BUSINESS MODELS TO MEET THE CHALLENGES OF THE GLOBAL ECONOMY. A LITERATURE REVIEW

Claudia OGREAN

"Lucian Blaga" University of Sibiu

Abstract:
The paper aims to perform a literature review on the business models that define the strategic approach of firms in search for competitiveness – within the framework of globalization. The research goals are as follows: to identify the main challenges companies are facing nowadays – due to the complex global economy we are living in, and to explore the business models they develop (or – at least – ought to think about, according to the most recent developments in academia) in order to meet these challenges. The expected results of the study are related to the need for a paradigm shift as regards firms' strategic positioning toward the challenges of the global economy – when designing and implementing their business models.

Keywords: *business model, global economy, competitiveness, paradigm shift, strategic positioning*

JEL classification: *D21, F61, L21*

1. Introduction

The collocation *business model* seems to have become a quite buzzy one, which has massively entered into common use (when searching for "business model" on Google, it returned about 24.900.000 results), gaining a lot of attention – especially when referring to a firm's strategy. The search for "business model" on Google Scholar has returned about 404.000 results (less than 2% of "total Google", but with an average annual pace of more than 27.000 items during the last five years). More than 42% of the results from Google Scholar (about 172.000) are relating business model with strategy, while more than 3% of them (about 12.800) are dealing with "business model innovation", and less than 1% (about 2.560) of them are discussing about the "business model concept".

Basically, these figures – and, more importantly, the contents behind them, when taking a quick look on the articles – have led to the following assumptions, which will be analyzed and discussed further on in the paper: business models (no matter if they are scientifically based and consciously developed, or not) fundamentally represent a firm's way of doing businesses – which make them strategic ingredients for organizational (and managerial) success (and performance); the process of globalization, as it is nowadays, reveals a complex (and very dynamic) business architecture – that permanently requires from firms to be innovative (when designing and implementing their business models) in order to be competitive; there are some particular global challenges that have lately had a great impact not only on the strategic choice for business models, but also on the broader conceptualization and implementations of them, with a significant relevance on firms' strategic positioning.

2. Business models – strategic ingredients for organizational success and performance

Despite the inconsistencies and controversies that have surrounded (and sometimes continue to accompany) both the theory and the practice in the field of *business models* (Gordijn, Akkermans and Van Vliet, 2000; Osterwalder, Pigneur and Tucci, 2005; Zott, Amit and Massa, 2011), it is generally accepted that business models gravitate around the strategic management process, while developing strong connections with a company's strategy (Thomson, Strickland and Gamble, 2001; Zott and Amit, 2008; Eden and Ackermann, 2013). These features make business models to represent critical sources of organizational success and performance that cannot be neglected by firms – and will be discussed further on, through the lens of some of the most relevant scientific references in the field.

There are two common threads (in terms of the binomial pair question and answer) that govern (in both theory and practice) the entire field of strategy and strategic management: (1). the first question is: "*why do some companies succeed while others fail?*" – and the answer is focused on *strategy* (seen as "*a set of related actions that managers take to increase their company's performance. For most, if not all, companies, achieving superior performance relative to rivals is the ultimate challenge"*) – because "*the strategies that a company's managers pursue have a major impact on its performance relative to its competitors*" (Hill and Jones, 2009); (2). the second question is "*why do some firms outperform other firms?*" – and the answer, this time, is focused on *strategic management* (defined as "*a process that involves building a careful understanding of how the world is changing, as well as a knowledge of how those changes might affect a particular firm. CEOs (...) must be able to carefully manage the possible actions that their firms might take to deal with changes that occur in their environment*") – because *"strategic management examines how actions and events involving top executives (...), firms (...), and industries (...) influence a firm's success or failure*" (Ketchen and Short, 2012).

Therefore, "*strategic management consists of the analyses, decisions, and actions an organization undertakes in order to create and sustain competitive advantages"*, while strategy represents *"the ideas, decisions, and actions that enable a firm to succeed*" (Dess et al., 2014). But where does the *business model* fit into this framework?

Voelpel et al. (2005) are conditioning the very existence of firms in relationship with their business model, arguing that: "*corporate survival in today's fast-changing world depends on being ahead in business model thinking and adaptation. By having a particular sense-making capability of the business landscape and the company within, companies can co-evolve and co-shape customer value propositions that reinvent the company's and industry's rules*. On the other hand, Casadesus-Masanell and Ricart (2011) are seeing a possible future shift regarding the firms' search for competitiveness: "*strategy has been the primary building block of competitiveness over the past three decades, but in the future, the quest for sustainable advantage may well begin with the business model*". At their turn, DaSilva and Trkman (2014) offer a quite comprehensive (and difficult to refute) answer to the above mentioned question: "*managers seeking to outperform their competitors in the long run need to focus on: 1) choosing the right business model (selecting the right combination of resources and associated transactions) for the present circumstances; 2) executing their business model in an excellent manner; 3) continually developing and strengthening their company's dynamic capabilities; and 4) being able to effectively and timely modify their business model when an opportunity or threat arises*".

