



White Paper

Elements of Sustainable Business Models

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Errata.

Table 2 (page 48) was corrupted in the printout. Below is the intact table.

Table 2. A New Business Model Requires New Logic
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| | CURRENT WAY OF THINKING | NEW WAY OF THINKING |
|-------------------------------|---|---|
| INDUSTRY ASSUMPTIONS | Conditions are given | Conditions can be shaped |
| FOCUS | Competitive advantage and / or beat the competition | Competition is not the benchmark / a company should pursue a quantum leap in value |
| CUSTOMERS | Retain and expand customer base thru segmentation | Value innovation targets the mass of buyers / it focuses on the key commonalities in what customers value |
| ASSETS AND CAPABILITIES | Leverage the existing assets and capabilities | Think: what should we do if we started anew? |
| PRODUCT AND SERVICE OFFERINGS | Maximize the value of offerings within the traditional boundaries | Think in terms of the total customer experience |

Elements of Sustainable Business Models

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ABSTRACT

The authors present the elements constituting an advantageous business model, and suggest how to achieve that competitive edge. They argue that traditional innovation processes with funnelling front-end, stage-gate with go/kill decisions, and similar processes have inherent limitations in such an inclusive concept. They propose an alternative approach, driven by strategic business options. A business model, like everything else, has a limited life span. A new model requires radical changes in thinking and logics. Still, the move is not easy, and most attempts will fail. The right timing is tricky, plans to abandon an existing model might feel dispiriting, and the necessity to change can be blinded by past successes. This article discusses these complex aspects and the steps needed to overcome them. Finally, in ever-changing business competition it is not realistic to constantly renew inside-out. Instead, for a company to survive, its business model must have a very important quality known as resilience. This article is based on the authors' extensive practical experience in a global business environment, as well as on their academic work.

1. TECHNOLOGICAL ADVANTAGE IN COMPETITION

Customer experience is the ultimate differentiator in today's business competition. It is not just a question of the feel, look, or usability of a product, but of an entire spectrum of feelings, emotions, and physical and psychological responses. Technical product supremacy is thus not sufficient, because the value is in the experience. Such experience is created by business models. Competition in business is thus rapidly becoming competition between business models rather than competition between mere products.

Schumpeter was one of the first to emphasize the essential role of innovations in business competition by declaring that, "... innovations cause old inventories, ideas, technologies, skills, and equipment to become obsolete" [1]. He declared the types of innovation that are of technological advantage as:

- Technological change in the production of commodities already in use
- The opening up of new markets
- The opening up of new sources of supply
- Tailorization of work
- New organizational structures

And he concludes, "In short, any doing things differently in the realm of economic life – all these are instances of what we shall refer to by the term innovation." Contrary to a common misconception, innovation does not need to derive from an invention. Even worse, people tend to muddle the two. An invention is "a device, contrivance, or process originated after study and experiment [2]", whereas innovation is simply "... an idea, practice, or object perceived as new by an individual," as Rogers states in his now classic works [3].

Matthews [4] elaborated on the theme by stating, "Most technologies will be replaced, and most efforts to do that will fail." The phenomenon is by no means without significant consequences as, according to Schumpeter, it "... strikes not at the margins of the profits and the outputs of the existing firms but at their foundations." A good example is passenger traffic across the Atlantic. As soon as steam engines had improved sufficiently to be competitive, they replaced sailing ships. There was constantly increasing demand for travel between the continents, and the steamship companies concentrated on competing against each other with the speed and size of their ships by building ever bigger, faster and more luxurious vessels. Competition between steamship companies was hard, and

often fatal. But their mutual threat came from a totally different direction. In fact, it was the development of new technologies and novel business models.

Airline companies entered the game with a completely new technology and innovative way of thinking, and the whole air transport business indisputably replaced sea transport in the passenger business. By 1957 the airlines already carried the same passenger volumes as ships, one million a year, and within ten years that figure grew fourfold. Air carriers took the Atlantic crossing business by storm, and have dominated it ever since [5]. Those shipping companies that managed to survive had transformed their business models from being a passenger transport business into leisure services.

