

Networked Co-competitive Business Model Innovation

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Abstract

This paper reports on a case study of business model innovation in two regional strategic network contexts. Studies of business model innovation have previously focused firms. In contrast this study includes both public and private actors, some of them competitors, active in creative industries. The findings indicate both favourable and hindering conditions for business model innovation.

Keywords: regional strategic networks, coopetition, business models, business model innovation.

Introduction

Business model innovation (BMI), is about developing and introducing a new business model (BM). It entails changes to several business model elements or their linkages and implies a new way of creating, delivering and capturing value (Fallahi, 2015). BMI involves a more systemic change than product and process innovation as it includes changes to the customer value proposition, value creation and value capturing (Velu, 2015). The role of BMI is rather unexplored (Teece, 2006), but firms emphasizing business model innovation (BMI) have been found to grow their operating margins faster than their competitors (Velu, 2015).

In the literature, BM are described in different ways, e.g. as “architecture of the value creation, delivery and capture mechanisms it employs” (Teece, 2010, p. 172) or as “a structural template that describes the system of interdependent activities transcending the focal firm and spanning its boundaries in order to create and capture value” (Velu, 2015, p. 1). The role of relationships and networks for value co-creation has been shown in IMP-related research. Consequently, in the research on business relationships there is a growing interest in this area and for the development of the concept value co-creation between numbers of stakeholders (Coombes & Nicholson, 2013). The number of studies is however still limited, and in particular there is a lack of studies on structures able to facilitate value co-creation that goes beyond the customer-supplier relationship to relationships among stakeholders in a wider perspective (ibid.). Research on the interaction between competing, and at the same time cooperating, companies (co-opetition) and how this can lead to innovation, has met a growing international interest, but how public, supporting, actors might contribute to the cooperation process has rarely been taken into account.

Regional strategic networks (RSN) represent such attempts to facilitate innovation and value co-creation among a specific group of actors by creating arenas for interaction. RSN initiatives are often initiated and funded by public agencies supporting regional development and RSNs have consequently been used as a tool in attempts to stimulate BMI among a group of actors. (Johansson & Lundberg, 2011).

The cultural and creative sector (CCS) has been called the future basic industry in Sweden as it generates innovation-driven services with high added value (Nylander, 2015) and studies have shown that high activity in the CCS is important for a region’s attractiveness as it attracts the so-called "creative class" (Florida, 2002). Organizations within the CCS are active in a number of differing areas such as architecture, computer games, design, film, photography, art, literature, media, marketing communication, fashion, music, theatre, crafts and experienced based learning (Tillväxtverket, 2016).

This study aims to identify elements promoting or hindering business model innovation in an RSN setting encompassing both public and private actors, including some competitors. It focuses on the CCS in two Swedish regions: Skane and Vasternorrland. The first due to being successful working

with CCS and the second having an outspoken interest in developing the CCS and participation in a joint research project. In 2012, the turnover per capita was 11 500 SEK per capita in the region of Vasternorrland, and about 22 000 SEK per capita the region of Skane (Graffman, 2014).

In the following sections we present our theoretical framework, the methods chosen for our study and our findings. We end the paper with our conclusions, some theoretical and practical implications and some suggestions for further studies.

Frame of reference

Table 1 below lists the literature reviewed for this study and the highlighted articles are those forming the basis of the theoretical framework. The articles were chosen from the various streams and perspectives on business models and business model innovation in order to identify inherent key elements. It shows that the key elements are similar whether the studies are from a management, strategy, innovation or business network perspective. It furthermore illustrates that the studied actors has been firms and not public actors.

The theoretical point of departure is BM and BMI (implying something new) and its three inherent phases; value propositions, value creation and value capture forming a process of interaction and activities. A further point of departure is the RSN context in which the BM and BMI related activities takes place focusing actor composition (structural factor) emphasizing competing, but heterogonous actors and coepetition.

