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NEW BUSINESS MODELS. RESEARCH RESULTS
AND EXEMPLARY CASE STUDY

A term ‘business model’ appeared in the scientific article in 1957 for the first time but a broader discussion about business models started in the last decade of the previous century. A parallel debate about the meaning of sustainability for the transformation processes in society and their economies has started since the beginning of nineties. At present, different ideas and concepts about new business models emerge from this debate and practices observed on a market. So far, this movement is young and therefore there are not many scientific studies on the subject. This paper contributes to this gap in knowledge. The aim of this paper is to present the results of own studies carried out in international cooperation. Qualitative research on new business models was conducted in 12 selected European countries (Austria, Belgium, Croatia, France, Germany, Ireland, Lithuania, The Netherlands, Poland, Portugal, Switzerland and Turkey). In Poland, a dozen companies was classified as developing new business models based on the criteria identified in the preliminary study done in the Netherlands. The concept of creating shared value and contributing to sustainable development are the central categories for the idea of new business models. The paper presents a description of the research and methodology as well as an exemplary case study with critics and conclusions.

Keywords: business model, sustainability, sustainable development, qualitative research, case study.

1. INTRODUCTION. BUSINESS MODELS

An exemplary dictionary definition of the word ‘model’ presents its meaning as: “a standard or example for imitation or comparison” and/or “a representation, generally in miniature, to show the construction or appearance of something”. In other words this is something that can show, simulate or explain real things and/or processes in simplified way. It usually reduces the complexity of the real world to few variables only to better understand what is happening in reality.

Jabłoński, like many other authors, claims the term ‘business model’ first time appeared in the R. Bellman and C. Clark article from 1957. After almost sixty years it is still difficult to recognize generally accepted definition of the term ‘business model’.

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When we use this term in the phrase ‘business model’ we usually understand that it reflects the DNA of particular company (or companies with the same repetitive characteristics). According to Osterwalder and Pigneur „Business model describes the rationale behind the way in which the organization creates value and ensures and gains profits from the generated value”. The business model can be defined and described in advanced: before we start an economic activity (desired situation) or can be mapped from the existing business activity of particular company (in a situation when business was started more intuitively rather than with analytical effort before). There can be also differences between a planned shape of a business (model) and a real shape of company’s activity (reality). In other words the ‘real’ model can differ from the planned one.

The business model can reflect the static description of business and/or its dynamics. In this first approach we can discuss for example the configuration of resources, sales, profits and capital. There are different propositions for the elements that the business model should consist of: for example Johnson, Christensen and Kagermann presented only three part model with the following elements: customer value proposition, profit formula and key resources and processes. Osterwalder and Pigneur’s pattern for business model preparation even consists of nine elements: key partners, key activities, key resources, value proposition, relations with customers, channels, market segmentation, cost structure and revenue streams. Morris, Schindehutte and Allen presented useful collection of different perspectives on business model components.

Elements of such or any similar structure can sometimes describe processes and this way can be perceived as bridge between static and dynamic approach. The dynamic approach can, for example, help us to describe the way the value creation evolves following the changes in customers’ needs and preferences because a business model reflects the organisational core logic of the value creation and delivery processes. The reader will find another example in

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Osterwalder’s work where a business model is described “as the translation of a company's strategy into a blueprint of the company's logic of earning money”\textsuperscript{14}. Jonker stresses that “A business model gives insight into the value that an organisation or cooperation can offer to different parties”\textsuperscript{15}. Network partners are therefore the key elements to draw our attention to the fact that organisations practically always work in a chain. “Collaborating on value creation is, by definition, a collective task of value chains and/or networks”\textsuperscript{16}. This means that developing a business model is not just about organisation itself but about the entire value network.

2. NEW BUSINESS MODELS

The term ‘new business model’ used in this paper refers mainly to business models that contribute to sustainable development of the society. Sustainable development started its political carrier from the Brundtland report\textsuperscript{17} and was acknowledge as appropriate leading concept to coordinate economies around the world thanks to the so-called Earth Summits organised by United Nation (first in 1992 in Rio de Janeiro). Current debate in this area suggests, as in ISO26000 guidelines\textsuperscript{18} that all action undertaken under the social responsibility agenda somehow contribute to sustainability of the whole society. To make it happen the organization should organize its social responsibility management system according to suggestions included in this standard. The question is whether it is enough to say that this creates a new model of business or rather that it just adds new element to the traditional business model? Looking much broader one can argue that nowadays we perceived businesses as entities that, in order to survive, need to establish and realise a set of goals (economic, social and environmental) rather than only one type of goals (economic one) typical for the past understanding of the business organisation\textsuperscript{19}. In this light every business (in fact: every organisation) stands on three legs: economic, social and environmental. But this picture should reflect also that these three dimensions of sustainability can have their micro and macro meaning. Every organisation should contribute to creating values for the whole society with the focus on particular stakeholders but at the same time should stand for its own sustainability. That makes the whole picture even more complicated\textsuperscript{20}.

