

Chapter 12

Business Model Development for Stability, Sustainability, and Resilience

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ABSTRACT

Innovative business model development, understood as a static phenomenon neglects the dynamic influences on both for-profit and not for profit sectors. Business model development is a complex process which has been well researched in corporations, but predominantly remained under-researched in not for-profit organisations. An exploratory study during 2011-2015 is undertaken to examine business development process in the areas of stability, sustainability and resistance in a local not for profit public enterprise. Findings suggest that a balanced approach to economic, ecological and social characteristics, organisational coping capabilities during volatile phases of business model development and organisational capability to manage during times of instability contributes to the type of business model development process.

INTRODUCTION

There is an increasing consensus that innovative business model development is crucial to organisational performance (Markides, 2013) and an innovative business model often reshapes not only the organisation (Drakulevski & Nakov, 2014) but also entire industry sectors (Johnson, Christensen, and Kagermann, 2008). New technological innovations, provide modern day organisations with innovative ways of doing business. Leading business model development practitioners (Priem, Butler & Li, 2013) provide insights into the opportunities for business development.

Bellostas, López-Arceiz, and Mateos (2016) also, through their balanced approach to innovative business development processes, argued that it is possible to develop socially responsible and financially viable entrepreneurial business activities. The authors suggested a strong correlation between social value and

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economic value. Bassi and Vincenti (2015), support this view by arguing that enterprises with a social mission have the ability to generate different outcomes at each of the micro, meso and macro dimensions.

Innovative business model development in non-profit organisations, unlike their for-profit counterparts, is highly neglected in current business research and management literature. While it is the case that profit is not always the most important indicator outcomes of success, particularly for non-profit organisations, the focus on financial outcomes as indicators of success is often misleading or at worse, incomplete information. As Maguire (2009) puts it, such an organisation can hardly be expected to exist for a long time.

Traditionally, the term non-profit organisations inferred that organisations are exempt from income generating that results in a profit. Traditionally also, the financial and non-financial performance of non-profit organization was costly and difficult to measure due to the diverse purposes, programs, diverse requirements from multiple stakeholders, social and business environments. Traditionally too, the non-profit business model has been referred to the way in which the organisation does business at a specific moment in time. As have become clearer over time, organisations fail because of the rigidity of the business model (Doz & Kosonen, 2010).

Doz and Kosonen (2010) argued that business models change, and that that change is increasingly becoming more rapid. In other words, business models in the fast changing technological environment, business models change quickly and frequently. While corporations use the business model development to evolve from a specific phase of the business model to a designed and desired new business model, for non-profit organisations, it is a challenges. For example, a non-profit organization cannot use government funding, donor funding or any other privately appropriated benefits as criteria for success. This makes the selection mechanism for non-profit organisations allocating resources toward innovative business model development complex and highly misunderstood.

As stated by Doz and Kosonen (2010), organisational existence and survival have become shorter and traditional multi-dimensional complicated business models need to transform rapidly, frequently and innovatively. The emergence of technology, business intelligence and virtual markets open new sources of innovative business model development (Amit and Zott, 2001). These new forms of innovative thinking require a parallel shift in thinking about an integrative, dynamic, adaptive and entrepreneurial organisational business models (Amit and Zott, 2001).

Drakulevski and Nakov (2014) argued that innovative business model development is a process that is transformational and value-based compared to a business model as a static phenomenon which neglects the dynamic influences on organisational change. The question is not whether organizations make the strategic change towards sustainability, but how quickly, how frequently and how well they can make such changes, find and use new opportunities from the market environment. The timing of the decisions that concern innovative business model development, modification and utilisation of resource play a fundamental role in business model development but is often relegated to the not important organisational decision-making.

Innovative business model development is as important to non-profit organisations as it is to for-profit corporations. Two possible obstacles to research on innovative business model development in the non-profit enterprise sector are the assumption that there is little need to understand the non-profit business development model and that non-profit organisations lack the level of financial performance that for-profit corporations achieve.

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