

“Business model thinking”, business ecosystems and platforms: the new perspective on the environment of the organization

Benoît Demil ● Xavier Lecocq ● Vanessa Warnier

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Abstract. Business model has allowed strategic management to depart from the “one best way” of traditional approaches, integrating the various ways to deploy resources, to create and capture value. Hence, the “business model thinking” has induced major change in strategic management over the last ten years. In this essay, we take a pragmatist approach to tentatively detail the main features of the environment of the organization introduced by business model thinking. We advance that adopting a business model perspective does not mean that the environment is neglected in the strategy process. However, the environment is not considered as deterministic, and the organization does not have to fit with it or to try to change it. Through a pragmatist lens, the business model is conceived as performing the ecosystem of an organization within a broader environment. Therefore, we argue that the business model selects the relevant competitive landscape. This view has three main consequences. First, the environment is not the same for every organization in a given industry and the traditional concepts of strategy (entry barriers, competition intensity, bargaining power with suppliers or customers...) should be applied after the choice of business model has been made and not ex ante at the industry level. Second, the ability to implement a business model relies essentially on the negotiations and interactions with the stakeholders selected through the choice or design of the business model. Third, business models and ecosystems are not static but co-evolve. Once defined, ecosystems progressively constrain the business models. But ecosystems also change through mutual interaction and therefore offer new opportunities for the evolution of the business models.

Keywords: business model, business ecosystem, environment, platform, strategic management, pragmatism

Benoît Demil

University of Lille (IAE) and LEM (UMR
CNRS 9221)
benoit.demil@iae.univ-lille1.fr

Xavier Lecocq

University of Lille (IAE), IESEG, and
LEM (UMR CNRS 9221)
xavier.lecocq@univ-lille1.fr

Vanessa Warnier

University of Lille (IAE) and LEM (UMR
CNRS 9221)
vanessa.warnier@iae.univ-lille1.fr

INTRODUCTION

The introduction of the business model perspective has brought about a major change in strategic management thinking over the last ten years (Massa, Tucci & Afuah, 2017). An insistence on innovation in the practice and discourse of managers has led to a vast literature being developed around business models as a vector of innovation (Chesbrough & Rosenbloom, 2002) and as a source of innovation (Massa & Tucci, 2014). However, while much has been written about business models, their precise implications for scholarly research and strategy practice have seldom been documented.

While we observe that value creation, value capture and business ecosystems are concepts that are increasingly being used, it is sometimes difficult to articulate them using the traditional strategic management repertoire. For instance, how value creation and value capture articulate with competitive advantage remains an open debate. Although we cannot discuss all the concepts that have come to the fore in what can be labelled today as “business model thinking”, in this paper we elaborate on what we believe could be the consequences of the business model approach for the concept of the environment—a central element in strategy.

This article has therefore been conceived as an essay. It is not our goal here to extensively review the literature on business models or to empirically study its position in the current landscape of strategic management.¹ Instead, our argument is more speculative. Fifteen years of research on business models, introducing concepts, frameworks and a new approach on the organization and their performance (Lecocq, Demil & Ventura, 2010), have spurred the emergence of an innovative perspective on the environment. In this paper, we take a pragmatist approach to tentatively detail the main features of this new conception of the environment of the organization that is currently changing the face of strategic management in both research and practice. This pragmatist approach lies specifically in the rejection of a representational view of the environment (Lorino, 2018: 28-33) where means and ends are considered sequentially and representation determines action. We contend, on the contrary, that the environment is experienced by organizations during action.

We build on the idea that “business ecosystem” is not just a new term for “environment”. Indeed, the term “ecosystem” has to be fully articulated with the concepts of ‘business model’ and ‘environment’ to fully release its potential insights. We qualify the new perspective on the environment of the organization and discuss its consequences for the practice and discipline of strategic management.

