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Business Modelling has evolved as a key activity to reflect new business venture strategy by framing the way a firm will operate and how it will function in achieving its goals (e.g., profitability, growth, innovation, social impact). However, scholars and practitioners have criticized the adoption of a too static perspective in the design and use of conventional Business Model representations. Such a static perspective prevents nascent entrepreneurs experimenting with their Business Models and, as a result, identifying the most effective strategies, especially in terms of business sustainability and profitability. In this paper, we argue that combining conventional Business Model schemas with System Dynamics modelling results in a strategy design tool that may overcome several limitations related to a static view of Business Model representation. Mapping the different key elements underlying value creation processes into a system of causal interdependencies – through the use of simulation – allows strategy analysts and entrepreneurs to experiment and learn how the business reacts to strategic and organizational changes in terms of performance, innovation and value creation. As such, Dynamic Business Models provide useful insights to strategy formulation and business venturing by capturing how critical Business Model elements interact to produce enduring competitive advantages over time.

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