\textsuperscript{16} J. Jonker, op.cit., 2012: 14.
\textsuperscript{19} See the debate in the work of J. Jonker, A. Rudnicka and J. Reichel, Nowe horyzonty. Przewodnik po społecznej odpowiedzialności i rozwoju zrównoważonym. CSR Impact i ODE Źródła, Łódź, 2011.
Current concepts that contribute to a current debate about new business models include:

sustainability as a central category for operational activities and different new approaches to value creation process (multiple values creation, shared value creation, collective value creation)\(^ {21}\). Multiple, shared and collective value creation are the three interlaced concepts and one can argue that they more acknowledge their creators rather than give quite different perspective of discussed issues. However the underlying logic behind these concepts differs even if they lead to the same or similar conclusions. Multiple value creation is based on a triple-bottom-line concept and interferes with sustainability claiming that the organisation creates more than one type of value: environmental, social and economic\(^ {22}\). Creating shared value is based on a concept that initial creator of value is not the only one that benefits from this process of value creation\(^ {23}\). On the other hand the concept of collective value creation emphasises the collaboration of different parties in value creation process. In this light “sustainability can be interpreted as a general (overarching) value, one in which these common values are embedded”\(^ {24}\).

The concept of sustainability offers a step towards the new paradigm of thinking about business models and the whole economy. There is a promise of something new behind terms that are repeated all around: green economy, blue economy, innovative value proposition, sharing economy, circular economy and more inclusive form of capitalism (just mentioning only those). Signs of these changes can be observed around and could be perceived as first steps in a transition to the new reality. Materials are closed in loops, garbage becomes a commodity and waste streams instead of being dumped generate profits. Social and/or ecological problems are addressed with the participation of business organizations. Many services, eg. health care or education, are carried out with the help of multilateral exchange/barter systems or platforms, or using alternative currencies. Better social capital reduces the need for other types of capital (eg. human and financial capitals). These are just examples of common actions and collective value creation, which can be found in reality. Examples of such innovative projects are becoming more numerous. However, these initiatives are still young and demanding research. We do not know their actual significance for the future of societies and their economic processes. Empirical research, however, can bring us to better understanding of their nature and the way they implement sustainability and achieve multiple value creation.

The research presented below intend to stimulate and contribute to the debate about new business models taking into account the European perspective and gain better initial understanding about their nature\(^ {25}\).

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24 J. Jonker, op.cit., 2012: 13
3. QUALITATIVE RESEARCH ON NEW BUSINESS MODELS

3.1. Description of research and methodology

A qualitative research project on new business models in Europe started in 2013 and was initiated in 2011 by Jan Jonker, professor of corporate sustainability at the Nijmegen School of Management (NSM), Radboud University Nijmegen (Holland). The main aim of the whole project was to explore emerging new business models to discover their nature, structures and processes, typical elements and practices.

The initial research in the Netherlands gave the insight in some basic patterns and characteristics of new business models (developed further below). The presented research intended to verify these outcomes and give the European dimension to the study that initially was limited only to one country. The research was based on conducting a series of interviews in each of the co-operating countries by scientists involved in the project. The partnership covered institutions from the following 12 countries: Austria, Belgium, Croatia, France, Germany, Ireland, Lithuania, The Netherlands, Poland, Portugal, Switzerland and Turkey. Since 2013 results of the European research have been analysed and discussed during scientific conferences and seminars and are a subject of different – mainly country-based – papers.

The research is of a qualitative type and is based upon Grounded Theory. The semi-structured interviews were used to gather qualitative data. As Konecki noted qualitative approach and therefore qualitative methods seem "very well suited to the study of processes": "With qualitative methods [...] you can capture causal and intervening conditions of specified process of change, for example, in organizations and direction of a development of the process". The choice of method was determined by the objective of the study. The aim was to understand the processes of creation and development of new business models. The case study was chosen as a method and actually research strategy. This admittedly limit the scope for generalization of results - which does not mean that it is impossible to relate them to the theory and formulate on that basis theoretical conclusions. It is particularly suitable for the formulation of so-called middle-range theory because the main aim of the Grounded Theory is to generate or discover such a theory.

