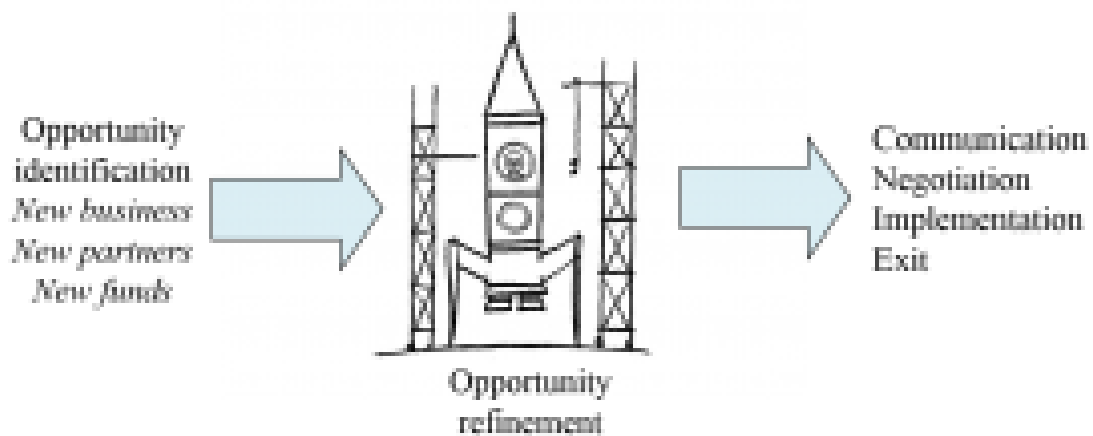
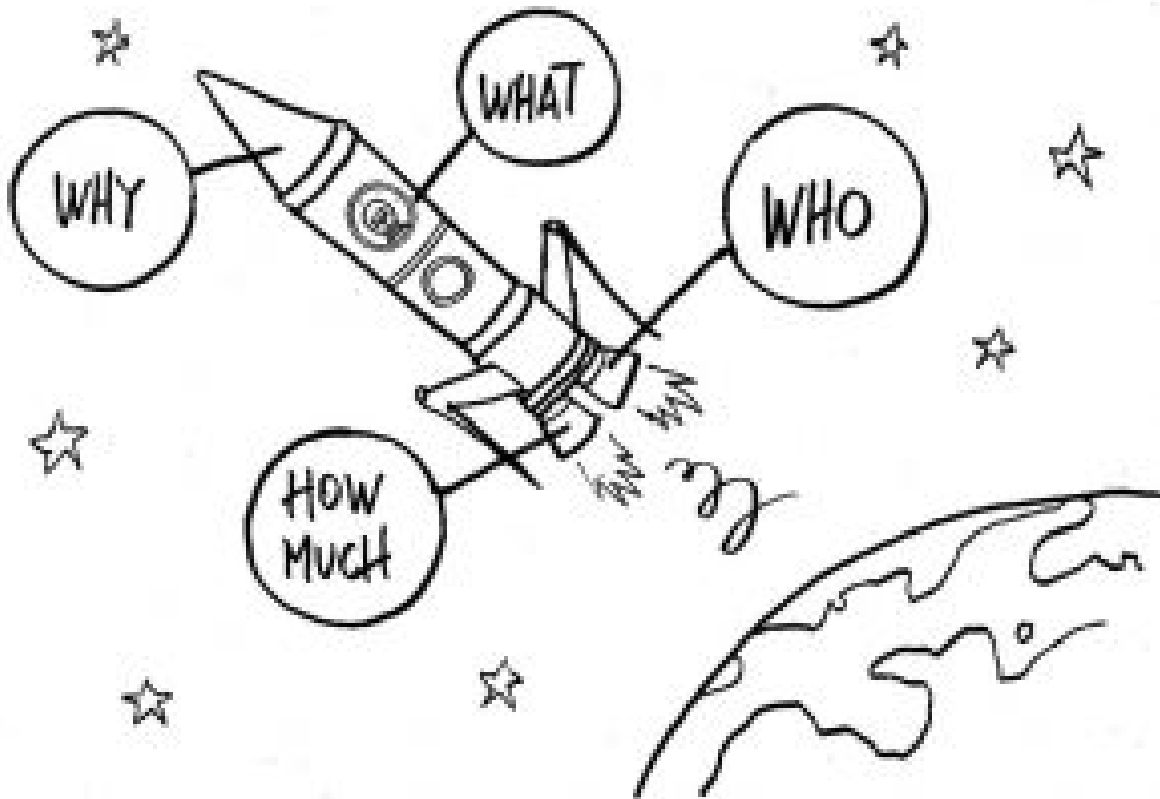


