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## The Multi Business Model Approach

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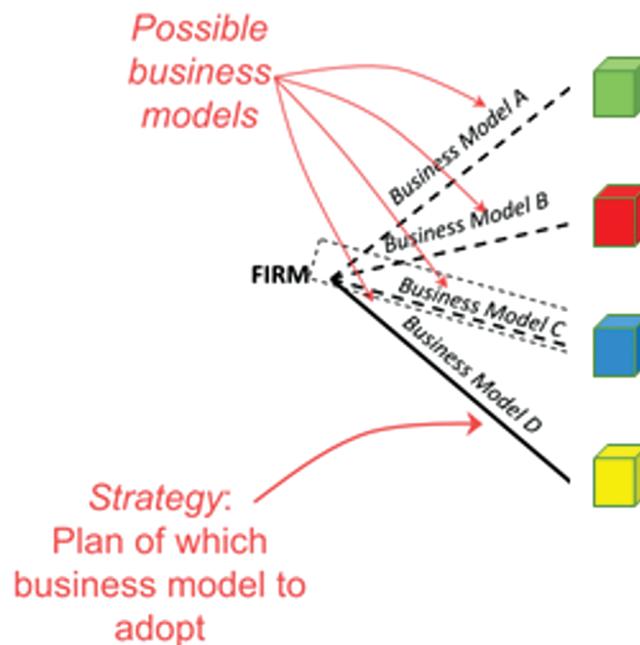
### Abstract

Today, most academics and practitioners consider the business model (BM) as measurable, objective and one of a kind. Although there are many different definitions (Taran 2011) and types of BMs (e.g. open and closed (Chesbrough 2007; Lindgren 2011), free (Anderson and Narus 1999) and internet-based (Zott and Amit 2002), most define “business model” on a business level and on a core business level (Abell 1980). In this chapter we propose that there is a need for a distinction between levels of business model focus: the business level – the core business model or overall business model – and the business models existing under the “umbrella” of the core business model. This is to prevent fuzziness and support discussion and help further development of the BM theory and the knowledge of the BM community.

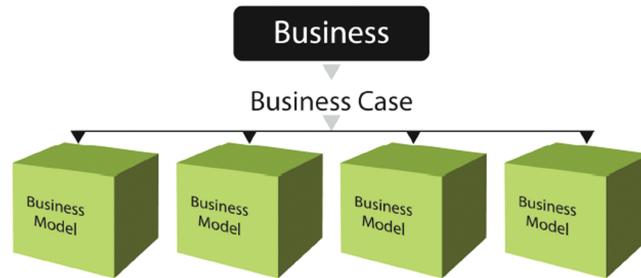
### 5.1 Introduction

In our research we found that most businesses do not stick strictly to their core business and how they want or have planned their “as-is” business model (BM) to look like and be. They have, in fact, often a variety and a mix of BMs – both “as-is” and “to-be” BMs with different value propositions, users and customers, value chains with different functions, competences, networks, relations and value formulas. One set of seven dimensions does not, therefore, fit all business models, markets, industries and worlds (Lindgren 2011) – the business model ecosystem (BMES). This mix of the seven dimensions – which we classify as different business models, whenever they are different or changed – exists and coexists within the core business. Each individual BM is not – as we said before – necessarily aligned strictly to the core business model and the seven dimensions of the core business model. All of them have their own specific seven dimensions and all of them show different combinations of the seven dimensions.

We argue, therefore, that a business's different business models cannot be explained by just one business model – “the core business model” – but would preferably be better explained by more and, in fact, by different business models. However, each BM still can and should be explained with the seven generic BM dimensions, but each with their different characteristics on one or more dimensions. In our research, we only found Casadesus-Masanell and Ricart (2010) (see Figure 5.1) and to some extent Markides (2004) who theoretically indicate our findings – and the existence of more BMs in a business. However, we see these as possible strategies for BMs or a BM plan but as different BMs that could coexist at the same time in the business or could be co-innovated and operated in the business. As we see it, one of the reason why this track is not followed is that previous strategy lessons and BM theory did not and cannot cope with more strategies and more BMs. As we learned it several years ago from Prahalad and Hamel (1990) – “stick to your core business” is the best strategy. However, as we argue later, the one does not exclude the other – but we have to change our mindset and acknowledge that BMI and strategizing BMs are complex and will be more complex in the future.



**Figure 5.1** The multi business model approach indicated by Casadesus-Masanell and Ricart 2010 related to different operating business models (“as-is” BMs).

