THE BUSINESS MODEL IN CONTEXT OF BUSINESS STRATEGY: A FRAMEWORK PROPOSITION FOR CONNECTING BUSINESS MODEL AND BUSINESS STRATEGY

Abstract: Purpose: The increasing use of business models within the strategy making of organizations leads to a gradual neglect of the more established strategy theory, which is seen by some researchers and experts as misguided. It is argued that business model thinking alone is not sufficient to achieve sustainable competitive advantage. On the other hand, proponents of the business model concept point out that the traditional strategy theory does not sufficiently explain how to compete in the fast-changing, new economy and is lacking focus on value creation and customer centricity. To respond to such discrepancy, this thesis proposes the integration of strategy theory and business model in order to improve organizational strategy making. To do so, an integral framework, building on the two notions, is suggested, addressing both theorists and practitioners. The strategy process is therein explained as multi-step process, including the analysis, the decision making, communication and improvement of the decisions and the implementation process. Approach: As starting point for the integration of business strategy and business model, an extensive literature research on the development, the main research streams and suggested means for the practical application are presented. Building on this overview, the integration of strategy and business model is proposed within a process model, and an integral strategy making framework is developed. The framework is then tested for contributing to better strategy making results by practical application within a high-tech start-up. To verify the findings, firstly the old and new corporate strategy are compared and secondly assessed via empirical testing. Findings: The study shows that business strategy and business model can be related to one another and even be seen as complementary. Within the strategy process, the business model concept facilitates the visualization and explanation of the business logic of a firm and the corresponding strategic decisions. It can further act as instrument to better implement the strategic decisions within the organization, and help improving and enhancing the corporate strategy, including a bottom-up approach to the strategy making. The conceptual framework, as means to provide a structured approach to strategy making, proved valuable for the strategy process, positively influencing and enriching the decision making, including the notion of constant reevaluation and dynamism. The practical application of the conceptual strategy making framework resulted in a more extensive and comprehensive strategy for the sample company. The results are analyzed in detail by a comparison with the previous strategy. The new strategy is then successfully communicated within the organization with help of the business model and, as suggested, used to enhance the corporate strategy. The subsequent empirical testing suggests that the proposed strategy is suitable and feasible for the company. Value: This study contributes to existing theory by explaining strategy and business model in context and offers an understanding on their complementary functions within strategy making. Additionally, an integral framework on the strategy process is presented to help clarify the approach to strategy, including specification on the process and possible means to it. The application of the framework in the creation of an organizational strategy is portrayed by use of a sample company. Furthermore, insights and recommendations for the sample company are provided within.

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A business model is defined as: A plan for the successful operation of a business, identifying sources of revenue, the target customer base, products, and details of financing. Essentially it tells us how the key drivers of a business fit together. Now if you think about writing all this down in a document, then it’s obviously going to require multiple pages to capture all of that information. Now think about trying to get all of this information into your brain at the same time and its easy for business models to overwhelm us. That’s where the Business Model Canvas comes in. It gives you a wa... Flexible: It’s quick and easy to make changes to your model and sketch out different ideas. Precisely, a business model is a holistic framework to define, understand, and design your entire business in the industry. Often novice entrepreneurs do not understand the significance of the business models. Check out 50 different types of business models, along with examples of companies for better insight. Try to adopt these business models in your startup. 1. Franchise model. Best for the company’s expansion, franchising allows the franchisor to license its resources, brand name. A business framework also gives you a starting place and a common vocabulary that you can edit to fit your own purpose. Down below is a list of the most prominent frameworks and models in today’s business world. Frameworks can be categorized based on several levels of analysis: Macro-Level. Hofstede’s Cultural Dimensions. Porter’s Diamond of National Advantage. PESTEL Analysis. Industry-Level. Business Strategy vs Business Plan vs Business Model. Levels of Business Strategy. Level 1: The Corporate Level. A business objective without a strategy is just a dream. It is no less than a gamble if you enter into the market without a well-planned strategy. With the increase in the competition, the importance of business strategy is becoming apparent and there’s a huge increase in the types of business strategies used by the businesses. Here are five reasons why a strategy is necessary for your business. Planning. A business strategy focuses on capitalising on the strengths of the business and using it as a competitive advantage to position the brand in a unique way. This gives an identity to business and makes it unique in the eyes of the customer.