This essay is organized as follows. First, we discuss the assumptions about the environment of the organization in the traditional perspective, shedding light on the self-fulfilling prophecy on the importance of the industry as a factor determining performance. Second, we discuss the particularities of the business model as a research programme, describing how it promotes a new perspective on the environment. In the third section, we show that “business ecosystems” (most often organized around platforms of products, technology or markets) are increasingly replacing the dominant view of industry as the focal level of analysis for strategic management. Fourth, we advance an original perspective on the concept of the business ecosystem as a selected environment. Finally, in the fifth section, we contend that viewing the competitive landscape as being selected has consequences for practice and research in strategic management.

1. For a recent and detailed review of the literature on business models, see for instance Massa et al. (2017).

THE TRADITIONAL PERSPECTIVE OF THE ENVIRONMENT WITHIN STRATEGIC MANAGEMENT AND THE SELF-FULFILLING PROPHECY OF THE IMPORTANCE OF INDUSTRY

The environment—understood as the elements outside organizational boundaries—is central to strategic management. For years it has been considered as an element that should be understood and analysed when making decisions about strategy.

The modern view of the environment of the firm can be traced back to the 1950s when an open-system view of organizations developed (Katz & Khan, 1966). This view was echoed and further developed in strategy through the LCAG model (Learned, Christensen, Andrews & Guth, 1965) and the work of Porter (1979), who suggested that firms have to navigate a task environment composed of suppliers, customers and competitors. Later, strategy took greater account of the institutional dimension of the environment as an important driving force (see, for instance, Carroll & Huo, 1986; Zucker, 1987).

This perspective of the environment largely dominates the practice of strategy where senior executives and consultants tend to adopt a very homogeneous treatment of the environment in the strategy process. Indeed, we can identify several main assumptions about the environment that can be found in most textbooks and strategy classrooms:

1. Analysis of the environment comes first in the strategy process;
2. Environment has an ontological reality;
3. Key structuring elements of the environment include micro/macro environment and industry as a focal level of analysis;
4. First-order performance of an organization comes from the choice of the industry in which to operate; and
5. Second-order performance of an organization comes from the fit of this organization with its environment.

Environment comes first in the strategy process. In strategic management, the environment is considered to be the first element that should be examined. Strategy begins with an analysis of the environment, and it is often considered impossible to craft a strategy without a deep analysis of the context of the organization. Strategic management practice relies on various frameworks (for instance Porter's Five Forces) to help managers and consultants structure and improve their analysis of the environment. This analysis is intended to put forward the main drivers and structuring elements of the performance of organizations.

Environment has an ontological reality. Most strategic management practice is based on the assumption that the environment is given and has an ontological reality. Components of the environment are conceived as objective, and, above all, as imposing their constraints on a focal organization. Of course, the environment may eventually be interpreted differently by some actors who may find opportunities that are unseen by most other actors (Barney, 1986; Kirzner, 1973). Clearly, some authors go further in suggesting that the environment can be viewed differently, giving more importance to the interpretation of actors and suggesting that an ontological approach to the environment is inappropriate (for instance, Daft & Weick, 1984). From this point of view,

organizations are interpretative systems and actors have to make sense of equivocal contexts (Weick, 1995). This last view is more interpretative. However, it should be noted that this is not the main approach adopted in organizations' strategic management practice. When it comes to the practice of strategy, realistic assumptions on the ontology of the environment largely dominate, and tools are created to facilitate this analysis of the deterministic environment.

Key structuring elements of the environment include micro/macro environment and industry as a focal level of analysis. The environment of an organization can generally be described at the micro level (i.e. the immediate task environment of the organization) and at the macro level (i.e. the general environment). Porter's Five Forces (Porter, 1979) provide a framework for analysing the micro environment, while the PEST (political-economic-social-technological) or PESTEL (political-economic-social-technological-ecological-legal) model operates at the macro level. This is also, to some extent, the case for the CAGE distance framework, which analyses the cultural, administrative, geographic and economic differences between countries when companies are crafting their international strategy (Ghemawat, 2001).

