel approach is identified in the literature as a business model innovation.

**Business Model Innovation**

Product innovation allows for different benefits compared to products already existing in the industry (Chandy & Tellis, 1998; Markides, 2006). Conversely, process innovation implies an improvement to production or distribution processes aimed at reducing costs and increasing profits (McElheran, 2015). BMI is different from product or process innovations since it involves systemic change across the value proposition, value creation, and value capture approaches. Product innovation aims to bring new products to the market. Process innovation targets the improved efficiency of processes. BMI has a strategic nature that engages in the search and assimilation of different means of value proposition, value capture, and value creation that build upon the existing business (Leih, Linden, & Teece, 2014; Teece, 2010). In its most basic form, BMI relates to a company’s ability to innovate its current way of doing business. It emerges from combining the concepts of business model (strategic
management field) and innovation (innovation management field) and can be defined as the
as “the search for new business logics of the firm and new ways to create and capture value
for its stakeholders” (Casadesus-Masanell & Enric Ricart, 2010: 464). Research on the topic
has dwelled on the importance of customer value proposition to BMI (Johnson et al., 2008;
Tongur and Engwall, 2014), what motivates or hinders BMI (Santos, Spector, & Van der
Heyden, 2009), how to innovate doomed business models (Sosna et al., 2010). how to foster
corporate transformation and renewal through BMI (Zott et al., 2011), the need for strategic
leadership in BMI (Aspara, Lamberg, Laukia, & Tikkanen, 2013; Doz & Kosonen, 2010) or
BMI in general (Comes & Berniker, 2008; Foss & Saebi, 2015; Leih et al., 2014).

In practice, BMI seems intrinsically connected with innovative start-ups (Trimi &
Berbegal-Mirabent, 2012). Some of them have reshaped industries and changed the way
traditional companies operate (Johnson et al., 2008). Uber, for example, has forever
transformed the traditional taxi business model by connecting private vehicle owners with
passengers through its easy to use mobile platform (McLannahan, 2015). Another example is
Airbnb, which allows millions of private homeowners and apartment tenants to rent out
lodging to travelers coming to their city (Martin, 2014). Conversely, established companies
seem to have a harder time adapting to the rapid changes brought by technology and
innovation. The list of large companies that have been unable to change their business model
is large (i.e. Kodak, Nokia, Siebel). Incumbent firms’ capabilities to create new business
models still seem underdeveloped. The reason may lie in a lack of understanding of their
existing business models (Chesbrough, 2010), or a lack of knowledge needed to change them
effectively, or both.

Despite studies revealing BMI as a top priority of CEOs for performance enhancement
(GE Global Innovation Barometer, 2013; IBM, 2008), BMI research remains in its infancy.
The present literature lacks the empirical foundations required to understand BMI’s
underlying mechanisms and associated conceptual frameworks (Sosna et al., 2010). Hence,
our empirical research grounded in practitioners’ understanding of BMI intends to shed light on a concept academics have struggled to conceptualize and frame within the literature.

**METHODS**

Given the lack of a consistent framework and the limited empirical studies on BMI, we took an alternative approach by asking practitioners about their understanding and application of BMI. Following the content analysis methodology and steps taken by (George & Bock, 2011), we proceeded to interview the CEOs of small and medium size companies from the high-tech industry.

**Study Setting**

Since the present study explores the meaning of BMI from a practitioner’s perspective, we followed prior research on the meaning of the business model construct (cf. George and Bock, 2011). We chose to study firms involved in technology because many SMEs exist in this field, thereby allowing us to collect rich, detailed, and accurate data directly from the firms’ CEOs and other sources if necessary. For several reasons, high-tech firms emerge relatively frequently among SMEs. There is a considerably large amount of innovation fueled by the technical universities present in Switzerland and SMEs can thus benefit from highly qualified labor.

All firms in our sample are located in Switzerland. We opted to study firms in this geographical area due to its high concentration of tech firms rooted in innovation. For instance, the country is home to the headquarters of many international technology-based firms such as Logitech, Novartis, and the ABB Group.

**Data Source**
We interviewed a total of 63 SMEs’ CEOs between January 2015 and August 2015. We defined an SME conservatively as a business with a maximum of 250 employees (Ayyagari, Beck, & Demirguc-Kunt, 2007; Hallberg, 2000). The sample covered a range of technology-based sectors: software (13), engineering and electronics (12), green-tech (12), bio-tech (11), and med-tech (15). Firms were identified by employing three complementary strategies, as detailed below.

