



INNOVATIVE BUSINESS MODELS

COURSE MEMO

ECTS Credits: 7.5

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Course Director and main instructor:

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Welcome! “Innovative Business Models” (IBM) is a course about generating new business models for innovative and impactful startup ventures and evaluating their viability. Business model innovation is at the center of value creation. The course takes a theoretical and practical approach to understand, build, and use business models, and offers the student the opportunity to develop a unique skill set that has helped many leading entrepreneurs and enterprises.

Innovative business models become everything more important when companies and other organizations develop new value propositions and new processes for the value creation. Many successful companies and social projects are based on the introduction of new and innovative business models. In this course both a theoretical and a practical approach is used to describe, develop and analyze business models. It includes to break a business model down into its basic

building blocks, analyze business models that are used today, develop a business model for a new investment and test some of its components. The course offers opportunities to develop unique skills that have helped many leading entrepreneurs and companies.

Teaching involves a set of lectures, exercises, presentations, peer-to-peer sessions, and a team project. The teaching approach is experiential and process-based to develop an entrepreneur's mindset, skills, and resilience. Teaching may also involve extracurricular activities and guest lectures on the course's core topics. The course is taught in English.

Intended learning outcomes.

Upon completing the course, students should be able to:

1. Describe and analyze the challenges when creating new and innovative business models.
2. Create, critically assess and present a business model for a new and innovative business concept.
3. Explain and discuss the importance of socially sustainable business models for value adding and successful start-ups.
4. Explain and justify the importance of circular and sustainable business models for value adding and successful start-ups.
5. Analyze and critically assess how technological changes and other changes in society and among users create preconditions for new business models.

Course Philosophy.

We seek to develop entrepreneurship and innovation practitioners and scholars and to equip students to pursue their entrepreneurial interests (e.g., business startups, intrapreneurship, social ventures, and/or life design). Clarify your own aspirations, and focus your efforts accordingly. If you immerse yourself, you may find that this course opens up new vistas for your life and work.

Course literature.

The content includes readings and videos on business models, business model innovation and overall entrepreneurship. The content has been carefully selected to include scholarly and practical elements to expose you to new ideas and deepen your knowledge. They are an

essential part of the course and will be instrumental to your learning journey. If you are ambitious, you can proactively immerse yourself in the readings and videos with the purpose of being able to evaluate, analyze concepts, models and frameworks in combination with empirical data. It is inherent in the learning processes of IBM that neither learning nor performing is a linear process. Expect an iterative, recursive, and dynamic process.

A major part of the course readings and videos are available on Canvas or available for download from the KTH library, essentially consisting of a number of hand-outs, links, assignments, and articles.

Assignments & grading.

This is a 7.5-credit course. There are two graded assignments – the Individual Assignment, which accounts for 4.5 ECTS of your overall grade, and the Team Seminar Assignment, which accounts for the remaining 3 ECTS. Detailed assignment instructions can be found on Canvas.

Grading is according to ECTS, where the passing grades are: A 90-100%, B 80-89%, C 70-79%, D 65-69%, E 60-64%. Non-passing grades are: Fx further work required (e.g. had 50% on exam, did not hand in all assignments) F fail (e.g. cheating, did not submit any assignments). Only projects and essays delivered in time can get the grade A or B. The grading criteria can be found below in this document. There is no opportunity to improve an assignment in order to raise the grade of the projects further. Attendance is an important prerequisite to learning, especially since classes go beyond the readings, include active learning activities, and prepare students for all the assignments; however, it is not required with the exception of the final session. In order to pass the whole course students need to pass all parts of the examination.

The individual assignment and the team seminar report will be evaluated on three overall dimensions:

1. Overall clarity regarding coherence, presentation, content & structure.
2. Accuracy and quality of evaluations, prioritizations, and effective use of course literature (including models, concepts, and frameworks).
3. Collection and use of appropriate examples, empirics, and data.

Classes.

What happens in class rarely follows any exact and pre-determined timeline. While in many instances there will be one 15 minute break during sessions, sometimes we may go on without a break. This is particularly so when we have in-class exercises or case discussions, so be prepared for teaching activities that stretch across the full duration of any particular session. It is, of course, always ok to sneak out for a few minutes if you have any special or pressing matters to attend to.