Considering all the above, a firm's *strategic positioning* represents both *a target and a* (not necessarily congruent) *reflection of the business model* it has designed and implemented. According to Porter, which was the first who introduced the term – together with the well-known generic competitive strategies and the basic principles for successful strategic positioning (Porter, 2008) – "*strategic positioning attempts to achieve sustainable competitive advantage by preserving what is distinctive about a company. It means performing different activities from rivals, or performing similar activities in different ways*" (Porter, 1996). Following the same idea of strategic positioning within the framework of the competitive strategy, Rothaermel (2015) is arguing that: "*the essence of strategy, (...), is being different from rivals and thus unique. Managers accomplish this difference through strategic positioning, staking out a unique position in an industry that allows the firm to provide value to customers, while controlling costs*".

In these conditions, both from a static, as well as from a dynamic perspective, the business model represents a critical success factor for any organization, and a genuine measure of performance for any manager; therefore, searching for sustainable competitive advantage and competitiveness within the global economy of nowadays means not only designing and implementing the most suitable business model once, but permanently being on alert (through scanning and monitoring the competitive landscape, putting to work the competitive intelligence, valorizing and developing the internal resources, optimizing the company's values chain, and so on) about the (external) emerging opportunities and threats, as well as about the (internal) strengths and weaknesses – in order to properly (and timely) capitalize on them – by the instrumentality of the business model.

The good news here comes from the recent advancements in the theory (and practice) of strategy and strategic management – which are offering a rich inventory of useful tools to be operationalized at firm level (Johnson, Scholes and Whittington, 2008; Wheelen and Hunger, 2012; Hill and Jones, 2013; Rothaermel, 2015), as well as a series of examples for best practices in the field of business models (Chesbrough and Rosenbloom, 2002; Santos, Spector and Van der Heyden, 2009; Teece, 2010; Hacklin and Wallnöfer, 2012); all of the above could serve as good references in order to get each firm to the business model that (dynamically) fits the best it's interest. The bad news here is the lack of a clear and unequivocal conceptualization of the term business model itself, which is largely recognized by scholars (Perkmann and Spicer, 2010; Klang et al., 2010; Sahut et al. 2012; Foss and Saebi, 2015), but also (maybe as a consequence of the above) some kind of overlooking as concerns (the role of) a company's business model coming from practitioners – that sometimes seem to neglect the importance of the business model when strategizing (and especially when they do not embrace a proactive approach of strategy, but rather a reactive one); both of the above shortcomings transpire from academia when the business model is conceptualizes as "*a reflection of the firm's realized strategy*" (Casadesus-Masanell and Ricart, 2010) – which is partly deliberated (intended) and partly emergent (Mintzberg and Waters, 1985).

3. A short review on the content, characteristics and practicalities of a business model

Due to the diversity of approaches – originated from different disciplines and embracing different perspectives at different moments in time – that impact on the understanding and using of the term (see, for a review on definitions for and/or perspectives on business models: Morris, Schindehutte and Allen, (2005); Baden-Fuller and Morgan (2010); Zott, Amit and Massa (2011); Burkhart et al. (2011); Lambert and Davidson (2013)), some scholars have been trying to define business models by delimiting first their sphere of influence and emphasizing on what *business model is not*.

Thus, Gordijn, Akkermans and Van Vliet (2000) argue that "*business model is not about process but about value exchanged between actors*", therefore "*business modeling is not process modeling*" – especially when referring to e-business projects. Coming from the same area of e-business, Petrovic, Kittl and Teksten (2001) say that "*business model is not a description of a complex social system itself with all its actors, relations and processes. Rather, it describes the logic of a 'business system' for creating value that lies behind the actual processes*", because "*a business model is based on a mental representation of certain aspects of the real world that are relevant for the business*". At their turn, Nielsen and Lund (2013) clearly state that "*a business model is neither just a value chain, nor is it a corporate strategy. (...) Rather, a business model is concerned with the unique combination of attributes that deliver a certain value proposition. Therefore, a business model is the platform which enables the strategic choices to become profitable*". As it can easily be seen from the above, although different, the three approaches agree on the importance of (configuring, creating, proposing and exchanging) *value* – another thorny issue – when discussing about business models.

On this line of demarcation between the business model and other (more or less similar) concepts, Magretta (2002), takes a rather inner-focused approach and places the business model at the basis of strategy, arguing that "*every viable organization is built on a sound business model, whether or not its founders or its managers conceive of what they do in those terms. But a business model isn't the same thing as a strategy, even though many people* *use the terms interchangeably today. Business models describe, as a system, how the pieces of a business fit together. But they don't factor in one critical dimension of performance: competition. Sooner or later – and it is usually sooner – every enterprise runs into competitors. Dealing with that reality is strategy's job*".

