An Examination of Barriers to Business Model Innovation
Business Model (BM)
Logic of a firm on how to create, deliver and capture value
Systematic perspective on organisations

Business Model Innovation (BMI)
Any change in the creation of value
BM design / BM reconfiguration

Barriers to BMI
Destructive impacts -> Internal Barriers
External Barriers
Barriers to BMI

Internal
- Organisational identity
- Dominant logic and subconscious filtering process / Path dependency
  - Massa and Tucci (2013)
- Formalisation
  - Centralisation
  - Vertical differentiation
  - Damanpour (1991)

External
- Existing assets
  - Managerial choice
  - Chesbrough (2010)
- Kim and Min (2015)
- Process of experimentation and effectuation / Professional leadership
- Autonomous Business Units (ABU)

Political actions / Time / Continuity / Support from stakeholders
Q1: What are the internal and external barriers that prevent incumbent firms from innovating their business models?

Q2: What are the mechanisms that incumbent firms could potentially deploy to overcome the internal and external barriers to business model innovation?
Explorative & Qualitative Research Approach

Single-Case Study
German SME

Semi structured interviews and observation

Business Model Canvas (Osterwalder et al, 2010)
"Any change in one or more of the nine building blocks of the BMC is a BMI”
(37 BMIs in 30 years)
Internal barriers

Managerial choice *(Chesbrough, 2010; Kim and Min, 2015)*
- Lack of trust between senior management and external partners
- Lack of courage from senior management to initiate changes in the BM

Organisational identity *(Bouchikhi & Kimberly, 2003)*
- Not invented here syndrome

Following a dominant logic *(Massa and Tucci, 2013)*
- Perception by customers that the company provides customized products (locked-in effect)

Existing assets *(Chesbrough, 2010; Kim and Min, 2015)*
- Lack of internal resources (employee and production capacity)
- Lack of networks
External barriers

Goegraphic level
  Language and Culture
  Legal frameworks

Stakeholder level
  Not finding right partners
  Quality requirements that can not be met
  Misfit between the innovation developed by the company and the requirement of the customers leading to a rejection
Solution Approaches

Organisational learning mechanisms
Development of an open network capability
Conclusion

Different types of barriers can put pressure on business model innovation.

We distinguish between internal and external barriers to business model innovation and recommend this distinction in future research too.

A corporate culture of change and open learning processes is recommended as a breeding ground for business model innovation.
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