



Why still Business Models matter?

Dr. Emil Velinov, December 10th, 2021



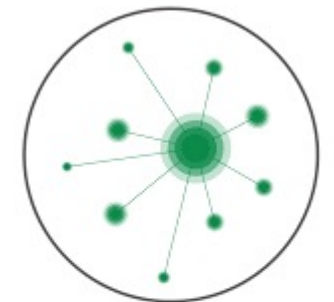
“There is no doubt that the pandemic has prompted companies to reimagine and redesign their business models.”–Raphael Amit





COVID 19 impact on Business Models

- The COVID-19 pandemic has upended nearly every aspect of life, from the personal (how people live and work) to the professional.
- The crisis will have a lasting impact on the stakeholders' needs
- Lots of businesses changed their business models
- New firms have entered different markets
- The digital transformation has been boosted during pandemic

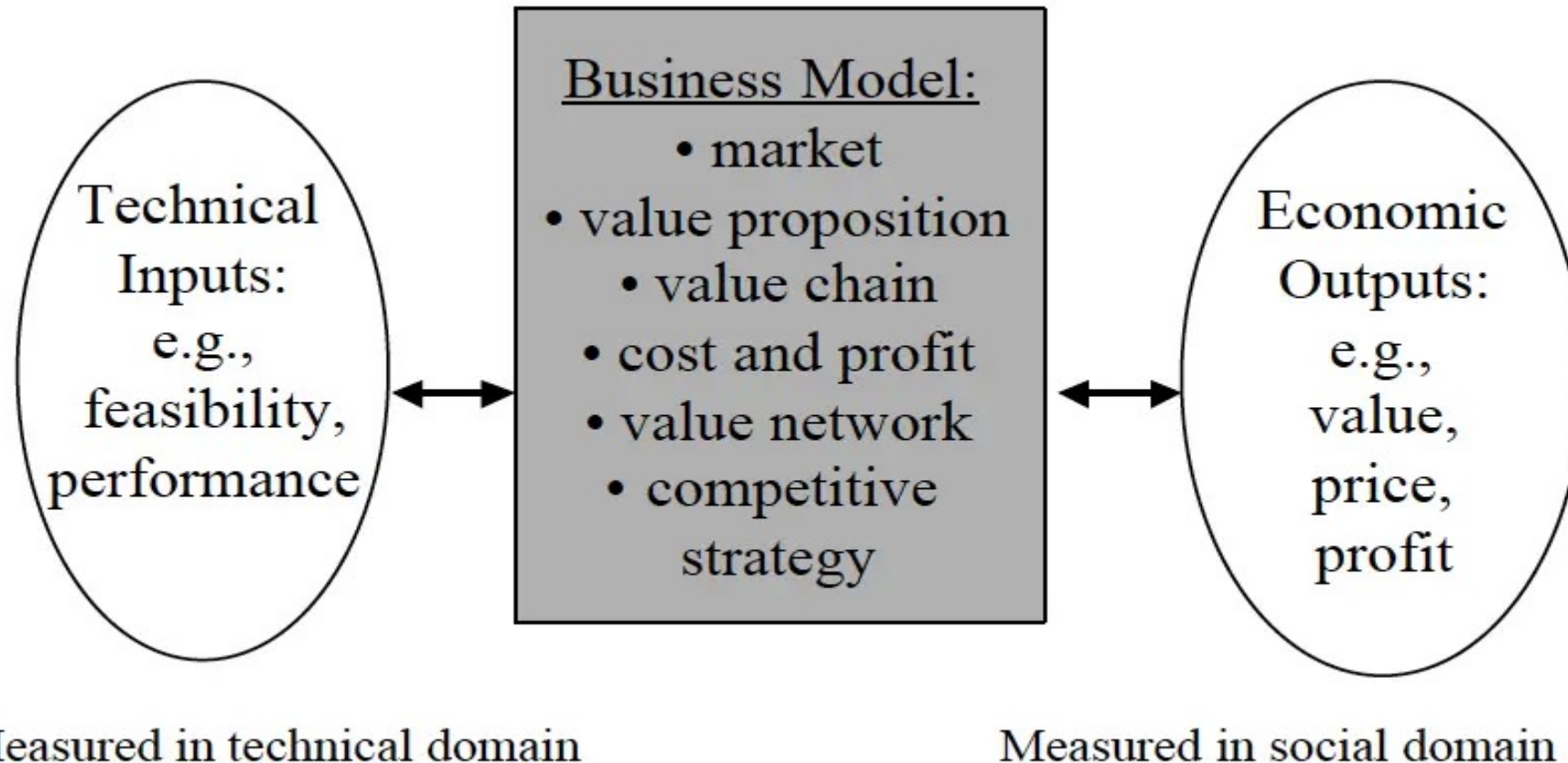


Business
Models



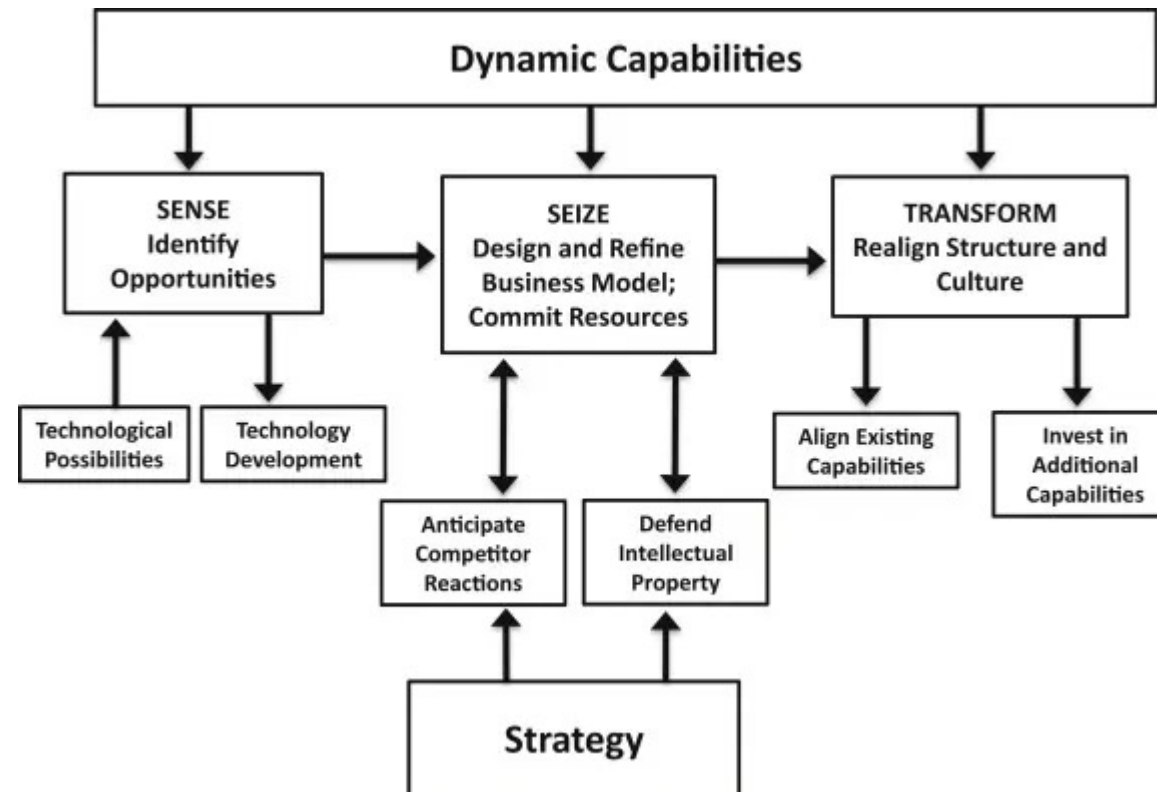


Concept of Business Model





Concept of Business Model



Source: Scheme of dynamic capabilities, business models, and strategy. (Teece, 2018)





Business Models and COVID 19

- The more recent focus on the climate change crisis has driven significant growth in solar equipment and electric cars, as well as innovation around more “earth-friendly” foods such plant-based meat substitutes.

“When we talk about business model innovation, it refers to a business model that is new to the industry in which the firm competes.”—Raphael Amit





Postcrisis actions needed to be done by the organizations

- Adapting the core to meet shifting customer needs
- Identifying and quickly addressing new opportunity areas being created by the changing landscape
- Reevaluating the innovation initiative portfolio and ensuring resources are allocated appropriately
- Building the foundation for postcrisis growth in order to remain competitive in the recovery period





Innovation during Crisis

- In past crises, companies that invested in innovation delivered superior growth and performance postcrisis.
- Organizations that maintained their innovation focus through the 2009 financial crisis, emerged stronger, outperforming the market average by more than 30 percent and continuing to deliver accelerated growth over the subsequent three to five years (McKinsey, 2020).





Digital Disruption in Crisis period

- Crises, especially the one we are experiencing now, have a significant financial and human toll, stranding assets and human capital and causing significant social and economic dislocation. However, many of these dynamics are ingredients for disruption from which new business models emerge.
- Sharing economy rose out of the 2009 financial crisis as technology enabled the creation of marketplaces for underutilized assets just as people were seeking much-needed new sources of income, catching incumbents unprepared.





Drivers of New Business Models