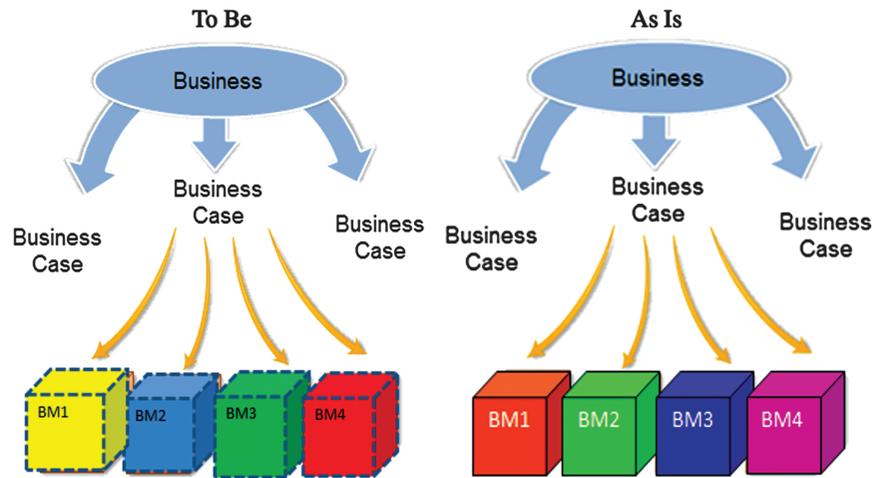


**Figure 5.2** The multi business model approach related to different operating business cases and business models (“as-is” BMs).

Most academics only discuss “as-is” BMs: “What are your BMs as indicated ([x] or [x])?” If we illustrate this in a multi business model approach, we would get a picture of more operating BMs – or “as-is” BMs, as seen in Figure 5.2.

In other words we find that businesses most often have a multitude of “as-is” BMs (BM Cubes with unbroken lines) but we also find that they have a multitude of “to-be” BMs (BM Cubes with dotted lines) they are working on – innovating. We believe these BMs have to be seen together – as indicated in Figure 5.3.

In our research we found that “to-be” BMs often influence business operation and performance very much and vice versa. It is therefore necessary to get the full picture of the business and to “download” and “see” both the “to-be” BMs and the “as-is” BMs.



**Figure 5.3** “To-be” and “as-is” BMs in a business source (Lindgren 2016a).

As a consequence, we propose that a business can be said to have one or more operating BMs (“as-is” BMs) related to different business cases – the multi business model approach (Lindgren 2011, Lindgren 2016a) – which are more, less or not aligned with the core business model. Further, we propose that a business also can be said to have one or more BMs that are under construction (“to-be” BMs). The “to-be” BMs (dotted-line BM Cubes in Figure 5.3) are in the business model innovation (BMI) phase. The “as-is” BMs are in operation and are fully developed and introduced to their business model ecosystem.

The multi business model approach is, as we will see later in Part 2 of the book quite useful in the understanding of: “What is the business actually doing?” And also useful when we are analysing: “What are competitors actually doing?” and “What are our customers and network partners doing?”

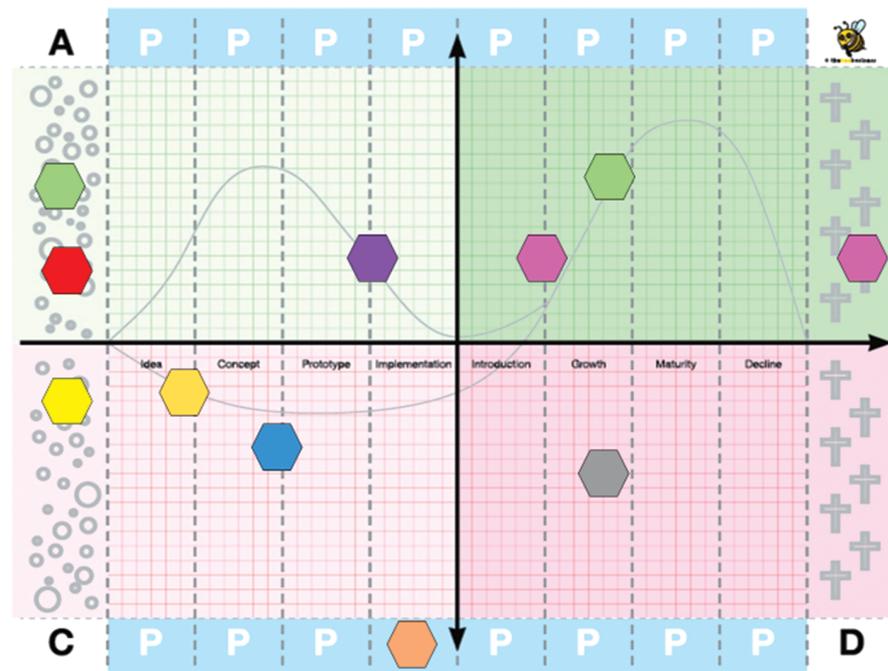
## 5.2 The Bee Board

In 2014 we developed a very simple tool or board that we called “The Bee Board”. We developed it through more iteration together with several SME businesses and entrepreneur businesses. We found it could help businesses to visualize the business BM’s – both “as-is” and “to-be” BMs and provide them an overview of their BMs. In Figure 5.4 we show a sketch of such a mapping.