Please, also keep your phones off the tables and avoid unrelated activities like email, social media, and similar. For the most part, you will not need a laptop. It is hence appreciated to close the laptop whenever you do not need it, or even put it away, in order to increase the interpersonal dynamics in the classroom.

Class Participation.

We work hard to create an open and welcoming environment where different viewpoints and scholarly debates are encouraged. We expect all students to participate actively in class, thereby enhancing learning. You may be called on by the instructor during class to discuss the readings or reflect on in-class learning activities. The keys are engagement and participation in learning, not feeling you have to be right or have brilliant ideas to speak up.

Canvas.

The course will be administered through the Canvas. All materials (e.g. readings and assignments) will be posted on Canvas and the main line of communication outside class occurs there. Also, all the assignment submissions are made on Canvas. Assignments must be submitted as PDFs on Canvas before 23:59 on the due date.

Plagiarism.

Plagiarism is not acceptable and will be reported. This includes:

- passing off the ideas or words of another as your own
- using another's work or ideas without crediting the source
- presenting an existing idea or product as new and original and not crediting the source

- using so many words or ideas from other sources that your work is not sufficiently original
- Review the KTH Web for more specifics and details:
(<https://www.kth.se/en/student/stod/studier/fusk-1.997287> plagiarism | KTH).

Ensure that your work is original and referenced properly. Plagiarism suspicions will be handled appropriately, leading to potential referrals to the university disciplinary committee and possibly resulting in the suspension of studies.

Your Input.

This course is for you. We encourage you to provide feedback on the course, express concerns, and make requests. After the course, KTH will distribute an online evaluation survey. Please complete it so we can improve the course in the future.

Confidentiality and NDA Policy.

There are no Non-Disclosure Agreements (NDAs) for startup ideas in this course. By participating, you agree to act with integrity and discretion, and you agree not to disclose or distribute information received from other students unless you receive explicit permission from them to do so. You should be able to complete all assignments without disclosing any sensitive intellectual property for your startup idea(s).

Examination adapted to students with special needs.

The following applies to students with functional variations who have a statement from KTH's FUNKA unit on recommended support measures during examination:

- Support measures under code R (i.e. adjustments relating to space, time, and physical circumstances) are granted by the examiner.
- Support measures under code P (i.e. pedagogical measures) are granted or rejected by the examiner after the examiner has been contacted by the
- Student in accordance with KTH's rules. Normally, support measures under code P will be granted.

Schedule

Session 1, 13-15, Monday, October 28, Q31
Course introduction and a primer on business models

This session provides an overview of course content and expectations. It further gives you an introduction to the creation of new business ideas and business models. It covers some baseline facts about value propositions, business models and their application in business.

Session 2, 13-15 Wednesday, October 30, U41
Business models and innovative business models

This session emphasizes the continued need for renewal of the business model. Here, you will also unpack the business model into its parts to better understand how they are both interdependent and mutually reinforcing.

Session 3, 15-17, Monday, November 4, D2
Validated learning and methods

In this session the focus turns to the validation of the business idea and model. Particular methods of validation are discussed as well as caveats with our common approaches.

Session 4, 08-10, Wednesday, November 6, U31
Crossing the chasm and business models by the numbers

A session of two parts of which all are essential to succeed with your business model. This session allows you to deepen your understanding of how to reach the mass with your product or service and how the revenue model and the business model are connected.

Session 5, 08-10, Monday, November 11, U41
BM innovation application – Zipcar: refining the business model case

This case describes several iterations of the Zipcar business model and financial plan. These iterations include a very early version and a version developed just prior to the launch of the business, as well as data from the first few months of operations. You are called on to analyze the underlying economics and business model for the venture and to discover how these assumptions are holding up as the business is actually rolled out.

Remember to read and work with the case question(s) before coming to the session.

Session 6, 13-15, Wednesday, November 13, V22
Innovative and sustainable business models

In this session you will gain insights into the creation of circular and sustainable business models. Organizing frameworks and tools are introduced to aid you and your team in creating innovative and sustainable business models.

