



YOUR GUIDE TO

**BUSINESS MODEL
INNOVATION**

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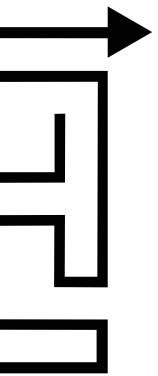


INTRODUCTION

Introduction

Gaining competitive advantage is at the core of any company. The concept of competitive advantage has a long history, and defines the situation when a company outperforms the others, occupying a position of advantage that lasts in time and produces higher profits. How does it happen? What is behind it? How do we distinguish strategy by choice from strategy by chance?

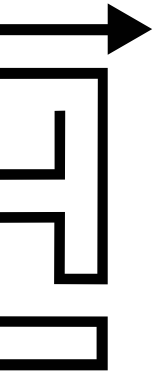
This is the ground for the notion of business model. Each story of success has a rationale and this rationale is its business model. This is the result of a strategic intention and makes the difference.



How did the notion of business model emerge?

The notion of business model emerged as a key concept in the mid1990s as a consequence of the the “dotcom boom” (DaSilva & Trkman, 2014). Today the notion of business model is applied to any industry, from manufacturing to service and cultural and creative industries.

Business model is used to as a tool to explain the success of new ventures and startups, but is also relevant to support the redesign of the organisation when changes is necessary.



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**WHAT IS A BUSINESS
MODEL**

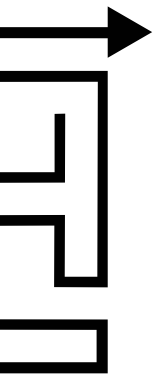
Strategy and business model: what is the difference?

Strategy and business model can be somehow overlapping each other, how can we make the difference?

We could say that STRATEGY moves the company to the its future, while BUSINESS MODEL describes how strategy works in the present.

The processual and detailed description of how the company works now defines its business model and gives real value to its strategic proposition.

The business model explains how the organisation creates value for its target customers, capturing value, and distributing it to its suppliers and stakeholders.





BUSINESS MODEL

IS WHAT MAKES A FIRM

VALUABLE

FOR ITS CUSTOMERS

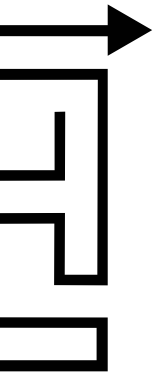
AND ITS STAKEHOLDERS

NOW

The major ingredients of a business model

Element	Definition
Value proposition	What an actor offers that is of value to distinct customer groups (i.e., product, service, or any other unit of business) and how it is of value to those groups
Value creation	How an actor fulfils the value proposition by combining proprietary and external resources and capabilities in collaboration with suppliers and other partners
Value communication and transfer	The channels an actor uses for exchange with customers to communicate and fulfil the value proposition and/or building a relationship
Value capture	How an actor directly or indirectly acquires monetary and/or non-monetary rewards from customers by fulfilling the value proposition
Value dissemination	How an actor disseminates the acquired value to suppliers and other partners to reward their support and sustain their contribution
Value development	How an actor develops its business model in evolutionary and revolutionary terms to ensure the long-term viability of its business

(Source: Reinhold & Dolnicar, 2018a, based on Bieger & Reinhold, 2011)





Examples of value proposition

What is the value proposition of Airbnb?
What is the value delivered to guests and hosts?

Reflect on this:

Their value proposition is a promise to experience travel in an entirely new way

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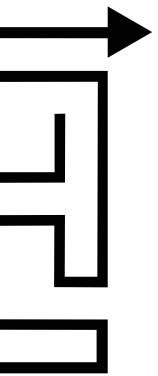


**ARE BUSINESS MODELS
INNOVATIVE?**

BUSINESS MODEL INNOVATION

If a good business model is how we make value for our customers and stakeholders, generating revenues now, what happens when external conditions such as the emergence of new technologies or new comers entering the competition change the context? Every business model faces change and innovation as a necessary condition.

Changes can affect the content of your decisions, the actors involved and the processes through which you will make value. Every successful change will aim to improve the the company's combination of revenue, costs, and risks.

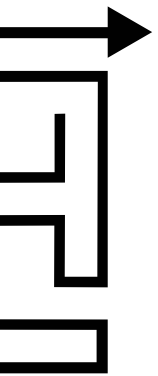


WHAT ARE KEY DRIVERS OF CHANGE?

In a world characterized by continuous change and disruptive innovations, business models need to be redefined in a process of adaptation to key value dimensions.

What are emerging trends driving innovation in business models?

Green, Sharing and Digital are our key words. They do not represent all possible drivers of change for our economic world, but they are relevant venues for the development of new business models, both singularly and in combination.