1. Introduction from the EPFL Innovation Park. We began our study by conducting ten interviews with founders introduced to us by the EPFL Innovation Park in Lausanne, an organization with links to many firms in the high-tech industry.

2. Identification through technological parks, magazines, and websites. We searched through a variety of public sources (such as the list of firms incubated at the EPFL Innovation Park), indexes of tech-related magazines (e.g., Bilan), and LinkedIn. We also searched the online directory of Swiss firms (www.zefix.ch) using keywords such as “high tech” and “technology” and the names of specific sectors (software, engineering and electronics, green-tech, bio-tech and med-tech). We then introduced ourselves usually via email and requested a short phone call to discuss their business.

3. Snowball sampling. We also identified firm CEOs through the technique of snowball sampling, in which interviewees are asked to recommend additional interviewees (Denzin & Lincoln, 1994). In order to increase variation in our data, we triggered recommendations by asking: “Whom do you know who sees things differently?” (Miles & Huberman, 1994: 29).

**Pilot Interviews**

Our inductive research into business model innovation began with eight pilot interviews with CEOs at Internet technology firms located in western Switzerland. We chose this sample because early use of the business model construct was originally seen among Internet
Interview Process

All interviewees were asked a single open-ended question “Could you please define what business model innovation is, and what it means for your company?” Generally conducted by telephone and recorded to facilitate data analysis, the interviews lasted from 7 to 20 minutes. While recording the definition given by the CEOs was relatively quick, most CEOs were interested in knowing more about the research after answering the question. All answers were recorded live with no previous hints at the interview topic. Our goal was to record spontaneous responses from CEOs. We explicitly required a live phone conversation to capture their honest feedback, and to avoid having respondents use Google or other sources of information to complement their notion of the concept of BMI.

Content Analysis

Content analysis is an analytical tool that extracts information from text (Fairclough, 2003). While this methodology originated in political science and sociology (Weber, 1990), content analysis has also been widely used in management research (Nag, Hambrick, & Chen, 2007; Zald, 1996). Stemler (2001) states that content analysis engenders three major steps:
(1) identification of the content; (2) choice of the unit of analysis; and (3) analysis of the text through a set of categories.

In our study, the content was the set of responses from our interview question: “Could you please define what business model innovation is, and what it means for your company?” The lack of a comparable unit of analysis in the literature required the development of a novel categorization scheme. Existing word categorization sets were unsuitable given the specialized nature of this analysis.

(Stemler, 2001) considers that all categories must be relevant to the main themes cited in the analyzed text and there must be a logic supporting each subcategory present in the categorization grid. Paillé and Mucchielli (2012) revealed that categorization can be based on qualitative data of the analyzed content and called it analytical description where the categories emerge from the data. For each categorization, we developed a set of subcategories based on the output of the literature review. The category and subcategory set is shown in Table 2.

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Insert Table 2 about here
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The target content includes handwritten responses to open-ended survey questions which were then processed using the Atlas ti software. All answers recorded in the interview were then re-read to the interviewee to confirm they had used those words to answer the question. The resulting data set included a total of 2,079 words, of which 459 words are unique. All definitions given differed from each other and every time generated a unique outcome.

A sample response to the question “Could you please define what business model innovation is, and what it means for your company?” is shown:
[49] “For me, it is a new version of your model, a new way of doing business, because you have to be different from competitors on the market and more visible than them, but it must be accepted by the customers.”

The initial content analysis reviewed and coded each response using a binary scheme to reflect the presence or absence of content relevant to a category/subcategory. Each sentence stated by a CEO could be coded into multiple categories, but only one primary subcategory within a category was assigned to ensure that category counts were not duplicated. For example, the above response (49) relates to a “new way of doing business”, an opportunity to be “different” and points out the importance of the “market” and “customers’ acceptance”. The response was then coded in the subcategories: New way of doing business, Customers, Market, Competitors and Differentiation – corresponding to the categories: Stakeholders, New way of doing business, Product/Service, and Opportunity.

