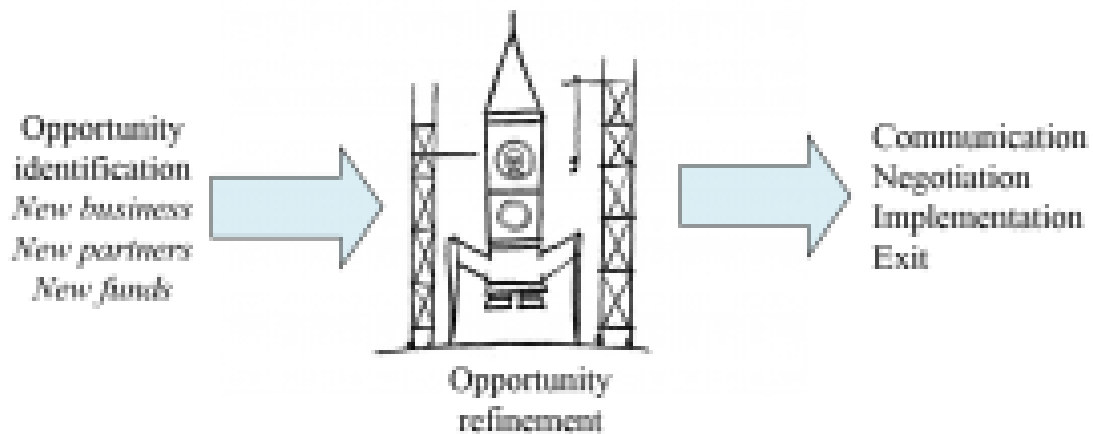
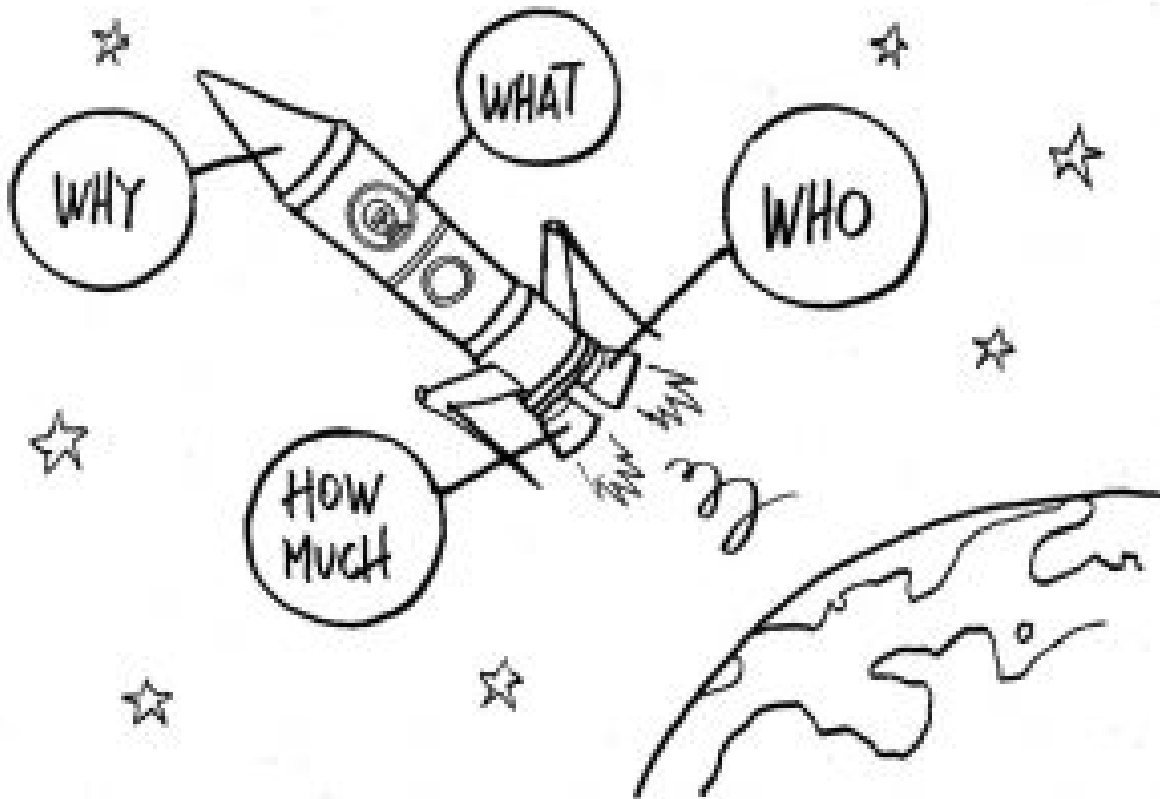


By Benoît Gailly, 17 January 2018

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 it 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 Groningen

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 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)

- (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) Doganova, L., & Eyquem-Renault, M. (2009). What do business models do?: Innovation devices in technology entrepreneurship. *Research Policy*, 38(10), 1559-1570.
 - (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) 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) Hindle, K., & Mainprize, B. (2006). A systematic approach to writing and rating entrepreneurial business plans. *Journal of Private Equity*, 9(3), 7.
 - (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) 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) 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) 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?

- (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) Bachher, J. and P. Guild (1996), ‘Financing early-stage technology based companies: investment criteria used by investors’, *Frontiers of Entrepreneurship Research 1996*, Wellesley, MA.
- (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) Reginato, J. M. (2009). Evaluating project robustness through the lens of the business model. *International Journal of Innovation and Technology Management*, 6(02), 155-167.
- (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) 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) Zott, Christoph, and Raphael Amit. "Business model design: an activity system perspective." *Long range planning* 43.2 (2010): 216-226.

Designing innovative business models

- (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.
- (Video) [Business Model Innovation](#) HSGUniStGallen
- (Video) [Strategy tools for Business Model Innovation](#) - Engage Innovate
- (Article) Amit, R., & Zott, C. (2012). Creating value through business model innovation. *MIT Sloan Management Review*, 53(3), 41.
- (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) Desyllas, P., & Sako, M. (2013). Profiting from business model innovation: Evidence from Pay-As-You-Drive auto insurance. *Research Policy*, 42(1), 101-116.

- (Article) Fehrer, J. A., Woratschek, H., & Brodie, R. J. (2018). A systemic logic for platform business models. *Journal of Service Management*, 29(4), 546-568.
- (Article) Foss, N. J., & Saebi, T. (2017). Fifteen years of research on business model innovation: How far have we come, and where should we go?. *Journal of Management*, 43(1), 200-227.
- (Article) Frankenberger, K., Weiblen, T., Csik, M., & Gassmann, O. (2013). The 4I-framework of business model innovation: A structured view on process phases and challenges. *International Journal of Product Development*, 18(3-4), 249-273.
- (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) 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) 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) 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) 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) Teece, D.J. (2010). Business models, business strategy and innovation. *Long Range Planning*, 43(2), 172-194.
- (Article) Teece, D. J. (2018). Business models and dynamic capabilities. *Long Range Planning*, 51(1), 40-49.

Do not plan to fail

- (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) 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) Nielsen, Christian, and Marco Montemari. "The role of human resources in business model performance: the case of network-based companies." *Journal of Human Resource Costing & Accounting* 16.2 (2012): 142-164.
- (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.
- (Article) Sudek, R. (2006). Angel investment criteria. *Journal of Small Business Strategy*, 17(2), 89-104.