TOWARDS A THEORY OF BUSINESS MODEL ADAPTATION

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ABSTRACT

Research in the field of Business Models is a recent and rapidly growing phenomenon. It brings to bear strands from a variety of disciplines, including Entrepreneurship, Strategy, and Commercialisation. One aspect that is especially lacking in the research is that of Business Model adaptation among firms commercialising new technology. This study is part of a broader process research program investigating Business Model change. In particular, it is attempting to fill the lack of theory on Business Model adaptation, by seeking direction from the theory of strategic decision-making in entrepreneurial environments (including corporate entrepreneurship) where innovation is a strong feature. Strands of theory surveyed in this study include: high speed decision-making; emergent strategy; open innovation; effectuation. Tentative hypotheses are developed for further elaboration and incorporation into the broader research program.

INTRODUCTION

There is a relatively short history of scientific enquiry into business models.

In fact, the term ‘business model’ (BM) only gained currency in the business community during the 1990s at the time of the dot.com boom. Academic researchers have been slower to embrace the concept, but are now devoting more attention to it, as reflected by the trend in Figure 1.
A broader context is provided in Figure 2.

It gives an impression of level and growth in the new fields of entrepreneurship, commercialisation, and business models, with a benchmark of more mainstream areas. The search was conducted using the Business Source Complete database, for all documents (rather than selecting “articles”) in academic journals, from all languages.

The three areas have shown similar growth rates so far in this decade, but the field of entrepreneurship has a longer history, hence significantly higher absolute levels. For example, the same search for “entrepreneurship” in the year 1990 yielded 36 titles and 79 abstracts. In fact, an important strand of business model research is within the entrepreneurship field.

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<td>Entrepreneurship</td>
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<td>Business mode*</td>
<td>47 209 22</td>
<td>18 83 1</td>
<td>161 152 2100</td>
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<td>Strategy</td>
<td>1278 6710 760</td>
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<td>Strateg*</td>
<td>2006 8776 1058</td>
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<td>Management</td>
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<td>Strate* Management</td>
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The current state of research is fluid, still lacking universally accepted definitions and taxonomies of the BM (Osterwalder et al. 2005; Lambert 2006). Indeed, most of the definitions are meta-definitions, consisting of lists of elements that could or should be included in a BM. Similarly, attempts at formulating taxonomies have generally been industry- or market-specific, as in Bienstock (2002), Hemphill (2006), or Leem (2004), hence, as Lambert (2006) points out, they are typologies, rather than taxonomies.

There are several possible reasons for the lack of academic research on BMs. Chesbrough and Rosenbloom (2002: 533) point to the fact that the BM concept “integrates a variety of academic and
functional disciplines, gaining prominence in none.” This phenomenon is also consistent with the 
laments that academic researchers are far removed from managerial practice (Markides 2007; 
McGahan 2007) which in turn would lead to a significant lag between management practice and 
research.

Within this relatively new area of scientific research, there have been several authoritative calls for 
enquiry into adaptation of business models in entrepreneurial environments (Chesbrough and 
Rosenbloom 2002; Pateli and Giaglis 2004; Zott and Amit 2007.)

Zott and Amit (2007) list this among the many fields of research that could follow from their important 
study, which takes an entrepreneurial perspective on BMs.

In the final paragraph of their study of Xerox Corporation’s experience with business models and 
innovations, Chesbrough and Rosenbloom (2002: 552) highlight the importance of understanding the 
process by which business models are developed and evolve.

They start the paragraph with:

> We need to learn more about the forces that facilitate and impede the search for constructive 
adaptation in the elements of an extant business model.

While hypothesizing a difference in this respect between “independent ventures” and “established 
 firms”, they end the article by saying: “These issues are well worth further exploration.”