Table 1: Literature on business models and business model innovation

Authors	Journal/ perspective	Key elements	Unit of analysis
Mason & Spring, (2011)	Industrial Marketing Management	Business Model (BM), Strategies, Business network	Firm
Zott, Amit & Massa (2011)	Journal of Management/ Managing innovation	Innovation, BM, Strategy, Value creation, Value capture	Firm
Casadeus-Masanell & Ricart (2010)	Strategic Management Journal/ Strategy	BM, Business strategy, Value creation, Value capture	Firm
Svejenova, Planellas & Vives (2010)	Long Range Planning	Value creation, value capture, value sharing, value slipping, Change mechanisms, activities, resources	Firm
Chesbrough (2007)	MIT Sloan Management Review	BM, Business Model Innovation (BMI), Value propositions, Value-creation	Firm
Teece (2010)	Long Range Planning/ Business strategy/ Innovation management	BM, BMI, Value proposition, Value creation, Value capture	Conceptual
Markides (2006)	The journal of product innovation management/Managing innovation	BMI, Value propositions	Firm
Velu (2015)	Technovation	BMI, Value proposition, Value creation, Value capture	Firms
Sergio Salerno, et al (2014)		Innovation Management, Innovation process, Organizational innovation, Product development	

Gambardella & McGahan, (2010)	Long Range Planning/ Strategy & Innovation	BMI, Value capture, licensing, industry structure, technology	Firm
Carter and Ejara (2008)	Management Decision/ Innovation management	Innovation, Value Proposition	Firm
Lindic & da Silvia (2011)	Management Decision/ Managing innovation	Value propositions, Customer focused innovation, Market strategy	Firm
Maglio & Spohrer (2013)	Industrial Marketing Management/ Service dominant logic	Service system, BMI, Value proposition	Firm
Yunus, Moingeon & Lehmann-Ortega (2010)	Long Range Planning/ Social entrepreneurship	BMI, Value proposition, Value constellation, social entrepreneurship	Firm
Chesbrough & Rosenblom (2002)	Industrial and Corporate Change	BM, BMI, Value creation, Value capture	Firm
Nenonen & Storbacka (2010)	International Journal of Quality and Service Science/ Business network	BM, Value co-creation, Network, Systemic theory	Firm
Coombes & Nicholson (2012)	Industrial Marketing Management	BM, Industrial marketing, Value creation, Network	Firm
Håkansson & Ford (2002)	Journal of Business Research/ Industrial marketing, Business networks	Business networks, Relationships	Firm
Amit & Zott, (2001)	Strategic Management Journal	BM, Value creation	Firm
Casadesus-Masanell et al. (2013)	Strategic Management Journal	BMI,	Firm
Davey et al. (2011)	Technology Analysis & Strategic Management	BM, Innovation strategy, Innovation studies	Firm
Shafer, Smith & Linder (2005)	Business Horizons	BM, Strategy, Network	Firm
Palo & Tähtinen (2011)	Journal of Business & Industrial Marketing/ Network	Networked business model, Business strategy	Firm
Lorange (2012)	Journal of Management Development	Innovation, Network-based BM	Firm
Ehret et. al (2013)	Industrial Marketing Management/ Entrepreneurial marketing	BM, venture creation, value propositions, value capturing and value networks	Firm
Kotzab & Teller (2003).	International Journal of Physical Distribution and Logistics Management/	Co-opetition models, Supply-chain management, Efficiency	Firm
Fallhai (2015)	Licentiate level thesis/ Managing business model innovation	BM, BMI, BMI-processes	Firm

Regional strategic networks, co-opetition, business models and business model innovation

Regional strategic networks, (RSN) are created by actors from the public and/or private sectors. The aim is increased cooperation, learning, business development and innovation that will benefit not only the network participants but also a specific region as a whole (Lundberg & Johansson, 2011; Andresen et al., 2012). These network collaborations are often financially supported by a public body which makes it possible to hire someone who can perform a "hub" function (Jarillo, 1988), i.e. be responsible for coordination and administration of network activities such as various kinds of meetings, seminars, business development programs and R&D projects. As networks (business nets) are found to be important to the development of BM (Palo & Tähtinen, 2011) and to be key elements

in BM (Westerlund et al., 2008), RSN's also including public actors aiming at joint business development and innovation is interesting to study.

At times RSN's will include more or less competing actors resulting in *coopetition*, i.e. actors cooperating while competing with each other (Bengtsson & Kock, 2000) in a "hybrid-like" activity (Walley, 2007). This is not unusual, more than 50% of all collaboration occurs between companies in the same industry, i.e. between competitors (Park et al., 2014), which is a challenge because it means duality and contradictions in value creation (Brandenburger & Nalebuff, 1995; Ritala & Tidström, 2014), and because of the need to create both common and individual benefits (Khanna et al., 1998; Park et al., 2014). Although coopetition is a subject of growing interest among researchers, more studies have been asked for, for instance on how coopetition can generate value and benefits for the participating actors (Ritala & Tidström, 2014; Park et al., 2014) and on driving forces, dynamics and outcomes of co-opetition (Gnyawali & Park, 2011). Not the least, there is a lack of studies of how public sector participants may affect the collaboration process in a coopetitive setting. There are researchers who regard co-opetition as a new business model in itself (Kotzab & Teller, 2003).

