

6-7-2014

STARTUP BUSINESS MODELING: A LONGITUDINAL STUDY (INTERACTIVE PAPER)

Ferdinand Jaspers

Erasmus University, the Netherlands, fjaspers@rsm.nl

Tony Hak

Erasmus University, the Netherlands

Recommended Citation

Jaspers, Ferdinand and Hak, Tony (2014) "STARTUP BUSINESS MODELING: A LONGITUDINAL STUDY (INTERACTIVE PAPER)," *Frontiers of Entrepreneurship Research*: Vol. 34 : Iss. 4 , Article 14.

Available at: <https://digitalknowledge.babson.edu/fer/vol34/iss4/14>

This Interactive Paper is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized editor of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.

≈ INTERACTIVE PAPER ≈

STARTUP BUSINESS MODELING: A LONGITUDINAL STUDY

Ferdinand Jaspers, Erasmus University, the Netherlands

Tony Hak, Erasmus University, the Netherlands

Principal Topic

A startup's business model reflects how the founders intend to generate revenues and why they believe that this will be a success. Publications in the domain of Lean Startup (e.g., Ries, 2011; Blank and Dorf, 2012) urge nascent entrepreneurs to specify the assumptions behind their business models and to validate these in a fast-paced process with limited investments. In addition, this approach urges nascent entrepreneurs to develop and refine their business models by means of interaction with prospective users. Although this relatively young approach draws heavily on well-established academic insights – most notably discovery-driven planning and real options theory (McGrath and MacMillan, 1995) – there is a strong need for a better empirical understanding of the startup business modeling process, its determinants, and its impact.

Methods

From our understanding of the literature, at least four ideas become apparent. First, the notion that business model change is inevitable and desirable. Second, the idea that early and intense business development is preferred, i.e. 'fail fast'. The third and fourth ideas relate to the importance of early prototyping and early engagement with users. In our study we will explore the variation of these characteristics across gestation processes, their determinants, and their impacts.

In terms of data and measurement our study draws upon the second Panel Study of Entrepreneurial Dynamics (PSED 2; Reynolds and Curtin, 2007). This panel study tracks the activities of nascent entrepreneurs over time. This data has great potential to contribute to our understanding of the startup business development process, as it directly relates to the question how firms are created and how gestation processes unfold over time. Our analysis is based on a carefully constructed sample of 294 cases.

Results and Implications

Besides the theoretical contributions in terms of providing a much-needed empirical foundation for startup business modeling, the practice-oriented objective of this study is to help startup entrepreneurs to engage in more effective and efficient business modeling activities. It will assist to develop a better understanding of the preconditions and the pros and cons of such business modeling tactics as rapid prototyping, early customer engagement, and business model redesign.

CONTACT: Ferdinand Jaspers; fjaspers@rsm.nl; (T): +31(0)10 408 2875; Burgemeester Oudlaan 50, Room T7-19, 3062 PA Rotterdam, the Netherlands.