DESIGNING BUSINESS MODELS FOR SHARED VALUE

Spring 2021, Introduction

Dr. Ville Eloranta, University Lecturer,
Aalto University, School of Business,
Dept. of Management Studies (IDBM)

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WELCOME TO LEARN TOGETHER!

- For the next 5 weeks we will explore the domain of business model design, especially from value sharing perspective

- We will explore different value propositions, value creation mechanisms and value capture/sharing paradigms

- We will explore how the design of game-changing businesses break industry conventions and challenge us to reconsider the way we live.

- It is our aim to together define how business models can be designed and re-designed – and in more detail, what transdisciplinarity brings to this setting

TODAY'S SCHEDULE

- **Introduction**

- The course structure

- Keynote: Business model and shared value as concepts

- Preparing for Thursday

- Q&A

Who are we

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Ville Eloranta

University Lecturer at Aalto University

Helsinki Area, Finland · **500+ connections** · **Contact info**

About

Dr. Ville Eloranta is an expert in business model innovation (ecosystem-level and platform business models) and design management (connecting design paradigms to management practice). Ville is especially interested in using distributed ledger technologies (DLTs) in decentralizing ecosystem governance.

Ville is working in Aalto University, School of Business, and teaches future transdisciplinary professionals in International Design Business Management program. Ville is also involved in the development of Network University FItech (a transformative education endeavor of 7 biggest Finnish universities, Technology Industries of Finland, and TEK).

Ville's research topics are related to business models and governance models of decentralized business ecosystems.

Before joining academia, Ville worked nearly 20 years as a service designer and programmer, and design agency entrepreneur (founder of a 30-person company in 3 countries), solving digitalization challenges especially for big b2b customers.

Experience

University Lecturer
Aug 2019 – Present
Aalto University

Postdoctoral Researcher
Aalto University, School of Business
May 2016 – Jul 2019 · 3 yrs 3 mos
Aalto University

Researcher / Doctoral Candidate
Aalto University School of Science and Technology
August 2012 – May 2016 (3 years 10 months) I DIEM
Aalto University

Independent Planner
Alkuvoima – Strategic Digital Marketing Agency
January 2014 – October 2015 (1 year 10 months) I Helsinki
Alkuvoima

Co-Founder, Service & Concept Design
AlkuvoimaEast Oy
August 2011 – December 2013 (2 years 5 months) I Helsinki
Alkuvoima

Co-Founder
Markkinointitoimisto Alkuvoima Oy
November 2006 – December 2013 (7 years 2 months)
Alkuvoima

Vice President, Projects and Technology
Viherjuuri (former Axel Group Oyj)
January 2006 – October 2006 (10 months)
EVIA

Production Manager / Concept Designer, Digital Communications
Viherjuuri (former Axel Group Oyj)
August 2004 – December 2005 (1 year 5 months)
EVIA

Concept Designer
Axel Digital Group Oyj
May 2000 – July 2004 (4 years 3 months)
axel group

Interface Programmer
Satama Interactive
August 1999 – April 2000 (9 months)

New Media Designer (military service)
Finnish Defence Forces
January 1999 – July 1999 (7 months)

Webmaster
Oy Karl Fazer Ab
July 1998 – July 1999 (1 year 1 month)
Fazer

Freelancer
Freelancer
January 1995 – July 1999 (4 years 7 months)

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Aalto-yliopisto

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International
Design
Business
Management

What should the **Next Generation Internet** look like?

NEXT GENERATION INTERNET

bit.ly/NGI4eu   #NGI4eu

SUOMEN AKATEMIA

strateginen TUTKIMUS
strategic RESEARCH   strategisk FORSKNING

European Commission
eic European INNOVATION Council BETA

EMPOWERING EUROPEAN INNOVATORS

#EU_eic
#H2020

European Commission

Investing in European success
HORIZON 2020

HOW DOES OUR LEARNING COMMUNITY LOOK LIKE?