Business models (BM) are claimed to exist in all companies – outlined or not - and can be described in terms of being the heart of the company upholding two important functions: creating and capturing value (Chesbrough, 2007). A BM may also be regarded as organizational structure showing the logic companies are following in their work with value creation and capture (Chesbrough, 2007; Mason & Spring, 2011), and how companies deliver value by selling and distributing their offers and how they capture a portion of that value as economic return (Fallahi, 2015; Chesbrough, 2007; Teece, 2010). A BM thus outlines a structure and shows the relations between the included elements (Fallahi, 2015), often described in terms of value proposition, value creation and payment model, i.e. how value is created for the user, how these values benefit the user and how they generate revenue for the provider (Baden-Fuller Haefliger, 2013; Teece, 2010). In addition, a BM offers an overview over revenues, costs and profit generated by the value proposition. It can be viewed as an organizational design connecting the internal to the external perspective of the firm, thereby capturing how the firm goes to market to implement the strategy, and can thus be regarded as the realized strategy of the firm (Velu, 2015, p.10). A BM should according to Teece (2010) be innovative and new in order to generate, increase and capture value within a company (ibid). Entrepreneurs may use business models as a mental device to build businesses from scratch aiming at leading them market leadership (Ehret, Kashyap & Wirtz, 2013).

The development of BM has been regarded as closer to art than science and BM have principally been studied from a single firm's perspective (e.g. Palo & Tähtinen, 2011; Amit & Zott, 2001). The role of the BM in the firm has caused discussions due to the interdisciplinary character of the concept including strategic management, entrepreneurship, value chains, strategic networks, and resource-based theory (Palo & Tähtinen, 2011), as well as innovation and information management (Coombes & Nicholsson, 2013). There is lack of consensus on definition of BM as well as on key elements. Most definitions concern the perspective of a firm within a network and only a few definitions are focusing the network perspective. Ehret et al. (2013) argue however that BM have an inherent network perspective due to their role in guiding ideas to successful business implementation through network relationships and integration of resources and capabilities. Open BM are easy to understand and clarifies the value of the interaction among the actors in a network (Coombes & Nicholson, 2012). There are studies on networked business models, but empirical elaboration is scarce (Palo & Tähtinen, 2011). This is a gap that we contribute in filling. In the following we define BM as an organizational design connecting the internal to the external perspective of the firm (Velu, 2015) and business based on unique value propositions in a network of collaborating users (Ehret et al., 2013; Palo & Tähtinen, 2009).

Business model innovation (BMI) involves the creation and adoption of fundamentally different modes of value proposition, value capture and/or value creation to existing business, in terms of systemic changes (Velu, 2015). BMI may evolve through interaction in a network setting as a result of experimentation and/or planning (Fallhai, 2015), also among actors having complementing (Teece, 2010) resources acting in coopetition (Kotzab & Teller, 2003). BMI may aim at creating a cost

advantage, often unguided by principles or theory (Zott & Amit, 2008; Maglio & Spohrer, 2013), and occurs when a firm creates new activities, changes the linkage between these in a novel way, and changes the setting of actors performing activities or the system of governing these (Amit & Zott, 2012). In other words, BMI is not always planned, but may co-evolve with other types of innovation, often related to finding a solution to problems (Fallahi, 2015). In the literature BMI is described in two different ways. First, as experimentation, implying experiments followed by feedback in a cumulative learning process. Second, as linear, implying a sequential planning process following a stage-gate design from idea to implementation (ibid.).

BMI has been highlighted by researchers in terms of offering a structure for corporate transformation and renewal (Zott et al., 2011) or as a tool to address a process of experimentation, refinement and reinvention (Velu, 2015). In order to gain value from innovation, firms need to possess complementing resources to their core proposition (Teece, 2010) and partnering, for example in strategic networks, may provide a setting to access such complementary resources. Co-creation is furthermore found to generate a feeling of responsibility towards one another and the shared objectives (Fallahi, 2015). However, coordination problems may inhibit synergies to evolve from collaboration on complementary resources (Velu, 2015). The need for strategic leadership has accordingly been emphasized by researchers in order to overcome barriers related to cognitive limitations in management and asset reconfiguration in implementation of improvements (Velu, 2015). However, centralized leadership of BMI processes has been found to generate poor performance (Fallahi, 2015). Working with BMI is thus challenging, and there may be a need of support from policy-makers for alliance (network) formation (Velu, 2015). Such support has been provided in Sweden, as a result of cooperation within the European Union, through funding of collaborative projects aiming at regional development and growth by means of strategic cooperation between firms supported, by local and regional government and the academy.