Santos, Spector and Van der Heyden (2009), adopt a rather customer-focused approach and claim that "*a business model is not a business strategy*"; according to these authors, "*a business strategy is specified by the answers to three questions: what is the offer, who are the customers, and how is the offer produced and delivered to the customers? It is the how question that subsumes the firm's choice of business model. Organizations can have essentially the same product or service offer (the what), aim for the same market segment (the who), and do so with different business models (the how)*".

Rothaermel (2015) embraces a rather competitor-focused approach, placing the entire strategic endeavor in relationship with a firm's competitive positioning, and stating that "*strategy is a set of goal-directed actions a firm takes to gain and sustain superior performance relative to competitors or the industry average. The translation of strategy into action takes place in the firm's business model, which details the firm's competitive tactics and initiatives*".

Although different from the strategy, the business model represents one of the basic words (together with: *mission; vision or strategic intent; goal; objective; strategic capability; strategies; control*) of "*the vocabulary of strategy*" (Johnson, Scholes and Whittington, 2008). Some valuable insights on the content / essence of the business model are revealed by the following *definitions / assumptions:*

- "*A business model is a conceptual tool containing a set of objects, concepts and their relationships with the objective to express the business logic of a specific firm"* (Osterwalder, Pigneur and Tucci, 2005);
- "*Put succinctly, business model refers to the logic of the firm, the way it operates and how it creates value for its stakeholders"* (Casadesus-Masanell and Ricart, 2010);
- The business model "*reflects management's hypothesis about what customers want, how they want it, and how the enterprise can organize to best meet those needs, get paid for doing so, and make a profit"* (Teece, 2010).

- "*In essence, a business model is a kind of mental model, or gestalt, of how the various strategies and capital investments a company makes should fit together to generate above-average profitability and profit growth"* (Hill and Jones, 2013);
- "*Simply put, the firm's business model explains how the firm intends to make money. The business model stipulates how the firm conducts its business with its buyers, suppliers, and partners*" (Rothaermel, 2015).

Equally important as the concept of business model (if not more important – particularly for the practitioners) is its *operationalization at firm level*; the literature in the field offers some relevant guidelines in this respect, emphasizing on the *basic elements / components that should be taken into account when designing and implementing a business model*. More or less detailed and specific – especially as concerns the various alternatives to consider for each element, and the articulation of the components into a synergetic construct (able to deliver success and performance) – some of the most relevant "*theoretical models of business models*" are summarized as follows:

- "*A business model can be broadly defined as comprising these elements: value proposition; nature of inputs; how to transform inputs (including technology); nature of outputs; vertical scope; horizontal scope; geographic scope; nature of customers; how to organize*" (Yip, 2004).
- "*A business model (...) consists of four interlocking elements that, taken together, create and deliver value: customer value proposition (CVP) - a way to create value for customers; profit formula - the blueprint that defines how the company creates value for itself while providing value to the customer; key resources - assets (people, technology, products, facilities, equipment, channels, and brand) required to deliver the value proposition to the targeted customer; key processes - operational and managerial processes that allow successful companies to deliver value in a way they can successfully repeat and increase in scale*" (Johnson, Christensen and Kagermann, 2008);
- "*A business model can best be described through nine basic building blocks that show the logic of how a company intends to make money. The nine blocks cover the four main areas of a business: customers, offer, infrastructure, and financial viability. The business model is like*

a blueprint for a strategy to be implemented through organizational structures, processes, and systems". The nine building blocks of the business model canvas are: "*customer segments; value propositions; channels; customer relationships; revenue streams; key resources; key activities; key partnerships; cost structure*" (Osterwalder and Pigneur, 2010);

- "*A business model is a company's method for making money in the current business environment. It includes the key structural and operational characteristics of a firm – how it earns revenue and makes a profit. A business model is usually composed of five elements: Who it serves; What it provides; How it makes money; How it differentiates and sustains competitive advantage; How it provides its product/service* (Wheelen and Hunger, 2012);
- "*A business model encompasses the totality of how a company will: select its customers; define and differentiate its product offerings; create value for its customers; acquire and keep customers; produce goods or services; lower costs; deliver goods and services to the market; organize activities within the company; configure its resources; achieve and sustain a high level of profitability; grow the business over time"* (Hill and Jones, 2013).

In addition to the "theoretical models of business models" that have just been discussed, the literature also offer some "*practical models of business models*" – based on explanations about how the model works and/or where the money come from, and accompanied with examples of companies and/or industries that either have experienced the respective business model, or are suitable for it. These (successful) models are either industry-specific or firm-specific, but they could serve very well as behavioral benchmarks – being more insightful, more specific and clearer than the "theoretical models".