WRITING EXERCISE!
LET'S SHARE OUR EXPECTATIONS

- What are your expectations regarding this course? What do you want to learn?

- Write your own unique key learning objectives to:

presemo.aalto.fi/designingbusinessmodels1tue

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... LET THE DISCUSSIONS CONTINUE!

- You can write your questions to Zoom chat anytime! We will be monitoring the chat and answering your questions during the sessions!

- The chat logs (public discussions) will be saved and uploaded to mycourses

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LEARNING OUTCOMES (COURSE LEVEL)

After the course, the participant should be able to …

1. Compare and critically evaluate different theoretical approaches to business model concept – special focus on shared value and its "detrivialization"

2. Perform and critically reflect the systematic value proposition design processes

3. Identifying the core concepts of ecosystem-level business models

4. Identifying and comparing different approaches to platform economy

5. Applying stress-tests to your business designs

6. Applying all the gained knowledge to Industry 4.0 cases

BEFORE THE COURSE

PRE-READINGS

- Ovans, A. (2015). What is a business model. Harvard business review, 23, 1-7.

For the ones not familiar with business model canvas:

- https://youtu.be/QoAOzMTLP5s

- https://youtu.be/RpFiL-1TVLw

COURSE METATHEME:
DESIGNING FOR SHARED VALUE

MODULE 1 - INTRODUCTION: DETRIVIALIZING SHARED VALUE (19.-23.4.)

- Themes: Shared value in business models. Different theoretical approaches to business model design. Categorizing business model development and communication tools.

- Learning objectives: Compare and critically evaluate different theoretical approaches to business model concept (focus on shared value); Recognize different business model designs from existing cases; Further develop the models using development tools

MANDATORY MATERIALS/READINGS FOR TUESDAY
- Michael Porter: Why business can be good at solving social problems. https://youtu.be/0iIh5YYDR2o (video)
- Crane, A., Palazzo, G., Spence, L. J., & Matten, D. (2014). Contesting the value of "creating shared value". California management review, 56(2), 130-153.

MANDATORY READINGS FOR THURSDAY
- Bocken, N. M. P., Rana, P., & Short, S. W. (2015). Value mapping for sustainable business thinking. Journal of Industrial and Production Engineering, 32(1), 67-81.

MODULE 2 - WHAT IT TAKES TO PUT VALUE FIRST (26.-30.4.)

- Themes: Theoretical link between user-centered-design and value proposition design, and its application to practice. Value proposition development process

- Learning objectives: Identify the theoretical link between (user-driven) design and value proposition development process; Perform the systematic value proposition design process

MANDATORY MATERIALS/READINGS FOR TUESDAY
- TBD

MANDATORY READINGS FOR THURSDAY
- Mandatory: Bettencourt, L. A., & Ulwick, A. W. (2008). The customer-centered innovation map. Harvard Business Review, 86(5), 109.
- Optional: Osterwalder, A., Pigneur, Y., Bernarda, G., & Smith, A. (2014). Value proposition design: How to create products and services customers want. John Wiley & Sons.

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MODULE 3 - RESILIENCE AND ADAPTABILITY IN BUSINESS MODELS (3.-7.5.)

- Themes: Uncertainty and business models; How to ensure that your business models are resilient; How to design for continuous development and adaptation in an uncertain world (e.g., applying business agility)

- Learning objectives: Comparing "traditional" efficiency-oriented approach to business models to resilient approach; Applying stress-tests to your business designs

MANDATORY MATERIALS/READINGS FOR TUESDAY
- https://hbr.org/2020/07/a-guide-to-building-a-more-resilient-business AND
- https://hbr.org/2017/02/how-spotify-balances-employee-autonomy-and-accountability OR https://hbr.org/2015/06/the-self-tuning-enterprise

MANDATORY READINGS FOR THURSDAY
- Haaker, T., Bouwman, H., Janssen, W., & de Reuver, M. (2017). Business model stress testing: A practical approach to test the robustness of a business model. Futures, 89, 14-25

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MODULE 4 - PLATFORM BUSINESS MODELS (10.-14.5.)

