PATTERNS IN BUSINESS MODEL DEVELOPMENT: A LONGITUDINAL CASE SURVEY (SUMMARY)

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**SUMMARY**

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**Principal Topic**

New businesses often start from the recognition of an opportunity or from a technological capability (Chesbrough & Rosenbloom, 2002). In both cases, the initial idea must be exploited through the development of a business model (Hamel, 2000). But it remains doubtful whether entrepreneurs are able to properly conceive their business model in their first attempt (Pitt & Kannemeyer, 2000), and, further, whether the first version would remain valid over time. With a few exceptions (Andries et al., 2006; MacInnes, 2005; Vaccaro & Cohn, 2004), most literature has taken a static perspective on business models, implicitly assuming them to remain stable over time. While reasons for changes in business models are examined widely, the process and structure of how entrepreneurial firms transition from opportunity realization to market entry and market exploitation itself remains under-investigated. To understand and support this process, an analysis of business model evolution on start-ups is needed (George & Bock, 2010).

This paper aims to fill this gap by exploring how start-ups evolve. In addition, we identify structural patterns that are specific to high-expectation ventures, and describe their underlying growth mechanism.

**Method**

To address these questions, we perform a case study survey of fifty start-ups, involving business model characterizations from existing companies, as well as written project reports from start-ups in spin-off support programs at our university. After coding the reference models and development snapshots, we analyzed the emerging patterns. To deal with the heterogeneity we encountered, we decided to look at each pairing of business models separately, which resulted in 121 units of analysis.

**Results and Implications**

We advance the literature by uncovering a number of patterns common to the venture projects under examination. These appear in two forms: *patterns of development* and *growth-specific patterns of structure*. We have identified three basic types of change models: realization models, extension models, and reemerging models. Additionally, we could identify three growth-specific patterns of structure. The paper makes three important contributions. First, we suggest a framework for business model evolution analysis. Second, we offer a set of propositions on start-up evolution and high-expectation venture specifics. Third, we identify practical implications of our findings for practicing entrepreneurs, start-up support programs and policy-making.

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