Pateli and Giaglis (2004: 311) consider business model adaptation to be an important stream of 
research, but one that has yet to provide useful structures or guidelines for purposeful action. It is also 
“one of the most challenging areas for business model research in the future”, partly because existing 
research on this topic was still very tentative and generic, partly because of the integrative - hence 
complex - nature of the question.

This paper is part of a broader research project precisely to study the forces that influence business 
model adaptation in entrepreneurial firms commercialising new technology. It will be a process study, 
using cases from the ICT and biotechnology industries in Australia, although opportunities have arisen 
for comparative studies across different countries. Given the lack of theory on the topic, this paper is 
seeking direction from other fields of research in the business domain for application as appropriate to 
business models (Zahra 2007.)

For the purposes of the broader research, the following definition of business model will be used, 
combining the approaches of (Kay 1993; Amit and Zott 2001; Chesbrough and Rosenbloom 2002)

> The Business Model depicts the architecture of internal and external 
relationships across business functions that creates and captures value through 
the commercialisation of technology and scientific knowledge.

The novelty of the business model concept and the fact that the firms under observation might also be 
contributing to the creation of new market domains, make it possible that Stacey’s (1995) prescriptions 
will apply. In particular, he cautions that having researchers approach the topic of strategy processes 
with a firm set of hypotheses runs the risk of them inadvertently attempting to fit the process data into 
the existing framework, rather than extracting meaning from the new experience. One difficulty will 
be the necessarily indeterminate environment of entrepreneurial activity – especially when developing 
new technologies and industries – matched with researchers’ objective of reducing uncertainty through 
synthesis (Stacey 1995; Sarasvathy 2001).

In the following sections, the Motivation for this Study positions the study within a research grid for 
Entrepreneurship and explicates why a focus on the processes of change and of design is important. 
The Literature Review focuses on strands of research that bear upon the question of strategic decision-
making in fast moving environments, with strong emphases on innovation, technology and science-rich 
businesses. In the Discussion and Conclusion, common elements are drawn together to define a list of 
tentative hypotheses to inject into the broader research program.
MOTIVATION FOR THIS STUDY

This section provides the context for the Literature Review and subsequent Discussion. Apart from the broader research program, this study motivated by an understanding of the current and prospective state of entrepreneurship research, as well as authoritative exhortations for the study of process variables.

In his article providing a guiding perspective on theorising and the use of theory in entrepreneurship research, Zahra (2007) writes about the importance of contextualising theory, for example, when taking established theory from one context and applying it to a new phenomenon, or a new or different discipline. This is illustrated in Figure 1, which is an adaptation and interpretation of Table 1 in Zahra (2007: 446.) It shows the various combinations of new/established theory versus new/established phenomena. The area of entrepreneurship is one such new field of research to which theories derived elsewhere may be applied in order to develop the body of knowledge.

Amongst the examples Zahra (2007) gives is the application of established Agency Theory to the new phenomenon of entrepreneurship in academic institutions. He contends that this approach offers moderate contextual richness, whereas combining new theory and new phenomena affords great contextual richness. New theory, in turn, can be developed by integrating lessons from different perspectives (Van de Ven et al. 1984.)

We aim to place our research in the New-New (NN) quadrant, in Figure 1, by integrating elements of several existing frameworks, as well as the new field of business models.

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<td>Established (E)</td>
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<tr>
<td>Theory</td>
<td>EE is often seen in journals; offers modest contextual richness; Zahra is critical of how it is generally conducted.</td>
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<td>Offers moderate contextual richness; Zahra appears to question the value of EN, when there is so much new territory to explore.</td>
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In seeking to re-frame the questions that are asked in entrepreneurship research Sarasvathy (2004b) considers the very topic of adaptation between the internal and external environments. She proposes that in order to understand the phenomenon and to gain useful insights, we should study the interface between the two environments, in particular the process of designing the interface. While studying firms at very different stages of development than the entrepreneurial firms studied by Sarasvathy et al. (2008), Burgelman and Grove (2007) also found that design of the decision making process is how top management influences corporate longevity.