By Benoît Gailly, 17 January 2018

# Business model design: asking the right questions



Designing or improving a **successful business model**, business planning, means on one hand building and validating a credible story regarding how specific resources could be (better) mobilized to solve a specific problem and on the other hand selling that story to the relevant internal and external stakeholders.



A business model will be convincing if its design addresses in a consistent way four key questions: 1) **Why** is there a problem and why are we well positioned to solve it? 2) **What** exactly could be sold to whom and how? 3) **Who** needs to be mobilized? 4) **How much** is at stake?

## HOW MUCH ?

- New financing
- New profit sharing
- New exits



## WHY ?

- New needs
- New sources of competitive advantage

## WHO ?

- New governance
- New partners
- New roles

## WHAT ?

- New value propositions
- New value chains

© 2014, IPdigit, University of Management

Finding new ways to address the why, what, who and how much key questions around the same innovation opportunity can allow managers to design **innovative (and more sustainable) business models**.



Successful entrepreneurs and investors do not plan to fail. They prioritize the “**why?**” and “**who?**” key questions when assessing an innovative business opportunity. They know that the technology specifications (“what?”) and financial spreadsheets (“how much?”) will change and will need a lot of time and further effort to be fixed.

## Bibliography

### Successful business model design (business planning)

**Keywords:** *business model, business plan, pitch, planning fallacy, storytelling*

- (Book) Gassmann, Oliver, and Fiona Schweitzer. “Managing the unmanageable: the fuzzy front end of innovation.” [\*Management of the Fuzzy front end of innovation\*](#). Springer International Publishing, 2014. 3-14.
- (Book) Henderson, P. (2015) “[You Can Kill An Idea, But You Can’t Kill An Opportunity: How to Discover New Sources of Growth for Your Organization](#)”, Wiley
- (Book) Van de Ven, A., Douglas Polley, Raghu Garud, and Sankaran Venkataraman (2008) [The Innovation Journey](#); Oxford University Press
- (Video) [Entrepreneurship Series - Business Plan Writing 101](#), Wharton School
- (Video) [Ep 1 - Getting From Business Idea to Business Model](#) - Strategyzer
- (Article) Ardichvili, A., Cardozo, R., & Ray, S. (2003). A theory of entrepreneurial

