BUSINESS MODEL DEVELOPMENT AND PERFORMANCE IN SWEDISH UNIVERSITY SPIN-OFFS (INTERACTIVE PAPER)

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INTERACTIVE PAPER

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Principal Topic

We suggest that a longitudinal and more systemic oriented approach in terms of analyses of the development of firms’ business models might be needed to understand the longer-term performance of university spin-offs (USOs). The existing studies of USO performance focus on either the founders’ knowledge, experience, ability to manage a firm, ability to identify a market application, obtain financial capital and other resources, or to adopt a suitable strategy (e.g. Roberts, 1991; Chiesa and Piccaluga 1998; Shane, 2003; Shane, 2004; Clarysse et al 2004). Although the founders’ abilities in the above mentioned areas surely influence firm performance in the beginning of the venture, we suggest a more systemic approach. The fact that Druilhe & Garnsey (2004) found that the business model of academic spin-offs tend to change over time in the first couple of years of the business existence indicates that the business model is dynamic and thus could influence firm performance over time.

The purpose of this study is to describe and analyze how and why business models of USOs in a Swedish context have evolved over a longer period of time, and if changes in the business model could be related to performance.

Method

We use a combination of longitudinal data and case studies to address our research questions. The empirical data consists of a database created in a comprehensive mapping of Swedish university spin-offs performed in 1992 by Olofsson & Wahlbin (1993). The USOs were founded from the early 1960s to the beginning of the 1990s. This study focuses on the 36 (29%) surviving limited companies.

Results and Implications

The results improve the understanding of how and why academic entrepreneurs develop business models over time. We identified differences between growing firms and non-growing firms. The study also advances the business model literature where there is a distinct lack of empirical and longitudinal studies of business model development.

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