Zahra (2007) confirms that understanding process variables can in turn lead to sounder content theories. Stacey (1995: 492) goes so far as to state:

The really fundamental questions and long-lasting ‘answers’ will relate to process.
The ability to adapt in a manner considered appropriate by a firm’s principle decision makers forms their dynamic capability in the definition of Zahra et al (2006.) Stacey (1995) found that changeability in a system depends on the number of random ties formed by self-organising connections between people inside and outside the organisation. Changeability can then become an internal property of the system if the informal networks are richly connected.

Whether this leads to superior performance will then depend on the decision makers’ ability to understand correctly the external environment, as well as the management and deployment of the dynamic capabilities.

Greater use of either static or dynamic capabilities reduces their cost of implementation in absolute terms and relative to each other: Propositions 1, 2a, 2b in (Zahra et al. 2006.) Thus, ongoing use of a substantive capability without change makes it progressively more difficult to execute dynamic capabilities. On the other hand, repeated exercise of dynamic capabilities raises the cost of implementing any single substantive capability, but lowers the cost of future change. There is a form of learning effect occurring in the use of one tool, which tends to atrophy the use of the other.

Using the model in Figure 4, one can see that there is a point where the organisation becomes excessively or insufficiently dynamic. As mentioned above, this would depend on how dynamic is the external environment, but also on the internal organisational capabilities, such as the capacity to analyse, decide and execute. Zahra et al (2006) vest the internal capabilities in managers and entrepreneurs. They conclude that firms who balance both substantive and dynamic capabilities are those most likely to survive longest and to succeed in the face of change.

The trade-off is clear in Figure 4. The experience effect mentioned in (Zahra et al. 2006) would be reflected in the downward shift of the respective curve, and greater emphasis placed on say substantive capabilities, as depicted in Figure 4.

![Figure 4 Trade off between deployment of substantive vs dynamic capabilities](Image)

A learning culture, with potential for corporate renewal, is therefore desirable. This brings us back to Sarasvathy’s (2004b) proposition that the process of designing the interface between internal and external environments is a topic of importance, for research and for practice.

While Zahra et al (2006) develop propositions about the difference between new and established ventures, they cite research (Autio et al. 2000) showing that a learning culture designed and developed early in an organisation’s existence will make it easier to maintain flexibility throughout its life. In
their study Autio et al (2000) found that firms who started internationalisation at an early age were better able to learn and adapt, but also maintained greater flexibility later in life.

Thus the creation and development of dynamic capabilities in Zahra et al (2006) equates to Sarasvathy’s (2004b) designing of the interface between internal and external environments.

The motivation for this research was initially based on the authorities above and on expert interviews with policymakers and investors. Unfortunately, the current financial crisis - and how firms in this domain deal with it – adds potency to the motivation and has potential to deliver many important lessons. The next section analyses relevant literature regarding strategic decision-making that has potential to help in the quest to develop theory for the business model area.

**LITERATURE REVIEW**

The following literature review on managerial decision-making is a selective one. It is selective on two main counts.

First, it revolves around decision making in entrepreneurial environments (including corporate entrepreneurship) where innovation is a strong feature. The firms are based upon high technology and scientific research outcomes. The second element of selectivity is their presentation in this context. That is, we do not aim to give a complete exposition of the studies. Rather, they are presented in terms of how they might contribute to the specific question of designing the interface between internal and external environments.

**High Speed Decision Making**

One strand of research in fast-moving, high technology domain emphasises the importance of speed in decision-making (Bourgeois III and Eisenhardt 1987, 1988; Eisenhardt and Bourgeois III 1988; Eisenhardt 1990). The first published findings in this series (Bourgeois III and Eisenhardt 1988) found that high velocity external environments required high speed decision making processes in order for firms to be successful. Complementary to that was the presence of a powerful, decisive CEO and top management team, as well as an ability to take on risk in a safe manner, through incremental steps with pre-determined execution triggers.

