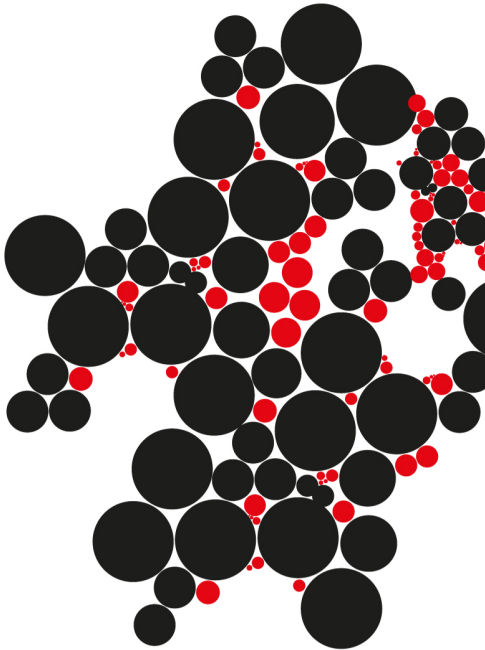




PERSONAL BUSINESS MODEL EVOLUTION
HOW INDIVIDUALS CHANGE THEIR BUSINESS MODEL
OVER TIME

Sebastian Fischer

SCHOOL OF MANAGEMENT & GOVERNANCE
INNOVATIVE ENTREPRENEURSHIP / NIKOS

EXAMINATION COMMITTEE

Prof. Dr. Aard J. Groen
Dr. Zalewska-Kurek
Ir. Björn Kijl

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Personal Business Model Evolution

How individuals change their business model over time

Master Thesis

Sebastian Fischer (s1231529)

s.fischer@student.utwente.nl

Twente University, Enschede, The Netherlands

ABSTRACT

This report adds value to the research area of business models by elaborating an under researched field of business model application - the personal business model. Due to accelerating environmental changes individuals need to constantly rethink their own personal business model. External events like societal changes and technical progress in addition to internal factors like personal goals and values influence personal business model viability and play a role in this change process. This paper extends the area of personal business models by examining the triggering events that facilitate individuals to change their personal business model over time in combination with the underlying change logic. Results are based on a cross sectional qualitative research strategy, which takes an online survey, three interviews and one online discussion board into account. The study comes to the conclusion that internal factors function as a filter mechanism that determined which external factors are of relevance for the individual. Additionally the paper shows that existing personal business model mapping tools lack a strategic and an environmental perspective. Furthermore the study proposes a personal business model evolution framework, which distinguishes two generic change strategies in the context of personal business model: planning and experimenting.

Keywords

Personal business model, individual business model, business model evolution, business model innovation, middle class squeeze

1. INTRODUCTION

The study will contribute to the academic field of business models by questioning "why" and "how" business models of individuals change over time. The paper is focussed on the triggering events that facilitate the change of an individual's personal business and the actual change logic behind.

In order to do so, the upcoming two sections will give the foundational overview about recent economic developments and academic research in the field of business models. Subsequently, proposition development is based on a literature gap analysis and will lead to the assumption that existing personal business model conceptions may lack certain perspectives and that the change of individual business models may follow a certain change logic, which is influenced by external and internal factors. Three data sources (survey, interviews, online forum) will be analysed with a grounded coding approach.

The study results will underline the importance of the individual as an area of business model application. Moreover, this is the first scientific study on personal business models that follows a cross-sectional research approach.

1.1 Research background

A business model can be defined as "the content, structure and governance of transactions designed so as to create value

through exploitation of business opportunities" [1]. Currently the business model concept is usually applied to firms. In this context a business model represents the logic behind a company's value creation and capturing. It is a well established notion that business models are not of static but of highly dynamic nature [2–12]. Constant renewal and evolution of a company's business model are inherent properties of the concept [5].

However having a closer look at the reasons behind the change of business models, it is unclear how and whether individuals actually play a role in this change process. The personal business models of individuals can logically be assumed to have a significant influence on the market and the business models of all ventures that are acting in it. At this point, only little is known about these personal business models of individuals [13].

Why is it necessary to understand the personal business model concept better? A few examples shall illustrate the necessity: nowadays individuals face overpriced housing prices, demographic changes and increasing health care costs as well as late retirements. Although having higher education most families need more than one income nowadays [14]. Furthermore, the middle class today "has about half as much spending money as their parents did in the early 1970s" [15–17]. In addition, only 100 years ago most people were entrepreneurs, but due to the internet more people nowadays "rely on their ingenuity as creators, innovators, and investors" with more than one income stream [14], [18]. It becomes obvious that the change of external factors like societal structures and technical developments lead to a decreasing viability of typical personal business models [19].