Since the seminal work of Michael Porter (1979), the concept of "industry" has been considered to be another important structuring element in the analysis of the environment. Industry (or sector) appears as the main level of analysis in strategic management. Competition, entry barriers and strategic groups are only some examples of central concepts in strategy associated with industry. The prominence of industry analysis in strategic management has largely driven the assimilation of environment to industry with a focus on horizontal structuration of economic organization.

To take a fresh look at strategy, Gadiesh and Gilbert (1998) propose the need to adopt a more vertical view of economic organization. They advance the need to analyse the "profit pool" to help companies increase their profitability and growth. The authors define a profit pool as the total profits earned at all points along the industry's value chain. The profit pool approach gives insights for the strategy of companies. However, it is worth noting that this vertical view has not made an impact on the field of strategy and that industry remains the dominant level of analysis and action domain of companies.

First-order performance of an organization comes from the choice of the industry in which to operate. In the practice of strategic management practice, the performance of an organization tends to be explained, firstly, by the industry in which it has chosen to operate. This assumption comes from the industrial organization perspective and has been much debated (Rumelt, 1991). However, portfolio matrices and Porterian approach are based on the idea that the characteristics of some industries may lead them to better performance. The choice of the industry is, then, the most important choice in the first stage of the strategic decision-making process. Thus, industry, as the main element of the environment, explains the first-order performance of the organization. By "first-order performance", we do not mean that the choice of the industry necessarily comes first in the strategy process, nor do we mean that industry, in this view, explains a more important part of the performance of a company. We simply consider that, in this mindset, "first-order performance" is what comes first in the order of things.

Second-order performance of an organization comes from the fit of the organization with its environment. Once a choice has been made about the industry in which to operate, the organization can improve its performance by increasing its fit with the environment. Indeed, in the traditional view and practice of strategy, companies must adapt to their environmental conditions. The performance of an organization is explained, secondly (in the logical order), by its fit with its environment. Once again, this point has been debated and criticized (Child, 1972), but this line of reasoning remains dominant in strategic management practice and is associated, for instance, with the traditional concept of "key success factors" that continues to play a central role in strategic thinking within organizations. Indeed, key success factors, identified through observation of the characteristics of industry leaders, must be implemented by organizations if they want to achieve good performance in their industry. Key success factors consequently appear to be the "one best way" in each sector.

In concluding this section, one may ask whether, under the traditional approach to the environment, the various assumptions described above do not lead to a self-fulfilling prophecy. Indeed, companies are supposed to engage at a given time in one or several industries (the more attractive ones) and in each industry they all adopt the same business model to fit with what they think are the key success factors (identified through the common factors shared by the leaders in the industry). Consequently, the variance in performance is therefore greater between industries than within an industry, confirming the dominant approach of the environment whereby the performance of companies is essentially influenced by the industry lifecycle.

In the end, in the traditional view of strategic management companies are considered to have one purpose (seeking competitive advantage, i.e. supernormal return profit) and a very limited set of pre-defined means of doing this (strategic manoeuvres), such as the generic strategies. Thus, the number of options is very low and there is little room for creativity.

BUSINESS MODELS AS A RESEARCH PROGRAMME IN THE FIELD OF MANAGEMENT

Over the last 15 years, use of the term "business model" has boomed. Business models have paved the way to new conceptions for setting up new companies, but they have also driven the transformation of incumbents. At a theoretical level, business models have also impacted various fields, such as the management of information systems or technology management (Wirtz, Pistoia, Ullrich & Göttel, 2016). Today, the term can be used to designate several things, which is a source of confusion. For instance, Massa et al. (2017) point out that business model can designate a real attribute of a firm, a cognitive schema or a conceptual representation of an activity. Beyond these ontological issues, in our view, depending on the context, the business model may designate a concept, a framework or a new perspective on organizations and their performance. This perspective has grown in the field of strategy, leading to what may be called "business model thinking".