For instance, Rothaermel (2015), recognizing the critical contribution of business models to the competitive advantage of the firm, refers to the business models as having the role of "*putting strategies into actions*" and mentions "*some of the more popular business models today*" (see Table 1):

Table 1 Some of the more popular business models today – according to Rothaermel (2015)

Model's Name	**Description – how the model works**	**Examples / industries**
Razor–Razor-	*The initial product is often sold at a loss or*	*Gillette razors &*

Blade	*given away for free in order to drive demand for complementary goods; The company makes its money on the replacement part needed*	*cartridges; HP laser printers & cartridges*
Subscription-Based	*Users pay for access to a product or service whether they use the product or service during the payment term or not*	*Cable TV; Internet service providers*
Pay-as-You-Go	*The user pays for only the services he or she consumes*	*Utilities; Rental cars*
Freemium	*The basic features of a product or service are provided free of charge, but the user must pay for premium services such as advanced features or add-ons*	*Dropbox; LinkedIn*

(Source: adapted from Rothaermel, 2015).

On the other hand, Wheelen and Hunger (2012) offer a more extended typology of business models, stating that: "*the simplest business model is to provide a good or service that can be sold so that revenues exceed costs and expenses. Other models can be much more complicated. Some of the many possible business models are"* (see Table 2):

Table 2 Some of the many possible business models – according to Wheelen and Hunger (2012)

Model's Name	**Description – how the model works/where the money come from**	**Examples / industries**
Customer solutions model	*A company uses this model to make money not by selling its products, but by selling its expertise (consultancy)*	*IBM*
Profit pyramid model	*A company offers a full line of products; the key is to get customers to buy in at the low-priced, low-margin entry point and move them up to high-priced, high-margin products where the company makes its money*	*General Motors*
Multi-component system/installed base model	*A company sells its products at break-even pricing in order to make money on higher-margin components; the product is thus a system, with one component providing most of the profits*	*Gillette; HP*
Advertising	*A company offers its basic product free in*	*Google*

model	*order to make money on advertising*	
Switchboard model	*A company acts as an intermediary to connect multiple sellers to multiple buyers*	*eBay; Amazon.com*
Time model	*A company is an innovator, therefore product R&D and speed are the keys to success: being the first to market allows a pioneer to earn high margins; once others enter the market with process R&D and lower margins, it's time to move on*	*Sony*
Efficiency model	*A company waits until a product becomes standardized and then enters the market with a low-priced, low-margin product that appeals to the mass market*	*Wal-Mart; Southwest Airlines*
Blockbuster model	*A company (from an industry where profitability is driven by a few key products) focuses high investment in a few products with high potential payoffs - especially if they can be protected by patents;*	*Pharmaceuticals; Motion picture studios*
Profit multiplier model	*A company develops a concept that may or may not make money on its own but, through synergy, can spin off many profitable products*	*Walt Disney*
Entrepreneurial model	*A company offers specialized products/services to market niches that are too small to be worthwhile to large competitors but have the potential to grow quickly*	*Small high-tech firms that develop innovative prototypes in order to sell off the companies*
De Facto industry standard model	*A company offers products free or at a very low price in order to saturate the market and become the industry standard; once users are locked in, the company offers higher-margin products using this standard*	*Microsoft packaged Internet Explorer free with its Windows software*

(Source: adapted from Wheelen and Hunger, 2012)

4. Global challenges impacting on the strategic choice for business models

Globalization and competitiveness have an entire history of interdependencies, which has led to the assumption that "*globalization is the* *general framework, the ever changing context within entities (...) are looking for sustainable competitiveness. And this is happening because, given the objective liberalization and globalization of the (almost) entire world, the search for (global) competitiveness is a non-optional desire or preference – in order for firms and clusters to simply survive, and for countries to grow and develop*" (Ogrean and Herciu, 2010).

But, beyond this general statement, the new realities and trends that nowadays characterize both the process of globalization and the search for competitiveness reveal a rather transformational shift toward complexity: on one hand, (the process of) globalization, as it is today, reveals a complex (and very dynamic) business architecture – with new players, new interconnections among them, new uncertainties and new rules for businesses (Drori, Meyer and Hwang, 2006; Oosterhout, 2010; Gharajedaghi, 2011; Kuznetsov and Jacob, 2014); on the other hand, (the search for) competitiveness itself has become more complex – mainly as a consequence of the transition toward the complex and networked global economy – revealing new determinants, new forms, new dynamics, new meanings and understanding (Ajitabh and Momaya, 2004; Jain and Kedia, 2011; Rugman, Oh and Lim, 2012; Vasauskaite and Gill, 2015).

