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Teaching Business Models: Introduction to The Special Issue

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Please cite this paper as: Holm et al. (2019), Teaching Business Models: Introduction to The Special Issue, Vol. 7, No. 3, pp. 1-11

Acknowledgements: We would like to sincerely thank all authors for their trust and openness in so generously sharing the approaches they have developed and granting access to their teaching material. We would also like to thank all reviewers of this special issue for their invaluable contribution in time and effort.
Introduction
The business model concept has been widely adopted in a range of disciplines, including business administration, the humanities, engineering, and even the medical sciences. Its popularity can be explained by the fact that, at the strategic level, the business model explains how a firm creates, delivers and captures value (Teece, 2010), while at the tactical level, it specifies how a firm makes its products, services, or technologies attractive to customers and turns its offerings into financially successful outcomes (Casadesus-Masanell and Ricart, 2010). In this way, the business model builds a bridge between defining and realising value-creation and value-capture mechanisms through customer-firm arrangements that both generate value for the consumer and profits or other resources for the firm (Baden-Fuller et al., 2017).

Business-model design often starts with a feasible customer value proposition (CVP) that addresses essential customer problems. Similarly, a firm’s resources and value-chain partners need to be aligned in such a way as to create and deliver the CVP as economically as possible. Establishing such complex linkages requires experimentation, and is not likely to be solely based on rational decisions. It may also stem from intuitive thoughts, courageous activities with unpredictable consequences, or emotional linkages to consumers. During this process, managers will also have to decide how and how much value to create for consumers, and how the captured value will be distributed between the firm and its partners in the value network.

Given the constant state of flux in consumer and market conditions, managers also need to refine, change, or even re-invent their business models, which encourages them to search for inspirational examples and successful ‘recipes’ on how to do business. As ‘recipes’, business models can provide templates for how the various elements of their business can be fruitfully put together, arranged, and combined (Baden-Fuller and Morgan, 2010). Business models can thus be copied, albeit with variation, in strategic elements such as markets, technologies, products, and customers. However, even minor changes to the recipe can change the business model and produce unexpected variation and innovation, or even result in a completely new business model, i.e. a new ‘recipe’ for firm behaviour (Baden-Fuller and Morgan, 2010). For example, the emergence of digital platforms and the sharing economy has turned decades-old laws of competition upside down and challenged proven business ‘recipes’.

For all these reasons, business-model thinking has become entrenched in the minds of entrepreneurs and managers, as a result of which, teaching business models has become important for a wide range of business disciplines such as strategy, entrepreneurship, and marketing. An informal survey of 40 strategy academics conducted by Markides (2015) showed that, although not entirely convinced about the novelty of the business model as a theoretical concept, 95% of the scholars used the business model concept in their teaching, and the remainder planned to do so in the future.

Various research contributions have offered insights into both the definitions and conceptualizations of business models, the processes and factors influencing business modelling (for a good literature survey see e.g. Zott et al., 2011; Schneider and Spieth, 2013; Gassmann et al., 2016; Foss and Saebi, 2017; Massa et al., 2017), and business-model design and reconfiguration challenges (Massa and Tucci, 2014). However, since business modelling has many practical aspects, educators also need to balance imparting such theoretical knowledge to their students with ensuring its applicability (Pfeffer and Sutton, 2000; Hogan and Warrenfeltz, 2003). As a result, business educators have gradually progressed from general teaching about business models to integrating hands-on business modelling in their courses (Piperopoulos and Dimov, 2015). Furthermore, since educators have diverse audiences and pursue different teaching objectives, they also create unique curricula and teaching approaches. This has led to diverse and valuable, yet dispersed, know-how on how to teach business models.

About this special issue
In order to provide a platform for sharing and disseminating educators’ experience with teaching business models in various contexts and show-case innovative teaching methods, we organised Teaching Forums at Business Model Conferences in Venice, Italy, in 2017, Florence, Italy, in 2018, and New York, USA, in 2019. However, the very positive feedback and high degree of interest
in the approaches presented at these conferences made us aware of the need for a broader and more permanent platform for sharing knowledge and experience.

Together with the Journal of Business Models and former Editor-in-Chief Christian Nielsen, the idea for this special issue was born. In autumn 2018, we therefore invited educators from all over the world to submit application-focused short papers on proven formats and best practices for teaching business models, ranging from specific techniques or approaches to reflections on the usefulness of various frameworks. As a result of the many interesting papers we received, which varied widely in both content and nature, we decided to split the special issue into two volumes, the first of which contains 12 papers.