An analysis of qualitative data gathered in the research is based on coding used in Grounded Theory. Coding can help to structure and discover meanings behind the data (sentences and group of sentences expressed during semi-structured interviews and drawings of respondents’ business models). Unfortunately international comparability is limited in this case.

The scenario of the interview consists of four elements: introduction, part I (nine open questions on characteristics of new business models together with respondent’s drawing

26 The Polish team from Faculty of Management, University of Łódź, consists of the author of the paper and dr Rudnicka Agata.


28 "Case Study as a research strategy, is increasingly being used in the work of researchers and students of management and marketing, and other social sciences. However (as Konecki claims) the methodological and technical base for its implementation are not always sufficiently absorbed and tamed" (K. Konecki, op.cit., 2000: 12).
of his/her business model), part II (five open questions on results of the new business model together with the checklist of the seven characteristics of new business models) and the closing of the interview. The open questions asked among other issues about: the nature of a business model developed by an interviewee’s organisations, what is new about it, where sustainability is positioned in the model and what are the drivers for developing the model. There were questions about categorisation of the model, its maturity, values generated and the role of collaboration.29

3.2. Initial results

The initial research performed by Jonker identified seven characteristics of new business model presented below30. Then the final research covered the intensity with which these characteristics occur in respondents’ models. The below checklist was used to obtain relevant findings and the respondents were asked to use seven point scale to indicate the strength of every characteristic:

1. The model works on shared value creation,
2. Cooperative collaboration is a central principle,
3. Money is not the only transaction medium,
4. The model is focused on fulfilling needs,
5. The model is based on access and use (not property),
6. The model is founded on a long-term commitment (trust),
7. The model allows alternative currencies.

During the initial research the following three main patterns of new business model were discovered31:

1. swapping/sharing (sharing social capital, time, ideas, equipment, property, data and transport, knowledge and networks, organising collective financing or collective purchases),
2. trading/exchanging (transactions with alternative currencies or based on multilateral barter or even realising transactions without means of payment),
3. creating (of multiple values for many stakeholders).

There were also more categories mentioned by respondents in some cases such as “so-called ‘freemium’ models, collective purchase models, matching models, models based on copying nature (Biomimicry), circle and life cycle thinking, boosters, thinking in shifts, and collaborators”32.

3.3. Final research

In March and April 2013 the potential respondents were identified on the basis of a snowball effect by asking entrepreneurs about other examples. The first interviews started in May 2013. Then the gathered data (texts of interviews and drawings) were processed. In Poland 12 interviews (out of larger amount of identified cases) were analysed but the whole international consortium managed to study together 231 cases from Europe. The Polish cases are presented in the table 1.

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Table 1. Cases prepared in Poland

<table>
<thead>
<tr>
<th>B2B</th>
<th>ISSA, Spōła Działa, Competita, Kreatywni, KŁOS</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2NGO, B2PublicAdm</td>
<td>Stowarzyszenie Obywatele Obywatelom/Kooperatywa, ISSA, KŁOS</td>
</tr>
<tr>
<td>B2C</td>
<td>ISSA, Slogan, Spōła Działa, Stowarzyszenie Obywatele Obywatelom/Kooperatywa, Notjustshop, Kreatywni, W te pędy, Gniazdko, Pracownia Panato, KŁOS</td>
</tr>
<tr>
<td>C2C</td>
<td>Kooperatywa spożywcza</td>
</tr>
<tr>
<td>C2B</td>
<td>Notjustshop</td>
</tr>
</tbody>
</table>

Source: own elaboration.

4. EXEMPLARY CASE STUDY: STOWARZYSZENIE OBYWATELE OBYWATELOM/KOOPERATYWA

The Vice-CEO of the Stowarzyszenie Obywatele Obywatelom association was the interviewee in this case. He was the CEO of Kooperatywa at the same time (Kooperatywa is a brand that belongs to the association). The interview was held on 02 June 2013 and all information below comes from the interview and were up-to-date in a moment of the interview.