Therefore, *these transformational changes permanently require from firms to be innovative (when designing and implementing their business models) in order to be competitive*. More than that, against this background there are some *particular global challenges that have lately had a great impact not only on the strategic choice for business models, but also on the broader conceptualization and implementations of them, with a significant relevance on firms' strategic positioning*.

Some of the global challenges, together with their respective reflections/insights – on the understanding, meaning, classification, choice, and implementation of business models – into academia (especially through the lens of strategy and strategic management), will be discussed further on (the selection of challenges, as well as their grouping into categories, were made considering the logic of the discourse so far, on one hand, and their relative importance given by the author, on the other hand).

- *Knowledge Management, E-business, and ICT*

At the dawn of the new millennium, when *knowledge* related issues were increasingly defining the research field, Malhotra (2001) was advocating for "*knowledge management as the enabler of business model innovation*", arguing that "*in contrast to traditional factors of production, increasingly,* *knowledge assets and intellectual capital are expected to play a dominant role in determining both valuation and value-creation capabilities (...). Not surprisingly, knowledge management for business model innovation is anticipated to be the mantra for survival, competence and success of pure play Net enterprise as well as relatively traditional brick-and-mortar enterprises faced with the challenges of transforming their business models into and beyond click-and-mortar companies*". Placing their study under the umbrella of "*the Internet and electronic business world"*, that are undeniable two of the most prominent characteristics of nowadays, Dubosson-Torbay, Osterwalder and Pigneur (2002) propose "*a refined eBusiness Model framework, integrating a measurement system, the annotation of the selected business models with their critical success factors and key measures* (…based on…) *a first version of the key success factors and balanced scorecard measures of several case studies*". Starting from the premise that *"recent rapid advances in Information and Communication Technologies (ICTs) have highlighted the rising importance of the Business Model (BM) concept in the field of Information Systems (IS)*", Al-Debei and Avison (2010) finally "*have proposed a novel unified BM framework which takes into account the different views expressed in the IS literature and incorporates new mined knowledge based on the applied analysis utilizing content analysis methods*".

- *Innovation, SMEs, and Entrepreneurship*

With innovation (no matter its form) representing the basis for firm survival (and a generic source for competitive advantage), one of the most common word associations in the literature of business model is *business model innovation*; in this regard, Chesbrough (2010) concludes: "*business model innovation is vitally important, and yet very difficult to achieve. (…) Companies must adopt an effectual attitude toward business model experimentation. Some experiments will fail, but so long as failure informs new approaches and understanding within the constraints of affordable loss, this is to be expected - even encouraged. (…) And organizations will need to identify internal leaders for business model change, in order to manage the results of these processes and deliver a new, better business model for the company. (,,,) At the same time, the organization's culture must find ways to embrace the new model, while maintaining the effectiveness of the current business model until the new one is ready to take over completely*". Arguing that "*recently, small and medium enterprises (SMEs) have been regarded as the engine of economic growth and employment*", Lee, Shin and Park (2012) are trying "*to identify principal types of SME's BMs, understand how these*

BMs are composed of, analyze what kinds of innovation BMs drive, and thus to explain SME's innovation in terms of BMs". At their turn, George and Bock (2011) "*review prior research and reframe the business model with an entrepreneurial lens*; (…the authors…) *find that the underlying dimensions of the business model are resource structure, transactive structure, and value structure, and discuss the nature and implications of dimensional dominance for firm characteristics and behaviour*".

- *Sustainability – CSR, triple bottom line, and shared value*

Because sustainability has become a global concern, sustainable competitiveness is increasingly in firm's focus (together with all its determinants and operationalizing tools) when designing and implementing business models. From this perspective, Stubbs and Cocklin (2008) "*develop a "sustainability business model" (SBM) — a model where sustainability concepts shape the driving force of the firm and its decision making. (...) The analysis reveals that organizations adopting a SBM must develop internal structural and cultural capabilities to achieve firm-level sustainability and collaborate with key stakeholders to achieve sustainability for the system that an organization is part of*". On the other hand, Schaltegger, Lüdeke-Freund and Hansen (2012) emphasize on "*the role of business model innovation for corporate sustainability*" when advocating the "*business cases for sustainability*": "*based on the understanding of a business case for sustainability, a business model for sustainability can be defined as supporting voluntary, or mainly voluntary, activities which solve or moderate social and/or environmental problems. (...) A business model for sustainability is actively managed in order to create customer and social value by integrating social, environmental, and business activities*". Flak and Pyszka (2011) propose "*a model of CSR-driven innovations which consists of two different platforms: the traditional management model (mitigating TBL issues) and the new CSR-driven business model (linking social, economical and ecological challenges and company resources). It is essential for the new innovative business model to: empower employees and social partners to voluntary working in joint projects, building community and sharing ideas, involving employees to participate into strategic and operational decision making and problem solving, and relying on trust between company executives, employees and other stakeholders*".