If Porter (2001) criticized the term “business model” as a fuzzy buzzword, today we can consider it as a concept in itself. For the philosophers Deleuze and Guattari (1991), a concept must be considered as a means to illuminate reality in a new way, giving different meanings to other concepts through new connections. Moreover, new concepts may also perform reality because meanings and actions are intertwined (Weick, 1995). Concepts are consequently neither true nor false. Under the pragmatist approach we are adopting here, some concepts are only better than others if they bring new insights and new meanings to the world. Indeed, business model has renewed the meaning of some concepts such as those of value, ecosystem or strategic innovation. The concept also promotes a different view of organizations and their performance. These characteristics have led us to consider it as a new research programme in the field of strategy (Demil, Lecocq, Ricart & Zott, 2015; Lecocq et al., 2010).

This research programme (Lakatos, 1980) differs from dominant strategic programmes, such as Porterian or resource-based approaches, by adopting other assumptions that produce new consequences (Lecocq et al., 2010).

First, business model has rested on a configurational approach of organizations since the first studies on the topic (Demil & Lecocq, 2010; Zott & Amit, 2010). In this view, a business model is theorized as a sum of interacting elements that produce a performance. Authors agree on this point, although they may have different views on the nature of the interacting elements (Zott, Amit & Massa, 2011).

Second, a business model perspective focuses on the interaction between what an organization offers (its value propositions) and how it produces value with and for its stakeholders (its organization). This point lies at the heart of most of the conceptions (Baden-Fuller & Mangematin, 2013). In entrepreneurship, George and Bock point out, for instance, that “a business model is the design of organizational structures to enact a commercial opportunity” (2011: 99).

Third, performance appraisal takes various forms depending on the project of the actors. Social entrepreneurs, for instance, may have different evaluation criteria to traditional for-profit organizations (Yunus, Moingeon & Lehmann-Ortega, 2010). Thus, the traditional concept of competitive advantage is not considered as the cornerstone of this perspective. For social entrepreneurs—and probably most entrepreneurs—it has no sense. On the contrary, by promoting value creation and value capture mechanisms, the business model perspective allows various organizational forms to perform differently.

Finally, compared to the dominant research programmes in strategic management, the environment plays a specific role. From an entrepreneurial perspective, organizations select their environment more than they are selected by it (Lecocq & Demil, 2006). We will come back to this specific point later.

The research on business models has largely been determined by these assumptions (Warnier, Lecocq & Demil, 2018). For instance, the creative implementation of the configurational approach is most often developed through a design thinking approach (Johansson-Sköldberg et al., 2013). The logic of “modelling” (Mangematin & Baden-Fuller, 2015) also enables prototypes of business models to be produced to “test and learn” from experimentation. This logic is now largely diffused among entrepreneurs and incumbent companies. The business model innovation

literature also distinguishes between the design of business models for new activities and the reconfiguration of business models for incumbents (Massa & Tucci, 2014). In any case, a business model is likely to produce high performance when managers create virtuous circles in the interactions between its elements (Casadesus-Masanell & Ricart, 2010).

From a managerial perspective, the business model stream has brought creativity in economic or social activities to the fore when discussing the creation of new ventures or new activities within existing companies (Massa & Tucci, 2014). Whereas the strategic field is traditionally focused on analysis and provides little opportunity for creativity—except in frameworks such as Blue Ocean (Kim & Mauborgne, 2004), disruption (Christensen, 1997) or strategic innovation (Markides, 1998)—Arend (2013) points out that the business model perspective is fundamentally a creative one, as it tries to innovate and to find new ways to manage an activity beyond “business as usual”.

This “business model thinking”, which puts creativity at the heart of strategy, is opposed to the “one best way”, which characterizes the traditional strategy approach. Several methods have been proposed in the literature to design innovative business models, targeting entrepreneurs or students (Lund, Byrge & Nielsen, 2017). These methods may use analogy with existing business models in other industries, geographical areas or historical periods to stimulate reflections and envisage innovative ways to create and capture value (Martins, Rindova & Greenbaum, 2015; Rumble & Minto, 2017). To support the design phase, several frameworks and tools have been created, such as the Canvas (Osterwalder & Pigneur, 2010), the RCOV framework (Demil & Lecocq, 2010), the GRP model (Verstraete & Jouison-Laffitte, 2011) or, more recently, the Business Model Navigator (Gassmann, Frankenberger & Csik, 2014). In each of these models, the role of the environment is reduced and embeds predominantly elements of the micro-environment of a focal organization (Zott & Amit, 2010).