Stowarzyszenie Obywatele Obywatelom (*Citizens for Citizens Association*) has three pillars of its activity:

1. typical charity activities of an association (social activism),
2. publishing of the magazine “Nowy obywatel”, and
3. economic activity (performed by Kooperatywa).

The associations in Poland can lead economic activity and can offer paid services for public benefit but 100% of the profit should be used for statutory aims of an organisation. The main income of the organisation comes from this second activity. The economic activity consists of: printing services, typesetting, graphic design, Internet (websites, electronic publications, etc.) and the main market are NGOs and public administration. Initially it was assumed that they would be doing mostly graphic design, but customers wanted otherwise. They currently work on the preparation of publications (provide support throughout the whole process of publishing). Economic activity of association can be only its additional type of activity (according to legal regulations). It means that economic activity is carried out in the scope and scale necessary to achieve the social goals of the organization.

In their business model, social and environmental issues are tightly integrated with each other - it's hard to separate them. This form of organization (three pillars) was a conscious choice - especially that the organization dedicates its activities to non-governmental organizations (this market is not appreciated by the traditional businesses eg. graphic studios).

Their business has social dimension and it also applies to their economic activity. Organization does not only serve products to its customers but also help them by learning/consulting (what is the added value). In addition, they are a social organization
and some customers can work as volunteers in their association. They have a democratic management processes which means shared responsibility. All employees of the association are its members. The whole profit that is generated by economic activity is spent on the statutory purposes of the association (it assures the independence what is very important when one take into consideration that the magazine is about serious social and political issues). Three essential elements are: profit, democracy and market.

The way the organization is managed is also important. “We work on tasks and we have this way flexible working hours – it makes possible to adjust to the problems of workers (when due to personal reasons staff can do the job at a different time than expected)”33.

Environmental dimensions of the business is to follow segregation of wastes in the office. They have introduced even waste segregation in the nearest neighbourhood – the segregation was not carried so far in the courtyard house. The office uses Fairtrade tea and coffee. They recommend customers treeless technologies and recycled paper, environment-friendly printing technologies, etc. But according to the respondent they specialize in social issues.

As mentioned before the association runs economic activity but the respondent prefers the term: ‘social enterprise’ rather than ‘firm’ or ‘company’. The strategic goal for the organization is to spread ideas. The type of their business model could be also called – using respondent’s words – social company or multisided platform34 – it means the multi-level model (the same resources are engaged to produce different values for different groups).

This way the organization represents the create model which is in the eyes of respondent an equivalent of multisided platform – “we sell services and we use money that comes from selling to produce the ideological/social magazine which brings values for people who do not pay for it or bear only a low cost. The customers buy services from the organization (supporting it this way) to be sure that they will continue receiving the social/ideological values.”

“We treat money as a tool to alter/construct the world rather than treating the world as an opportunity to make money.” The organization as a whole creates the following values: social justice, egalitarianism, democracy (all people are equal in the organization), responsibility, commitment, culture of sharing (even when they offer their services they add consulting/advice, they are committed to the open source movement, …), environmental issues (protection of the wildlife, supporting other organizations working for the protection of nature, …).

The intensity of seven characteristics mentioned above are presented on the graph 1. In this case only alternative currencies were not a part of described model.

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33 Respondent’s expression from the interview (Interview with the Stowarzyszenie Obywatele Obywatelom/Kooperatywa representative, 2nd June 2013) – also below if not marked otherwise.
34 Multisided platform as it is called in A. Osterwalder and Y. Pigneur, op.cit., 2012.
Comments to the terminology used by the respondent

While describing its organization the interlocutor surprisingly referred to the definition of a multisided platform presented in the work of Osterwalder and Pigneur. They wrote: "Some organizations serve two or even more separate segments of the market" 35. "Multisided platforms link two separate but interrelated group of customers. [...] Such platforms are of value for one group of customers only under the condition that it is possible to make contact with the second group" and creates "conditions for interaction of representatives of different groups" and are used to generate value building on economy of network eg. credit card holders and shops 36.