The papers in this first volume represent a great variety of teaching approaches. Each paper presents approaches or instruments that have been successfully used in either the classroom or in online teaching. Furthermore, the authors provide clear guidance on how to apply their approaches, describe in detail the course set-ups, and clarify the learning objectives. They share insights into the main pedagogical challenges of teaching business models, and offer tips and recommendations for implementation based on their experiences and observations. We hope that this special issue will not only fuel the debate on innovative teaching approaches in contemporary business education but also be of practical use for:

• young teachers looking for inspiration for their first course designs;
• experienced teachers looking for ways to improve their teaching;
• coaches and accelerator units trying to help founders and corporate entrepreneurs to master the art of business modelling.

Charles Baden-Fuller, one of the pioneers of business-model teaching and a much sought-after consultant, to review this development, talk about current business model challenges, and judge the relevance of this special issue for practitioners, students, and educators.

Charles, what do you see as the fundamental challenges of teaching students and practitioners about business models? Why is teaching about business models necessary?

I would like to emphasise that teaching to either students or executives about business models is really difficult. This is because the business model concept connects two different domains that are usually separated in companies and in the classroom, those of dealing with customers and their needs and wants, and those dealing with the processes of making and delivering products and services. Whilst one might think that the latter should be connected to the former, in actual practice the overlaps are minimal. And to make matters more challenging, most students and executives are happiest talking about the physical world of making and delivering things. Fewer have a good grasp of the complexities of identifying needs and wants and figuring out how to persuade people to pay.

The “design process” is clearly a valuable approach to the problem, but it is not a complete solution. The classical design process delves deep into the questions of “what does the customer want”, but it does not really explore critically “how much will the customer pay for what they want” and “is it better that some other actor pays?”

You mention the value of the design process. Could you elaborate on what is so special about teaching business models and why business-model teaching can add significantly to the design approach in today’s business world?

So, when asked what is it that is special about the teaching of business models, I emphasise the above points about making difficult connections between these two spheres of the emotional cognitive needs of customers and the physical world of products and services. This leads me to speculate that one of the competencies of working with business models is the competence of the design process – because the design process emphasises the importance of the connections between what a customer might want and how the product or service...
should be designed. It has a clear set of guidelines for dealing with the problem.

However, the classical design process does not go far enough, because it does not deal with the issue of getting people to pay, which is another emotional and analytical challenge. When designing the business model we need to realise that the firm faces an important choice, does the user pay or does someone else pay? And, there are more choices, which is the better route to market, is it the fully integrated solution or a takeaway product. The underlying physical product may be the same in both cases, but the delivery mechanism differs. The current teaching of design does not engage with these important questions. So there are two approaches, one is to teach students and executives about design and make the necessary modifications, and the other is to start from scratch and not pretend there are simple solutions. And since it is not clear that one is better than the other, I tend to adopt both approaches, stressing their strengths and weaknesses.

Looking back on the development and importance of business models over the last two decades, has the teaching of business models become easier?

In some ways, the teaching of business models got easier over the past few years. First, the academic writing has evolved enormously. We have a much deeper understanding of the different business model types as evidenced by the appearance of many articles that deal with the complexities of platform economics. And in addition, the evidence of the complexity of the business model challenge is now evident all around us. The appearance of second-generation digital firms such as Netflix, Google and Facebook, that have displaced the previous giants of Kodak, Nokia, and Yahoo, and that there is a third-generation of firms – many of which are unicorns (valued at more than $1 billions) – emerging has heightened students’ awareness that the business model question is highly relevant and has non-trivial answers.

With these challenges in mind, what do you think is important for teaching business models? What is your approach?

I think we need to think broadly and deeply about this question. For me, the teaching of business models requires addressing emotional, cognitive issues and also analytical issues. The first requires digging into issues of how to teach about cognition. This requires interactive teaching and challenging students. For the second, I am a fan of using BM typologies to emphasise that executives have to make choices. And I am also a fan of looking carefully at what actually works – rather than what we might think should work. Too many teach concepts such as the BM Canvas because it appears to give clear answers. But such tools can be deceptive and even dangerous. Human nature and the world around us is full of surprises. For this reason, I get my students to examine a range of newly formed firms competing in a variety of industries to realise how many different kinds of business models really exist and how they actually compete. The businessmodelzoo.com is a website that shows more than 100 unicorn companies, valued at around $1 billion or more and that describes their business models. Students find this incredibly valuable for the challenge it poses.

A final question, and to put teaching about business models into a broader perspective, where should the topic of business models be in the curriculum?

Strategy as a profession is in crisis, because much of what we taught in strategy over the last 15 years is not robust for the new digital world. The old mantra that superior resources lead to superior results, is clearly invalid as a general statement. Better business model choice is an important moderator, this is because firms with superior business models have ousted firms with vastly superior resources but outdated models. Kodak, Nokia and Yahoo are important examples of firms that have got into crises not because they were not innovative or in charge of superior resources, but because they made the wrong business model choice. In contrast, a superior business model can allow a firm to assemble better resources and achieve an upward spiral of success.

