



“Current Issues” and “UF2”

Business model innovation

Dr André Perusso



The issue

Old and new recipes

In the past, better price, quality and technology were sufficient for business success. Not anymore...



In the industrial era, **scale** was the most important competitive advantage. To capture value, firms offered their products and services at competitive market prices (mass production).



Increasing competition was addressed with new functionalities or improvements in the **production and logistics process** (e.g. just-in-time, Kaizen, outsourcing)



Nowadays, technology combined industries, connected customers and created new markets. In this context, **business models** are a key determinant on how firms create and deliver value to customers.

Business model as the innovation

Several of the recent business success stories are associated with a business model rather than product innovation.



Amazon has become the biggest bookseller in the world without opening a single store. B&N faces a series of financial difficulties and had to reinvent itself.



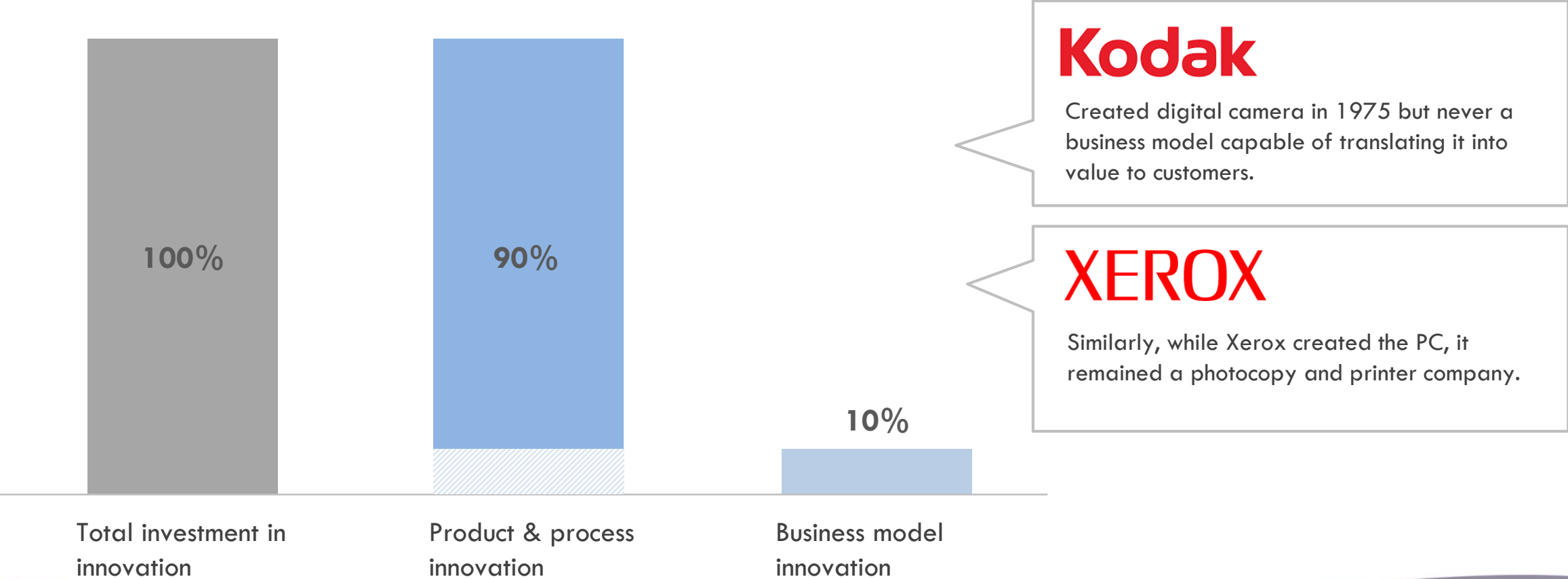
Netflix disrupted the video rental market without owning a single physical store. Blockbuster never cached-up and went bankrupt.



Airbnb is now one of the largest players in the hospitality industry without owning a single hotel. Large hotel chains had to adapt to this new way of doing business.

Investments in business model innovation

Despite its relevance, multinational investment in business model innovation equals 10% of total R&D investment (Johnson, 2018).