- opportunity identification and development. *Journal of Business Venturing*, 18(1), 105-123
- (Article) Baden-Fuller, C., & Morgan, M. S. (2010). Business models as models. *Long Range Planning*, 43(2), 156-171.
  - (Article) Casadesus-Masanell, R., & Ricart, J. E. (2011). How to design a winning business model. *Harvard Business Review*, 89(1/2), 100-107.
  - (Article) Castrogiovanni, G. J. (1996). Pre-startup planning and the survival of new small businesses: Theoretical linkages. *Journal of Management*, 22(6), 801-822.
  - (Article) Cavalcante, S., Kesting, P., & Ulhøi, J. (2011). Business model dynamics and innovation:(re) establishing the missing linkages. *Management Decision*, 49(8), 1327-1342.
  - (Article) Connelly, B. L., Certo, S. T., Ireland, R. D., & Reutzel, C. R. (2011). Signaling theory: A review and assessment. *Journal of Management*, 37(1), 39-67.
  - (Article) DaSilva, C. M., & Trkman, P. (2014). Business model: What it is and what it is not. *Long Range Planning*, 47(6), 379-389.
  - (Article) De Geus, A. P. (1988). Planning as learning, March/April: *Harvard Business Review*, 70-74
  - (Article) Delmar, F., & Shane, S. (2003). Does business planning facilitate the development of new ventures?. *Strategic Management Journal*, 24(12), 1165-1185.
  - (Article) Delmar, F., & Shane, S. (2004). Legitimizing first: Organizing activities and the survival of new ventures. *Journal of Business Venturing*, 19(3), 385-410.
  - (Article) Doganova, L., & Eyquem-Renault, M. (2009). What do business models do?: Innovation devices in technology entrepreneurship. *Research Policy*, 38(10), 1559-1570.
  - (Article) Elsbach, K. D., & Kramer, R. M. (2003). Assessing creativity in Hollywood pitch meetings: Evidence for a dual-process model of creativity judgments. *Academy of Management Journal*, 46(3), 283-301.
  - (Article) Fisher, G., Kuratko, D. F., Bloodgood, J. M., & Hornsby, J. S. (2017). Legitimate to whom? The challenge of audience diversity and new venture legitimacy. *Journal of Business Venturing*, 32(1), 52-71.
  - (Article) Flyvbjerg, B. (2013). Quality control and due diligence in project management: Getting decisions right by taking the outside view. *International Journal of Project Management*, 31(5), 760-774.
  - (Article) Frederiks, A. J., Englis, B. G., Ehrenhard, M. L., & Groen, A. J. (2019). Entrepreneurial cognition and the quality of new venture ideas: An experimental approach to comparing future-oriented cognitive processes. *Journal of Business Venturing*, 34(2), 327-347.
  - (Article) Ghezzi, A. (2020). How Entrepreneurs make sense of Lean Startup Approaches: Business Models as cognitive lenses to generate fast and frugal Heuristics. *Technological Forecasting and Social Change*, 161, 120324.
  - (Article) Gras, D., Conger, M., Jenkins, A., & Gras, M. (2020). Wicked problems, reductive tendency, and the formation of (non-) opportunity beliefs. *Journal of Business Venturing*, 35(3).
  - (Article) Gruber, M. (2007). Uncovering the value of planning in new venture creation: A process and contingency perspective. *Journal of Business Venturing*, 22(6), 782-807
  - (Article) Hill, R. C., & Levenhagen, M. (1995). Metaphors and mental models: Sensemaking and sensegiving in innovative and entrepreneurial activities. *Journal of Management*, 21(6), 1057-1074.
  - (Article) Honig, B. (2004). Entrepreneurship education: Toward a model of contingency-