Content analysis builds on multilevel assessments and the coder’s interpretation (Fairclough, 2003). Coding suffers from selection and subjective biases due to the complexity of extracting meaning from words pertaining to sentences. A word frequency assessment is a powerful analytical tool in content analysis (Fairclough, 2003; Stemler, 2001). In order to avoid these coding biases, two reviewers alternated the independent coding (Stemler, 2001). One coder was one of the authors. The other coder was a Master student of management with limited knowledge of the topic. After each independent coding stage, they compared the coding and discussed any differences. Ultimately, only minor subcategorization changes were made during the coding process.

Table 3 shows the absolute and normalized frequencies of each main category included in the given answers. We only counted a maximum of one primary subcategory per category for each response in order to measure the prevalence of categories across responses rather than the frequency within responses. The frequency unit illustrates the total number of subcategories mentioned in the answers for each category. Words associated with New ways
of doing business were most common in both the number of words and total frequency. Words associated with stakeholders and products and services were common. Less common were words associated with optimization and words related with challenge were very rare.

The 35 most common subcategories, representing over 95% of usage across all analyses, are shown in Table 4.

The subcategorization results reveal a richer understanding of CEOs’ perceptions of BMI. New way of doing business clearly tops the list, closely followed by the subcategory customer. There seems to be a predominant view that BMI allows for new ways of doing business while taking customers into close consideration. In the product category, the subcategory market leads closely followed by the subcategory product. Market, products, adaptation, and revenue are mentioned by at least 20% of the respondents. In contrast, opportunity seems less relevant. Whereas the higher-level perspective suggests a BMI language of novelty and stakeholders’ interest, the underlying word usage in practice demonstrates the importance of customers, the market, products, and revenue.

DISCUSSION

Research on BMI based on rigorous inductive or deductive logic is limited. This content analysis research presents an integrative framework for understanding BMI in the practitioner context. Our analysis of the language of BMI used in practice provides specific clues for understanding BMI in the broader management context. Our results reveal a lack of convergence on the meaning and definition of BMI. This research shows practitioners’
general perception of BMI is fragmented. The following section will contrast the findings of our research with extended literature on BMI.

**Novel Orchestration**

A large number of respondents agree that BMI represents a novel approach to doing business. The category comprises five subcategories (New way of doing business, Change, Adaptation, Evolution and New solutions).

Practitioners seem to clearly see BMI as an alteration of the existing status quo into a novel one. It is thus not a current state, but a process of transformation from one stage to another. In order to reach the new state, a firm has to master several processes and activities—both existing and new. These processes and activities, alongside resources (Hedman & Kalling, 2003) and capabilities (Morris et al., 2005), plus their orchestration may lead to the design of an innovative business model (Gassmann, Frankenberger, & Csik, 2015). BMI may therefore change the internal organizational structure and control, and possibly the company culture (Foss & Saebi, 2015). Business model changes towards a new way are almost by definition strategic issues for which the top management team is accountable (Leih et al., 2014).

**Customer Centric**

The second most cited category is stakeholders. Of the five subcategories, one clearly stands out: customers. A total of 41% of the respondents mentioned the term customers in their definition of BMI. The CEOs in our study seem particularly concerned about their customers when defining BMI.

Congruently, the literature reveals that every business model should serve certain customer groups (Chesbrough & Rosenbloom, 2002; Hamel, 2002) and must answer the fundamental question “Who is the customer?” (Magretta, 2002). Further, Morris and
colleagues (2005) argue that failure to adequately identify the right customer market is a key factor associated with venture failure. An approach commonly referred to as the customer value proposition (Johnson et al., 2008) is where organizations focus their activities on best serving their customers (Barnes, Blake, & Pinder, 2009). It addresses a customer’s problem, the solution to it, and value from the customer’s perspective (Chesbrough & Rosenbloom, 2002). A discussion that matches our data and is congruent with the research is undertaken by (Gassmann et al., 2015), who identifies customers as a central dimension when designing a new business model.

**Product Innovation**

The category Product/Service was the third most cited by practitioners. In fact, it is the second most cited in terms of total frequencies. Its subcategory, market, is the predominant term referred to in the interviews with an absolute frequency of 17 times, accounting for 27% of the practitioners’ mentions. They are clearly aware that BMI allows companies to deploy products in a specific market. From the respondents’ perspective, BMI seems intrinsically connected with new markets rather than existing markets in which they already operate. The word product is often joined with the word new or innovation, again revealing the practitioners’ perception that BMI mainly deals with the development of new products and new markets, rather than existing ones.