Though the respondent claimed that the organization works as an multisided platform („the same resources are used to create values to different groups of stakeholders”) it seems that these groups of stakeholders are not linked by this platform and the organization does not build on the network effect (on the economy of network). These are rather separate markets though the respondent said that the readers of the magazine are at the same time the main customers and the sellers of the Kooperatywa’s products and services. In the author opinion the business model of the organization is somewhere between simple diversification and multisided platform or even transgresses these models. Only a part of Kooperatywa’s graphic services can serve as a linkage between readers of...

the magazine “Nowy obywatel” and those organisations that want to deliver the advertising content to the readers (but only in the case when Kooperatywa would be asked to prepare readers’ adverts and their graphic designs). The success of this model does not seem to depend only on the linkage between those two groups even if this is perceived by the organization as the main idea behind this kind of activity – in other words one can imagine that both sides of this business (the magazine and Kooperatywa) are separate and successful businesses at the same time (what is difficult to imagine for example in case of multisided markets of credit cards platform). So it can be named multisided platform for their diversified activities rather than because of the multisided markets.

5. CONCLUSIONS

Nowadays we can observe a great movement inspired by the concept of sustainability. The public and individual sensitiveness leads, also in business activity, to new ideas and actions. New business models can be identified and described. Still we cannot say what is the importance of particular trends and phenomenons. Thanks to the presented research we can make an initial categorisation of new business models. These new categories (sharing, exchanging and creating) can be illustrated by numerous of cases around the globe. Still among the major outcomes and problems discovered during the research we can mention:

- difficulties with finding examples among mainstream companies (many of cases are of ‘alternative’ type: rebel youth, NGOs activists, …);
- there are many new social cooperatives and social enterprises – but the pattern is almost the same: economic activity is a mean to solve particular social problem (eg. to help disabled people on a labour market);
- relatively low amount of cases of C2B and C2C type identified and described at this stage.

There are also some critical conclusions related to methodology used. The tools were prepared in some points on a relatively high level of abstraction (eg. categories and characteristics derived from the initial research). That is why sometimes respondents have difficulties with terminology used in the research – many of them specially from social cooperatives are not highly educated persons in terms of economic and managerial education. Another critical remark is that at least in Polish case respondents when classifying the business model (seven characteristics) gave usually high marks: they assessed this way the possibility rather than current situation of their companies.

Most respondents declare their businesses follow the create model. The terms like community, collaboration, trust, connection and mutual were on the mouths of almost all interviewees and ‘creation of value’ always meant for them something more than just economic value. Ownership could be replaced by access to goods or services. Sometimes even traditional money are no longer necessary thanks to multilateral barter platforms/systems or alternative currencies. Sustainability is becoming a central element of these new business models. This is certainly the beginning of a transition to a new future and there is a strong necessity to research this area and learn more about current trends in new forms of business activities.
REFERENCES

[8] Interview with the Stowarzyszenie Obywatele Obywatelom/Kooperatywa representative, 2nd June 2013.
Termin "model biznesowy" po raz pierwszy pojawił się w artykule naukowym w 1957 roku, ale szerzej dyskusja na temat modeli biznesowych zaczęła się dopiero w ostatniej dekadzie ubiegłego wieku. Równolegle od początku lat dziewięćdziesiątych, po tzw. Szczycie Ziemi w Rio de Janeiro w 1992 roku, rozpoczęła się debata na temat znaczenia rozwoju zrównoważonego dla procesów transformacji w społeczeństwie i gospodarce. Obecnie różne pomysły i koncepcje dotyczące nowych modeli biznesowych wyłaniają się z tej debaty i praktyk obserwowanych na rynku. Jak dotąd, ze względu na fakt, iż obserwowane zmiany są młode, nie ma zbyt wielu badań naukowych na ten temat. Niniejsza praca przyczynia się do wypełnienia częściowo tej luki w wiedzy.

Celem niniejszego artykułu jest przedstawienie wyników własnych badań prowadzonych w ramach współpracy międzynarodowej. Badania jakościowe na temat nowych modeli biznesowych zostały przeprowadzone w 12 wybranych krajach europejskich (Austria, Belgia, Chorwacja, Francja, Niemcy, Irlandia, Litwa, Holandia, Polska, Portugalia, Szwajcaria i Turcja). W Polsce objęły one kilkanaście podmiotów zakwalifikowanych jako rozwijające nowe modele biznesowe w oparciu o kryteria określone we badaniu wstępnym. Centralnymi kategorią dla idei nowych modeli biznesowych są koncepcja tworzenia wspólnej wartości oraz wkład w rozwój zrównoważony. Praca prezentuje opis badania oraz przyjętą metodykę oraz zawiera opis przykładowego stadium przypadku a także krytykę wyników i wnioski.

**Słowa kluczowe:** model biznesowy, sustainability, rozwój zrównoważony, badania jakościowe, studium przypadku.

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