- based business planning. *Academy of Management Learning & Education*, 3(3), 258-273.
- (Article) Kaplan, S., & Beinhocker, E. D. (2003). The real value of strategic planning. *MIT Sloan Management Review*, 44(2), 71.
  - (Article) Kirsch, D., Goldfarb, B., & Gera, A. (2009). Form or substance: the role of business plans in venture capital decision making. *Strategic Management Journal*, 30(5), 487-515
  - (Article) Lange, J. E., Mollov, A., Pearlmutter, M., Singh, S., & Bygrave, W. D. (2007). Pre-start-up formal business plans and post-start-up performance: A study of 116 new ventures. *Venture Capital*, 9(4), 237-256.
  - (Article) Lambert, S. C., & Davidson, R. A. (2013). Applications of the business model in studies of enterprise success, innovation and classification: An analysis of empirical research from 1996 to 2010. *European Management Journal*, 31(6), 668-681.
  - (Article) Lyles, M. A., Baird, I. S., Burdeane Orris, J., & Kuratko, D. F. (1993). Formalized planning in small businesses: Increasing strategic choices. *Journal of Small Business Management*, 31, 38-38.
  - (Article) Lynna, G. S., & Akgünb, A. E. (2001). Project visioning: Its components and impact on new product success. *Journal of Product Innovation Management*: 18(6), 374-387.
  - (Article) Magretta, J. (2002). Why business models matter. *Harvard Business Review*, 80(5), 86-92.
  - (Article) Mason, C., & Stark, M. (2004). What do investors look for in a business plan? A comparison of the investment criteria of bankers, venture capitalists and business angels. *International Small Business Journal*, 22(3), 227-248.
  - (Article) Massa, L., Tucci, C. L., & Afuah, A. (2017). A critical assessment of business model research. *Academy of Management Annals*, 11(1), 73-104.
  - (Article) Ritter, T., & Lettl, C. (2018). The wider implications of business-model research. *Long Range Planning*, 51(1), 1-8.
  - (Article) Robinson Jr, R. B., & Pearce, J. A. (1984). Research thrusts in small firm strategic planning. *Academy of Management Review*, 9(1), 128-137.
  - (Article) Schwenk, C. R., & Shrader, C. B. (1993). Effects of formal strategic planning on financial performance in small firms: A meta-analysis. *Entrepreneurship Theory and Practice*, 17(3), 53-64.
  - (Article) Shane, S., & Delmar, F. (2004). Planning for the market: business planning before marketing and the continuation of organizing efforts. *Journal of Business Venturing*, 19(6), 767-785.
  - (Article) Shenhar, A. J., Dvir, D., Levy, O., & Maltz, A. C. (2001). Project success: a multidimensional strategic concept. *Long Range Planning*, 34(6), 699-725.
  - (Article) Stern, I. S., Schramm, C., & Frick, D. M. (2018). Do Entrepreneurs Need a Strategy?. *Harvard Business Review*.
  - (Article) Überbacher, F. (2014). Legitimation of new ventures: A review and research programme. *Journal of Management Studies*, 51(4), 667-698.
  - (Article) Wirtz, B. W., Pistoia, A., Ullrich, S., & Göttel, V. (2016). Business models: Origin, development and future research perspectives. *Long Range Planning*, 49(1), 36-54.
  - (Article) Zacharakis, A. L., & Meyer, G. (2000). The potential of actuarial decision models: can they improve the venture capital investment decision? *Journal of Business Venturing*, 15 (4), 323-347.
  - (Article) Zimmerman, M.A., & Zeitz, G.J. (2002). Beyond survival: Achieving new venture growth by building legitimacy. *Academy of Management Review*, 27(3), 414-431.

- (Article) Zott, C., Amit, R., & Massa, L. (2011). The business model: recent developments and future research. *Journal of Management*, 37(4), 1019-1042.

### The key questions: Why (us)? What? Who? How much?

**Keywords:** business model canvas, why/what/who/how much?

- (Book) Carlson, C. R., & Wilmot, W. W. (2006). [\*Innovation: The five disciplines for creating what customers want\*](#). Crown Business.
- (Book) Osterwalder A. and Pigneur, Y. (2010) [\*Business Model Generation\*](#). John Wiley
- (Video) The Zinnovants ["Asking yourself the right questions"](#)
- (Article) Amit, R., & Zott, C. (2015). Crafting business architecture: The antecedents of business model design. *Strategic Entrepreneurship Journal*, 9(4), 331-350.
- (Article) Barquet, A. P. B., de Oliveira, M. G., Amigo, C. R., Cunha, V. P., & Rozenfeld, H. (2013). Employing the business model concept to support the adoption of product-service systems (PSS). *Industrial Marketing Management*, 42(5), 693-704.
- (Article) Cooper, R. G., & Kleinschmidt, E. J. (1995). Benchmarking the firm's critical success factors in new product development. *Journal of Product Innovation Management*, 12(5), 374-391.
- (Article) Day, G. S. (2007). Is it real? Can we win? Is it worth doing. *Harvard Business Review*, 85(12), 110-120.
- (Article) Duchesneau, D. and W. Gartner (1990), 'A profile of new venture success and failure in an emerging industry', *Journal of Business Venturing*, 5, pp. 297-312.
- (Article) Gartner, W. B., J. A. Starr and S. Bhat. (1999), 'Predicting new venture survival: an analysis of 'anatomy of a start-up.' cases from Inc. Magazine', *Journal of Business Venturing*, 14(2) , pp. 215-232.
- (Article) Goldenberg, J., Lehmann, D. R., & Mazursky, D. (2001). The idea itself and the circumstances of its emergence as predictors of new product success. *Management Science*, 47(1), 69-84.
- (Article) Hall, J. and C. W. Hofer (1993), 'Venture capitalists' decision criteria in new venture evaluation', *Journal of Business Venturing*, 8(1) , pp. 25-42.
- (Article) Hultink, E. J., Griffin, A., Hart, S., & Robben, H. S. (1997). Industrial new product launch strategies and product development performance. *Journal of Product Innovation Management: 14*(4), 243-257.
- (Article) Jeng, L. and P. Wells (2000), 'The determinants of venture capital funding: evidence across countries', *Journal of Corporate Finance*, 6, pp. 241-289.
- (Article) Macmillan, I., R. Siegel and P.N. Subba Narasimha (1985), 'Criteria used by venture capitalists to evaluate new venture proposals', *Journal of Business Venturing*, 1, pp. 119-128.
- (Article) Morris, M., Schindehutte, M., & Allen, J. (2005). The entrepreneur's business model: toward a unified perspective. *Journal of Business Research*, 58(6), 726-735.
- (Article) Sahlman, W. A. (2008). How to write a great business plan *Harvard Business School Press*. (No. E70 90).
- (Article) Sandberg, W. R., & Hofer, C. W. (1987). Improving new venture performance: The role of strategy, industry structure, and the entrepreneur. *Journal of Business Venturing*, 2(1), 5-28.