BMI is clearly different from product and process innovation (Comes & Berniker, 2008). Whereas products can often be easily copied, the dynamic nature of BMI means it cannot (Kim & Mauborgne, 1999; Leih et al., 2014; Schneider & Spieth, 2014). New business models are hard to follow and copy given their complexity (Bucherer, Eisert, & Gassmann, 2012). Yet, new products and associated technologies can also be facilitators to shape new business models or readapt existing ones. For example, Apple’s iPod was not revolutionary per se since several companies had already offered devices using mp3
technology. However, combining the iPod with the innovative iTunes business model led the company to become the market leader and disrupt the music industry (Abel, 2008).

**Revenue**

The category value was the fourth most cited in our study. Its subcategory, revenue and profit, was important to the respondents when considering BMI, but not fundamental. The financial viability of a business model rests on its revenue model (Amit & Zott, 2001; Ibrahim, 2006). It is an essential dimension of the business model as it represents the means by which a firm captures value (Zott & Amit, 2008).

The interviews revealed respondents perceived revenue and profit as a consequence of BMI, not as its driver. New revenues versus maintaining existing ones were predominant in the responses. In fact, no respondent perceived BMI as a mechanism to prevent the loss of profitability.

Chesbrough and Rosenbloom (2002) highlight the importance of BMI for sustaining profits in the long run: a notion that is clearly missing from our sample of responses. A possible reason for the lack of concern for maintaining the existing revenues might be that the interviewed CEOs were not from large corporations, but from more agile SMEs where chance and adaptation are more common.

To sum up, our respondents consider BMI as a means to secure new revenues and profits, and less as a vehicle for sustaining existing ones.

**Exogenous**

In contrast, few respondents considered opportunity (subcategories: competitive advantage, rupture, differentiation, uniqueness, sustainability, attractability) as relevant to BMI. The results of our research contrast sharply with those of (George & Bock, 2011) study based on E-MBA students’ description of business model terminology. The authors build
their research argument from the notion that “business models are opportunity-centric” and that the “business model is the organization’s configurational enactment of a specific opportunity”. Further, they justify firm formation as a decision “based on the enactment of an opportunity through an explicit or implicit business model”. The authors then define business model as “the design of organizational structures to enact a commercial opportunity.

Fewer words that were used related to optimization (maximization, combination of resources, best practices, improvements), in contrast with scholars in the field who advocate the leverage and re-combination of existing resources within the firm in order to create new business models (McGrath, 2010; Schief & Pussep, 2013).

The least popular terms used relate to challenge (subcategories: challenge, threat, constrains, anticipation). This is not to say that BMI cannot be a solution to a company’s challenges, nor that threats play no role in BMI, but that practitioners do not perceive BMI as a tool to confront challenges or threats. This result is particularly interesting given that large corporations usually resolve to innovate their business models as a result of serious challenges (Chesbrough, 2007). Few companies resolve to innovate their business models before they are forced to do so by external events (Chesbrough, 2010). The reason might lie in the limited research on BMI and its application. Indeed, to date concrete solutions that support BMI, like they do with product innovation, are limited. Hence, the list of companies that failed innovate their business model is extensive. Kodak, for example, ignored digital photography and filed for bankruptcy in 2012 (Waters, 2012). Blockbuster ignored the innovative revenue models of its competitor and was forced out of the market by Netflix (Peers & Ramachandran, 2013). Siebel saw its CRM market share shrink as Salesforce brought in an innovative revenue model (DaSilva, Trkman, Desouza, & Lindič, 2013). Further examples abound, and the literature is clear in asserting it is critical for managers to recognize when to change their business model (Johnson et al., 2008).
In all, it seems the practitioners in our sample perceive BMI not as a means to reconfigure internal resources so as to face challenges and maintain the status quo, but as a novel way to reach new markets with innovative offerings that will generate additional revenues.

LIMITATIONS AND OPPORTUNITIES FOR FUTURE RESEARCH

While studying CEOs in the tech industry using a sampling strategy designed to maximize heterogeneity, this research identified five main categories in which practitioners recognize BMI. However, the patterns emerging in this research must be interpreted within the limitations of an exploratory research design, particularly its inability to determine directions of causality. Moreover, the data set and analytical processes used in this research present certain limits. The interviewed CEOs were selected based on their availability to answer our question via a phone call. As the sample is not fully comprehensive or representative, it does not allow for statistical generalization and may suffer from single informant bias (Ernst & Teichert, 1998). However, the perceived logic of replication allows for analytical generalization (Yin, 1994).