A BMI can be regarded as design of a value proposition that in turn relates to a number of stakeholders. Value proposition is defined in terms of what the company has to do in order to please their customers and as forms of communication (Coombs & Nicholson, 2013), or as a request from one service entity to others to run a procedure (Maglio & Spohrer, 2013). Value proposition design has been found to be a systematic search process performed in order to improve existing offerings, create new offerings and reconfigure the eco-system by means of a shared access to resources among stakeholders such as customers, providers, authorities and competitors over time (ibid.).

Yunus et al, (2010) describe value creation in terms of a constellation and argue that organizations need to ask themselves how they deliver value to a customer as the entire value chain needs to be involved, including their network of producers and suppliers. A focus on value creation demands moving from focusing on the supplier's own processes to reflecting on resources available for supporting the processes of interest for the user. Innovative BM is process-related and in cross-industry collaboration this can have a unifying role by facilitating communication, transparency and exchanges between the interacting actors (Coombs & Nicholson, 2013). Inter-organizational strategic networks can, in themselves, be a key factor in BM as they may facilitate creation of unique resource combinations (Palo & Tähtinen, 2011).

When developing innovative products and services it is important for the company to capture value from those. The efficiency of a BM is thus related to the amount of value that can be captured within the company. Value capture is related to pricing, but also to contracting approaches for example in terms of licensing (Ehret et al., 2013). In order to define what value capture is, you need know how value has been created and how it generates profit for the company (Teece, 2010; Casadesus-Masanell et al., 2013). Four characteristics are suggested to be important for the design of a BM in terms of value capture: “customer embeddedness, offering integratedness, operational adaptiveness and organizational networkedness” (Ehret et al., 2013, p. 653).

Methodology

Case study approach

In order to achieve the stated aim of the paper a qualitative, explorative, comparative case study has been conducted regarding BMI in two RSNs including both public and private actors related to the CCS in two Swedish regions: Vasternorrland and Skane. The case study method was chosen due to the recommendation by Yin (2011) for topics lacking in previous research. BMI among actors in an RSN is “breaking new ground” and has, to our knowledge, previously not been studied. With the aim to identify elements promoting or hindering business model innovation in an RSN, the case method offers an opportunity to study the actors and their interaction in a specific context. The region of Vasternorrland was chosen due to unique access through a joint research project. The region of Skane was chosen for comparative reasons as Skane is known to be successful in addressing growth related issues in the CCS also related to cooperation between partly competing companies.

Data collection

Data was collected by means of multiple data gathering methods, triangulation, such as observations, interviews, reports and web sites. Furthermore, the study was conducted in four stages starting in April 2016. Firstly, a literature review on business models and business model innovation was conducted. A literature review of BM by Coombes and Nicholson (2013) was used as a point of departure for the literature search also tracing related and citing articles. Later this search was expanded using google scholar and the concepts BM, BMI, value creation and the findings often related to innovation literature. Furthermore a search was made using the cooperation concept. Secondly, data from CCS-related reports from previous initiatives in Vasternorrland and Skane together with material available on web-sites was summarized. One of the reports was ordered by a municipality in Vasternorrland focused on mapping the CCS in the region and prerequisites for development. Two reports were related to regional CCS projects and the reporting of results and further reports were available on web-sites related to cooperation in differing CCS settings. Thirdly, interviews with key individuals in BMI facilitating positions in public organizations as well as firm representatives were conducted during May and June 2016. The respondents were selected both by strategic choice and through snowball sampling. Snowball sampling is often used at an early stage in order to make contact with a number of individuals with relevant information, but the method can also be conflicting in terms of capturing further perspectives (Bryman & Bell 2013; Yin, 2011). The point of departure in the selection process was the above mentioned reports identifying significant actors and dialogue with key-officials in the region supporting the CC-sector focusing recommendation of further informants relevant to the study. Some new informants were also identified during interviews, for example, with a CCS coordinator in Harnosand and with a CCS hub person in the region of Skane.