2. CUSTOMER EXPERIENCE & BUSINESS MODELS

Prahalad & Krishnan [6] remark that “value is shifting from products to solutions to experiences.” That should not come as a surprise, because customer experience has already been critical in many businesses. Behind the often-cited success stories of Dell, Apple, the model-T Ford, or IKEA is precisely a prospering customer experience, not a single technology or other individual factor. For example, Ford’s success is often incorrectly attributed purely to price. However, at least equally important were the introduction of a dealer network with a presence in every major city and novel financing alternatives – both new ideas to the industry.

No one buys something just because it is new; it has to meet a need or expectation. It is about what a customer experiences. Occasionally a customer might simply just pick something up to cover an acute, immediate necessity. Or, at the other end of the spectrum, hardcore early adopters get excited about the announcement of a new product, anxiously waiting for its release, ready to queue overnight in front of a shop for sales to start, and to dash inside the store to be one of the first to purchase the new gadget. And all of that, even before they get their hands on the actual merchandise. It is the whole entire experience that gives the thrill.

Customer experience builds around feelings, emotions, physical and psychological responses, smells, colors, spaces, etc. It is very important also to identify with a particular group. Customer experience is thus much more extensive a concept than user experience, which is normally attributed to direct impressions such as look, feel and usability. The former is wider also in the sense that a user is always a customer, but the customer is not necessarily a user.

2.1. Business Model and Ecosystems

There are different definitions of the term *business model*. Usually they stem from, or focus on, attributes specifying financial or business targets such as new value proposition or value generation [7]. Morris [8] takes another, wider perspective. He approaches companies and businesses from a system point of view. He describes a company as, “... not a particular department, a product, a service, or a brand. It is the entire organization together as one thing, working together to deliver value.”

A company is a part of another system, a business ecosystem called *markets*. That, in turn, further belongs to a larger ecosystem known as *the economy*. An ecosystem is a community that produces goods and services of value to customers, who are themselves members of the ecosystem. It also includes suppliers, lead producers, competitors, and other stakeholders. One can think of a company as defined by its business model (Fig. 1), which is “a comprehensive description of business as an integrated system functioning in an intimate relationship with the broader market. It articulates how a company applies processes and technologies and how it organizes itself to build and sustain effective relationships with customers” [8, 9]. When perceived from the other end, it is the business model that delivers a customer experience.

Please note what close kin Schumpeter’s types of innovation and business models are! The points of view differ somewhat, and the terminology has naturally changed over 100 years, but the core message remains: no individual factor can create a competitive edge. A combination of diverse boosting, catalyzing, enabling and supporting elements is required [10].

2.2. Competition

Every company has a business model, whether it is deliberately defined and clearly articulated, or shaped by itself over the course of time [12]. However, in reality only few have documented it as such.

Why is a business model so important? Because it defines how a company approaches customers. It is the business model that creates customer experience. “In the end, business model innovation is all about the customer’s experience” [13].

Edison already utilized business models for this purpose. In 1880, he founded the Edison Illuminating Company, the first investor-owned utility to distribute electricity to the public. His purpose was not primarily to profit from distribution itself, but the company was essential for the widespread use of his other invention: a customer experience called the electric lamp.

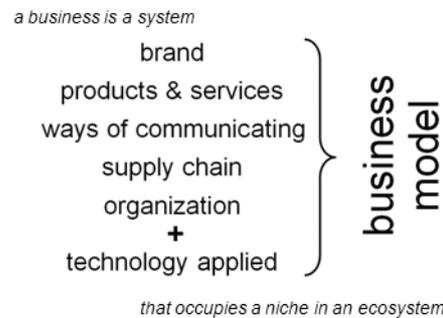


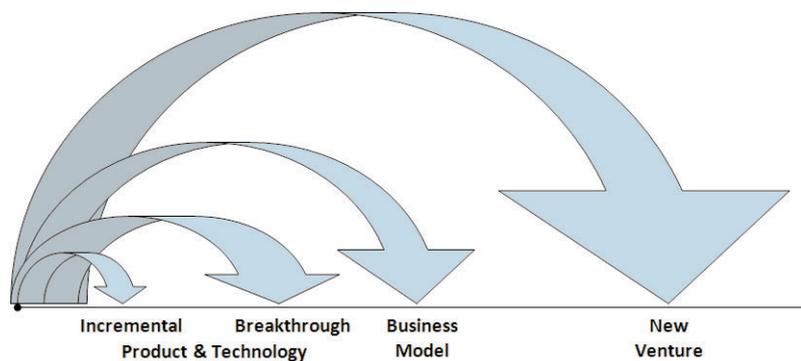
Figure 1. Individual components of an organization do not matter as much as the way they work together to enable the organization to create value and deliver it to customers. The list is exemplary and adapted from [11].