- *Multinational Corporations, Emerging Market Multinationals, Bottom of the Pyramid*

Leading actors on the global business arena, multinationals represent the engine of the process of globalization as it is today; emerging market multinationals, on the other hand, are newer entrants, but redoubtable players, and their (global) presence is increasingly important. As regard the "transplant" of business models, Marin, Rousova and Verdier (2013) are arguing (based on a substantial empirical study) that "*three factors stand out in promoting the multinational firm's decision to transplant the business model to the affiliate firm in the host country: a competitive host market, the corporate culture of the multinational firm, and when an innovative technology is transferred to the host country*". Referring to the case of Emerging Market Multinationals, Kalinowski and Vives (2013) are "*exploring the questions of how EMNEs manage their business models as they internationalize and how they innovate their business models.* (Therefore, the authors…) *propose a conceptual framework depicted by two key variables: (1) the level of institutional difference in terms of entry into emerging or developed markets, and (2) the strategic initiatives in terms of leveraging their own business models or developing new business models. The framework reveals four different business model management strategies EMNEs can pursue during their internationalization to other emerging markets or developed economies*". Referring to "*the bottom of the pyramid as a source of breakthrough innovations*", Prahalad (2012) is concluding that "*for global firms, active participation in BOP markets is not an option. (...). The lessons that they learn in BOP markets, such as dramatic changes in price performance (value), use of hybrid technologies, lean management, market development, deskilling of work, collaboration with NGOS and the public sector, and distribution and logistics in hostile conditions, are the qualities that will serve them well in becoming globally competitive. In effect, the participation in BOP markets and innovation will set the global competitiveness agenda for the next decade*".

5. Conclusions

In terms of the *business model as strategic ingredient for organizational success and performance*, McGrath's (2010) point of view is of real significance: "*for academics or executives trying to make sense of why some firms do better than others, and how firms might themselves benefit from such understanding, the business model concept offers four ideas that are either new, or that have not figured substantively in considerations of strategy formulation historically: First, it promotes an outside-in, rather than an inside-out, focus. (...) Focusing on business models shifts re*-invigorates a *view of firms as continually engaged with - and adapting to - changing customer values. (...); Second, business models often cannot be fully anticipated in advance. Rather, they must be learned over time, which emphasizes the centrality of experimentation in the discovery and development of new business models; Third is a new appreciation of the dynamism of competitive advantages. (...) The business model construct encourages conversations which might help us discern possible early warnings of model weakness and prompt the search for new ones. (...); Finally, as business models themselves evolve and mature, adopting the notion suggests a developing understanding that strategy itself is quite frequently discovery driven rather than planning oriented*".

Regarding the *review on the content, characteristics and practicalities of a business model*, it should be noted that: (a). "*the business model concept generally refers to the articulation between different areas of a firm's activity designed to produce a proposition of value to customers*" (Demil and Lecocq, 2010), or, (by extending the idea of value from value proposition to value creation) "*put succinctly, business model refers to the logic of the firm, the way it operates and how it creates value for its stakeholders*" (Casadesus-Masanell and Ricart, 2010); (b). "*not all business models work equally well, of course. Good ones share certain characteristics: They align with the company's goals, are self-reinforcing, and are robust. Above all, successful business models generate virtuous cycles, or feedback loops, that are self-reinforcing. This is the most powerful and neglected aspect of business models*" (Casadesus-Masanell and Ricart, 2011.

Referring to the *global challenges* that have lately had a great impact not only on the strategic choice for business models, but also on the broader conceptualization and implementations of them, with a significant relevance on firms' strategic positioning, we agree with Casadesus-Masanell and Ricart (2010) which state that "9*drivers such as globalization, deregulation, or technological change, just to mention a few, are profoundly changing the competitive game. Scholars and practitioners agree that the fastest growing firms in this new environment appear to have taken advantage of these structural changes to compete <differently> and innovate in their business models.* (…More than that…), *advances in information and communication technologies have driven the recent interest on business model innovation*, (… while…) *new strategies for the bottom of the pyramid in emerging markets have also steered researchers and practitioners towards the systematic study of business models*".