A further research opportunity would entail viewing our findings in conjunction with George and Bock (2010), a study focused on senior managers’ perception of business models and its implication for entrepreneurship research. Since our study made BMI the focal study subject, when both studies are viewed together it seems the “opportunity-centric” view of the business model described by George and Bock (2010) contrasts with the customer-centric approach to novel orchestration found in our study. Hence, future research could attempt to integrate both concepts to further refine researchers’ understanding of business model and BMI in entrepreneurship.

The findings of the present research may also be relevant to research in innovation management. For instance, researchers may want to explore the differences among the
various innovation forms, such as production innovation, process innovation, and business model innovation, in order to understand the differences in performance among them.

Another research opportunity would involve studying whether BMI is perceived differently between SMEs and large corporations, and the implications of such perceptions in their business model choices, organizational designs, or performance.

Finally, the current study’s results could serve as a promising point of departure for an investigation of the mid- to long-term strategic choices and financial performance of companies led by CEOs with different understandings of what BMI means.

CONCLUSIONS

Despite more than a decade of interest and enthusiasm for the development, understanding, and application of business models, rigorous research on BMI remains at a nascent stage. The recent consolidation of business model definitions and constructs has not yet reflected itself in the mystery of the ‘black box’ of BMI. Based on an inductive study of practitioner perceptions, our research reveals that practitioners perceive BMI more as a way of orchestrating a new approach in order to reach new customers and markets with innovative products, than about engineering new revenue possibilities or maintaining existing ones. It is more about reaching new (market and products) than re-configuring existing resources and capabilities to generate supra returns. It is not about optimization of the existing, but creation of the new. It is not a vehicle for facing existing challenges or constraints, nor for keeping the existing business sustainable, but a way to explore new possibilities in an outward manner.

REFERENCES


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<table>
<thead>
<tr>
<th>Author, year</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Timmers, 1998)</td>
<td>“An architecture of the product, service and information flows, including a description of the various business actors and their roles; a description of the potential benefits for the various business actors; a description of the sources of revenues.”</td>
</tr>
<tr>
<td>(Amit &amp; Zott, 2001)</td>
<td>“A business model depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities.”</td>
</tr>
<tr>
<td>(Chesbrough &amp; Rosenbloom, 2002)</td>
<td>“The heuristic logic that connects technical potential with the realization of economic value.”</td>
</tr>
<tr>
<td>(Magretta, 2002)</td>
<td>“Stories that explain how enterprises work. A good business model answers Peter Drucker’s age old questions: Who is the customer? And what does the customer value? It also answers the fundamental questions every manager must ask: How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?”</td>
</tr>
<tr>
<td>(Morris et al., 2005)</td>
<td>“Concise representation of how an interrelated set of decision variables in the areas of venture strategy, architecture, and economics are addressed to create sustainable competitive advantage in defined markets.”</td>
</tr>
<tr>
<td>(Zott &amp; Amit, 2007)</td>
<td>“A business model elucidates how an organization is linked to external stakeholders, and how it engages in economic exchanges with them to create value for all exchange partners.”</td>
</tr>
<tr>
<td>(Zott &amp; Amit, 2008)</td>
<td>“The business model is a structural template of how a focal firm transacts with customers, partners, and vendors; that is, how it chooses to connect with factor and product markets. It refers to the overall gestalt of these possibly interlinked boundary-spanning transactions.”</td>
</tr>
<tr>
<td>(Bailetti, 2009)</td>
<td>“For a company's commercialization efforts to succeed, it needs to come up with great market offers which have great business models.”</td>
</tr>
<tr>
<td>(Doganova &amp; Eyquem-Renault, 2009)</td>
<td>“The business model is a narrative and calculative device that allows entrepreneurs to explore a market and plays a performative role by contributing to the construction of the techno-economic network of an innovation.”</td>
</tr>
</tbody>
</table>
"The business model is a popular notion among practitioners, but as a theoretical construct, there is little consensus among scholars regarding its operational definition, its compositional facets, or its classification schema."

“A business model is . . . a reflection of the firm’s realized strategy.”