All this implies that “today and into the future what we’re talking about is not just competition between companies, but competition between business models,” concludes Morris [8], “or in other words, Business Model Warfare.”

3. BUSINESS MODEL INNOVATION

Since business models are a more comprehensive way of understanding the focus of competition, they must also be the focus of innovation [10]. Business model innovation differs from incremental or breakthrough product development (Fig. 2). The arrows do not indicate the size of the implementation. There can be small business model innovations performed quickly. On the other hand, incremental changes could sometimes require considerable development or lead times.

The time dimension in the figure refers to the duration in time for which that type of innovation should have value in the market. So an incremental innovation may be important for a few months or years, while a new venture should last and provide value for ten or twenty years, or more [14]. Good examples of this are some Japanese car manufacturers with their annual facelifts and updates, new model releases, and completely novel brands with independent sales and delivery channels.



Adapted from Langdon Morris, *Business Model Innovation*. InnovationLabs, U.S.A. 2006.

Figure 2. Business model innovation is different from incremental or breakthrough product innovations adapted from [10].

Because of the differences shown in figure two the innovation mechanism and systems must also be correspondingly different as shown in Table 1.

Table 1. The Focus and Impact of Product and Business Model Innovations.

| | Incremental product | Breakthrough product | Business model |
|-------------------------------|---------------------|------------------------|---------------------------|
| Target | Product | Solution | Customer Experience |
| Method | Product development | Concurrent engineering | Business model innovation |
| Impact on Products / Services | New release | New product or service | Nil to extensive |
| Impact on Business Processes | Minor | Significant | Comprehensive |
| Impact on Business Conduct | Nil | Some | New logics |

Typically, in new product development, the product, processes and, for instance, marketing and other support material are implemented into existing business processes and organizational structures without radical process change. With business models, the driver is a need to solve strategic-level business challenges, or to dramatically change the balance in competition with new differentiated solutions. A single individual idea for new development is not dominant, but rather a flow of several ideas related to product or business processes. Business model innovation changes drastically the way a business is run, because a new model calls for a completely new approach (see The Paradox of Success below).

A business model defines a broad competitive approach by extensively encompassing the whole range of a company's processes, operations, and competencies. Therefore, traditional innovation processes tend to fall short of such an inclusive concept. For that reason, we propose a framework in which the objective is to recognize and exploit the instruments needed to become competitive and to continue to prosper in business. The key elements in that are strategic business options.

3.1. A Bigger Hammer

Our procedure starts by carefully analyzing the dynamics of competition and the business setting. Many swear by market research or customer surveys. Those are not sufficient in themselves. An approach driven purely by market pull is not enough, because competitors also have the same information [5,7]. We need a *broader mindset* that enables us to differentiate from our competitors by understanding the hidden opportunities, needs, and trends of the entire business ecosystem.

Matthews proposed a conceptual framework for that. He stresses that for closing the gap between business people and technologists, and for linking these two, it is essential to have a continuous process of communication and decision-making. This process addresses fundamental business questions of context, considerations, and implications such as [15]:

- What business are we in, and do we want to be in it?
- What kind of organization do we want to be?
- What are the trends and forecasts, and what do they mean for us?
- What changes may be necessary or desirable?
- Where is our competitive advantage and how can we improve our competitive position?
- How can we create added value and keep our customers?

In practice, our approach starts at strategy level with three core elements, or sub-processes:

- Strategic business analysis,
- Identification of future business options, and
- Business and technology mapping.