- Themes: Platforms as ecosystem-level business models. Platforms, panaceas, and critical thinking. Developing existing platforms and building new ones

- Learning objectives: Identifying the core concepts of platforms as ecosystem-level business models; Identifying and comparing different approaches to platform economy; Identifying and applying ecosystem business model design tools

MANDATORY MATERIALS/READINGS FOR TUESDAY
- Cusumano, Michael A; Yoffie, David B; Gawer, Annabelle. The Future of Platforms. MIT Sloan Management Review; Cambridge Vol. 61, Iss. 3, (Spring 2020): 46-54.
- Van Alstyne, M. W., Parker, G. G., & Choudary, S. P. (2016). Pipelines, platforms, and the new rules of strategy. Harvard business review, 94(4), 54-62.

MANDATORY READINGS FOR THURSDAY
- Auvinen, H., Dufva, M., & Koivisto, R. (2018). Metaphors to describe and explore platform company strategies. Available at: https://cris.vtt.fi/en/publications/metaphors-to-describe-and-explore-platform- company-strategies

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MODULE 5 - SUSTAINABLE BUSINESS MODEL INNOVATION (17.-21.5.)

- Themes: Business model as an arena for innovation: Incremental, radical and disruptive innovation. Business model patterns

- Learning objectives: Develop business model cases further by combining different design patterns, and creating new business model prototypes

MANDATORY MATERIALS/READINGS FOR TUESDAY
- EITHER Christensen, C. M., Bartman, T., & Van Bever, D. (2016). The hard truth about business model innovation. MIT Sloan Management Review, 58(1), 31.
- OR Evans, S., Vladimirova, D., Holgado, M., Van Fossen, K., Yang, M., Silva, E. A., & Barlow, C. Y. (2017). Business model innovation for sustainability: Towards a unified perspective for creation of sustainable business models. Business Strategy and the Environment, 26(5), 597-608.

MANDATORY READINGS FOR THURSDAY
- Gassmann, O., Frankenberger, K., & Csik, M. (2013). The St. Gallen business model navigator.
- Bocken, N. M., Short, S. W., Rana, P., & Evans, S. (2014). A literature and practice review to develop sustainable business model archetypes. Journal of cleaner production, 65, 42-56.

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COURSE TASKS

- Readings (and videos). All listed in mycourses. Read the literature for the mentioned days (Tuesday, Thursday). This is highly beneficial for our collective learning ☺

- Learning sessions Tue & Thu (min. 70% mandatory presence due to the critical discussion and transdisciplinary teamwork - related learning objectives).

- Reflective journals (5)

- Take home exam

ADDITIONAL 1 CR NEEDED?

- There is a possibility to get an extra credit (6cr version of the course), by conducting an extra assignment

- Written exercise

- Assignment size 27 hours (1 ECTS)

- Graded pass/fail

- Please contact me after this session if you need this one

GRADING

Task	Points
Reflective journals (5x 10pt each)	50
Attendance	10
Take home exam	40
TOTAL	100

Points	Grade
0-50	0
51-60	1
61-70	2
71-80	3
81-90	4
91-100	5

- At least 70% attendance needed
- 50% of individual reflective journal points needed

More about reflective journals

YOUR PERSONAL PERSPECTIVE IS THE ESSENCE OF EVERYTHING!

- The **purpose** of reflective journals is for you to make sense of your thoughts, in relation to the contents of the course. The essay should be analytical, comparative and/or integrative in nature.

- The aim of a learning essay is to summarize, analyze and comment the course contents

- Learning essay should not repeat what someone has said, but should **reflect your own voice**.

- It is your **own analysis and insights** that count. Feel free to take the ideas discussed in the class even further and **elaborate as much as you can**.