In short, business models should be at the core of the strategy curriculum, and the profession needs to recognise that teachers of BM are at the forefront of strategy teaching, without them, strategy will die and be relegated to the dustbin.
Papers in this volume

The papers in this first volume address various aspects of teaching business-model design, innovation, validation and scale-up. The majority of the authors eschew the traditional lecture format and present creative ways to enable student interaction and group work with the help of digital tools and blended learning. They cleverly integrate elements of gamification and playfulness in their teaching formats, and present exciting ways to teach business modelling to specific audiences. Some take a holistic approach and develop courses aimed at teaching business model thinking in general, while others focus on a specific element, type or aspect of a business model.

Several papers offer insights into how Massive Open Online Courses (MOOCs) can be used for business-model teaching. The paper, “Online courses on business model innovation for practitioners in SMEs”, by Mark de Reuver, Martijn Cligge and Timber Haaker, presents best practices for disseminating business-model thinking to managers of small companies who have very hands-on, practical demands and limited time. The authors reflect on online functionalities and design principles of MOOCs for SME managers with heterogeneous (educational) backgrounds, and report on their experiences from the practical execution of the courses for a large group of international participants. The tools and frameworks of the MOOCs were designed to make it easier to convert business-model innovation concepts from theory to practice in diverse contexts, and included quizzes, assignments, creative brainstorming tools, interviews with real-life business owners, and some quantitative tools. The authors conclude that designing such courses requires a considerable amount of time and diverse expertise, as well as tight project management (de Reuver et al., 2019).

In the paper, “Using digital gamification in the context of business models”, Jesper Chrautwald Sort and Holst explain how the introduction of gamification and blended learning in (Ridder et al., 2015) the course on new venture creation and business modelling produced a high degree of interaction and engagement among participants. Their online learning tool is anchored in the new venture creation process from the “idea/concept” stage to the “get-to-market” stage, and includes the possibility of getting ‘investors’ feedback’ by allowing students to buy or sell stocks in all venture creation projects on the platform except their own. According to the authors, the use of the stock market mechanism gives a better and deeper understanding of new venture projects based on criteria of validation, potential, and scalability. The authors also observe that, in order to achieve the learning objectives within a blended learning and gamification framework, instructors need to properly introduce it and follow up on its utilization during the entire educational process (Sort and Holst, 2019).

In their paper, “Developing a Viable Business Model for Start-ups at the Gruendungsgarage”, Christiana Mueiller, Elisabeth Poandl, and Martin Glinik describe their interdisciplinary and inter-university teaching format, named Gruendungsgarage (GG). This format enables students and academic staff to translate their business ideas into viable business models for a start-up. GG follows an experience-based learning approach, where participants play active roles while gaining experience and reflecting on the various processes and outcomes involved. The participants are supported by a specially designed MOOC on the business model concept, but facilitators also support the actual design work on business models through in-depth discussions. According to the authors’ observations, discussions with mentors in particular had a big influence on the development of business models (Müller et al., 2019).

Alina Margolina and René Bohnsack’s paper, “Teaching Business Models for New Ventures via Blended-Learning” describes a sophisticated educational online platform to support the course in new venture creation. The blended learning format they present has a specific focus on tailoring online content to the classroom experience. During the course, participants are guided through a step-by-step process of translating an initial business idea into a working business model. The online steps include idea development, customer discovery and value-proposition formulation, building a business model, strategy development, business implementation, and a business plan pitch, thus addressing both the value proposition and value capture elements of a business model. The authors conclude that, besides designing and logically structuring the online content of the course, the business-model development process as a whole still requires comprehensive instructor guidance and feedback (Margolina and Bohnsack, 2019).
In their paper, "Insights from Teaching Sustainable Business Models using a MOOC and a Hackathon", Niels Faber and Jan Jonker focus on the important question of how to introduce the notion of sustainability in business-model teaching. The authors offer interesting insights into creating a MOOC to help practitioner-learners develop a community-based business model. The MOOC is based on the principles of peer-learning, where participants are required to provide feedback on each other’s work. According to the authors, it is more beneficial to run the MOOC in parallel with regular teaching and then design cross-connections between the two. The other teaching format they present, the Hackathon, is designed for third-year bachelor students across academic disciplines following a course on sustainable business modelling. The Hackathon requires students to work in teams playfully and interact intensively with teachers and practitioners inside and outside the classroom, and is designed to help them develop a sustainable business model and present it to a professional jury (Jonker and Faber, 2019).

While the articles mentioned above present approaches designed to teach business modelling holistically, the following two papers zoom in on specific decision-making aspects during the business modelling process.