Briefly, strategic analysis creates a competitive strategy approach, and identifies the related critical success factors [15]. Blue Box studies define the corresponding strategic options for the future business by assessing their value propositions [4]. Business and technology mapping puts these two together and visualizes the synchronized plans of mutual initiatives in the form of roadmaps. These processes are parallel and executed in an iterative and recursive manner in relation to each other, so there is no specific chronological order.

It is essential to have iterative discussions uninterruptedly between business and technology people. The interaction is two-way; strategy drives the innovation process, and innovations shape the strategy [16]. A recent doctoral dissertation claims that Nokia's innovation system, for instance, was severely crippled when this substantive linkage was hampered by major organizational restructuring in 2008 [17].

The strategic-level outcome is further refined into plans at tactical levels, and into implementation on operational levels. The essential factor at the tactical level is to provide agility with fast decision-making, in response to an unstable business environment. The operational level puts the plans into action, striving for prompt execution, high productivity and efficiency, the right timing, good quality, etc. We favor employing loosely-coupled elements over rigid funneling models or long-span idea-to-launch stage-gate processes. In doing so, we build on the principle of strategic business options:

- Assessment and selection of potential future business options, and
- Only the feasible consequent development projects and change programs are *actual investments* that would hopefully result in generating return and profit.

The authors have elaborated on the subject elsewhere [12,16,18]. Even though the perspective is occasionally on technology management, the same observations are valid here also.

3.2. The Paradox of Success

If you already have a working business model, or you just developed a new one and implemented it, fine. That is the good news. The bad news is that you have to change it. If we look at the performance of a new technology, it is usually rather low compared to existing, parallel technologies. Performance improves gradually, until the technology reaches the improvement period of its lifecycle, when progress becomes rapid. It starts to slow down during the mature period, coming to an end when the natural, physical limits of the technology are reached.

When performance parameters are plotted against time, they create an asymmetrical shape commonly known as the sigmoid curve, or S-curve (see Figure 3). Business models have an identical life-cycle. In fact, as Schumpeter [1] states, “the world and everything in it really is a sigmoid curve.”

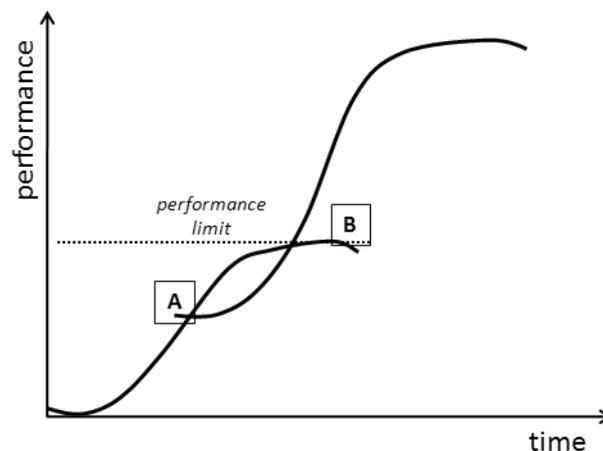


Figure 3. A business model's life-cycle forms an asymmetrical sigmoid curve. Performance improves until its natural limits are reached, and starts to deteriorate thereafter.

When technologies reach the end of their performance improvement, they become vulnerable, and will be replaced by new and superior ones, as both Schumpeter and Matthews suggest. For the same reason also, new business models are needed to overtake the existing ones at some point of time. The challenge here is that the factors of success that got you here, will not work with the second S-curve. That is the *paradox of success* [19].

The paradox is easy to justify. If the success factors were the same on the second curve, one would actually follow the original one that would prosper forever. And also, the curve is a presentation of a mathematical function. One cannot generate dissimilar curves from identical variables. A change in thinking and in logics is needed (Table 2), as Chen and Mauborgne point out [19].

In 1996, KONE announced a technology breakthrough that was the biggest invention in the elevator industry for 100 years. By applying permanent-magnet motors, and using clever hoistway layout, the company could eliminate the space-consuming machine room. In addition to saving valuable space, the

result gives more architectural freedom [20]. At first glance it might appear that the machine-room-less elevator concept was merely a technological change, but in reality the company had to totally re-think its whole business conduct and logistics (as exemplified in Table 2).