- (Article) Song, M., Podoyntsyna, K., Van Der Bij, H., & Halman, J. I. (2008). Success factors in new ventures: A meta-analysis. *Journal of Product Innovation Management*, 25(1), 7-27.
- (Article) Timmons, J. A. 1980. A business plan is more than a financing device. *Harvard Business Review*, March - April: 53-59
- (Article) Van de Ven, A. H. (1984), 'Designing new business startups: entrepreneurial, organizational, and ecological considerations', *Journal of Management Studies* 10(1), pp. 87-107.
- (Article) West III, G. P., & Noel, T. W. (2009). The impact of knowledge resources on new venture performance. *Journal of Small Business Management*, 47(1), 1-22.
- (Article) Zirger, B. J., & Maidique, M. A. (1990). A model of new product development: An empirical test. *Management Science*, 36(7), 867-883.
- (Article) Zott, Christoph, and Raphael Amit. "Business model design: an activity system perspective." *Long range planning* 43.2 (2010): 216-226.

### Designing innovative business models

**Keywords:** new business model design, sharing economy, sustainable business model

- (Book) Gassmann, Oliver, Frankenberger, Karolin, Sauer, Roman (2016) [Exploring the Field of Business Model Innovation: New Theoretical Perspectives](#), Springer
- (Book) Johnson, M. W. (2010). [Seizing the white space: Business model innovation for growth and renewal](#). Harvard Business Press.
- (Book) Kaplan, S. (2012). [The business model innovation factory: How to stay relevant when the world is changing](#). John Wiley & Sons.
- (Book) Osterwalder, A., & Pigneur, Y. (2010) [Business model generation: a handbook for visionaries, game changers, and challengers](#). John Wiley & Sons.
- (Video) [Business Model Innovation](#) HSGUniStGallen
- (Video) [Strategy tools for Business Model Innovation](#) - Engage Innovate
- (Video) Andrew Maxwell, [Alternate Business Model](#)
- (Article) Amit, R., & Zott, C. (2001). 'Value creation in e-business'. *Strategic Management Journal*, 22, 493-520.
- (Article) Amit, R., & Zott, C. (2012). Creating value through business model innovation. *MIT Sloan Management Review*, 53(3), 41.
- (Article) Belk, R. (2014). You are what you can access: Sharing and collaborative consumption online. *Journal of Business Research*, 67(8), 1595-1600.
- (Article) Best, B., Miller, K., McAdam, R., & Maalaoui, A. (2021). Business model innovation within SPOs: Exploring the antecedents and mechanisms facilitating multi-level value co-creation within a value-network. *Journal of Business Research*.
- (Article) Bocken, N. M., & Geradts, T. H. (2020). Barriers and drivers to sustainable business model innovation: Organization design and dynamic capabilities. *Long Range Planning*, 53(4), 101950.
- (Article) Bohnsack, R., Pinkse, J., & Kolk, A. (2014). Business models for sustainable technologies: Exploring business model evolution in the case of electric vehicles. *Research Policy*, 43(2), 284-300.
- (Article) Casadesus-Masanell, Ramon, and Joan Enric Ricart. "From strategy to business models and onto tactics." *Long Range Planning* 43.2 (2010): 195-215.