The general idea behind the Bee Board is that when a business model is placed over the horizontal line – “green area” – it generates a positive earning (turnover – cost = profit). When one business model is placed below the horizontal line – “red area” – the business model makes a negative earning – a loss. However, the same board can also be used if measurement is related to other positive or negative values than money. The only issue is for those mapping on the Bee Board to agree on the scaling values on the X and Y axis.

The phases – idea, concept, prototype, implementation, introduction, growth, maturity, decline – follow and are adapted by the general concepts and models from theory about innovation (Cooper 1993, 2005) and the development of a product or a service (Kotler 1984). We even put in some indication lines from theory – but that is purely for inspiration and theoretical trend line indication.

If we go back to the Bee Board and continue to use the money as a measurement guideline then when a BM has a negative earning (loss) on the bottom line it is placed under the horizontal line in the red field (C and D) and when a BM has a positive earning (profit) on the bottom line it is placed above the horizontal line in the green field (A and B).



**Figure 5.4** The Bee Board – a business model mapping tool for mapping “to-be” and “as-is” BMs ©The BeeBusiness.

When one of the business models is placed to the left of the vertical line, this business model is under development, construction or, as we say, in the BMI phase. When a business model crosses the vertical line, it is fully developed and have entered the BMES. The business has invoiced a customer and received its payment for the value proposition – money. Thereby the full market circle (Kotler 1984) has been achieved from value proposition creation, capturing, delivering, receiving and consumption both for the business and its customer(s).

**The Bee Board** was originally divided into four fields.

**The light green field (A)** indicates that this is where business models are placed that are under development and are making a profit. This could be funded BMI projects or where the customer pays in advance for the BM – e.g. Crowdfunding.

**The dark green field (B)** is where business models are placed that make a profit – when they have been put into the BMES – operating BM’s.

**Pink field (C)** is where the business models are placed that are under development, construction and BMI but are costing business resources, time and money.

**Red field (D)** is where business models are placed that are fully developed and have already entered the market but are making a loss.

At the **Bee Board’s bubble field**, BMs’ ideas for new BMs are placed. The gravestones show where business can place their “dead” BMs – BMs that are no longer operating in the BMES.

**Bee Board parking places** are placed all over so that BMs that are waiting for some outside development – e.g. technical, regulative or business-wise development can be “parked” until the BMI or further operation can take place.

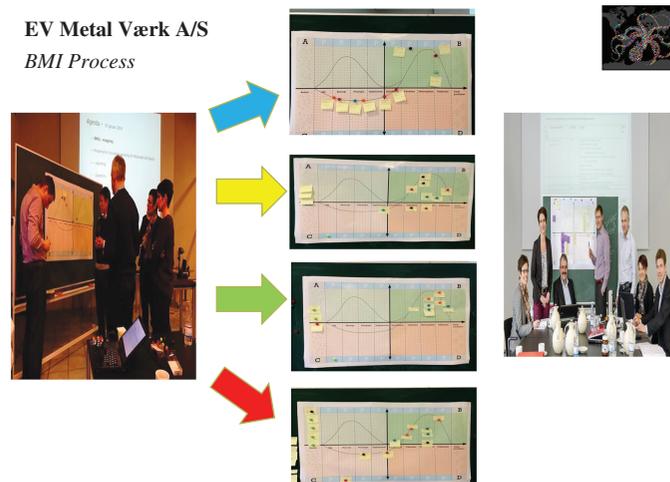
We tested the Bee Board in more than 400 businesses and over 250 education and workshop sessions. We discovered numerous possibilities and variations that the Bee Board can be used for with advantage. In the process we adjusted the Bee Board through several iterations based on our empirical data and feedback during workshops, seminars, educational sessions and try-out in businesses.

Picture 5.1 shows an example where a management group from a Danish valve manufacturer is mapping four business portfolios with their “as-is” and “to-be” BMs.