First, the company had to convince the authorities that the concept complied with existing standards and regulations. The question was not about safety issues, nor violating the codes. The problem was that the innovation did not meet all the details. Take, for example, the regulations concerning access to the machine room, its location, or its climate control. How can one meet the codes concerning the machine room if there *isn't* one? That's almost a Catch-22 situation! Today it might seem ridiculous, but a machine room used to be such an elemental part of an elevator system that it raised concerns. The company chose to drive for shaping the conditions, instead of taking them as given (see Table 2).

Table 2. A New Business Model Requires New Logic
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| | Current way of thinking | New way of thinking |
|-------------------------------|---|---|
| INDUSTRY ASSUMPTIONS | Conditions are given | Conditions can be shaped |
| FOCUS | Competitive advantage and / or beat the competition | Competition is not the benchmark / a company should pursue a quantum leap in value |
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Second, the company had to approach potential customers in a new way. It had to find those ready to pilot a novel, radical innovation. It had to convince them that it was not about something temporary, but that the company was committed to the concept and would guarantee spare parts availability and maintenance. Furthermore, KONE had to rethink the entire logistics chain from material sources, to order engineering, to manufacture, to delivery, right through to installation and maintenance. Later, when permanent-magnet technology was applied to the company's entire offering, it enabled the company not only to offer its customers improved eco-efficiency, space-efficiency, and ride comfort [21]. As a results they streamline some of the major parts of its business, from production through to installation and spare parts supply.

3.3. Why is it so difficult to make the jump?

Jumping the next S-curve is not so easy for two main reasons: reluctance and timing.

Reluctance is due to:

- Mindset,
- The illusion of progress, and
- Misleading signals.

An open mindset is especially difficult for successful companies, because they often develop self-absorbed and smug behavior. Arrogance or sheer ignorance allows incoming signals and facts to go unnoticed. Those companies already facing problems are better off, because they are forced to renew. Nokia's recent poor results have been partly attributed to the company's arrogance and by its underestimation of its rivals. This attitude is not only insider gossip; it was also made publicly quite clear as recently as 2009 by one of the executive vice-presidents. He disparaged Apple by claiming that it will remain a niche player in mobile phones [22].

Losses have a much bigger psychological effect on people than equivalent gains. For example, if a person unexpectedly receives a certain amount of money, they regard it as extra and it is easily wasted and forgotten. But if the same person loses the same amount of money, it bothers them for a long period of time, even if the money had no real economic importance. It has been claimed that the impact of losses on satisfaction is twice as strong as that of gains. For that reason people are inclined to avoid losses; a behavior known as loss aversion. As people avoid losses, they also avoid risks that might involve them. Risk aversion has an immense impact on decision-making rationale, as Kahneman and Tversky [23] have demonstrated. Gupta remarks that it naturally often extends to innovation aversion [24].

A third very common mindset distortion is akin to loss aversion, or even a derivative of it. It is known as sunk cost dilemma. In an often-used example a person has purchased a movie ticket only to discover that the movie is not very interesting. There are two possibilities: suffer watching the movie, or do something that is more fun. Most select watching the movie because it was paid for. Here the argumentation is more emotional than purely monetary. One cannot abandon the current business model, because “we have put so much effort into it,” or “we have such a long tradition in this,” or “we have invested so much in building competencies.” That is all wrong. Lehmann has demonstrated how separate, consecutive decisions, each apparently perfectly justifiable with the information available at the time, can progress towards a disaster [25]. Unless sunk costs in decision-making are understood and taken into account.

Kodak was once a pioneer in the digital camera business, creating the first prototypes as early as 1975. The company has over 1000 digital imaging patents in its portfolio. However, around 2000, Kodak declared it preferred “choosing instead to focus on its core business of making and selling analog camera film” [26]. As Christensen points out: “Another problem that is related with that is the propensity for corporate managers not to be willing to create new business models. They want to leverage the business models that they already have in place” [27]. Kodak was stuck in the sunk cost dilemma with its traditional business model, and the rest is history. In January 2012 it filed for Chapter 11 bankruptcy.

The illusion of progress may result from a mutually biased view of a company’s future. DeMarco [28] has very aptly remarked, “Unfortunately, momentum in some direction or other does not necessarily imply carefully thought-out strategic thinking. A company can begin to move (or be moved) by a process that is more or less drift. The Brownian motion within the company asserts a net force in some direction and ‘By God we’re moving.’”