Session 7, 15-17, Monday, November 18, U21
Multiple and simultaneous business models: international scaling

Globalization has created never-before-seen opportunities for the international scaling of the business model. This session showcases overall trends as well as provides strategic tools for the assessment of the fit of your business model to specific foreign markets.

Session 8, 13-15, Wednesday, November 20, Q36
International / multiple BM application – Lavazza case

This case application explores how business models coexist in other countries. You will attain an understanding for the challenges associated with internationalization strategy in specific markets for companies that have been successful in many other national contexts and analyze the pros and cons of replicating the home-country market strategy in different countries.

Remember to read and work with the case question(s) before coming to the session.

Session 9, 15-17, Monday, November 25, Q31
Business model innovation within the established corporation

The module on business model innovation within the established corporation describes the arena for entrepreneurship within large corporations and gives some practical advice for making new business ideas survive in an often-hostile environment.

Session 10, 15-17, Wednesday, November 27, M33
Business model innovation within the established corporation application – Spectre case

This case application explores the selection processes that new business ideas within established corporations face. Here, you will be placed in the selection process and discuss your chosen investment strategy.

Remember to read and work with the case question(s) before coming to the session.

Session 11, 13-15, Monday, December 2, W25
BM across generations application – Furman Selz case

This case application explores how business models change (or are retained) over time and as the firm grows. It highlights the need of a fit between the characteristics of the firm and its current business model.

Remember to read and work with the case question(s) before coming to the session.

Session 12, 10-12, Wednesday, December 4, U51
Course wrap up and student presentations (Mandatory session for teams presenting)

The final session of the course will provide both a summary and short student presentations of the Team Seminar Project.

Session 13, 13-15, Monday, December 9, M33
Course wrap up and student presentations (Mandatory session for teams presenting)

The final session of the course will provide both a summary and short student presentations of the Team Seminar Project.

Readings

Session 1, Course introduction and a primer on business models

Readings:

Xtra Systems AB case. When reading the case, consider the following questions:

1. Evaluate this venture and the progress Åkesson and Brown have made.
2. What advice would you give Åkesson and Brown as they are looking to break into the mass market with their software?

Also familiarize yourself with the administrative documents on Canvas regarding the course.

Session 2, Business models and innovative business models

Readings:

Byers, T., Dorf, R. and Nelson A. 2018. Chapter 2: Vision and the business model, in Technology Ventures. McGraw Hill.

Magretta., J. 2002. Why business models matter.

Amit, R. and Zott, C., 2012. Creating value through business model innovation. (Read pages 39-44).

Leppänen, P., Goerge, G. and Alexy, O. 2023. When do novel business models lead to high performance?

Foss, N.J., Saebi, T. 2018. Business models and business model innovation: Between wicked and paradigmatic problems.

Session 3, Validated learning and methods

Readings:

Felin, T., Gambardella, A., Stern, S. and Zenger, T., 2019. Lean startup and the business model: Experimentation revisited.

Blank., S. 2013. Why the lean start-up changes everything.

SteveBlank.com, <https://steveblank.com/2010/04/08/no-plan-survives-first-contact-with-customers-%e2%80%93-business-plans-versus-business-models/>

Ries., E.

<http://theleanstartup.com/principles>

Ulwick 2018. Jobs to be Done, pages 47-62 only.

Van de Pijl, How to really understand your customer with the value proposition canvas.

<https://designabetterbusiness.com/2017/10/12/how-to-really-understand-your-customer-with-the-value-proposition-canvas/>

Watch:

Christensen on The Job to Be Done.

<https://www.youtube.com/watch?v=yVCZ-7xSsCw>

Townsend: Jobs to be Done: from Doubter to Believer by Sian Townsend.

https://youtu.be/VNTW_9mFM7k

Blank, The Lean Approach: Getting Out of the Building: Customer Development.

<https://youtu.be/ILEebbiYIki>

Session 4, Crossing the chasm and business models by the numbers

Readings:

Byers, T., Dorf, R. and Nelson A. 2018. Chapter 9: marketing and sales, in Technology Ventures. McGraw Hill.

Byers, T., Dorf, R. and Nelson A. 2018. Chapter 16: Profit and harvest, in Technology Ventures. McGraw Hill.

