

Towards an Institutional Perspective on Business Model Innovation: How Entrepreneurs Achieve Robust Business Model Design

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Abstract:

Business model innovation requires building legitimacy, but increased legitimacy raises the possibility of imitation by competitors. To analyze this dilemma, we adopt an institutional perspective. We argue that entrepreneurs can strategically design the content, structure, and governance of their new business models to selectively increase legitimacy with customers and business partners while simultaneously and proactively limiting the likelihood of imitation by competitors. We call the outcome robust business model design, and develop theory about the performance consequences of such design.