One could ponder whether General Motors has suffered from the illusion of progress. They declare the disastrous era of 2000-2008 as “Innovation & Challenges” [29]. Certainly the company pushed electric vehicle technology and introduced new models, as it boasted, but the key question is whether it was nimbler and moving faster than its rivals. Or was it merely drifting? The illusion, as the Brownian motion itself, stems from insignificant differences between effecting net forces to propagate into a collective tenet. Every company has unwritten facts and truths of what the business is about or how the company must react in competition.

Signals are often misleading when the transition should be made at point A in Figure 3, because “all the messages coming through ... are that everything is going fine, that it would be folly to change when the current recipes are working so well ... the real energy for change only comes when you are looking disaster in the face, at point B on the first curve” [19].

Nokia was the world’s largest vendor of mobile phones from 1998 to 2012, but its market share started to decline around 2007 and 2008. Nothing drastic happened overnight, and the changes were miniscule in the beginning. At the time Nokia was still way ahead of even its biggest rivals, and it was very profitable. It is obvious, and quite understandable, that in these circumstances the signals were not strong enough to initiate the unavoidable changes in products, technology, and strategy. Even if there were willingness to make the jump, the timing is difficult.

One should start before the first curve peters out. The right place to start that second curve is at point A, where there is the time, as well as the resources and the energy, to get the new curve through its initial explorations and floundering before the first curve begins to dip downwards [19]. Almost invariably, when studied, there is a consensus that companies are farther along the curve than any of them would previously have admitted. They are nearer to point B than to point A.

The discipline of the second curve requires that you always assume that you are near the peak of the first curve, at point A, and should therefore be starting to prepare a second curve [17]. Whatever the reason, most companies take the inevitable jump only after forced to by a performance crisis.

3.4. Failure is not fatal

Consider that you are ready to take the next new S-curve with a new model carefully crafted with all the available information, and the timing is perfect. That is the good news. The bad news is that you are bound to fail! No matter how meticulously planned, no matter how precise the timing, most efforts to replace a business model will fail. Just like what Matthews said about technology. His assertion is supported by the very low industry initiative success ratios and by the surprisingly high volatility within business indices such as the Fortune 500 [30].

Dell is a frequently-cited textbook example due to its innovative build-to-order sales model. But it has also been very active in trying to broaden its business. Nevertheless, not all of its initiatives have been successful. Introduced but discontinued products include PDAs, mobile phones, office desktop computers, MP3 players, etc. Dell has also initiated various different retail models; e.g., kiosks in the U.S. to give personal service to customers. The kiosks were shut down in 2008. Various other arrangements with retailers have been set up, rearranged and abandoned in different geographical market areas [31]. This does not imply failure. It only demonstrates how difficult it is to implement a new model. On the contrary, without such a pro-active approach Dell would not have its current offering of products, services, and third-party accessories.

To minimize the probability of failure, one should follow disciplined, but still flexible and agile, innovation models as discussed above. Even so, “success is not final, failure is not fatal,” as Winston Churchill has been attributed as saying. A failure is not a disaster in view of the fact that the homework was done. Nothing has been lost. Only the exploratory phase of the second curve has been conducted. No major commitments will have been undertaken until the second curve overtakes the first, which will never happen as long as the first curve is still on the rise [19]. You are now prepared to take the new S-curve when the time is ripe.

4. STRATEGIC RESILIENCE

The good news might be that you have learned to live with your present business model, or you successfully managed to jump onto a new curve as the old one flattens out. The bad news is that it is still not sufficient. Companies must change, because the ecosystem, and thus competition, changes. All the time. If the players do not move, there will be outsiders who change the rules of the game and its structure, or may even destroy the entire business [5].

Inside the swirl of business dynamics, a new business model is not always an option. It takes effort, it is time-consuming, and it is risky. On the other hand, sustaining an existing business model is also a complex issue. It involves balancing intergenerational and intergenerational needs and aspirations while also satisfying numerous economic, environmental and social constraints [32].