"Cognitive Exploration Strategies and Collective Decision-making in Entrepreneurial Business Modelling", by Tassilo Henike and Katharina Hölzle, presents an approach to incorporating business-model thinking into a course on innovation management. The authors point to the importance of cognition and collective decision-making in entrepreneurial processes, and that students must therefore first learn cognitive exploration strategies and then apply them to decisions related to business models. Thus, students are asked to design their first business model for an existing service firm that has not yet defined a specific value proposition and has no value-capture mechanism. Besides business-model thinking, this approach encourages students to improve their cognitive flexibility, communication and argumentation skills (Henike and Hölzle, 2019).

Matthew Spaniol, Christina M. Bidmon, Anna B. Holm, and René Rohrbeck present "Five strategic foresight tools to enhance business-model innovation teaching". Based on their experiences from running a course for MBA students, the authors describe how they use strategic foresight (SF) thinking and tools to force managers to look beyond the existing business model of their company or industry. The authors find that the application of SF thinking can effectively overcome cognitive bounds and manager inertia that hamper the design of novel business models. Moreover, SF tools help students identify weaknesses and evaluate current business models, foresee possible future changes, and test the robustness of the new business models they develop. However, the authors also acknowledge that SF tools are more suitable for students with prior work experience, and that the correct use of the SF methods requires skilled instructors (Spaniol et al., 2019).

The third group of papers shows how educators can deal with particular audiences or constraints they encounter in their teaching environment.

In his paper, "Squaring the circle: Business model teaching in large classroom settings", Daniel Szopinski examines the highly relevant question of how educators can convey an experiential approach such as business modelling to large audiences (200+ students). His didactic approach aims at creating an interactive, collaborative, and experience-driven learning environment, involving peer feedback and the use of digital tools. Through online interactions, students build, extend, and refine their business model knowledge. In the article, the author describes best practices for facilitating students’ interaction in such a way that even large classes can work on real-life cases and receive in-depth sparring on their projects (Szopinski, 2019).

Reflection and switching lenses is also a central topic in Leandro Bitetti’s paper, "Activate business model learning through flipped classroom and backward design", where he describes how to “flip” the traditional lecture format to one where teachers become sparring partners, and how employing tools such as blogging can help students take a step back and discuss their point of view with peers and lecturers. Extensive feedback from lecturers, classmates and practitioners, video lectures, as well as a simulation of a strategy workshop, were also incorporated in the course on business-model innovation. The high level of student involvement ensured that, in addition to learning theoretical concepts, students were required to interpret the practical
implications of these concepts and develop an understanding of the barriers to business-model innovation (Bitetti, 2019).

Mika Yrjölä focuses on the potential of broadening marketing students’ perspective on this subject by teaching the concept of value. In his paper, “Teaching Value Propositions as Part of the Business Model”, he describes a teaching approach that focuses on equipping students with a language to develop, evaluate and manage an organization’s CVPs and how the CVP relates to the organization’s business model. Students also learn about the implications of CVPs for the design, management and organization of the business. By applying their learning to the development of a concrete CVP, the students engage in deeper-level thinking and learning, such as reflecting, applying, relating and arguing (Yrjölä, 2019).

The final two papers introduce specific tools and methods which educators can integrate into their business-model teaching.

Ryan Rumble examines why existing frameworks and canvases used in business modelling are overly two-dimensional. In his paper, “The Startup Jungle: Four-dimensional business modelling”, he introduces a playful sandtable approach for business-model ideation that not only fosters learners’ haptic and visual experiences but also includes a temporal dimension. The ‘Startup Jungle’ combines a metaphorical jungle landscape with mapping a business ecosystem, modelling a new one, developing implementation strategies, considering consequences, and a scenario plan. The article describes how the tool can be applied in classroom settings, but it can also be used by entrepreneurs and incumbent organisations for business modelling and strategizing. However, the author also notes that the Startup Jungle requires much more preparation than alternative business modelling tools (Rumble, 2019).

Playfulness as a way to stimulate ideation is also a theme in the paper “Booster Cards: a practical tool for unlocking Business Model Innovation”. Here, Peter Thomsen, Jesper C. Sort, and Kristian Brøndum present 71 “Booster Cards” that can be integrated into business-model teaching. These booster cards represent a set of business model patterns, or ‘recipes’, and build on the idea of analogical reasoning to overcome students’ limited business-model design capabilities. Each card represents a specific configuration, contains a short description of the configuration, and a real-life example to further strengthen the analogy. The authors observe that using booster cards helps break the barriers of dominant logic, enable experimentation with various ideas, and provide a range of diverse alternatives for consideration (Thomsen et al., 2019).

We hope this special issue sparks a lot of new ideas for teachers of business modelling.
Enjoy!
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