ARTICULATING BUSINESS ECOSYSTEM AND THE ENVIRONMENT OF ORGANIZATIONS

The specific approach of the environment in the business model literature has led, in the last few years, to the re-emergence of the notion of the business ecosystem (Lecocq, Mangematin, Maucuer & Ronteau, 2018). However, there is a need to disentangle the notions of business ecosystem and environment. Indeed, to be a valuable concept, business ecosystem needs to describe something different to the previous concepts that might play a similar function in strategic management. In this section, we advance a particular articulation of environment and ecosystem.

PERFORMING THE BUSINESS ECOSYSTEM THROUGH BUSINESS MODEL CHOICES

The business ecosystem concept (Moore, 1993, 1996) has regained interest recently despite the critical comments about its foundations and definitional aspects (see Koenig, 2012 for a very detailed account). We connect this new interest in the concept to the rise of the business model perspective and to the blurring of industry boundaries that is occurring in numerous industries. Both concepts are related but, while business model usually focuses on focal organizations, business ecosystem develops a specific view of environment.

Based on a biological metaphor, Moore (1993, 1996) defines an ecosystem as a community of interconnected heterogeneous actors with complementary competences and participating in a value-creation process. This process generally requires the management of interdependencies between actors, eventually orchestrated by a leading organization (Gawer & Cusumano, 2013), and a balance between cooperation and competition among actors. This view maintains that ecosystem differs fundamentally from the concept of environment. Another characteristic of ecosystem is what it encompasses. Indeed, it does not comprise only heterogeneous actors but also technologies, regulations or physical infrastructures. A typical example of this can be found in the recent development of digital platforms connecting multiple stakeholders by offering a technological interface.

From a focal standpoint, the ecosystem may be defined as the part of the environment with which an organization interacts. Consequently, in a pragmatist view, the ecosystem is performed by the choices—deliberate, emergent or constrained—made by an organization concerning its business model (Warnier et al., 2018). Indeed, as developed by Hannah and Eisenhardt (2018), firms have various choices for navigating nascent ecosystems. They may follow a positioning logic driven by the search for bargaining power, a competency logic driven by their pre-existing capabilities or a bottleneck logic driven by entering bottleneck components of the ecosystem to create value.

Through the design and implementation choices encapsulated in a business model, a company chooses its stakeholders and its importance (i.e. its bargaining power) in the ecosystem. This means that the nature of competitors or the technological infrastructure within which an organization evolves depends on these choices. To some extent, even the regulations applied to an organization depend on business model choices. For instance, as demonstrated by Dewitte, Billows and Lecocq (2017), over the last 50 years, French food mass retailers have managed to avoid certain retail regulations by introducing a new business model when new laws have come into force. Thus, the ecosystem that an organization navigates results from the decisions of top management. Such a view is getting over with the artificial separation between task environment and institutional environment.

Choices in the business model and their consequences may be presented succinctly through our RCOV framework (Demil & Lecocq, 2010), in which the business model encompasses three main interacting components: resources and competences, internal and external organization and value proposition (see Table 1).

Choices on...	Examples of choices	Consequences on...
Resources and competences	- Using non-strategic resources - Developing own technological standard	- Availability of resources in factor markets - No need for partners to develop technology
Organization	- Interacting with new partners - Direct selling	- Bargaining power of stakeholders - No need for distributors
Value proposition	- Targeting unusual customers - Discriminating through prices	- Intensity of competition - Type of customers served

Table 1. Examples of choices in a business model and consequences for the ecosystem