So far, only a few researchers contributed to the business model discussion, though it is worth to engage in the research field in general. Moreover, scholars can contribute significant value to the theoretical and practical world by providing tools and conceptions that help firms and individuals to design and enhance their current business model [2], [3], [10], [20].

1.2 Economical background

1.2.1 Defining the middle class squeeze

Why is it useful to look at a personal business model and the triggering events that lead to its change? It is most certainly not a purely scientific driven motivation to conduct this study. An additional motivation is known as the "middle class squeeze".

The following sub-section will illustrate the economical background of this phenomenon. Figures are mainly focused on US American and German developments, but the squeeze of the middle class happens in almost all western societies [21]. Based on the report "the middle class squeeze" published by the Special Investigations Division of the U.S. House of Representatives, the phenomenon shall be defined as follows [22]:

The middle class squeeze describes the situation of middle class households facing a decrease of real after-tax income, due to a rise of inflation rate.

The following part will show how the middle class squeeze can be measured and how the situation escalated over the last centuries. Subsequently, the global commoditization of knowledge will be identified to be a reason for the middle class squeeze. Finally, the section ends with claiming that individuals should become more entrepreneurial as an opportunity to escape the middle class squeeze.

1.2.2 Measuring the middle class squeeze

Within a progressive tax system there is the phenomenon of the bracket creep, which goes hand in hand with the middle class squeeze and appears in a situation where an increase in income pushes the individual into a higher tax bracket. This leads to the situation that despite the income increase the real purchasing power stays equal or becomes even less, in which case the inflation rate is not even compensated. For example the German inflation rate of 2012 is expected to be 4.4%. Especially low and mid level earners are affected by the middle class squeeze, rather than high earners [23], [24]. In order to underline this inequality, the difference between the mean and median income is important, too [25]. According to the U.S. Census Bureau "the median is the preferred measure of central tendency because it is less sensitive than the average (mean) to extreme observations" [26]. A few more statistical figures shall illustrate the concept further: the United States' median family real income declined by 2.7% from \$47,599 (2000) to \$46,326 (2007). Moreover, there has been a sharp rise in energy (+57% gasoline prices), education (+39% college education) and health insurance (+48%) costs for middle class families since 2000 [27]. This combination of median income decline and expense increase lowers the living standard of the middle class, which is then considered to be "squeezed" [22].

How will this phenomenon develop over the next years? Throughout 2013 unemployment rates will remain at high level and inflation will stay high in almost all OECD countries. For the Euro area the OECD projects an unemployment rate of more than 10% at the end of 2013. In the United States this rate is projected to be 8.5%. In 2012 prices for food and energy will increase in all OECD countries, partly due to capacity constraints of the growing economies China, India and Brazil [28].

1.2.3 Global commoditization of knowledge intensifies the middle class squeeze

The reasons for the development that full-time workers' earnings become more unequally distributed in almost all OECD countries are globalization, technical change as well as changes in labour market institutions and policies [21]. Moreover, the shift from a service oriented towards a knowledge-oriented society leads to a commoditization of higher educational knowledge [29]. This development is leveraged by the globalisation of knowledge and workforce resulting in increasingly flexible labour markets and salary convergence [30]. Additionally, there is a "job war" happening on globalized markets, where high talented individuals are rare and companies are willing to pay high wages to attract them [31]. Another reason is the increase in students favouring to work at a start-up company nowadays rather than applying for a corporate job after graduation [19], [32].

From a company perspective it can be assumed that business model innovation is *the* viable way to create new jobs and win

the "job war" [31], [33]. If a company is able to innovate its own business model in order to increase its own competitiveness, it will grow and create new (or higher paid) jobs in the long run. Furthermore, from a governmental perspective it is important to increase labour demand and new sources of income, especially in conditions of high unemployment and low real wages. In this context, an economy benefits from encouraging individuals with entrepreneurial abilities who become entrepreneurs and who establish new firms [31].

1.2.4 Becoming more entrepreneurial as an opportunity for individuals to escape the middle class squeeze

What consequences derive from this macro economical developments for individuals' professional behaviour? Having a job is not necessarily a solid way to avoid poverty or low income, anymore [21]. People need to get used to the change of their career direction and to start over several times. Becoming more entrepreneurial by seeing a career change as an opportunity and not as a threat can lead to a better way of coping with uncertainty [34].

