The Dynamic Capabilities of Business Model Innovation.

A doctoral research project.
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What’s this all about?
Hi there!

My name is Marc Sniukas and am I a doctoral candidate at Manchester Business School, where my research focuses on Business Model Innovation.

To do my research I need individuals, teams and organizations willing to participate in the research.

This document is intended to outline the research project and give you some ideas on what it is all about and how you could participate.

In detail you’ll find:

- An overview of the research question and objectives.
- What the benefits of participating in the research are.
- The options for participating.
The Research Project.
The Research Project

The purpose of my research is to:

**Identify and understand which dynamic capabilities lead to business model innovations within incumbent firms.**
The Research Project

- Dynamic Capabilities?
  Organizational and individual activities, actions, processes, and routines.

- Business Model Innovations?
  New ways of how business is done, e.g. revenue streams, pricing models, channels, collaborations, you name it…

- Incumbent Firms?
  Established companies as compared to start-ups.
The Research Project

Particular objectives are to:

- Identify and develop an in-depth description of which activities organizations engage in if they explicitly intend to innovate their existing business model and/or develop a new business model;
- Identify who engages in these activities and what the role of individual agents is;
- Develop a framework outlining a process and actions for organizations wanting to engage in business model innovation.
Why you absolutely need to participate.
“Business model innovation matters and it is a top priority of CEOs.”

Expanding the Innovation Horizon The Global CEO Study
IBM Global Business Services 2006
“Innovation is front and center on the corporate agenda, according to a global survey. Executives are adding more breakthrough innovations and business model changes to their portfolio to fuel the growth engine.”

Business Week, November 16, 2009
It definitely pays!

**FIGURE 1.**
Profit outperformers focus on business model innovation more frequently than underperformers.

Note: Based on operating margin growth over five years as compared to competitive peers.

**Exhibit 2. Business Model Innovators Outperform Traditional Innovators Over Time**

¹TSR premium is defined as the percentage by which the Innovators’ average total shareholder return exceeded that of their Industry peers.

Operating margin growth in excess of competitive peers.
(Percent compound annual growth rate over 5 years)
What's your business model like?

- Conventional customer interface ↔ (co-creating) experiences easy to do business with
- Conventional pricing (either to cover cost or benchmarked against competitors) ↔ Strategic pricing of the masses (benchmarked against substitutes and alternative industries)
- Cost-plus thinking ↔ Price-minus thinking; target cost
- Integrate activities ↔ Network (with customers, suppliers, partners, alliances)
- Low fit of activities (internally and externally) ↔ High fit of activities (internally and externally)
The downside of participating is probably that it will be a lot of work and require some time and resources from your side. So if you're not really motivated, it's probably better to stop reading right now.

But then again, can you really afford not to participate? You will surely learn a lot about Business Model Innovation and how to make it happen within your organization.

Whereas it’s a bit hard to tell upfront what exactly is in it for you, here are a couple of thoughts (it also depends on how you chose to participate...see next pages):

- You’ll learn systematically about Business Model Innovation, processes for making it happen and what your role as a manager/leader is and can be.
- Our conversations and those with your team will provide room for reflection and collaborative learning.
- You’ll have first hand access to the latest research on the topic (that’s like visiting an expensive executive education programme at a prestigious business school!).
- The research will be published and you could show off as a leading edge business model innovator and be admired throughout the world.
- Do I have to repeat the financial performance of business model innovators from the studies above?
Conviced! So how can you participate?
2 Options for Participating

1. Case Study → ...if you have already engaged in business model innovation.

2. Action Research → ...if you would like to do business model innovation, but have no idea where to start.
If you have already done some Business Model Innovation this option is for you!

How do you know? Maybe you have a team in place. Maybe you’ve run a BMI project. Maybe you stumbled upon something great...?

A case study is a good opportunity to learn about the process in detail, what works well and what could be improved, how your people feel about the whole thing, how you compare to others and what research and theory can add to what you’re already doing. Think of the case study as an in-depth analysis.

At the end of the day a case study will help you to improve your BMI efforts and increase the odds of success. No need to waste more time, resources and money...

And best of all: it’s completely free! 😊 (apart from some time investments from your side...no such thing as a free lunch...sorry)
So how would that Case Study thing work?

- We’ll start with an initial briefing, to get to know each other, answer questions, the usual stuff you know...
- You hand me any documents you have on the BMI and the process. The more, the better. (Languages will have to be either English, German, French or Luxembourgish.)
- I review all of those.
- I conduct in-depth interviews (about 90 minutes each) with key stakeholders involved (we’ll define these together) in the process. (Maybe I’ll see some people twice...just so you know...)
- I might do a survey (online/written) among employees to gain input from people who were maybe not (so) involved.
- I write everything up.
- You get to see the final draft, before it is published in any way.
- Sounds like plan, doesn’t it?
Action Research (1/2)

- If you want to engage in Business Model Innovation, but have no experience and no idea where to start, this is your option.
- The ultimate goal of action research is to make a difference for practice. It’s not over when the report has been written, but when the problem has been solved!
- The role of the researcher becomes more facilitative and less directive. I might be the expert on BMI in the team, but I‘m not an expert for your industry or organization. We’ll have to figure it out together.
Action Research (2/2)

- Action Research is based on the proposition that generalized solutions don’t fit particular contexts and that the purpose of research is to find an appropriate solution for the particular dynamics of your situation.
- This means that we’ll work together to make BMI happen in your company, by developing a tailored approach for your organization.
- Action Research is a participatory learning process. A basic assumption of action research is that your employees should participate and be engaged directly in the process.
- Stakeholders participate in the process to enhance their understanding of the problem and turn this knowledge into action.
- It is also a collaborative approach that provides your people with the means to take systematic action to resolve very specific problems (in this case the problem would be to develop and implement a business model innovation).
So how would that Action Research thing work?

Action Research consists of three main elements:

- **Look**: Gather relevant information & describe the situation.
- **Think**: Explore and analyze.
- **Act**: Plan, implement and evaluate.

Interventions come in the form of workshops, interviews, surveys, desktop research and so on.

As every situation is different, it’s not as straightforward as a case study. We’ll typically start with establishing a common understanding among your leadership team on what the project should be about and how to work together, before engaging more people and setting up a project team. But you have to be aware that this is a *real* business project that will require resources, time and commitment from your side.
So who can’t wait to participate?
Get in touch!

Marc Sniukas

+43 699 188 388 00
marc@sniukas.com

For some background information on myself and a CV, please check www.sniukas.com/about, www.linkedin.com/in/sniukas or www.xing.com/profile/marc_sniukas.
„There‘s no good just being better,
...you got to be different.“

Charles Handy