How was decision-making kept up at a fast pace?

Large amounts of information were gathered and processed, in small frequent ‘bites’, with an emphasis on real time data (Eisenhardt 1990.) The data could be internally driven operational statistics or external competitor facts. They were disseminated and discussed at frequent meetings (several each week) or via email. In fact, written paper memos were not used much at all – considered too slow a form of communication for these purposes. As a result, managers in these firms had a tight grasp of the facts about their business. It was freshly updated. Eisenhardt (1990) was surprised not so much by the fixed targets they had for profit margins and expenses, but by how many were able to state them upon request.

Several real options are developed and analysed comparatively by the fast moving firms. Eisenhardt (1990) does not use the term real options, but she does talk of alternatives, options, rankings. The comparative analysis sharpens and quickens decisions because ranking the available options is easier than conducting thorough research on a single option. The latter would likely include relatively insignificant components or components that could be easily be determined as inadequate relative to those in alternative solutions. Finally, the ranking of options that are more/less deeply ‘in the money’ or ‘out of the money’ allows for subsequent options to be brought up the ranking as others fail or move in the wrong direction. This also provides comfort that all is not hinging on the current option being exercised. It is consistent with the view of strategy as a portfolio of options (Williamson 1999) and the more general real options literature (Luehrman 1998b, a; Amram and Kulatilaka 1999) that has developed since the studies by Eisenhardt and Bourgeois listed in this section.
An ability to take advice also distinguished the successful key decision makers. This advice was typically not from external sources, such as venture capitalists, but from the general top management team, and more deeply from an ‘inner cabinet’ of the most experienced and trusted executives in the firm. These were typically found to be older and more experienced than the other executives and considered as being able to draw on a greater experience base. Eisenhardt (1990) calls them “counselors.” When trusted counsellors are not available, external sources of advice, such as consultants, are called upon.

Unsuccessful firms did not have these characteristics in their decision making, leading them to exist as the living dead, not successful to be floated, yet not dismal enough to be killed off (Bourgeois III and Eisenhardt 1987). Their process was deliberate and analytical, but too slow. In fact, the need to act was really only openly perceived at a late stage. Then, the CEOs became too involved in all the decisions, which contributed to insufficient commitment to executing change. Weak signals and managers’ instincts were not given sufficient attention and the lack of ongoing options analysis meant the intellectual effort required to decide on change was much larger once the need was recognised.

Simon (1993) presents recommendation along similar lines to findings from the microcomputer industry. Given the need to conserve scarce managerial bandwidth, relative priorities for attention need to be established, together with a capability to follow developments and anticipate the future.

Organisational culture needs to be aligned in that direction, so that alternatives may be evaluated as they arise, before the company is in trouble. Simon (1993) concluded that strategy design should be an ongoing exercise, especially in innovation-based markets, but that both planning and execution of the plan then depend on organisational identification of its constituent parts. Indeed, he observed that the speed of execution in successful Japanese firms is mainly due to having several functional areas involved in product design at an early stage. Consistent with Kay (1993), he finds that organisational architecture is the basis that allows for ongoing extensions of competitive advantage afforded by innovation.

Related to the perspectives in this sub-section, yet distinct, is the concept of emergent strategy. For example, the entrepreneur, or other entity responsible for strategy making, might well formulate the plan, but a strategy might also be formed through a gradual process as small decisions develop and build upon each other.

**Emergent Strategy**

Henry Mintzberg (1978) characterised emergent strategy as an interactive process between the organisation’s environment, its internal bureaucratic system and its leadership. When an organisation is first created, or is going through the planning stage, entrepreneurial spirit and leadership is the strongest of these forces. Committees, hierarchies, bureaucracies do not yet exist to generate momentum and inertia against innovation or broad integrative strategies.