FROM A FOCAL VIEW TO AN ECOSYSTEMIC VIEW

If the ecosystem is selected by the choice of a business model, it follows that each business model defines a specific ecosystem. At the focal level, the activity of an entrepreneur generally takes place in an ambiguous context, especially for an innovating business model. Entrepreneurs generally have to ensure economic viability and at the same time legitimate their activities, acting concurrently at the institutional and task levels (Van de Ven, 1993). At an individual level, entrepreneurs must establish relationships, translating objectives into interest for other actors to build irreversibility and to gather resources (Latour, 1992). New business models require the progressive construction and connection of heterogeneous elements to change an organization or create a new one (Demil & Lecocq, 2015). Consequently, entrepreneurial work encompasses activities related to the framing of the project (Doganova & Eyquem-Renault, 2009). The goal is, then, to convince and enrol other actors to gain support and open up new opportunities. Entrepreneurs must also progressively establish social and material boundaries for their activities (Lamont & Molnàr, 2002; Santos & Eisenhardt, 2009).

The previously mentioned activities are led from a focal standpoint. However, beyond individual actions to give flesh to their projects, entrepreneurs must also act at a collective level (Schultz, Marin & Boal, 2014; Van de Ven, 1993). Their business model opens up opportunities to create and capture value at the ecosystem level by establishing dyadic or collective relationships with customers, suppliers, complementors, regulators, competitors and so on. At a dyadic level, this may concern, for instance, the competencies required for building value proposition or organizational arrangements to have access to resources such as brand or intellectual property. At a collective level, the creation of professional associations or technological standards are actions that are likely to affect the legitimacy and economic viability of individual companies (David, Sine & Haveman, 2013). By establishing these relationships and matching their business models, entrepreneurs crystallize their value creation and value capture mechanisms at an inter-organizational level. At this stage, the business ecosystem exists on its own as an aggregate and not only as a view from the focal point of a given company.

THE NEW PERSPECTIVE ON THE ENVIRONMENT OF THE ORGANIZATION

Based on the previous discussion, we contend that a new perspective on the environment has gradually appeared over the last ten years, fuelled—at least partially—by business model thinking. Instead of promoting a deterministic conception of the environment or a fit that is imperative as a precondition of performance, it promotes the selection of the relevant environment. Depending on the choices concerning its business model, an organization will insert its activities into an existing ecosystem or participate in building a new one (Lecocq & Demil, 2006; Lecocq et al., 2010), defining which part of the environment is relevant for the organization.

In this perspective, aggregates such as, industries, profit pools or markets, are no longer the ultimate references. Horizontal and vertical structures are increasingly being replaced by an ecosystemic mindset in the cognitive repertoire of managers (Lecocq et al., 2018). Major trends such as digitalization or new social challenges are fuelling the need for a new perspective on value creation and value capture (Amit & Zott, 2001) and call for new organizational aggregates. Needless to say, numerous industries such as transportation, energy, IT and retailing are being shaken by these trends. Coordination between actors is more frequently being operated through platforms, creating constellations of heterogeneous actors (individuals and/or organizations from various sectors) around a product, a resource or a technology. These platforms are empirically diverse, but a first distinction can be made between internal and external ones (Gawer & Cusumano, 2013). An internal platform can be defined as a set of assets from which a company will develop and produce a stream of derivative products. External platforms also propose services, technologies or products but provide the foundations upon which external actors will develop their own value proposition, such as the ecosystem built around the Android Operating System. In this second case, value creation is strongly associated with the direct or indirect externalities that the platform generates.

These platforms enable the emergence of new, large-scale, multi-sided markets that cut across the traditional industries. We believe that this explains the development of the ecosystemic view—both among managers and academics—which is replacing the traditional industry mindset where collective actions used to appear at the sector level.

In this perspective, the first-order performance of a focal company comes from its ability to conceive creatively or choose a business model that could create high value for the “client(s)” while also capturing high value for the focal organization (in the form of revenues). Second-order performance lies in the ability to concretely implement the targeted business model, creating virtuous circles (Casadesus-Masanell & Ricart, 2010). Thus, the second-order performance comes essentially from the ability to build an ecosystem that makes the envisaged business model of the company effective. Indeed, many companies fail to deliver or capture value because they are unable to wholly implement the business model they have designed or chosen. Their incapacity to implement their business model can be the result of internal issues, but most of the time it arises from their difficulty in implementing the ecosystem that has been idealized. For example, many organizations fail to attract customers in the

way they imagined, some do not get the support of banks, and others are not followed by the producers of the complementary offers necessary for the creation of a complete system of products and services. These are only examples of cases where the business model that has been designed is not implemented in its ideal form.

