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HOW DO BUSINESS MODELS EVOLVE AND TRANSLATE INTO ORGANIZATIONAL ROUTINES AND PROCESSES? AN EMPIRICAL EXAMINATION OF TECH STARTUPS IN WASHINGTON, DC METRO (SUMMARY)

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≈ SUMMARY ≈

HOW DO BUSINESS MODELS EVOLVE AND TRANSLATE INTO ORGANIZATIONAL ROUTINES AND PROCESSES? AN EMPIRICAL EXAMINATION OF TECH STARTUPS IN WASHINGTON, DC METRO

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Principal Topic

This study is a longitudinal examination of how business models evolve and get translated into organizational routines and processes. I simultaneously explore the processes that go into constructing business models with those concerning their implementation and adaptation. Since business model formulation is merely a hypothesis on how the business assumes it will make money, and its execution often comes with several explicit and implicit, perceived and latent mutations that determine the real business model, it is important to understand its evolution over an extended period of time.

Method

This study uses a mixed method approach involving participant observations, surveys, archival information and interviews of top management teams at three different time periods at about 150 firms in the Washington, DC metro area. Phase 1, consisting of exploratory interviews, preliminary observations and first round of surveys, involves studying evolution of business models, and it would be completed shortly. Phase 2 and 3 would involve studying adaptations and evolution over next year and a half.

Results and Implications

While this is an ongoing research, my preliminary results show that (1) Entrepreneurial team's previous experiences, age, diversity, and prior industry experience determine the newness of organizational routines, such that teams with a greater proportion of younger, more diverse and less experienced entrepreneurs are more experimental in design of routines and processes. However, high prior experience within the same industry is related to the adoption of standard industry routines, (2) Higher own investment and opportunity costs for entrepreneurial teams results in lesser experimentation on routines and processes, except those involving customer interactions or design of core products, (3) High levels of trust among co-founders lead to greater experimentation in the design of routines and processes, and (4) Homogeneity in personality types among members of entrepreneurial teams leads to greater experimentation. Since my research design allows me to trace elements of various business models as they ascend or descend in salience over a period of time, it should aid in developing a more holistic and empirically grounded framework on business models.

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