Observations

Finally data was gathered during a workshop with significant CS actors in Vasternorrland arranged at the end of May 2016. The theme of the workshop was sharing of experience in order to overview ongoing CCS related activities in the region. The aim was to identify the participating actor’s need of development but also finding opportunities related to cooperation and business development. The workshop was a part of a research project and organized by a public and municipality related CCS coordinator in partnership with representatives from two publicly financed organizations working within the CCS and researchers from the local university. 20 individuals participated; two were SME’s, one was representing a group of SME’s (artists) and the rest public CCS supporting organizations and cultural institutions. The workshop lasted for five hours and comprised lectures as well as discussions. One of the authors participated in the organizing team, while the other took notes during the discussions. The author in the organizing team thus had an opportunity to question and present research findings during the development and cooperation related dialogue. Observations were made all through the workshop, after talks with actors during coffe- and lunch breaks and was

thus participatory in the sense that the researchers took part in an activity as did the informants and our role was revealed to them (Saunders et al. 2000). These observations were documented according to instructions of Suddaby (2006) and information from individuals both close and not so close to the CCS was gathered in turn offering differing information and perspectives.

Interviews

In table 2 the informants, their position, focus of assignment and time working within the CCS are listed in order to clarify their relevance as informants in this study. The region of Vasternorrland is named V and Skane is named S. The number of CCS supporting and public actors are dominant due to the aim of identifying BM, BMI and coepetition related promoting and hindering factors. The SME's within the CCS often are micro-level companies that cannot be expected to have an overview – often only their own experience to base their analysis on. At this stage of the study it was more effective to focus on those with opportunity to gather information from many SME's and contrast it with some active CCS SME's

Table 2. Informants

Companies, organizations & Regions	Position of informant	Years of CCS experience
Consultant V and S	CEO and consultant Experienced project evaluator	15
Almi V	Project leader of various projects supporting business development in firms in the region	6
Municipality, V	Enterprise developer	3
Municipality, V	CCS and tourism related growth coordinator (innovation, business, cooperation and PR).	0,5
Graffman, V	Senior consultant	3,5
Creative Momentum, V	Project leader for a CCS project related to business development and innovation in a public organization	7
Coompanion, V	CEO and business advisor in public organization	22
County council, V	Project leader for CCS projects	20
Media Evolution, S	Business and development consultant in public organization	13
Municipality, S	Project leader, Cultural development and enterprise	5
Municipality, S	CCS related growth coordinator (innovation, business and cooperation)	4
OddHill .S (IT related technical support and design)	CEO and owner	7
Do-Fi, S.(IT related operation)	CEO and owner	

The interviews were semi-structured in order to allow further follow-up questions. This created a space for the informants in which they were able to answer the questions in their own way, following their own mind, and telling their own story (Bryman & Bell 2013). The questionnaire was thus complemented during the study based on identified needs. The questions asked varied according to the progress of the interview (Yin. 2011). However, the interview- questions were focusing BM and

how the informants worked or perceived the CCS actors (public supporting actors) worked with development of business models BMI by themselves or together with other and competing actors in network context. Questions were also asked about prerequisites for tighter cooperation between CCS actors and their need for development related activities.

Two separate interview guides were used in order to capture findings both from public and private sector. The interviews, mainly conducted by two research assistants, were recorded and transcribed and lasted in average 45 minutes each. The informants in Vasternorrland were interviewed face to face while the informants from Skane were interviewed by phone or Skype. The data was gathered in Swedish and translated to English by the authors.

Analysis

Written information and previous research was used as a starting point in the development of the questionnaire, but also when analysing the interview and observational data. The three data-sets offered information about differing parts of the aim and was complementary in broadening the understanding of CCS in the two studied regions. The analysis is focused on highlighting the links between the theoretical framework and the findings from the data collection as it compares actors, actions and outcomes in the various initiatives in search for patterns and structures.

The analysis is focused on the network level and factors facilitating BMI in a RSN cooperation context.

Findings

Regional strategic networks including competitors (coopetition) related to CSS in Vasternorrland and Skane

In both Vasternorrland and Skane there are numerous small firms in the CCS. The public actors aiming at supporting this sector therefore strive to develop an overview to be able to perform “match-making” among firms in order to stimulate their development and growth.

Our informants underlined that the CCS firms that participate in RSNs in Vasternorrland, are heterogeneous. Some firms are very business oriented while others want to “do their thing”: “Hobby entrepreneurs may just be after financial contributions allowing them to do what they want, with no financial gain in sight, there is no business mindset” (V2, Vasternorrland). V5 finds that this goes for the majority of the firms and this is also the view of one of the firm participants, V8: “Artists and creators don’t see themselves as entrepreneurs, in other industries you work more towards business goals.” V7 said that this lack of business awareness has resulted in that several projects have been started that never reached profitability and therefore were closed down: “they try to create a success formula but there is no business in it”. Some RSN initiatives have been BMI and top-down oriented. Public funding has for instance supported the development of a web-based portal where CCS firms would be able to interact and market themselves, but there was no real demand for it among the firms in question.