The environment has an impact as either unexpected events come to play, or decisions by those implementing the strategy in the field, intentionally or otherwise, shift the overall direction of policy. This then becomes intended strategy when, or if, the leadership becomes informed and understands about the need to re-formulate. Mintzberg (1978) used the examples of Volkswagenwerk from 1934 to 1974 and of the US involvement in Vietnam (1950 to 1973) to illustrate this.

Emergent strategy can then become a result of organisational learning, whether it be from accidental learning and sense making (Pascale 1984; Agius et al. 2006) or intentional actions such as experimentation (Zahra et al. 2006), or other sensing activities (Doz et al. 2001), or some combination of both as in the real options approach (Luehrman 1998b; Williamson 1999).

A danger arises when the strategy or culture that supported success becomes so entrenched that it cannot change when environmental conditions change, or it fails to continue innovating and creating new opportunities (Schein 1996). This is the problem described by Chesbrough and Rosenbloom (2002). On the same note, Burgelman and Grove (2007: 966) borrowed an image from Craig Barrett, former CEO of Intel, who would refer to the “creosote bush conundrum.”
The creosote is a plant that apparently poisons the ground around it, so that no other plant can grow nearby. In business terms, this refers to a tendency for new ideas or approaches to be banished, hence inhibiting the firm’s capacity to adapt or to influence its environment.

Similar thinking, in terms of inertia, or myopia, once successful routines had developed, have been expressed by March and Levinthal (Levinthal and March 1993; March 2006), to the point of advocating that foolishness be allowed, if not encouraged, in organizations. In a Panel Discussion on Leadership, David Teece (Augier and Teece 2005: 128) agreed that “[m]any apparently foolish ideas eventually turn out to be brilliant.”

Burgelman and Grove (1996) chronicle how senior management at Intel had lost track of market movements, whereas middle managers and salespeople could see what was happening through direct interaction with customers. In fact, they surreptitiously effected a change of strategy.

One solution is to follow a contingency approach, as developed in (Markides and Charitou 2004) although it is presented as a way for organisations to adopt more than one business model at the same time. In the context of an organisation running more than one model, they present the “innovator’s solution” (Christensen 1997) and Porter’s (1997) view that the separate models ought to be organisationally separated. This is consistent with the generally held view that unless there are synergies to be exploited across activities holding them within the same entity does not create value for the principals (as opposed to the agents managing the firm) and that is why conglomerates tend to be dissolved where there are well functioning capital markets (Teece 1996).

For example, while Nestlé had become successful as a fast-moving consumer goods (FMCG) company, Nespresso imbued a luxury goods feel into their business model. Part of the implementation included physically distancing the Nespresso operation from other parts of the organisation where the BM and the culture were divergent.

Burgelman and Grove (2007) found that autonomous (environment-altering) strategic initiatives were well supported in the large established firm, which runs counter to the proposition in March (2006) that exploration activities are usually sub-optimally pursued. While at Intel the autonomous action might have been initiated by middle management, rather than the entrepreneur, top management does become involved in setting the strategic context. This includes what form and size bet to make. Both the studies by Burgelman and Grove (2007) and by Wiltbank et al (2006) highlight the importance of determining how much the stakeholders can afford to lose.

Venture Capitalists’ Contribution to Decision Making

In the context of US biotechnology firms, Lerner (1995) studies a particular element of the internal-external interface, namely the Board and specifically how venture capitalists affect Board behaviour. Financial intermediaries in general gain greater knowledge about the firms they finance than most other categories of investors. Venture capitalists, in particular, are more able and willing to invest when firms have few tangible assets, in exchange for more intensive interaction with the firms and their staff.

