

Business Model Strategy

Instructor: Prof. Santosh Kumar Prusty

Course Overview

Why do some firms like Intel are always profitable when employees of other firms work harder than Intel? Why do some incumbent firms like Microsoft and Apple continue to dominate the OS markets when other new entrants are not able to enter?

Most firms do business to make money. Business Models are about “how to make money”. Hence, “Business Models” have become one of the most favourite vocabulary amongst the executives, entrepreneurs, consultants, venture capitalists, analysts, individual investors, and scholars of management. The word “Business Models” is also common in the functional areas of management, i.e., from Accounting to Finance, from entrepreneurship to marketing, from MIS to operations. However, a strategic management approach to understanding “business model” is required when there is a question of overall organization, business, and profitability. The challenge lies in “*how to formulate and execute profitable business models*”.

The current course “Business Model Strategy” is an interdisciplinary course, covered under the strategic management theories, intended to enhance the skill of master-level graduates in combining non-money-making broad level strategy of organization with money making aspects of revenue, cost, and profitability and formulating “Business Models” for organizations, re-inventing existing business models, and sustaining them.

The course is aimed for the students who aspires to be consultants, entrepreneurs, and executives at strategy and general management role.

Course Objectives

1. To know how do firms create and realise while doing business?
2. To design and craft business models for doing specific business?
3. To reinvent existing business models in case of uncertainties and disruptions.
4. To evaluate credibility of different business models.
5. To understand how do two or more different business models interact in the industry space and compete with each other.
6. To understand dynamic aspects of business model and impact of feedback amongst the model entities.

Course Pedagogy

The course will cover both qualitative and quantitate approaches along with mix-method pedagogy including lectures, dialectics, exercises, case discussions, and games.

Course Content

Session #	Session Content	Learning Objective
1	What is a Business Model and Why Business Models Matter?	To understand why do we need a specific “business model(s)” to be successful in the Industry?
02-03	Building Blocks of Business Model	Understand characteristics of resources and capabilities and how to convert resources and capabilities for creating value.
04-05	Business Model Activities	Explore how do firms make choices on activities and how and when do firms perform them in case of specific strategy.
06-07	Revenue Sources and Market Targets	Understand how to target/create right customer with right value proposition.
08-09	Customer Value and Relative Positioning and Optimal Pricing	Explore how demand for customer benefits and value can be determined.
10-11	Business Model Execution	Find structures, systems, and people to best fit the business model activities and how and when to perform them.
12-13	Business Model Innovation	Understand how do innovation and change influence the profitability of a business model and explore and examine strategies towards sustainable competitive advantage.
14-15	Cost of a Business Model, Valuation, and Financing	Understand and identify the drivers of cost of business model activities and manage to reduce them and Understand how business model activities are valued and financed.
16-17	Profitability and Competitive Advantage	Explore the method of analysing the sources of profitability and competitive advantage through a business model.
18-19	Business Model Sustainability	How can a Business Model be sustainable?
20	Business Model Agenda	How to build a Business Model Centric Organization?
Add-On Workshop	One Day Workshop on Business Model Building using Vensim Software and System Thinking and System Dynamics Modeling	Discover the impact of “feedback” in Dynamic Business Models and identify leverage policies to improve business performance.

Course References

- Course Pack designed by the Instructor that includes Articles and Relevant Cases for Classroom Discussion
- Text Book: Alexander Osterwalder, Yves Pigneur (2010) *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*, Wiley Publication
- Reference Book:
 1. Allan Afua (2004) *Business Models - A Strategic Management Approach*, McGraw Hill - Irwin Publication
 2. Mark W. Johnson, Clayton M. Christensen, and Henning Kagermann (2019). *HBR's 10 Must Reads on Business Model Innovation*, Harvard Business Review
 3. Francine Newth (2012). *Business Models and Strategic Management - A New Integration*, Business Expert Press.
 4. Sterman J (2000). *Business Dynamics - System Thinking and Modeling for Complex World*. Irwin-McGraw Hill Publication.

Course Evaluation

Surprise Quiz	10%
Mid-Term	20%
Class-Participation (adjusting for Attendance)	15%
End-Term	40%
Term Project	15%