- (Article) Chesbrough, H. "Business model innovation: it's not just about technology anymore." *Strategy & Leadership* 35.6 (2007): 12-17.
- (Article) Chesbrough, H. (2010). Business model innovation: opportunities and barriers. *Long Range planning*, 43(2), 354-363.
- (Article) Cosenz, F., & Noto, G. (2018). A dynamic business modelling approach to design and experiment new business venture strategies. *Long Range Planning*, 51(1), 127-140.
- (Article) Christensen, C. M., Bartman, T., & Van Bever, D. (2016). The hard truth about business model innovation. *MIT Sloan Management Review*, 58(1), 31.
- (Article) Demil, B., & Lecocq, X. (2010). Business model evolution: in search of dynamic consistency. *Long Range Planning*, 43(2-3), 227-246.
- (Article) Euchner, J., & Ganguly, A. (2014). Business model innovation in practice. *Research-Technology Management*, 57(6), 33-39.
- (Article) Evans, John D., and Ray O. Johnson. "Tools for managing early-stage business model innovation." *Research-Technology Management* 56.5 (2013): 52-56.
- (Article) Frankenberger, K., & Stam, W. (2019). Entrepreneurial copycats: A resource orchestration perspective on the link between extra-industry business model imitation and new venture growth. *Long Range Planning*.
- (Article) Gambardella, A., & McGahan, A.M. (2010). Business-model innovation: General purpose technologies and their implications for industry structure. *Long Range Planning*, 43(2), 262-271.
- (Article) Girotra, K., & Netessine, S. (2014). Four paths to business model innovation. *Harvard Business Review*, 92(7), 96-103.
- (Article) Günzel, F., & Holm, A. B. (2013). One size does not fit all—understanding the front-end and back-end of business model innovation. *International Journal of Innovation Management*, 17(01), 1340002.
- (Article) Hamari, J., Sjöklint, M., & Ukkonen, A. (2016). The sharing economy: Why people participate in collaborative consumption. *Journal of the association for information science and technology*, 67(9), 2047-2059.
- (Article) Hargadon, A. (2015). How to discover and assess opportunities for business model innovation. *Strategy & Leadership*, 43(6), 33-37.
- (Article) Jiang, F., Zheng, X., Di, F., Zhang, P., & Li, S. (2021). The Sharing Economy And Business Model Design: A Configurational Approach. *Journal of Management Studies*.
- (Article) Koen, P. A., Bertels, H. M., & Elsum, I. R. (2011). The three faces of business model innovation: Challenges for established firms. *Research-Technology Management*, 54(3), 52-59.
- (Article) Lawson, S. J., Gleim, M. R., Perren, R., & Hwang, J. (2016). Freedom from ownership: An exploration of access-based consumption. *Journal of Business Research*, 69(8), 2615-2623.
- (Article) Mitchell, D. W., & Bruckner Coles, C. (2004). Establishing a continuing business model innovation process. *Journal of Business Strategy*, 25(3), 39-49.
- (Article) Rask, M., & Günzel-Jensen, F. (2019). Business model design and performance in nascent markets. *Management Decision*.
- (Article) Rayna, T., & Striukova, L. (2016). 360° Business Model Innovation: Toward an Integrated View of Business Model Innovation: An integrated, value-based view of a business model can provide insight into potential areas for business model innovation. *Research-Technology Management*, 59(3), 21-28