An important finding in (Lerner 1995) was that greater oversight was provided in times of greater need, namely when the CEO was underperforming and that venture capitalist representation on Boards was significantly higher during periods when the CEO was replaced. This, he explained by referring to how traumatic the experience of CEO replacement can be for entrepreneurial firms and to the need for oversight during such difficult times. The process of change, here, appears to occur through external intervention, in light of poor performance. While the abovementioned publications about the microcomputer industry (Bourgeois III and Eisenhardt 1987, 1988; Eisenhardt and Bourgeois III 1988; Eisenhardt 1990) highlighted mostly internal processes, Lerner (1995) focused on one form of external intervention, in which change was effected by the Board removing the CEO, following poor performance. The two are not inconsistent, because those firms would have progressed well beyond that stage of the living dead.
The importance of being able to take advice, and its relevance to venture capitalists, was also highlighted in the sub-section on high speed decision making. The next sub-section relates to open innovation and co-development, both relevant to the biotechnology and ICT industries.

Open Business Models

Establishing co-development partnerships is a method for business model innovation in the open innovation approach (Chesbrough 2006; Chesbrough and Schwartz 2007). They present cases from the biotechnology/pharmaceutical industry where co-development formed the basis of the initial business model, with certain firms focusing on early stage research, while larger firms work through the approval process and placing product on the market. Then, co-development was used as a way to acquire new capabilities for further drug development. In other examples of technology cooperation, the studies found that joint equity investments were required to overcome transaction costs and align the participants’ business models, consistent with (Pisano 1989.)

One common characteristic of the cases presented in (Chesbrough 2006) is that they required a shock to the system, before they sought change.

Using resources and capabilities from external sources is also an important element in the effectuation literature (Sarasvathy 2001, 2004b, a; Read and Sarasvathy 2005; Wiltbank et al. 2006; Dew et al. 2008; Sarasvathy et al. 2008), to which we return in the next sub-section.

Effectuation

The effectuation literature was referenced earlier in this article, while determining the importance of design and of the process of design, as well as under the emergent strategy heading. The researchers do not specify a focus on high technology or science-rich firms, hence it would not fall within the selectivity criteria for this paper. Their emphasis, however, is strongly on innovation and on creating new environments. Further, their focus on the process of design is consistent with the work of Simon (1993) and Kay (1993) mentioned above. Indeed, Simon provides an important source of inspiration for the effectuation research effort.

As a result, this strand of literature is relevant to the task at hand, as well as to the broader research program being undertaken.

Under conditions of extremely tight resource constraints, the effectual entrepreneur embarks on a journey with many possible time- and path-dependent outcomes that are unknown and unknowable at the outset, consistent with the scenario in (Stacey 1995.) They therefore rely heavily on external stakeholders to gather and assemble resources, not unlike the open innovation approach in the previous sub-section. They make do with whatever means are available (Baker and Nelson 2005.) Such means fall within three categories: the entrepreneur’s personality and characteristics; the entrepreneur’s knowledge and experience; the entrepreneur’s networks. From there, a design process is unleashed that interacts with the external environment, constrained by it, but also affecting and shaping it.

Figure 5 reproduces the schematic representation from (Wiltbank et al. 2006: 983) that places the effectual approach to firm design in the transformative quadrant, with a high emphasis on controlling (ie shaping) the external environment and a low emphasis on predicting the future. In other words, although the effectual entrepreneur shapes the environment around them, the time- and path-dependent qualities of their effort, as well as their general desire for innovation, means that they are less interested in predicting where they end up, but also that it would be counterproductive to place such strictures on their entrepreneurial activities.
Effectuation research does not yet have a solution for the creosote bush conundrum, nor for the apparent need for venture capitalists to fire founding entrepreneurs, but the field is cognisant of those issues and the focus on early design process affords scope for contributing to the solution. It also brings to bear a research technique that is relatively little used in the business domain, namely alternate history. Creating alternate histories consists of thought experiments in which outcomes that might have occurred under different design and decision processes are considered, as a way to develop tools and selection criteria.

**DISCUSSION AND CONCLUSION**

In this Section, we draw together common threads from the strands of theory and generate tentative hypotheses for further development in the broader research program on business model adaptation in firms commercialising new technology.