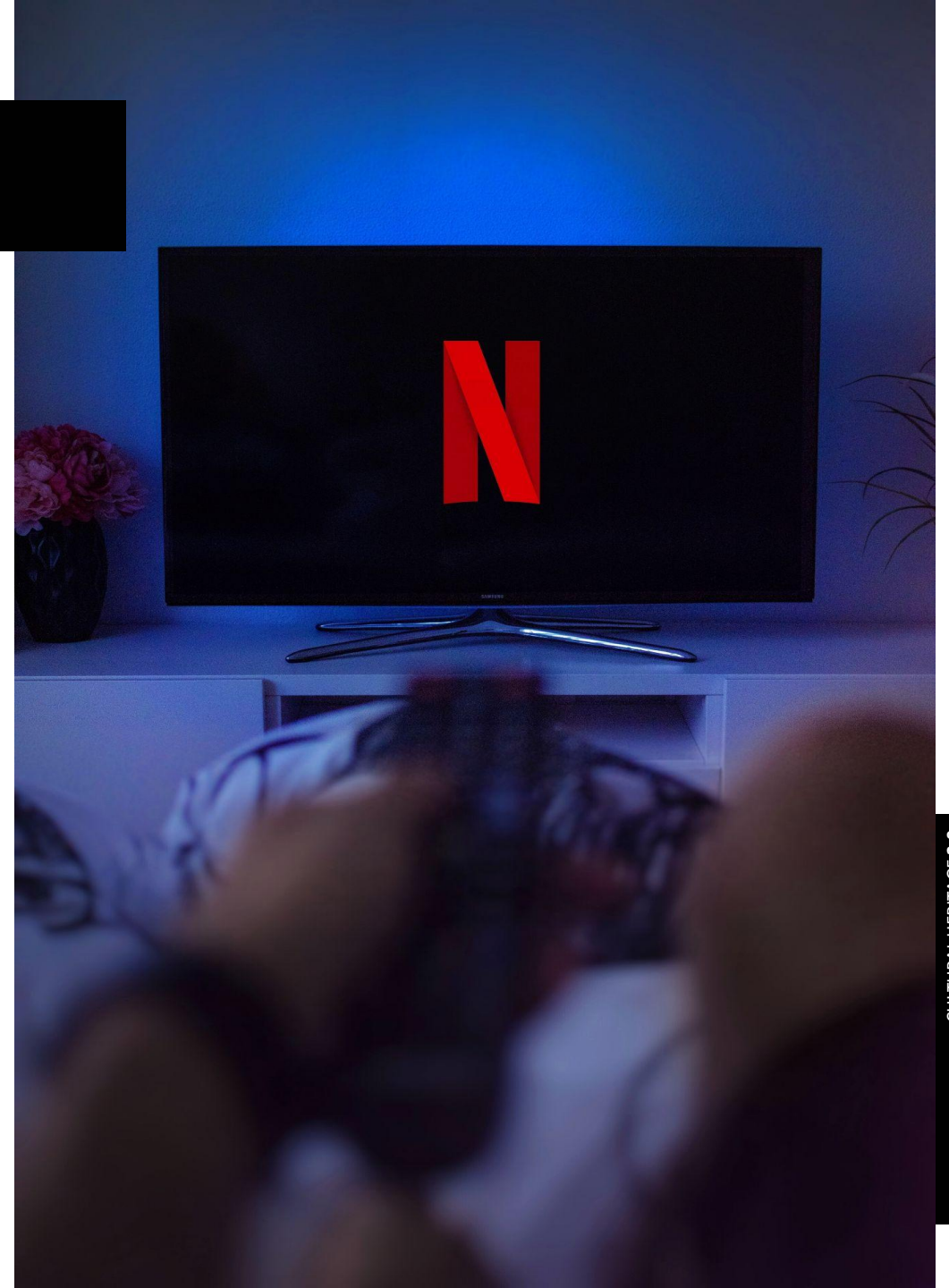
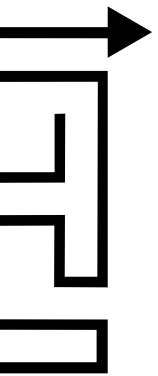
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**DRIVERS OF INNOVATION
FOR BM**

DIGITAL

Digital business models are businesses that create, deliver, and capture value through digitization. They use digital technologies, platforms, and data to create and deliver products and services to the market differently. Digital business models are then innovative approaches to satisfy markets and create value thanks to the digital technology. From the introduction of IoT to OpenI, many innovative business models are driven by digital technologies



GREEN

Green economy is a necessity to compete. Green strategy redesigns business model reshaping the supply chain, moving to a circular model and finding sustainable solutions for the end of products life. Reusing waste from other industries, such as pushing second hand are two relevant examples in the fashion industry.





PARTICIPATED

Sharing economy is something we are all used at. Sharing goods and services instead of buying them is more sustainable, while participation increases the quality of experience as a dimension of value. This is the secret of Airbnb, Uber, and many other platforms aimed at substituting possess with shared use. Participated business models exploit the experience of being part of a community to make value for users who abandon their passive customer role.

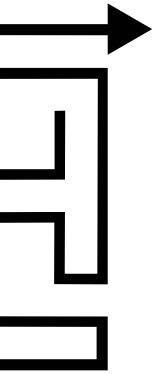
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CONCLUSION

What is strategic?

Each driver of change is strategic for maintaining a business model able to meet urgent issues for contemporary markets, but the capability to outperform is based on a combination of multiple drivers and comes from the capability to manage them at their highest levels.





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