- Use your own **complementary literature**, if needed

SELECT FROM 7+1 JOURNALING STYLES

1. **Question Journal**: This type of journal is focused on inquiry– the asking and refinement of questions. They should be answered or analyzed. The big idea here is students asking and improving their own questions.

2. **Metacognitive Journal**: Students are writing about their thinking–their tendencies, changes in their thinking over time, cognitive blind spots, etc.

3. **Change Journal**: All learning should result in personal and social change. A 'Change Journal' frames the writing for learning in terms of, well, change.

SELECT FROM 7+1 JOURNALING STYLES

4. **Connecting** Journal: A learning journal that frames writing through the connections between themes – especially between different disciplinary domains

5. **Visualization Journal**: A type of learning journal that promotes specific visualization of learning, knowledge, etc. Note: This must include text description!

SELECT FROM 7+1 JOURNALING STYLES

6. **Concept-Example Journal**: A type of learning journal that promotes thinking through concepts (abstract) and links them to examples (concrete).

7. **Video journal:** Some of the above but expressed in video format

If you have an own approach, you can use that, but you must use ½ extra page for explaining the journaling style.

THE POINT HERE IS TO EXPLORE DIFFERENT WAYS OF EXPRESSING REFLECTION.

SELECT FROM 7+1 JOURNALING STYLES

- Each reflective journal should (1) contain **600 - 900 words or 1-2 pages of detailed illustrations with descriptive text, or 5 minutes of video**, (2) be composed **individually** and (3) contain **clear references** to the literature/other materials.

- You must indicate your journaling style in your submission

- Use only 2 times the same approach

SCHEDULE, SUBMITTING

- Journal 1: 26.4. (Mon)

- Journal 2: 3.5. (Mon)

- Journal 3: 10.5. (Mon)

- Journal 4: 17.5. (Mon)

- Journal 5: 24.5. (Mon)

- Submit your assignments in a **PDF** file (or video link in case of video journal) to mycourses. Please use following naming convention: lastname_firstname_journalnumber.pdf

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INDIVIDUAL REFLECTIONS: LESSONS LEARNED FROM PREV YEARS

1. Use proper referencing and citing

2. How does the readings relate to things you have earlier learned (e.g. during previous courses or other articles)

3. Put your own personality into the text! Take a stand. Argue clearly. Don't just say you like or dislike something. Reflect: why, what?

4. Did you get any new ideas while reading? Or did something confuse you? Describe these so that we can discuss these issues during the class. Be precise.

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INDIVIDUAL REFLECTIONS:
ONE MORE THING

- Extra component: Not required, not assessed, and not counted to the total length–but you can let us know if there's something that we didn't teach but you would like to learn more about.

- Also you can give comments about the course

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WILLING TO EXPLORE DIFFERENT STYLES?

YOU CAN RETAKE ONE OF THE JOURNALS (DL END OF THE COURSE – THE SAME AS TAKE HOME EXAM).

Take home exam

TAKE-HOME EXAM

- Exam is an take home kind and the questions will be given to you after the last session in mycourses.

- As the exam allows you to use any kind of material you like, I will not of course evaluate the facts only, but will mostly focus on your ability to elaborate and connect things to real life examples and learning during the course. Journals are a good chance to practice this.

- The submission will be through Turnitin to check that is your original work

- DL 4.6. 23.59.59 (the last day of Period V)