- **Discover**

The market context during a crisis is dynamic, with little certainty about what will define the world when things stabilize. Having a powerful approach to analyzing this type of landscape requires the ability to *Discover*.

It is critical for companies to overinvest in rediscovering what matters to customers now and understanding the impact those changing needs will have on their business.





Drivers of New Business Models

- ***Evolve***

Today, countless companies are seeing dramatic shifts in their profit pools and the economics that support their operations.

Crises like the one we are living through today are watershed moments for companies to *evolve*.

Successfully managing a business model shift first requires determining which aspects of the model have been impaired and are unlikely to return





Drivers of New Business Models

- **Choose**

Revisit the innovation pipeline with fresh eyes and reprioritize resourcing. Challenging the core assumptions that support each initiative can determine which initiatives to continue, pivot, or cut.

One of the biggest mistakes an organization can make is to let assumptions become assertions.

The value, timing, and risk of initiatives will likely change in the “next normal” as market dynamics evolve and customers rethink their needs and associated spending.





Drivers of New Business Models

- **Aspire**

Setting a new aspiration should act as a North Star that defines a combination of capabilities and strengths that will persist in the post-pandemic world. To do that, leaders may need to reframe their business and challenge orthodoxies that shaped the previous aspiration.

The work-from-home technology platforms that once saw themselves as compliments to an office-based model could now envision their business as competition for the likes of WeWork and the biggest commercial real estate firms.





Drivers of New Business Models

- **Accelerate and Scale**

The global pandemic has significantly accelerated the pace at which companies are bringing new ideas to market, including massively expediting some regulatory processes and applying pressure on industry ecosystems to deliver scarce products and services in new ways.





Drivers of New Business Models

- **Extend and Mobilize**

In some cases, businesses can leverage external partnerships to *Extend* their organization's reach and, in so doing, realize a higher return on innovation investment, mitigate risk, and help shape regulatory policies.

One of the major early lessons of the COVID-19 crisis is that competitors and firms from completely different industries can suddenly become allies.





Thank you for your attention