Business Model versus Revenue Model - what is the difference?

<https://www.lead-innovation.com/english-blog/business-model-versus-revenue-model-what-is-the-difference>

Read the financial statements assignment document. Look at the financial figures for the three companies presented there. What is your overall assessment of the financial condition and future prospects of each of the three companies (fill in the figures that are missing for Hi-Tech Leather, Inc. and Adventure Sports, Inc.)?

Session 5, BM innovation application – Zipcar: refining the business model case

Readings:

The Zipcar case.

The Zipcar case allows you to closely track the development and evolution of a company's business model in the very early stages of its life. When reading the case, consider the following questions:

1. Evaluate this potential venture and the progress that Chase has made.
2. What is the BM, and how has it changed between December 1999 and May 2000? What does the data tell you about how the BM is playing out in practice? Is the data giving you comfort or concern?
3. What actions should Chase take as a result of the September results?
4. What is the strongest argument Chase could make to a potential investor about the attractiveness of the venture? What should her elevator pitch be at the Springboard forum?

Session 6, Innovative and sustainable business models

Readings:

The Sustainable Development Goals Report - 2023

Session 7, Multiple and simultaneous business models: international scaling

Readings:

Byers, T., Dorf, R. and Nelson A. 2018. Chapter 15: Acquisitions and global expansion, in Technology Ventures. McGraw Hill.

Child, J. et al., 2017. SME international business models: the role of context and experience.

Johanson, J. and Vahlne, JE. 1977. The internationalization process of the firm.

Håkanson, L. and Kappen, P. 2018. The casino model of internationalization.

Session 8, International / multiple BM application – Lavazza case

Readings:

The Lavazza case.

The Lavazza case allows you to analyze BMI, multiple BMs and the connection between brand(s) and the BM. When reading the case, consider the following questions:

1. Which elements of Lavazza's BM made the coffee maker successful in European markets?
2. What are the pros and cons of the customization and standardization strategies that companies can use when expanding their activities to other countries?
3. Should Lavazza insist on replicating in the United States those strategies that were successful in different European countries?
4. Why were Lavazza's previous efforts to penetrate the United States unsuccessful?
5. What should Lavazza consider before entering a foreign market?
6. Which of the options presented in the case should Lavazza pursue next? Why?

Session 9, Business model innovation within the established corporation

Readings:

Byers, T., Dorf, R. and Nelson A. 2018. Chapter 10: Types of ventures, in Technology Ventures. McGraw Hill.

Blomkvist, K., Engzell, J., Kappen, P., & Zander, I. 2024. How organizational conditions affect employees' intentions to engage in intrapreneurial new venturing.

Burgelman, R. 1983. A Process Model of Internal Corporate Venturing in the Diversified Major Firm.

Kuratko, D. et al. 2017. Is your organization conducive to the continuous creation of social value? Toward a social corporate entrepreneurship scale.

A guide to intrapreneurship

<http://mitsloan.mit.edu/newsroom/articles/a-guide-to-intrapreneurship/>
The innovator's DNA

<https://hbr.org/2009/12/the-innovators-dna>

Session 10, Business model innovation within the established corporation application – Spectre case**Readings:**

The Spectre Case.

The Spectre case allows you to experience the role of a decision-maker in a growing firm. Given that resources are limited, the job you face is choosing between two competing innovation projects that may change the firm's BM for the foreseeable future. When reading the case, consider the following questions:

1. Which of the two concepts, if any, would you recommend Spectre to invest in?
2. What would be your strategy for commercializing the chosen concept(s)?

Session 11, BM across generations application – Furman Selz case**Readings:**

The Furman Selz Case.

The Furman Selz case lets you analyse transitions of business model and business model innovation as the firm grows and adapts to new environments. When reading the case, consider the following questions:

1. What problems are Furman Selz and ING facing in December 2000?
2. How did Furman Selz and ING end up in the situation they are in?
3. How was the acquisition by Xerox different than the ING acquisition? What should ING and Furman Selz have done differently?
4. What should Edmund Hajim do? What should ING senior management do?

Session 12 & 13, Course wrap up and student presentations

No readings.