Nevertheless, it is hard to significantly change the own personal business model when regular payments (e.g. mortgages, rent or car leasing) are due. In this context, the opportunity to get financing at early stages is important to avoid the risk of stepping into a poverty trap. To overcome this hurdle, German policy makers increased the annual spending for bridging allowance up to €750 million in the year 2000. Consequently the amount of self-employed individuals increased by 40% from 1991 to 2009. The rate of self-employed individuals was 8% in 1991 and 11% in 2009. However, in Germany the earnings after three years of the majority of self-employees are higher compared to earlier regular employment [35].

Encouraging entrepreneurship and self-employment can actually lead to worse situations for individuals. From the individual's perspective there is a trade-off between the flexibility to easily choose an interesting project as a freelancer and the relative higher risk of unemployment in case of a slowing down economy compared to a regular employment [36].

1.3 Problem statement and research goal

The personal business model comprises the way in which individuals capture and maintain their own economical viability. In the following the macro economical findings regarding the middle class squeeze shall be the foundation to develop the overall problem statement and research goal of the study at hand.

As shown before, Germany relies on entrepreneurship because it is an important driving force of long-term oriented economic stability and growth. Although the overall income increased during the past years, the median income diminished. Since this process is expected to get even worse, individuals need to reconsider their own personal business model. This is one of the core issues, which the underlying research contributes to. However the study of personal business models does not only apply to entrepreneurial activities but to any kind of significant changes of individuals' professional life.

People change their business model plenty of times during their life, but it is unclear what actually influences or causes the change. The competitiveness of an individual's skill set, knowledge and unique characteristic decreases over time. Consequently, the viability of a personal business model decreases,

because societal and technical changes make alteration necessary.

Are their other internal personal factors, besides external macro-economical factors, that influence a personal business model change? It is not clear whether most people change their business model rather purposefully or unintended, or even because they are required to do so.

Even if these questions were known, the subsequent question derives as to *how* individuals change their business model. Do they plan it or just experiment with possible business models via a trial-and-error approach, or is it a combination of both?

The goal of this study is to elaborate on the process of personal business model change. Due to the fact that this research area is rather new, the study aims at searching for relevant literature on the topic and at challenging the existing personal business model perceptions. The triggering events that drive the change (“why”) of personal business models and the underlying change logic (“how”) are the core research subjects of this paper.

1.4 Research question

Zott et al. (2011) mention the need for scholars to develop theoretical foundations of the business model concept. Scientists need to describe exactly which business model concept to propose as basis for a study. Hence, clarity about the theoretical antecedents and consequences; and the mechanisms through which the particular business model works will be enhanced [1]. So far, the personal business model perspective still lacks this conceptual distinction and theoretical validity.

In addition, Zott and Amit [37] mention the need for further exploration on business model design and the responsible factors for changing business models. Although their notion is based on the firm level, it supports this study as they see the need to understand the dynamics behind business model changes and their long term viability.

The study will answer the following research question:

Which factors lead to personal business model evolution and what is the underlying logic?

The three main concepts of the research question shall be shortly explained. Additionally a detailed explanation of each concept is given in the upcoming section.

There are a lot of definitions for the term business model. Generally speaking a business model is “the logic by which an organization sustains itself financially” [38]. With regards to the area of application – the individual – a personal business model is the way how individuals engage their “strengths and talents to grow personally and professionally” [39].

Business model evolution occurs in case a business model changes substantially. These changes of the inner structure could either be triggered purposefully by the individual or environmentally [4]. However, the differentiation between a business model change and evolution is rather blurry and could therefore be used synonymously. Still, there is a difference between business model evolution and innovation, which will be defined in section 2.7

With the term “logic” it is meant how individuals change their business model. The two extremes of planning vs. not planning shall illustrate that. On the one hand, a person could write down

an explicit plan what to change of their business model to achieve a certain goal in life. On the other hand, the same individual could instead just go for a direction and try new things based on his or her feeling.

1.5 Research strategy

The literature review will show that little is known about personal business models and only one scientific paper actually concentrates on this topic [13]. That is why the study at hand follows an exploratory qualitative research approach. The following scheme shall illustrate the research strategy.