6. References

- Ajitabh, A., & Momaya, K. S. (2004). Competitiveness of firms: review of theory, frameworks and models. *Singapore Management Review*, *26*(1), 45-61.
- Al-Debei, M. M., & Avison, D. (2010). Developing a unified framework of the business model concept. *European Journal of Information Systems*, *19*(3), 359-376.
- Baden-Fuller, C., & Morgan, M. S. (2010). Business models as models. *Long range planning*, *43*(2), 156-171.
- Burkhart, T., Krumeich, J., Werth, D., & Loos, P. (2011). Analyzing the business model concept—a comprehensive classification of literature.
- Casadesus-Masanell, R., & Ricart, J. E. (2011). How to design a winning business model. *Harvard Business Review*, *January-February*.
- Casadesus-Masanell, R., & Ricart, J. E. (2010). From strategy to business models and onto tactics. *Long range planning*, *43*(2), 195-215.
- Chesbrough, H. (2010). Business model innovation: opportunities and barriers. *Long range planning*, *43*(2), 354-363.
- Chesbrough, H., & Rosenbloom, R. S. (2002). The role of the business model in capturing value from innovation: evidence from Xerox Corporation's technology spin-off companies. *Industrial and corporate change*, *11*(3), 529-555.
- DaSilva, C. M., & Trkman, P. (2014). Business model: what it is and what it is not. *Long Range Planning*, *47*(6), 379-389.
- Demil, B., & Lecocq, X. (2010). Business model evolution: in search of dynamic consistency. *Long Range Planning*, *43*(2), 227-246.
- Dess, G., Lumpkin, G., Eisner, A. & McNamara, G. (2014). *Strategic Management: Text and Cases*. 7 th Edition. New York: McGraw – Hill Education.
- Drori, M. W., Christensen, C. M., & Kagermann, H. (2008). Reinventing your business model. *Harvard Business Review*, *86*(12), p. 57-68.
- Drori, G. S., Meyer, J. W., & Hwang, H. (2006). *Globalization and organization: World society and organizational change*. Oxford University Press.

- Dubosson-Torbay, M., Osterwalder, A., & Pigneur, Y. (2002). E-business model design, classification, and measurements. *Thunderbird International Business Review*, *44*(1), 5-23.
- Eden, C., & Ackermann, F. (2013). *Making strategy: The journey of strategic management*. Sage.
- Flak, O., & Pyszka, A. (2011). A draft of a business model based on CSR. *Business and non-profit organizations facing increased competition and growing customers' demands*, Wyzsza Szkola Biznesu – National-Louis University in Nowy Sacz.
- Foss, N. J., & Saebi, T. (Eds.). (2015). *Business Model Innovation: The Organizational Dimension*. Oxford University Press.
- George, G., & Bock, A. J. (2011). The business model in practice and its implications for entrepreneurship research. *Entrepreneurship theory and practice*, *35*(1), 83-111.
- Gharajedaghi, J. (2011). *Systems thinking: Managing chaos and complexity: A platform for designing business architecture*. Elsevier.
- Gordijn, J., Akkermans, H., & Van Vliet, H. (2000). Business modelling is not process modelling. In *Conceptual modeling for e-business and the web* (pp. 40-51). Springer Berlin Heidelberg.
- Hacklin, F., & Wallnöfer, M. (2012). The business model in the practice of strategic decision making: insights from a case study. *Management Decision*, *50*(2), 166-188.
- Hill, C., & Jones, G. (2013). *Strategic Management. An integrated approach*. South-Western Cengage Learning.
- Hill, C., & Jones, G. (2009). *Essential of Strategic Management*. South-Western Cengage Learning.
- Jain, S. C., & Kedia, B. L. (Eds.). (2011). *Enhancing Global Competitiveness Through Sustainable Environmental Stewardship*. Edward Elgar Publishing.
- Johnson, G., Scholes, K., & Whittington, R. (2008). *Exploring corporate strategy: Text and cases*. Pearson Education.
- Kalinowski, M., & Vives, L. (2013). How Emerging Market Firms Manage their Business Models in their Internationalization Processes. In *Academy of Management Proceedings* (Vol. 2013, No. 1, p. 17621). Academy of Management.