The same heterogeneity in terms of business orientation was also reported from Skane. V10’s view was that firms within music and computer games are more business oriented than firms in, for instance, the performing arts sector. Skane has, however, a longer history of public actors actively supporting CCR than Vasternorrland, which has resulted in that there are many arenas for interaction, like Media Evolution which organizes activities every week where firms may take part in, for example, lectures, skills development, lunches and dinners to share their expertise. In Skane, there has been a deliberate choice to not include all firms in a heterogeneous group, instead they create smaller, more homogeneous groups aiming at complementarity; these firms are invited to various arenas for interaction, e.g. based on seminars, various kinds of presentations or after work meetings. Notably, this is easier to do in Skane, which has a much larger population and, consequently, a greater number

of CCS firms than Vasternorrland. The idea behind these initiatives is that firms with complementary resources will get to know each other and that discovery or creation of new potential resource combinations across the company borders will stimulate BMI. In Skane, firms that have a problem come to some of their events to look for a partner that can assist in overcoming that problem. Consequently, also firms that do not have a problem but would like to develop some new business also have an interest in going there. Some firms, including competitors, also share the same location, which facilitates interaction and cooperation. The firms are mainly small but that implies that they often can be very flexible. Furthermore, these small firms often lack certain resources and can find an opportunity to access such resources by collaborating with firms having complementary resources, also including competitors.

Comparing CCS and RSN related initiatives in Vasternorrland and Skane we find the initiatives to be RNS- like in terms of including public actors and being organized by a publicly financed hub and often having project related means to arrange activities intended to facilitate further cooperation among the participating public/private actors (Lundberg & Johansson, 2011; Andresen et al., 2012). However, the interaction did not lead to further relationship development in Vasternorrland, which may be explained by the way of designing the RSN setting (Andresen et al., 2012), the lack of homogeneity as more than 50% of all collaboration occurs between competitors (Park et al., 2014), and by the fact that the RSN and project related interaction did not create enough common as well as individual benefits (Khanna et al. 1998; Park et al., 2014) in terms of business as reported by the informants. In Skane the RSNs were more homogenous, the actors more business oriented and the groups smaller. Furthermore, they had access to a common arena in turn facilitating sharing of resources, which is in line with earlier findings (Andresen et al., 2012). Our findings thus underline that the composition of actors is vital for the development of business relationship and business models in RSNs (ibid).

Business models and business model innovation

The BM approach also has a longer history in Skane than in Vasternorrland where the focus has been on 'the art of art' rather than on 'the business in art'. The regions also differ in the way of managing projects. In Vasternorrland, there are several public actors striving to support this sector but the coordination between these actors is often lacking. Furthermore, in projects created by public support agencies in Vasternorrland, the project manager is often replaced and when a project ends there is no further driving force generated among the participants and the experiential learning developed by that project leader often stays with the individual. In contrast, Skane has had greater emphasis on continuity in terms of project managers, for example, in Media Evolution which started as a project focusing digital lines of business 10 years ago, but then switched to a long-term regional initiative with a project team that has been working together for many years.

The Skane region, and therefore also Media Evolution, had digitization requirements in their cultural strategies. Media Evolution therefore invited entrepreneurs working with digitalization to workshops where public actors like museums could explain their needs and get suggestions for solutions. Part of the time was dedicated to "brainstorming" in an improvised manner. One of the firms that participated in such activities, Do-Fi, explained that for them these meetings resulted in BMI. They used to work as consultants on a pay-per-hour basis. After these meetings, they continued to work together with museums that resulted in an app, "time machine" that Do-Fi sells on a license basis. This first version functions as an editor and the customers (primarily museums) make the final editing on their own. In cooperation with other firms Do-Fi now develops this concept further, intending to sell it as a finished product. The CEO of Do-Fi also has other plans for the future. He has a vision of inviting other firms with complementary resources and competencies, including competitors, to form a network able to take on more extensive, long-term, digitalization projects, for instance in further cooperation with museums. He says that "without the public support in terms of arenas and funding, we would not be in this position today".

