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THE COGNITIVE FOUNDATIONS OF BUSINESS MODEL INNOVATION: A MULTIPLE CASE STUDY (SUMMARY)

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Summary

The Cognitive Foundations of Business Model Innovation: A Multiple Case Study

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Principal Topic

Technological innovation in itself rarely leads to commercial success. Technological innovations are more likely to succeed when they are coupled with a good business model innovation (Teece, 2010; Zott & Amit, 2008). Business model innovation refers to a business model which is without known precedent in the industry in which the focal firm competes (Amit & Zott, 2012; Chesbrough, 2010). Many examples show that successful business model innovations were realized by startup firms. However, little research in entrepreneurship has investigated which founding conditions help in the identification and implementation of business model innovation.

Entrepreneurship and strategic management literature has suggested that business model innovation requires ‘cognitive diversity’ among entrepreneurs, so that genuinely different and independent alternatives can be generated (Doz & Kosonen, 2010), or that attention structures play a significant role in business model innovation efforts (Bock, Opsahl, George, & Gann, 2012). Indeed, business model innovation – which is highly intertwined with the firm’s core identity – is more likely to occur during a startup stage because the firm is then creating its identity (Siggelkow, 2001). Despite those tentative steps in investigating business model innovation, we specifically lack a deep understanding of how startups manage the tension between experimenting with business model innovations and simultaneously attempt to generate revenues in time. This paper aims to address this gap by studying the conditions which enable a startup to experiment with product and business model innovations and at the same time enable a startup to introduce the required amount of revenue structure to become sustainable in the industry.

Method and Results

This article draws on a qualitative inductive study in the tradition of theory elaboration and reports a longitudinal case research design with multiple cases. We develop case studies of eight firms in a single industry by performing interviews and collecting archival data. In addition to the primary sources of data we collected, we look at archival data. We analyze the data by building on individual case study summaries, archival data, and our field notes (Miles & Huberman, 1994; Yin, 2003). Our findings contribute to the discussion on business model innovation, which has questioned how business model innovators break many rules and change the way business is done in the whole industry (e.g. Amit & Zott, 2012; Bock et al., 2012; Chesbrough, 2010).

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