The goal

Goals of the module

Given the importance of business model innovation to modern management, the aim of the course is to *offer tools to think innovatively about business models*. In the course, we will:

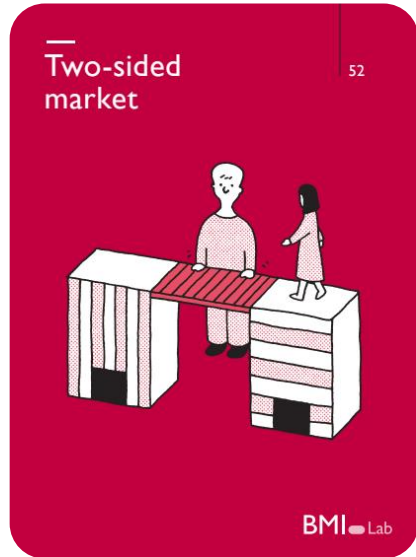
1. Familiarise ourselves with *15 different business models*.
 2. Look into examples of *companies that have successfully adopted* these business models.
 3. Use the 15 business model patterns and other tools to *create a unique business idea*.
 4. Apply valuation principles to *value the new business* and pitch it in an *elevator pitch* format.
- 



The resources

The 'Business Model Navigator'

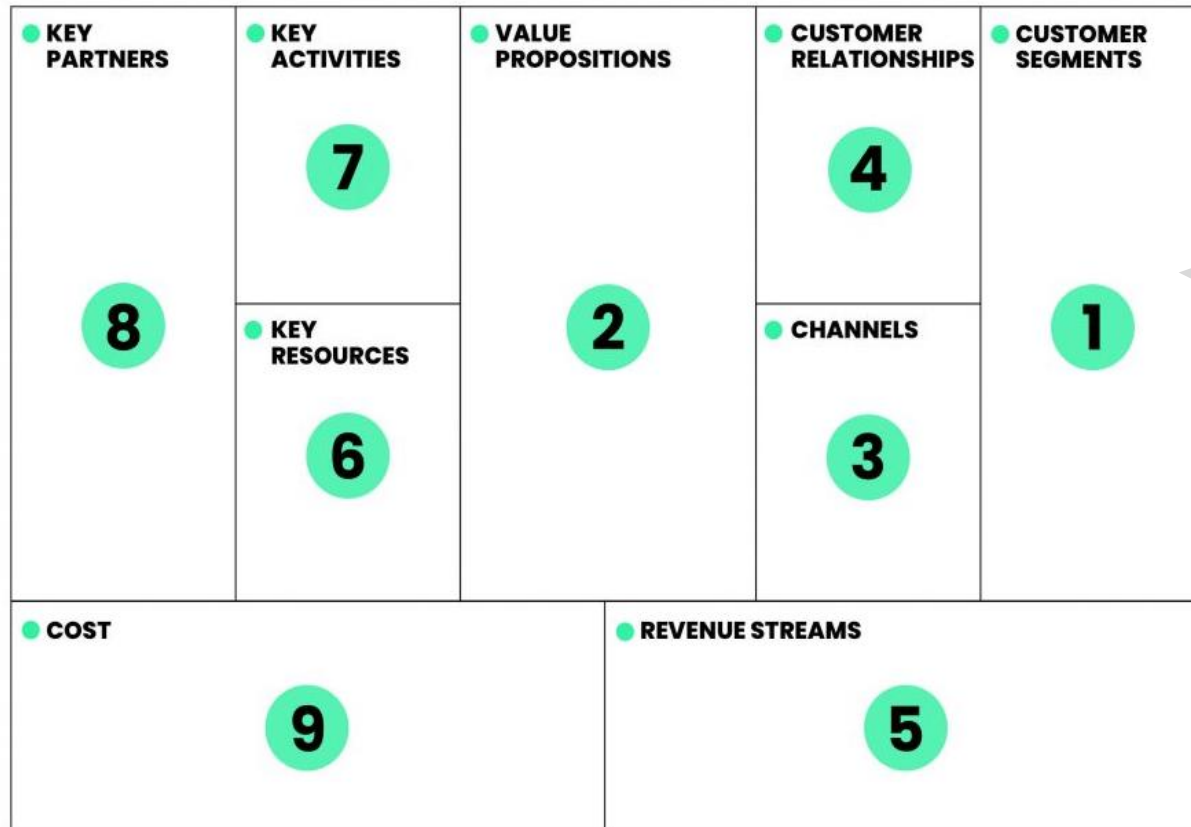
St. Gallen University identified a list of 55 business models that can be recombined to form unique business ideas.