The CEO of Odd Hill gave another example of BMI. On the basis of the same start, workshops and needs assessment, four public actors within opera, dance and theatre have developed a new platform for ticket sales in cooperation with two firms. One of the firms was Odd Hill, which has provided technical support and design while the public actors provided the content. For the public actors this resulted in a completely new way of working with databases. They now share a CRM system and can interact with their customers in new ways.

Comparing the regions we find Vasternorrland to have less continuity, less competence, and less clarity when it comes to organizing CCS initiatives than Skane. These differences may be due to Vasternorrland's focus on short term CCS projects and Skane's long-term commitment to CCS as the learning and collaborative processes likely are facilitated by a long-term approach (Andresen et al., 2011). However, in both cases, BMI was used as a tool to address a process of experimentation, refinement and reinvention (Velu, 2015) among both private and public actors. By identifying needs and playing with ideas, new ways of creating customer value, new value propositions and new forms for value capture were developed. BMI in an RSN context thus offered a structure for corporate transformation and renewal, lending further support to the findings of Zott et al. (2011).

In terms of value propositions, V1 and V8 explained that they often find that firms regard their offer as unique – and therefore per definition valuable per se. In other words, they see no need for “a market analysis”. V5 is on the same track, explaining: “These people are driven by an inner wish to create something, they don't check what's been done in other places.” Nevertheless, as V8 underlined, there is undoubtedly a risk that the uniqueness and creativity may be lost if the market focus becomes too dominating. In Skane, Media Evolution has promoted networking and created platforms for company interaction and co-creating focusing on the market and the user. The activities are similar to the ones Salerno et al. (2014) discuss: control and transformation of resources, collection of information, expertise and ability to develop products and services that create value for the market. Value proposition design has previously been presented as a systematic search process (Maglio & Spohrer, 2013). In contrast, in our cases the process was characterized as “improvisation” by the CEO of Do-Fi. It seems likely that this process may take place in various ways and that improvisation is more likely in a network context where the processes are harder to govern in a particular direction due to many, independent, wishes and interpretations of options and alternatives.

In terms of value co-creation S10 underlined that there are ambitious firms also within CCS: “Not everyone is sitting alone in a basement, there are some who want to grow both as individuals and as firms”. V7 gave an example from Vasternorrland where a company called Art Local, encompassing three cooperating artists, hired a salesman and created a common brand, Made in Medelpad. By joining forces they could do BMI and improve both their turnover and their profitability. A while ago, V6 took part in a project where premises were shared with other, similar companies, including competitors. During that time, the company developed and the participant (in the design industry) described it as a creative environment where it was possible to cooperate in a favourable manner: “There were some competitors as well but there is always a choice what to share or not that is related to the kind of assistance that you look for. The comparisons that sharing space with competitors gave rise to were useful. “We pushed each other forward towards improvements.” He further explained: “I would have stayed there in the common location, it was a very creative environment, but it was funded by a project, and when it ended after a year we could not afford to stay there.” In Skane, an app will be developed in cooperation between four companies. It will display information about selected attractions along a hiking trail. It will also tell where hikers can eat, sleep and find other services. For instance, one firm manager explained: “we now involve other firms to a greater extent in our business.”

Comparing the regions we find the respondents to agree on the importance of having access to a joint arena. These examples are in line with Yunus et al., (2010) who argue that value creation occurs in a constellation. Often the company's resources are not enough; there is a need for involving a network of supporting actors in order to create a successful business model. Our findings also support the work

Palo and Tähtinen (2011) as the RSN were a key factor in BM by providing funding for arenas that facilitated the creation of unique resource combinations.

In terms of value capture, V3 argued that even if CCS-firms find that they would be stronger in cooperation than by themselves, they may fear cooperating with competitors. On the other hand, V3 argued that by cooperating, companies can enter into project that would not have been within reach if they acted on their own. In other words, even if the value capture may be threatened in such situations, it will be for a value that otherwise would have been completely out of reach. XX explained that the view on various business aspects, like profitability, can vary, which then causes conflicts. Considering the efficiency of BM related to the amount of value that can be captured within a company or organization certain value is found be the informants related to networkedness, to sharing and interaction and value they could not have captured by themselves (Ehret et al., 2013)

In sum we argue BMI and business development to benefit from an RSN context including both public and competing business oriented actors with complementary resources, facilitated by a public actor in a hub function continuously structuring activities and offering opportunity of collaboration on development of value propositions. Furthermore, value creation among companies and organizations in an RSN context will benefit from a) having access to a common arena facilitated by a public actor and b) from grants allowing collaborative work on creating new resource combinations. RSN actors focusing transformation of resources and innovative value creation related activities (BMI) may benefit from collaborating in an open improvising process supported by expertise and it may allow value capturing of a kind that otherwise had been out of their reach.