Content evaluation model

EVALUATION LADDER
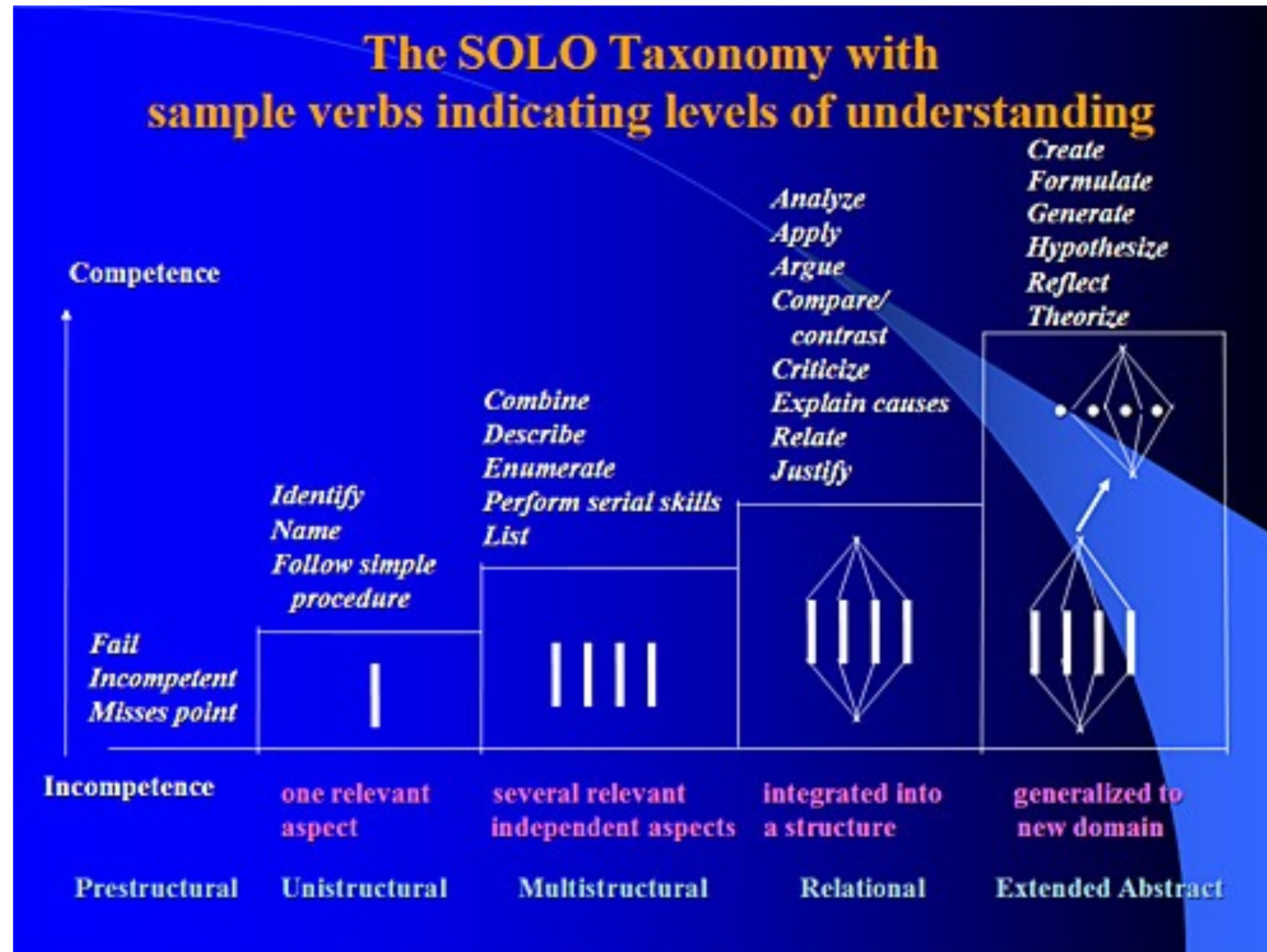
Policies,
learning environments,
grading.

MISSING THE DEADLINE -POLICY

All deadlines always at 23.59.59 Finnish time (mycourses time)

- I want to keep this course as interactive and personal as possible

- However, we have approx 60 people here. We have to have some structure. Please respect deadlines.

1. **Individual reflective journals**
   - Delay 0-48 hours = 150% content length requirement OR -1 Grade
   - Delay 48+ hours = -1 grade per each beginning 24 hours
2. **Take home exam**
   - No delay possible (it is an exam – it can be retaken, however)

Q&A about the practicalities?

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MORE INFORMATION

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