The multi business model approach can be elaborated further on, which we show in the following business cases and discuss further in the chapters that follow.

### 5.3 The BM Portfolio Approach

As can be seen in Picture 5.1, the management group of EV Metalværk are actually working with four Bee Boards, where they are mapping their business



**Picture 5.1** EV Metalværk A/S mapping their “as-is” and “to-be” BMs.

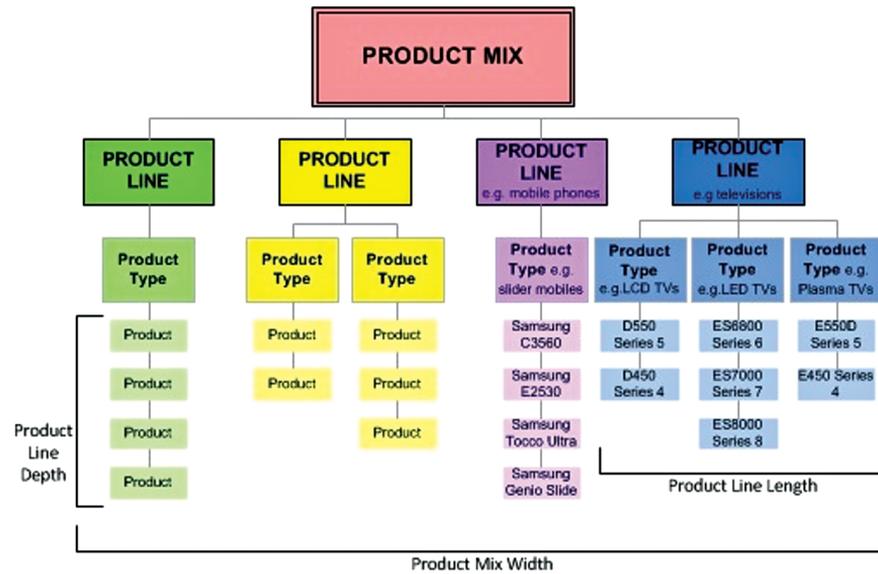


Figure 5.5 Product line and depth by Kotler 1984.

models. In our research we found in many businesses that some BMs were very egalitarian, worked together as in a group or were innovated on the same value proposition, user or customer group, value chain function, competence or network “platform”.

We therefore very early in our research discovered that some BMs can together form a group of BMs – what we call a portfolio(s) of BMs in the business (Lindgren 2011). The BM portfolio approach is very much inspired by Kotler’s product line and product depth approach (Figure 5.5).

BM s that are interrelated we believe can be grouped and can be treated strategically and tactically as a group. Each BM’s portfolio group can be innovated as one group with advantage by the business.

If these BMs form a group of BMs that have similarities due to, for example, the same type of value proposition or customer focus, use of the same value chain or use of the same network it is possible to work with them in the business as a group of BMs. Often we found in our research that the BM portfolios’ BMs are interdependent and work as a group independently, and are in the business treated as such. In EV Metalværk A/S they work with four valve types – high pressure, medium pressure, low pressure and hydro ball valve groups.

As we have seen, some BMs attract users who attract customers to other BMs in the BM portfolio. An example of this is shown from the case study

Table 5.1 An example of a portfolio of BMs in the KB use case (Lindgren 2012)

