



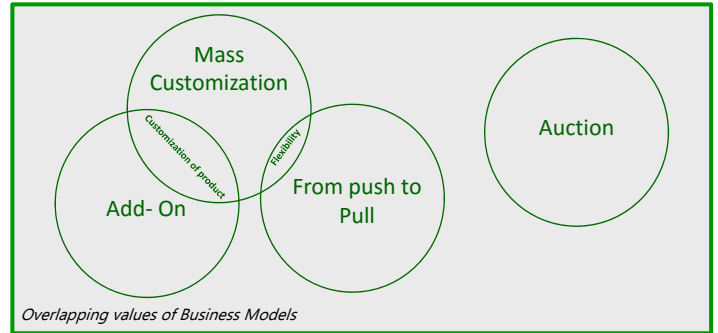
Facilitating sustainable Business Model Innovation through Mass Customization

Research Objective:

The underlying logics of sustainable business models (BM) are in conflict with established routines in incumbent firms. These logics are deeply rooted and influence the current as well as the future BM of an organization impeding sustainable business model change in incumbent organizations. Acknowledging this important transformation barrier, we propose a framework to align present and future BMs by minimizing possible conflicts of logics, routines and cognitions between the old and new business model. To do so, we derive an index indicating the similarity between two BM patterns based on shared attributes. This enables organizations to evaluate future BM alternatives based on their distance to the status quo. This research aims to accelerate the transformation process by (1) limiting the solution space to business model options that are easier to implement and (2) identifying business model patterns that are particularly suited to bridge the gap between traditional and sustainable business models.

Underlying Assumption:

- BMs consist of principles that define how the respective BM works
- Characteristics are not exclusive and may apply to several patterns
- As a result BM pattern share similar principles or have no overlapping characteristics
- Based on the number of shared attributes an index is derived indicating the similarity between two BMs
- BM that share common attributes with the incumbent BM are easier to implement, as internal resistance and the transformation effort is reduced

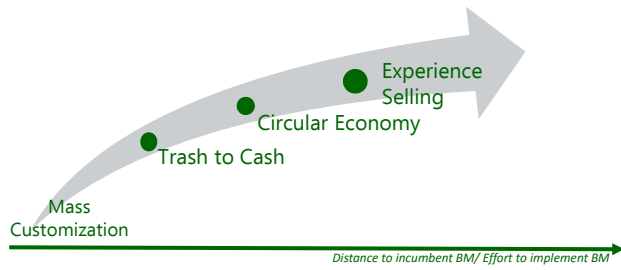


Method:

- Business Model Pattern by Gassmann and additional sustainable BM as basis for this methodology
- Each Pattern and its attributes is classified into a standardized categorical system following the Business Model Canvas
- Expert interviews to classify BMs
- Using Euclidean distance measures we derived an index indicating the similarity respectively distance between the two patterns
- The proposed framework can be used to identify business model patterns that are close to the existing BM of an organization
- It enables organizations to plan business model changes and transformation processes strategically by identifying business model options that can be implemented in the short, medium or long term

	License	Lock-in	Long Tail	Make more of it	Mass Customization	No Frills
Add-On	31.60	6.79	26.90	18.28	7.16	24.94
Affiliation	42.79	49.12	20.90	40.86	49.67	60.96
Aikido	27.62	10.02	27.67	13.98	18.61	36.93
Auction	41.24	44.16	17.02	36.60	39.64	49.47
Barter	20.24	19.66	30.45	12.78	21.89	34.30
Cash Machine	26.64	10.75	29.53	17.39	9.04	20.60
Cross Selling	30.24	11.65	35.27	17.91	21.09	28.23
Crowdfunding	28.90	31.79	19.11	19.36	30.62	52.10
Crowdsourcing	24.10	24.62	20.31	16.95	22.40	44.52
Customer Loyalty	28.71	11.96	23.00	15.98	15.36	27.16
Digitalization	43.48	38.09	14.66	35.97	40.47	54.34
Direct Selling	22.97	14.85	38.70	12.94	24.34	38.83
E-Commerce	37.72	33.41	12.95	33.30	28.94	35.20
Experience Selling	28.73	9.89	38.59	16.30	16.41	36.76
Flatrate	28.46	15.68	24.51	26.17	22.06	19.94
Fractionalized Ownership	27.03	23.65	18.30	15.47	33.45	49.49
Franchising	13.18	25.09	35.18	17.16	36.11	43.85
Freemium	31.62	22.95	13.37	22.82	24.50	31.06
From Push-to-Pull	33.27	10.99	36.69	25.82	5.81	16.24

Distance Matrix of Business Models (with an increasing index, the distance between the models increases)

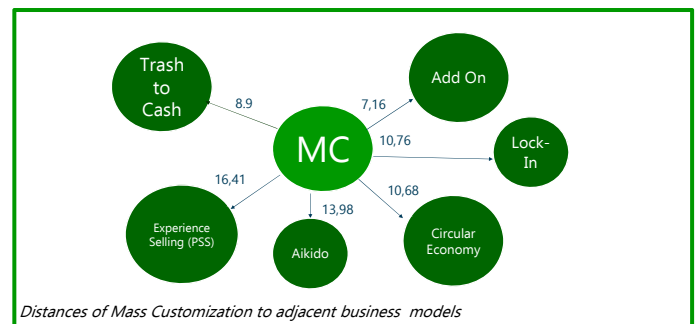


Preliminary Findings

- Mass Customization has been found to be a rather flexible BM as it shares many attributes with other BMs
- MC is well connected with both: BMs for sustainability and profit-oriented BMs
- MC may be a good starting point to become more sustainable as it can be designed to combine both logics of sustainability and profitability
- MC is also a good starting position to reach for even more sustainable BM such as Cradle to Cradle, Circular Economy etc.
- MC may be suitable to bridge the gap between a profit-oriented BM and BMs for sustainability

Stage of Research and Next steps:

- ✓ Case study research to identify and analyze attributes of business models for sustainability
- ✓ Qualitative research with experts to classify business models based on prior identified attributes
- ✓ Conceptual research in order to develop a framework to facilitate business model change
- Further interviews with experts to enhance measures
- Intensive testing with organizations and researchers to improve and validate method
- Enhance framework with other dimension such as strategy or culture



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