- (Article) Ritala, P., Huotari, P., Bocken, N., Albareda, L., & Puumalainen, K. (2018). Sustainable business model adoption among S&P 500 firms: A longitudinal content analysis study. *Journal of Cleaner Production*, 170, 216-226.
- (Article) Ritter, M., & Schanz, H. (2019). The sharing economy: A comprehensive business model framework. *Journal of Cleaner Production*, 213, 320-331.
- (Article) Roessler, M., Velamuri, V. K., & Schneckenberg, D. (2019). Corporate entrepreneurship initiatives: Antagonizing cognitive biases in business model design. *R&D Management*, 49(4), 509-533.
- (Article) Sinfield, J. V., Calder, E., McConnell, B., & Colson, S. (2012). How to identify new business models. *MIT Sloan Management Review*, 53(2), 85-90.
- (Article) Trapp, M., Voigt, K. I., & Brem, A. (2018). Business models for corporate innovation management: Introduction of a business model innovation tool for established firms. *International Journal of Innovation Management*, 22(01), 1850007.
- (Article) Trimi, S., & Berbegal-Mirabent, J. (2012). Business model innovation in entrepreneurship. *International Entrepreneurship and Management Journal*, 8(4), 449-465.
- (Article) Tykkyläinen, S., Ritala, P. (2020). Business model innovation in social enterprises: An activity system perspective. *Journal of Business Research*, doi.org/10.1016/j.jbusres.2020.01.045.

### Do not plan to fail

**Keywords:** business model success and failure factors

- (Book) Moore, Geoffrey A. "[Crossing the chasm.](#)" (2002).
- (Video) [The Explainer: How to Write a Great Business Plan](#) , HBR
- (Video) [The single biggest reason why startups succeed](#), Bill Gross, TedxTalk
- (Article) Balboni, B., Bortoluzzi, G., Pugliese, R., & Tracogna, A. (2019). Business model evolution, contextual ambidexterity and the growth performance of high-tech start-ups. *Journal of Business Research*, 99, 115-124.
- (Article) Baum, J. A., & Silverman, B. S. (2004). Picking winners or building them? Alliance, intellectual, and human capital as selection criteria in venture financing and performance of biotechnology startups. *Journal of Business Venturing*, 19(3), 411-436.
- (Article) Behrens, J., Ernst, H., & Shepherd, D. A. (2014). The decision to exploit an R&D project: Divergent thinking across middle and senior managers. *Journal of Product Innovation Management*, 31(1), 144-158.
- (Article) Bertels, H. M., Koen, P. A., & Elsum, I. (2015). Business models outside the core: Lessons learned from success and failure. *Research-Technology Management*, 58(2), 20-29.
- (Article) Buehler, R., Griffin, D. and Ross, M. 1994. Exploring the "Planning Fallacy": Why People Underestimate Their Task Completion Times. *Journal of Personality and Social Psychology* 67(3):366-381.
- (Article) Burgers, J. H., Van Den Bosch, F. A., & Volberda, H. W. (2008). Why new business development projects fail: Coping with the differences of technological versus market knowledge. *Long Range Planning*, 41(1), 55-73.
- (Article) Dhochak, M., Dhochak, M., Sharma, A. K., & Sharma, A. K. (2016). Identification and prioritization of factors affecting venture capitalists' investment decision-making process: An analytical hierarchal process (AHP) approach. *Journal of Small Business and*

*Enterprise Development*, 23(4), 964-983.

- (Article) Feeney, L., Haines Jr, G. H., & Riding, A. L. (1999). Private investors' investment criteria: insights from qualitative data. *Venture Capital*, 1(2), 121-145.
- (Article) Kakati, M. (2003). Success criteria in high-tech new ventures. *Technovation*, 23(5), 447-457.
- (Article) Miloud, T., Aspelund, A., & Cabrol, M. (2012). Startup valuation by venture capitalists: an empirical study. *Venture Capital*, 14(2-3), 151-174.
- (Article) Muzyka, D., S. Birley and B. Leleux (1996), 'Trade-offs in the investment decisions of European venture capitalists', *Journal of Business Venturing*, 11(4) , pp. 273-287.
- (Article) Roure, J. B., & Keeley, R. H. (1990). Predictors of success in new technology based ventures. *Journal of Business Venturing*, 5(4), 201-220.
- (Article) Sarason, Y., Dean, T., & Dillard, J. F. (2006). Entrepreneurship as the nexus of individual and opportunity: A structuration view. *Journal of Business Venturing*, 21(3), 286-305.

(c) Prof. Benoit Gailly, Louvain School of Management