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THE BUSINESS MODEL AS INNOVATION PLATFORM: PATTERNS OF EMERGENCE (SUMMARY)

Mike Morris
Syracuse University, USA, mhmorris@syr.edu

Dave Brannon
Syracuse University, USA

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SUMMARY

THE BUSINESS MODEL AS INNOVATION PLATFORM: PATTERNS OF EMERGENCE

Mike Morris, Syracuse University, USA
Dave Brannon, Syracuse University, USA

Principal Topic

The business model has gained recognition as an important industry concept and is a growing area of interest among entrepreneurship scholars. However, research on the topic is limited, in part due to multiple conceptualizations regarding what constitutes a model, and an unclear theoretical foundation. Recent research has highlighted the impact created by innovative business models (Markides 2006) and the pivotal role novel models have on new venture performance (Zott & Amit, 2007). Richer empirical insights are now needed regarding the nature of “novelty” in models and the sources of such novelty. To what extent does novelty emerge, and what are the factors that drive such emergence?

Method

The criteria and methods used by Zott and Amit (2007) were adapted to identify companies with novelty-based business models and to capture the degree of novelty. Thirty structured in-depth interviews were conducted with company founders. A narrative process was employed for understanding and explaining events surrounding business model formation. The interviews provided enlightenment on the impetus, external and internal motivations, implementation and revision that went into the emergence of novelty-focused business models. Interviews were analyzed for content to determine recurrent patterns.

Results and Implications

While some entrepreneurs arrive at a novel model fairly quickly, the results confirm a more general pattern of emergence over time. A number of novelty and emergence drivers were identified. Opportunity-related factors tended to outweigh constraint-related factors, and external developments outweigh internal considerations in explaining emergence. Market factors play the paramount role in driving emergence of novelty. A number of related findings are identified. To realize Amit and Zott’s (2001) suggestion that the business model serve as our underlying unit of analysis, this work helps academics understand how models become novel, and how planned or purposeful emergent models tend to be. In addition, the methodology used herein can enhance the ability of researchers to conduct empirical work on models. Practitioners can be aided in their ability to formulate models on a more conscious level, recognizing the potential of the model as an innovation platform that can produce unique value propositions rewarded in the marketplace. Their own designs, and adaptive capabilities, can be enhanced by recognizing how individual components or component combinations result in novelty.

CONTACT: Michael Morris; mhmorris@syr.edu; (T): 315-443-3164; (F): 315-443-5457; Syracuse University, Syracuse, NY 13244.