A consequence of first-order and second-order performance, in our perspective, (see Table 2) is that the variance in performance can eventually be greater within a given industry than between industries. Thus, instead of considering that we should observe more variance in performance across industries, this perspective recognizes that variance in performance among organizations comes from creativity (in the conception of the business model) and good implementation (of the business model), leaving room for important differences in performance within a given industry.

Dimension	Traditional approach to the environment	Renewed approach to the environment
Role of the environment	To be analysed for strategic decisions	Resources and actors to build value creation and value capture processes
Nature of the environment	Given	Performed
Relation between firms and the environment	Organization looks for fit with the environment	Organization selects the environment that will matter: the ecosystem
Key element structuring the analysis	Sector/industry	Ecosystem
Main variance in performance	Inter-industry	Among firms whether they are in the same industry or not

Table 2. The traditional and the renewed approach to the environment

SELECTING THE COMPETITIVE LANDSCAPE: CONSEQUENCES FOR RESEARCH AND PRACTICE

Business model thinking offers a new perspective on the development of activities. As the concept is now widely being used and diffused among managers, it is not just an academic concept. Companies are implementing this configurational and creative approach when considering their development.

Adopting a business model perspective does not mean that the environment is neglected in the strategy process. However, the environment is not considered as deterministic, and the company does not have to fit with it or to try to change it (through non-market actions, for instance). The argument we have advanced here is not a constructivist one. We do not contend that environment is interpreted in different ways. Rather, we adopt a pragmatist posture that looks at how the business model is performing in the ecosystem within a broader environment (see Figure 1). It is the business model that therefore selects the relevant environment.

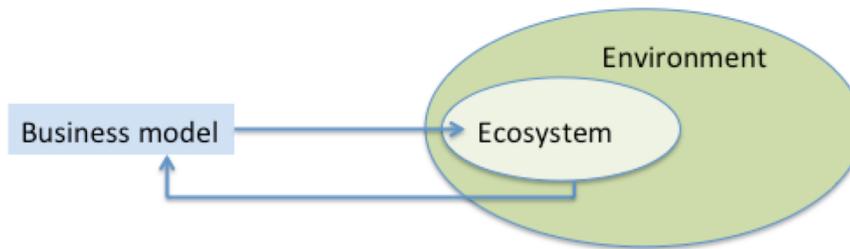


Figure 1. The interactions between the business model of the organization, the ecosystem and the environment

In the business model approach, strategic management departs from the “one best way” of traditional approaches to integrate the various ways to deploy resources, to create and capture value, and to consider a venture as a success based on the various key performance indicators (KPIs) defined with the business model (profit, growth, creation of social value, etc.).

As argued in this essay, in business model thinking the environment is considered differently than in the traditional view of strategy.

First, the environment is not given and the environment is not the same for every organization in a given industry. The environment that an organization faces (its ecosystem) is performed through its business model. Thus, each organization is potentially involved in a different ecosystem, partially or largely defined by its choices. Indeed, the more entrepreneurs and managers are creative in the design of their business model, the more the ecosystem of the organization will be unique and chosen instead of imposed by the dominant mindset in the industry. And, the more the competitors imitate each other in terms of their business models, the more their ecosystem will be shared and similar, and traditional strategic tools will produce the self-fulfilling prophecy where performance is mainly explained by industry characteristics. A consequence of this first point is that the competitive landscape is selected by each organization when defining its business model. Another consequence is that traditional concepts of strategy (entry barriers, competition intensity, bargaining power with suppliers or customers, etc.) should be applied after the choice of business model has been made and not *ex ante* at the industry level.