KB BM Case		Business Case	Business Models			
			KB Lottery Business Model	KB Cancer Disease Business Model	KB Cancer Information Business Model	KB Cancer Patient Support Business Model
Core Building Block	Building Block	Building Block	Building Block	Building Block	Building Block	Building Block
Value proposition/s (Products, Services and Benefits) that the company offers (Physical, Digital, Virtual)	Lottery, possibility to win money, things and services	Research aimed at Fighting Cancer disease	Development of information material for cancer patients at an early stage, preventative	Developing and running Cancer Patient Support	Value proposition/s (Products, Services and Benefits) that the company offers (Physical, Digital, Virtual)	Value proposition/s (Products, Services and Benefits) that the company offers (Physical, Digital, Virtual)
Users and Customers/ Target users, Customers, Market segments that the company Serves geographies, Physical, Digital, Virtual)	Donator who wants to support research in cancer support of cancer patients, information about cancer	Donator who wants to support fight of Cancer Disease	Donator who wants to support development of information about Cancer Disease	Donator who wants to support development and running Cancer Patient Support	Users and Customers/ Target users, Customers, Market segments that the company Serves geographies, Physical, Digital, Virtual)	Users and Customers/ Target users, Customers, Market segments that the company Serves geographies, Physical, Digital, Virtual)
Value Chain (Internal) configuration, (Physical, Digital, Virtual)	KB value chain functions necessary to run the KB lottery	KB value chain functions necessary to handle funding support for cancer research	KB value chain functions necessary to handle information about cancer research, cancer patient support activities, cancer discovery and protection	KB value chain functions necessary to handle Cancer Patient Support	Value Chain (Internal) configuration, (Physical, Digital, Virtual)	Value Chain (Internal) configuration, (Physical, Digital, Virtual)
Competencies (Assets, Processes and Activities) that translate company's inputs into value for customers (Outputs), (Physical, Digital, Virtual)	KB technology, HR, organisational structure and culture included in the KB Lottery	KB technology, HR, organisational structure and culture included in the KB cancer research funding handling	KB technology, HR, organisational structure and culture included in the KB cancer information activities and handling	KB technology, HR, organisational structure and culture included in the KB Cancer Patient Support activities and handling	Competencies (Assets, Processes and Activities) that translate company's inputs into value for customers (Outputs), (Physical, Digital, Virtual)	Competencies (Assets, Processes and Activities) that translate company's inputs into value for customers (Outputs), (Physical, Digital, Virtual)
Network - Network and Network partners (e.g. Strategic partnerships, supply chains and others) (Physical, Digital, Virtual)	KB network partners involved in the KB lottery	KB network partners involved in the cancer research funding BM	KB network partners involved in the cancer information activities	KB network partners involved in the Cancer Patient Support activities	Network - Network and Network partners (e.g. Strategic partnerships, supply chains and others) (Physical, Digital, Virtual)	Network - Network and Network partners (e.g. Strategic partnerships, supply chains and others) (Physical, Digital, Virtual)
Relation(s), Relationship(s) (e.g. Physical, Digital, Virtual relations, personal, peers) (Physical, Digital, Virtual)	KB relations inside the KB lottery BM	KB relations inside the KB research funding BM	KB relations inside the KB information	KB relations inside the KB Cancer Patient Support BM	Relation(s), Relationship(s) (e.g. Physical, Digital, Virtual relations, personal, peers) (Physical, Digital, Virtual)	Relation(s), Relationship(s) (e.g. Physical, Digital, Virtual relations, personal, peers) (Physical, Digital, Virtual)
Value Formula (Profit formula - Both turnover structure, Cost structure and margins, e.g. Price of product, value formula), (Physical, Digital, Virtual)	Price of lottery - cost of developing and running the KB Lottery	Price of newspaper - cost of developing, running and distributing the KB research cancer funding	BM Price of KB information - cost of developing, running and distributing the KB information BM	BM Price of KB information - cost of developing and running KB Cancer Patient Support BM	Value Formula (Profit formula - Both turnover structure, Cost structure and margins, e.g. Price of product, value formula), (Physical, Digital, Virtual)	Value Formula (Profit formula - Both turnover structure, Cost structure and margins, e.g. Price of product, value formula), (Physical, Digital, Virtual)

**Table 5.2** Generic approaches to business model portfolio grouping

Generic approaches to a business model portfolio grouping (each can be physical, digital or virtual)	Core approach related to BM portfolio grouping
<b>Value proposition/s</b> (products, services and processes) that the business model portfolio offers	What are our overall value propositions this group of BMs offers?
<b>Users and customers</b> (users, customers, that the business model portfolio serves)	Who does the BM portfolio serve with this group of BMs – segments, target group?
<b>Value chain functions (internal)</b> that the business model portfolio uses	What overall group or mix of value chain functions do we use to produce this group of BMs?
<b>Competences</b> (technologies, human resources, organizational systems and culture) that transform businesses' inputs into value for customers, users, network partners, machines, employees (outputs)	What are our general competences used for this BM portfolio? These BMs are, for example, produced on the same machine/s, by the same human resources, by the same organizational system, by the same culture ...
<b>Network:</b> network and network partners (suppliers and other network partners)	What are our general networks used to operate this group of BMs?
<b>Relation/s</b> (e.g. physical, digital and virtual relations, tangible and intangible)	What are our general relations used for this BM portfolio?
<b>Value formula</b> (profit formulae and other value formulae)	What are our general value formulae used for this group of the BM portfolio?

of KB (Lindgren 2012), a BM portfolio grouping with this point of entry or approach (Table 5.1).

This “triggered” our research to investigate how many BM portfolio grouping forms could be possible. In turn, this research resulted in our finding seven BM portfolio grouping forms or viewpoints to BM portfolios in a business (Table 5.2).

As can be seen, the BM portfolio indicates seven different viewpoints, which we will discuss in later chapters and in Part 2 of this book.