“The business model is like a blueprint for a strategy to be implemented through organizational structures, processes, and systems.”

"Defines the way the company delivers value to a set of customers at a profit.”

“A business model articulates the logic, the data and other evidence that support a value proposition for the customer, and a viable structure of revenues and costs for the enterprise delivering that value.”

“Define business model innovation as a process that deliberately changes the core elements of a firm and its business logic.”

“Business model is defined as a combination of resources which through transactions generate value for the company and its customers.”

### TABLE 2

**Categories and Subcategories**

<table>
<thead>
<tr>
<th>Category</th>
<th>Subcategories</th>
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<tbody>
<tr>
<td>Value</td>
<td>Value, Value proposition, Value Creation, Value Delivering, Profit, Revenue, Needs</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Stakeholders, Customers, Partners, Competitors, Investors</td>
</tr>
<tr>
<td>New ways of doing business</td>
<td>New ways of doing business, Change, Adaptation, Evolution, New solutions</td>
</tr>
<tr>
<td>Optimization</td>
<td>Optimization, Maximization, Combination of Resources, Best practices, Improvement</td>
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<tr>
<td>Product/Service</td>
<td>Products, Services, Market, Technology, Industry</td>
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<tr>
<td>Opportunity</td>
<td>Opportunity, Competitive Advantage, Rupture, Differentiation, Uniqueness, Sustainability, Attractivity</td>
</tr>
<tr>
<td>Challenges</td>
<td>Challenges, Threats, Constraints, Anticipation</td>
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**TABLE 3**

Absolute and Normalized Frequencies of Categories in Terms of Response-Level and Frequency-Level Units

<table>
<thead>
<tr>
<th>Category</th>
<th>Response-Level Unit</th>
<th>Frequency-level Unit</th>
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<tr>
<td><strong>Absolute Frequency</strong></td>
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<td></td>
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<td>Product/Service</td>
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<td>Opportunity</td>
<td>20</td>
<td>35</td>
</tr>
<tr>
<td>Challenge</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>172</strong></td>
<td><strong>264</strong></td>
</tr>
</tbody>
</table>

| **Normalized Frequency**        |                      |                      |
| Value                           | 16.9%               | 17.0%                |
| Stakeholders                    | 20.3%               | 17.8%                |
| New way of doing business       | 22.7%               | 23.5%                |
| Optimization                    | 6.4%                | 5.3%                 |
| Product/Service                 | 19.2%               | 19.3%                |
| Opportunity                     | 11.6%               | 13.3%                |
| Challenge                       | 2.9%                | 3.8%                 |
| **Total**                       | **100.0%**          | **100.0%**           |
TABLE 4
Absolute and normalized frequencies of subcategories

<table>
<thead>
<tr>
<th>Subcategory</th>
<th>Absolute Frequency</th>
<th>Normalized Frequency</th>
<th>Relatively to the total number of responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>New way of doing business</td>
<td>28</td>
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</tr>
<tr>
<td>Customers</td>
<td>26</td>
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</tr>
<tr>
<td>Market</td>
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<td>0.27</td>
</tr>
<tr>
<td>Products</td>
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<td>0.06</td>
<td>0.25</td>
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<tr>
<td>Adaptation</td>
<td>14</td>
<td>0.05</td>
<td>0.22</td>
</tr>
<tr>
<td>Revenue</td>
<td>13</td>
<td>0.05</td>
<td>0.21</td>
</tr>
<tr>
<td>Change</td>
<td>11</td>
<td>0.04</td>
<td>0.17</td>
</tr>
<tr>
<td>Differentiation</td>
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<td>0.04</td>
<td>0.16</td>
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<tr>
<td>Needs</td>
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<td>0.03</td>
<td>0.14</td>
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<tr>
<td>Profit</td>
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<td>0.03</td>
<td>0.13</td>
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<td>Sustainability</td>
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<td>0.13</td>
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<tr>
<td>Attractivity</td>
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<td>0.03</td>
<td>0.11</td>
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<tr>
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<td>0.11</td>
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<td>Competitors</td>
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<td>0.11</td>
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<tr>
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<tr>
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<tr>
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<td>0.05</td>
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<tr>
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<tr>
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<tr>
<td>Opportunity</td>
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<td><strong>Total</strong></td>
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<td><strong>0.97</strong></td>
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