



[COMPBM] COMPETING IN BUSINESS MODELS

Introduction

In recent years, we have witnessed the emergence of new ways of competing that challenge the traditional view of competition and business strategy: **new business models** that exploit the opportunities provided by structural changes (technological, regulatory, lifestyle...) to take advantage of the vulnerabilities of established companies. In this increasingly entangled business landscape, the task of the corporate strategist has become enormously complex and the need to having a clear understanding of the evolution of the drivers of value creation and value capture has grown critical.

Based on recent insights offered by the theory of games and the economics of industrial organization, “Competing in Business Models” offers a set of tools that help strategists **design robust business** models and anticipate actions and reactions of those players that participate in the process of value creation and capture: competitors, suppliers, customers, and complementors.

Objectives

The ultimate goal of the course is to develop knowledge and skills to enhance the students’ understanding of Strategy, Strategic Thinking, and Competitive Advantage. The main focus of the course is **competition with different business models**, including the drivers of competitive interaction so as to better anticipate actions and reactions of competitors, customers, suppliers and complementors.

Learning Outcomes

In terms of specific outcomes, the course will:

1. Make sure students understand the concept of a business model and how to design it.
2. Understand how to evaluate the appropriateness of a business model both in isolation as well as an interaction with alternative business model.

3. Be aware that the interaction can radically change the potential success of a business model.
4. Understand the rise and fall of competitive advantage and the differences between strategy and business model.

Competences

CG1 – To explain and discuss business situations in a rigorous, effective way using both formal and informal procedures, and providing relevant information to support their observations and conclusions.

CG9 – To interpret the global context in order to analyze and judge the threats and opportunities facing the organization.

CG11 – To formulate and evaluate business strategies in decision-making, anticipating the economic consequences of action plans.

Content

The first case introduces the central concept of business model: a set of choices and consequences. Choices can be assets, policies, and governance structures. But choices have consequences and those feedback enabling choices and providing virtuous cycles that work as machines for value creation and value capture. We will study the dynamic properties of a variety of business models and assess whether those contribute to the development of a sustainable competitive advantage.

This course builds on and extends the Competitive Advantage module in the Competitive Strategy course and purposively studies the dynamics of business models.

Competing in business models does not simply consist in managing individual strategic variables (lowering prices, launching new products, or boosting advertising spending). Competing in business models means stimulating existing and creating new dynamic competences while concurrently blocking and destroying competitors' competence endowments. The goal of this module is to discover ways to configure business models that neutralize the undesirable features of other players' models and, at the same time, build a sustainable advantage.

By understanding business model competition, we will get into the basic core of what a strategic interaction really means for any organization. It is our claim in this course that **the essence of strategy is the design, change or adaptation of the business model to win in the interaction with other players. (See HBR article in the Preparation phase)**

Methodology

The course material consists of cases and additional readings. Please, take the time to look at the cases before you arrive on campus. Don't come to class without having read the case!

Evaluation

- Class attendance and participation: 40%
- Individual assignment – Business Model Description: 10%
- Team assignment – Business Model Innovation: 50%