A successful company needs what Hamel & Välikangas call *strategic resilience* [33]. Strategic resilience refers to the capacity of an organization to morph itself, before it is forced to by an impending performance crisis. It is about taking action when the range of options is still relatively broad. In most cases, companies move from crisis to crisis, and renew only when imperative. Hamel & Välikangas state that confidence in the future of any company depends on the extent to which it has mastered three essential forms of innovation (as related to strategies):

- **Revolution:** Unconventional strategies are needed to produce unconventional financial returns. Industry revolution is creative destruction.
- **Renewal:** Renewal is about reinventing industry, changing the rules of business. Often the reformers are newcomers, or those from outside the established business. Incumbents have it harder; they must first reinvent themselves. Strategic renewal is creative reconstruction.
- **Resilience:** In most cases, a performance crisis is required before a company is forced to renew, whereas resilience refers to a capacity for continuous reconstruction. Resilience is akin to what Schumpeter means by the importance of technological advance in competition, and by the essential role of innovations.

Revolution, in turn, calls for victims to Schumpeter’s creative destruction. Western Union’s business model has a long and interesting history [34]. Western Union was founded in 1851 as a telegram company, and it completed the first transcontinental telegraph line across North America ten years later. A method for transmitting stock price information over telegraph lines was introduced in 1869. It consisted of a paper strip which ran through a machine called a stock ticker, which printed abbreviated

company names as alphabetic symbols followed by numeric stock transaction price and volume information. The stock ticker was in use until 1970 [35]. Today one can see lookalike tickers flowing at the bottom of the TV screen during business news. Western Union was also a pioneer in microwave and satellite communication. Its current business, money transfer, started as early as in 1871. By 1980 it was generating more revenue than telegram services. Today, the company's global money transfer operation has 500,000 locations. It would be misleading to think that the service is used by those unfortunates with no access to a bank account. Even in the era of internet banking, many prefer Western Union because the sender does not have to worry about the details of bank accounts, the receiver can withdraw money wherever he or she prefers, and no clearing houses are involved so that withdrawal is globally available the moment the money has been paid. It is also quite interesting to notice that the company partners with its seeming rivals: i.e. banks, credit card companies, and post offices.

Another good example of resilience - or even renewal - is IBM, which over the last 100 years has morphed itself from office machinery to mainframe computers, to software, to personal computers, and lately to solutions and service business.

Hamel & Välikangas [36] add that any organization that hopes to become resilient must address four challenges:

- The cognitive challenge: A company must become deeply conscious of what is changing, and perpetually consider how those changes are likely to affect its current success.
- The strategic challenge: Resilience requires alternatives and awareness — the ability to create new options that provide compelling alternatives to dying strategies.
- The political challenge: An organization must be able to divert resources from yesterday's products and programs to tomorrow's.
- The ideological challenge: The ability to continuously renew itself requires that an organization must be able to concentrate its efforts much more widely than on mere operational performance.

Resilience must be inbuilt throughout a company's functions, operations, and decision-making. And, no matter how good the procedures and tools are, people are crucial to a company's survival. Systems do not do thinking, as Mintzberg [37] reminds us, even though systematic approaches can stimulate creativity and debate. Even the best of business models is worth nothing if an organization is not able to renew itself, to adapt to the changing ecosystem. As Hamel aphoristically summarizes the paradox of success, "Companies are successful until they are not" [31].

5. CONCLUSIONS

Neither a superior product nor any other single factor can define success in business competition. One must be able to deliver a distinctive customer experience that beats competitors. Customer experience results from a business model that extensively encompasses a company's processes, operations and competencies. It describes how a company organizes itself to build and sustain relationships with customers in order to deliver those experiences. One might be satisfied in having managed to create a feasible business model. The bad news is that even business models have a limited life span, and a new one is needed. Luckily, with careful planning and timing, it is nevertheless possible to get organized for implementation of a new model. The bad news is that it is bound to fail. And even if one succeeds in establishing a business model, the bad news is that it is not necessarily sufficient. Not any model will do in the dynamics of business competition. Nor is it realistic to constantly change a model. So the one model must have resilience to adapt to the continuously changing environment. **In reality, such a thing as a sustainable business model does not exist. The good news is that one can have successive viable business models.**

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