- Ketchen, D., & Short, J. (2012). *Strategic Management: Evaluation and Execution*. http://creativecommons.org/licenses/by-nc-sa/3.0/
- Klang, D., Wallnöfer, M., & Hacklin, F. (2010). The anatomy of the business model: a syntactical review and research agenda. In *DRUID Summer Conference 2010" Opening Up Innovation: Strategy, Organization and Technology* (pp. 16-18).
- Kuznetsov, A., & Jacob, M. (2014). Convergence versus Divergence: Testing Varieties of Capitalism Perspective on the Globalization of Business Practices. *Institutional Impacts on Firm Internationalization*, 12.
- Lambert, S. C., & Davidson, R. A. (2013). Applications of the business model in studies of enterprise success, innovation and classification: An analysis of empirical research from 1996 to 2010. *European Management Journal*, *31*(6), 668-681.
- Lee, Y., Shin, J., & Park, Y. (2012). The changing pattern of SME's innovativeness through business model globalization. *Technological Forecasting and Social Change*, *79*(5), 832-842.
- Magretta, J. (2002). Why business models matter. *Harvard Business Review*, HBR Spotlight: Practical Strategy. May. p. 3-8.
- Malhotra, Y. (Ed.). (2001). *Knowledge management and business model innovation*. IGI Global.
- Marin, D., Rousova, L., & Verdier, T. (2013). Do Multinationals Transplant their Business Model?. SFB/TR 15 Discussion Paper, No. 398, http://nbnresolving.de/urn:nbn:de:bvb:19-epub-15115-9
- McGrath, R. G. (2010). Business models: a discovery driven approach. *Long range planning*, *43*(2), 247-261.
- Mintzberg, H., & Waters, J. A. (1985). Of strategies, deliberate, and emergent. *Strategic Management Journal*, Vol. 6, No. 3, 257-272.
- Morris, M., Schindehutte, M., & Allen, J. (2005). The entrepreneur's business model: toward a unified perspective. *Journal of business research*, *58(6), 726-735.*
- Nielsen, C., & Lund, M. (2013), An introduction to business models, in Nielsen, C. (Ed.) *The Basics of Business Models*, Vol.1, No.1. Copenhagen: BookBoon.com/Ventus Publishing Aps.
- Ogrean, C., & Herciu, M. (2010). Globalization and the dynamics of competitiveness–a multilevel bibliographical study. *Studies in Business and Economics*, *5*(1), 126-138.)

- Oosterhout, J. V. (2010). The role of corporations in shaping the global rules of the game: In search of new foundations. *Business Ethics Quarterly*, *20*(02), 253-264.
- Osterwalder, A., & Pigneur, Y. (2010). *Business model generation: a handbook for visionaries, game changers, and challengers*. John Wiley & Sons.
- Osterwalder, A., Pigneur, Y., & Tucci, C. L. (2005). Clarifying business models: Origins, present, and future of the concept. *Communications of the association for Information Systems*, *16*(1), 1.
- Perkmann, M., & Spicer, A. (2010). What are business models? Developing a theory of performative representations. *Research in the Sociology of Organizations*, *29*, 269-279.
- Petrovic, O., Kittl, C., & Teksten, R. D. (2001). Developing business models for ebusiness. *Available at SSRN 1658505*.
- Porter, M. E. (2008). *On competition*. Harvard Business Press.
- Porter, M. E. (1996). What is strategy?. *Harvard Business Review*, Nov/Dec. p. 60-78.
- Prahalad, C. K. (2012). Bottom of the Pyramid as a Source of Breakthrough Innovations. *Journal of Product Innovation Management*, *29*(1), 6-12.
- Rothaermel, F.T. (2015). *Strategic Management*. New York: Mc-Graw Hill Education.
- Rugman, A. M., Oh, C. H., & Lim, D. S. (2012). The regional and global competitiveness of multinational firms. *Journal of the Academy of Marketing Science*, *40*(2), 218-235.
- Sahut, J. M., Hikkerova, L., & Khalfallah, M. (2012). Business model and performance of firms. *International Business Research*, *6*(2), p64.
- Santos, J., Spector, B., & Van der Heyden, L. (2009). Toward a theory of business model innovation within incumbent firms. *INSEAD, Fontainebleau, France*.
- Schaltegger, S., Lüdeke-Freund, F., & Hansen, E. G. (2012). Business cases for sustainability: the role of business model innovation for corporate sustainability. *International Journal of Innovation and Sustainable Development*,*6*(2), 95-119.
- Stubbs, W., & Cocklin, C. (2008). Conceptualizing a “sustainability business model”. *Organization & Environment*, *21*(2), 103-127.

- Teece, D. J. (2010). Business models, business strategy and innovation. *Long range planning*, *43*(2), 172-194.
- Thomson, A., Strickland, A. J., & Gamble, J. E. (2001). Crafting and executing strategy. *Tata McGraw Hill*.
- Vasauskaite, J., & Gill, A. Q. (2015). Sustainable Enterprise Architecture Towards Global Competitiveness. In *International scientific conference" Economics and Management, ICEM"* (Vol. 1, No. 1).
- Voelpel, S., Leibold, M., Tekie, E., & Von Krogh, G. (2005). Escaping the red queen effect in competitive strategy:: Sense-testing business models.*European Management Journal*, *23*(1), 37-49.
- Wheelen, T.L., & Hunger, J. D. (2012). *Strategic Management and Business Policy: Toward Global Sustainability*. Pearson/Prentice Hall.
- Yip, G. S. (2004). Using strategy to change your business model. *Business Strategy Review*, *15*(2), 17-24.
- Zott, C., Amit, R., & Massa, L. (2011). The business model: recent developments and future research. *Journal of Management*, *37*(4), 1019-1042.
- Zott, C., & Amit, R. (2008). The fit between product market strategy and business model: implications for firm performance. *Strategic management journal*, *29*(1), 1-26.