Second, the ability to implement a business model relies essentially on the negotiations and interactions with the stakeholders selected by the choice or design of a business model. Customers, suppliers, retailers, competitors, complementors and others must accept their role and be convinced to interact in the value creation and value capture processes under the conditions expected by the focal organization. In this view, major failures arise from the inability to build an effective ecosystem, such as in the case of mobile payment solutions where actors failed to create a coalition (Ozcan & Santos, 2015). This point has often been made in the innovation and platform literatures. For instance, Gawer and Cusumano (2013) recommend sharing a vision and rallying complementors to co-create an ecosystem. This encompasses, among other things, working on legitimacy within the ecosystem, accepting the sharing of risks with complementors, and creating an articulated set of mutually enhancing business models for the different actors in the ecosystem.

This is a central stake as most of the literature and practice associated with business models is largely focused on the design of focal business models. This implies also that the cognitive dimension of the

business model, which is central (Baden-Fuller & Morgan, 2010; Martins et al., 2015), should not lead to underestimating the importance of concrete implementation and management of the model so that it operates as anticipated when it is designed. Thus, the relevant environment, as a performed ecosystem to interact with (more than as a set of constraints to fit with), is important in the business model perspective. The business model literature and strategic management practice in the current environment should take full account of this new mindset to understand performance levers.

Third, business models and ecosystems are not static but co-evolve (Lewin & Volberda, 1999). Once defined, ecosystems, progressively constrain the business models (as depicted in Figure 1), as they are constituted by relationships and investments that may be difficult to change over time due to sunk costs and path dependence. But ecosystems also change through mutual interaction (Lewin & Volberda, 1999) and therefore offer new opportunities for the evolution of the business models (Hannah & Eisenhardt, 2018). An ecosystem may evolve because of the introduction of new partners or the development of new technologies and infrastructures. Similarly, a business model may produce less growth than expected (for example, because customers may be reluctant to pay the prices) or profits may decline. These situations may require small adjustments to the business model or a major reconfiguration (often referred to by the expression popular among entrepreneurs: "to pivot" a business model). But business models and ecosystems do not evolve only as a result of poor performance. Indeed, they may change over time as the companies gradually discover their ecosystem in a logic of effectuation (Sarasvathy, 2001). New partners are found, experience accumulates, and needs of customers are discovered. These new elements provide many opportunities for rejuvenating business models. For academics, this opens significant avenues for further research, as the progressive discovery of the performed ecosystem has not been explored, to the best of our knowledge.

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Benoît Demil is Professor of Strategic Management and Innovation at the University of Lille (IAE), France. He is currently President of the French Association of Strategic Management (AIMS) and former Director of Lille Economics and Management (LEM), a CNRS Lab. His research interests cover strategic management and entrepreneurship, and more particularly business model approach and business history. His research has been published in ranked French and international journals such as *Revue Française de Gestion*, *Long Range Planning*, *M@n@gement*, *Strategic Management Journal*, *Organization Studies*. He is also a co-author of *Stratégie et Business Models* (Pearson, 2013).

Xavier Lecocq is Professor in Strategic Management and Innovation at the University of Lille (IAE), France, and at IESEG School of Management, France. His research deals with business models and with collaborative forms of organization (open source, crowdsourcing, networks, collaborative innovation, etc.) and has been published in journals such as *Advances in Strategic Management*, *Business History*, *California Management Review*, *Long Range Planning*, *M@n@gement*, *MIT Sloan Management Review*, *Organization Studies*, *Revue Française de Gestion*, *Strategic Entrepreneurship Journal*, *Strategic Management Journal*. He is an Associate Editor of *European Management Review*.

Vanessa Warnier is Professor in Strategic Management and Innovation at University of Lille (IAE), France. She is a researcher at LEM (UMR CNRS 9221). Her research is dedicated to the renewal of Resource-Based View and to business models. Her work has been published among others in *Management Decision*, *MIT Sloan Management Review* and *Revue Française de Gestion*. Vanessa has also authored several books about strategic management and business models.

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