Conclusions and implications

Conclusions regarding BM, BMI in a RSN cooperative context

The aim of the paper was to identify elements promoting or hindering BMI in CCS related RSN context including competitors. On an overall level we found several network related initiatives ongoing both in Vasternorrland and Skane. When comparing the regions, the success of the initiatives and efforts in the Skane region may be explained by the long-term commitment to the CCS made by the region and its municipalities. Furthermore, to the transparency and clarity in structure of the support system present in Skane, but also to the user-driven focus applied in their development processes, and in the composition of actors. In the Skane networks the actors have a business orientation; some are competitors but they have learnt to downplay that aspect and focus on the complementary resources. The interaction process in Skane also differs from the one in Vasternorrland as their concept has been to support actors working together in action groups focusing problems too difficult to handle by themselves. Skane directs its efforts to small firms with a clear business strategy which has facilitated development of an inner drive in the networks that has feeded further network development. In Vasternorrland, there has been a problem of fragmentising resulting from a lack of continuity and the focus has been on the established CCS public institutions and thus on culture available to the public instead of business development. The project-related, short-time funding of CCS in Vasternorrland, together with the lack of clarity in terms of hub-function and support system, has been hindering growth within the CCS in Vasternorrland. CCS actors in Vasternorrland do not experience a “we”-feeling and are afraid of competitors whereas CCS actors in Skane are experiencing a strong we and view networking as a way to become more successful. This difference can be related to the difference in efforts made by the regions to unite CCS actors in projects and networks. To overcome the experience of competition, the actor’s need to trust each other and the ones supporting them, and trust-building takes time, experienced leadership and transparent, open processes which is yet to be designed, financed and driven in Vasternorrland. On an operational level it seems that many CCS companies’ value propositions are based on what the companies think that their companies want, and not on what their customers actually value (Lindic & da Silvia 2011). In many cases they simply prioritize their own creativity higher than profitability. In other words, they have a low degree of business orientation. In Skane, this group has therefore been set aside and the BMI support has been directed towards CCS companies with a strong business orientation. These companies have taken an interest in joining forces in value creation that has

resulted in the creation of new or improved value propositions. By focusing on complementary resources they have been able to create win-win situations that made it possible to overcome also the barrier of being competitors.

Contributions

We have contributed to BMI research by adding the perspective of how public actors can assist in the creation of arenas for networking and thereby pave the way for BMI. The study showed that the RSN context, focusing on creating arenas for interaction and opportunity identification and development, could be successful in fostering BMI among both public and private actors under certain circumstances. We identified continuity as a key success factor in this process as the mutual knowledge and trust that is needed for BMI I cooperation with other companies' takes time to develop. There is also a need for a business orientation among the participating companies as a network composition that is very heterogeneous in this respect may hamper interaction and be a source of discontent.

We have also contributed to network research by studying the CCS context and how networking can contribute to BMI. The importance of long periods of time for relationship development was confirmed also in this context. When that was the case, as in Skane, networking proved successful in fostering BMI.

Theoretical and managerial implications

In contrast to previous findings (Andresen et al., 2012) arguing that a heterogeneous mix of actors is preferred in relation to a homogeneous mix for business development, a theoretical implication we find is that RSNs encompassing two groups of actors that are endogenously homogeneous while representing different lines of industry is the most beneficial RSN context for BMI.

A top-down approach to the aim of an RSN is risky; we saw examples of such failure in Vasternorrland whereas the problem-solving approach used in Skane met with greater success. Public support agencies should also consider the need for a long-term strategy if they wish to support BMI within this sector by means of networking. The long-term perspective should encompass arenas for interaction and joint problem solving, funding for an extended period of time and long-term employment of a hub function. The RSN composition also proved to be important as dissimilar views on the importance of a customer orientation was a source of conflict. Consequently, managers, or entrepreneurs, in charge of companies in this sector need to consider the balance between artistic freedom and customer orientation. If customer orientation is an important part of their business strategy, taking part in this kind of RSN initiative may stimulate BMI. The network composition is also something that network initiators should consider.

Further research

This study has been limited to the CCS and RSNs within two Swedish regions. Further studies are needed for other contexts. It would also be of interest to further evaluate how different network structures and different actor compositions affect BMI.

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