Scientific research in the field of Business Models is at such an early stage that no established theory of adaptation exists. In fact, Stacey (1995) argues that one ought not attempt to develop a theory of strategic change for markets in rapid evolution, where the future is both unknown and unknowable, which is likely to be the case in the broader research program to which this study relates. Wiltbank et al (2006) superimpose representative literature over their structure reproduced in Figure 5 above. There is some overlap with the literatures review in this paper, most of them appearing in the bottom half of their matrix. This further indicates a common ground of low emphasis on prediction in the fields that are subject of this research program.

This study covers the theory of strategic decision-making, hoping to find some guiding principles that could be transposed or somehow adopted for Business Models. Next, we draw from the various perspectives to create a model and tentative hypotheses for research into Business Model adaptation by firms commercialising new technology in rapidly changing environments.
Common across all the studies reviewed are the following components

- Perceived current state of affairs, including
  - whether the organisation is gaining or losing competitiveness in the marketplace
- Perceived future state of affairs, including
  - anticipated events in the external environment
  - own position in the anticipated setup
- Information gathering
  - about both current and future state of affairs
- Processing the information to create knowledge
  - about both current and future state of affairs
- The decision or plan
  - based upon the previous steps
- Implementation of the decision

Successful processes appeared to mandate the following design elements

- Sensing mechanisms should be closer to the market, the faster the market evolution
  - Multiple levels of sensing are desirable
- Ongoing information gathering and processing reduces its cost and allows for easier, faster decision making
  - Speed being relative to the particular environment
- Final decision should be consensual if possible, but not at the expense of taking too long
  - Authoritative CEO should take a decision if the opportunity is closing
  - External decision makers might be required, if the CEO is unable to decide
- Decision implementation requires
  - Commitment by those implementing it
  - Mechanisms for breaking down the risk into manageable blocks
- The whole process (ie from sensing onwards) should always being in motion
  - Though not necessarily at full speed at all times
- The dynamic components ought not be so overbearing that the firm cannot reap a return on the decisions to change
  - Not every decision needs to earn a measurable return
  - Mere survival can be sufficient return at certain times

Most of the studies analysed do not refer to business models, but at least some appear to be discussing something very similar when referring to strategic change, especially those about the US microcomputer industry. In fact, they date back to a time when the business model concept was not at all significant among practitioners, let alone in academic research.

As a result, although they are very tentative, there is value in working with the following list of hypotheses that arise from this study of strategic decision-making

H1. Leadership team characteristics affect the likelihood of BM adaptation
H2. Top management with a market orientation is more likely to change its BM
H3. Organisational culture affects the likelihood of BM adaptation
H4. Organisational culture affects the likelihood of successful implementation of BM change
H5. Significant change in the top management team is positively related to re-analysis of the BM
H6. Regular monitoring and evaluation of the current state of affairs is positively related to BM adaptation
H7. Regular monitoring and evaluation of anticipated futures is positively associated with BM adaptation
H8. Regular re-evaluation of the BM is positively related to BM adaptation
H9. Perception of imminent external threat is positively related to BM adaptation
H10. Initial design characteristics of the BM affects BM adaptation
H11. Having an open BM is positively associated with BM adaptation

We have not yet succeeded in developing a theory of Business Model adaptation. The hypotheses listed above are tentative and require more elaboration before they can be incorporated fully into the broader research program. An important step in the theory-building would be greater integration between the effectuation literature (and Stacey’s contribution (1995)) and the other stands of process research.

In the broader research program, further research on the process of business model adaptation will need to determine the actual and potential participants and their influence on the process.

NOTES

1 This is consistent with a frequently mentioned trait that venture capitalists seek in an entrepreneur: ability to take advice. At that an early stage of the firm’s life, the entrepreneur might not have access to a top management team, hence the advice would mostly be external and ‘imposed’ from externally.

REFERENCES