In the module, we will explore 15 of these 55 patterns.

The 'Business Model Canvas'

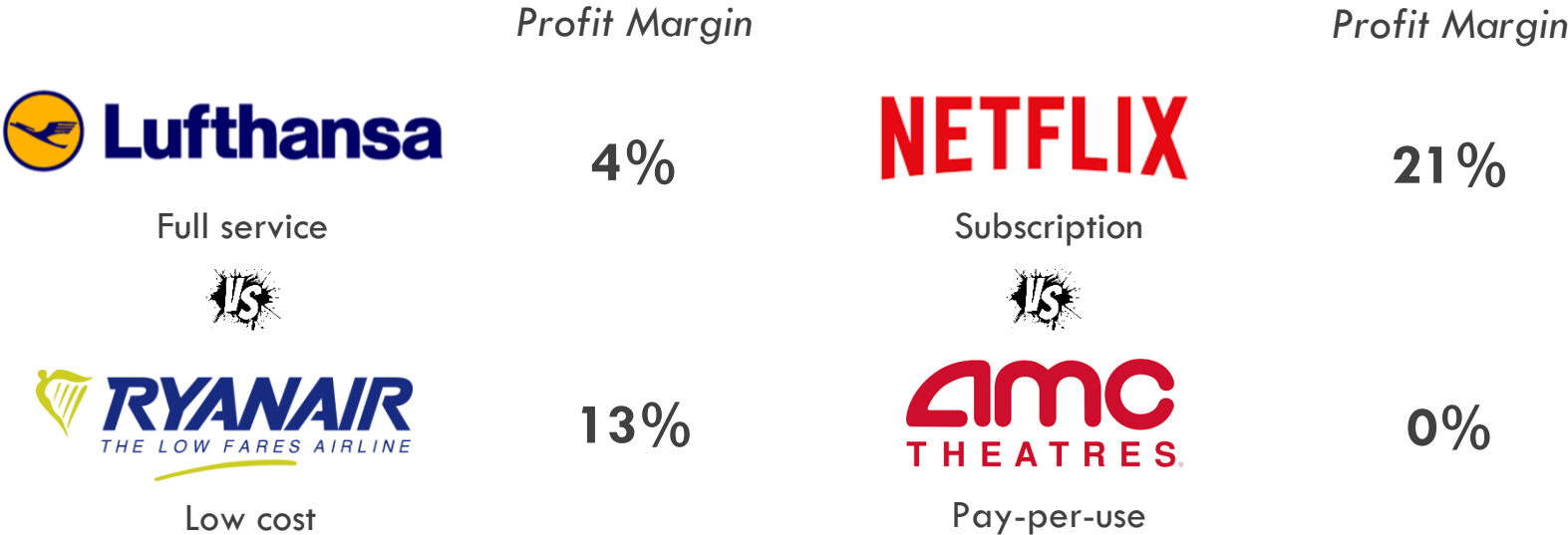
The Business Model Canvas outlines nine building blocks that can be used to design any business model in a 1-page canvas.



In the module, we will apply the BMC to different existing businesses and ones that you will design.

Financial ratios

In addition to the 15 different business models, we will also look into the financial details of 15 companies that successfully implemented the business models we will explore in the lectures.



This analysis will allow us to better understand the differences in business models.

Elevator pitch

Like TV shows such as Dragon's Den, at the end of the module, you will create and present a business idea in a pitch format.

Like in the show, you will ask for an amount of (fictitious) money to invest in their business.

But to know how much to ask, and how much % ownership to give in return, you will learn different valuation techniques.





Assessment

Assessment

1. Company presentation (30%)

20-minute presentation of a company that adopts the business model being studied on that day (each student makes one presentation during the course). The lecturer will share a presentation template.



2. Group work: elevator pitch (70%)

The group will use the business model frameworks to work on a unique business idea. Each group will present their business idea to the class and to guest experts.



Questions?



Please, write to perusso@fh-muenster.de