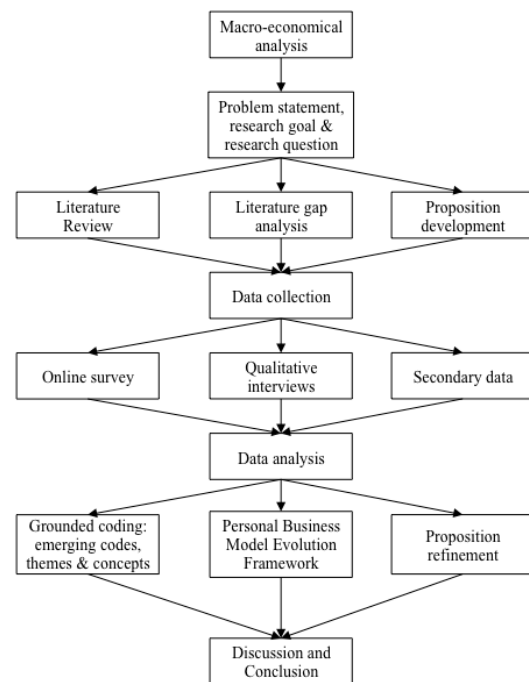


Figure 1: Research strategy

At first, statistical data about the middle class squeeze gave the foundation to develop the research question, goal and problem statement. Secondly, an extensive literature review is conducted to illustrate the most important scientific concepts. Finally, a research gap analysis from other scholars will lead to propositions, which will guide the data collection and analysis phase.

This study follows a triangulation analysis approach, taking quantitative and qualitative data sources during the data analysis phase into account. On the one hand, an online survey and three online interviews (primary data), and on the other hand, an online discussion board (secondary data) of the business-modelyou.com expert community [40] where used..

Normally, one could argue that an online forum is not suitable for scientific research, but this specific forum gives a few thousand people a place to discuss ideas and application areas of the personal business model canvas [39]. Furthermore, the book “Business Model YOU” by Clark et al. [39] was created via a crowdsourcing approach, meaning that this community was responsible to develop ideas regarding the personal business model perspective. These ideas ended up in the book of Clark et al [39]. It actually provided the personal business model canvas, which is part of the later proposition development. Taking this into consideration the usage of this expert community can be considered as reasonable.

In order to proceed with the data analysis, a grounded coding approach has been chosen. This means that no a-priori-codes have been used. Instead new codes, which were grounded in the data itself have been identified by following the three step approach (open, axial and selective coding) proposed by Corbin and Strauss [41]. The coding procedure will lead to a framework of personal business model evolution, helping to either revise or discard the research propositions. Finally, the key findings will be discussed to derive implications for the research and practice community. A further elaboration on study limitations and paths for future research will conclude the overall study report.

1.6 Relevance of the research

1.6.1 Academic relevance

The academic relevance is linked with the degree newness of this study. Throughout the upcoming section it will become clear that although quite a bit literature is available about the general business model perspective and its application on the firm level, other perspectives – like the individual – are still underrepresented.

Scholars see a need to explore the applicability of the business model concept to other units of analysis, as well [3], [13], [42–45]. The study results will lead to a better understanding of why and how individuals change their business model over time. To justify this study even further, it will be shown that other scholars formulated research gaps, which the study at hand tries to fill. For instance Vermolen et al. claimed the need for an investigation of business model dynamics, which means how business models change over time and how this can be managed [46]. Vermolen's general remark applies to all units of analysis, therefore also to the individual perspective.

The study report aims at a high quality in terms of research and writing, since this topic is of high current relevance, especially for the business model research community. In order to attain the goal of high academic quality, the study report tries to embody as much relevant literature as possible to shape an overall picture of business model theory. Moreover, a detailed elaboration on methodological approaches has been conducted to purposefully decide for a content analysis of qualitative data via a pre-defined coding process, as it will be described in section three.

1.6.2 Practical relevance

Osterwalder pointed out the necessity to examine how business models emerge, and how they evolve [47]. Furthermore Morris et al. [48] underlined the need for managers to be able to assess the quality and viability of business models. The fit between the business model and the environment is key in order to know in which direction to change [49]. The knowledge about change dynamics and viability is beneficial for personal business model assessments, too.

Personal business model assessments help companies to better decide, which applicant to hire, because a corporate business model is always related to the individual business model of its employees, owners, partners or customers. When it comes to the relationship between the employee and the company he or she is working for, the business model of both entities (company and individual) need be compatible.

To give an example: an individual's value proposition (what he or she can do best) needs to fit with the company's demand for

such skills and knowledge. If it is possible for companies and individuals to analyse personal business models, it could be possible to better match a personal business model with the company's business model. This could result in better recruiting processes and higher job satisfaction of employees. The study at hand can contribute to these notions by extending the basic foundation of the personal business model concept.

From the individual perspective the business model concept helps to analyse and develop oneself as a resource to achieve certain goals or an overall vision in life. If a person knows its own value proposition and how it can sustain itself financially, it is not important who the client or employer actually is. The personal business model concept helps to become more flexible in (professional) life because a person knows its own value and of the possible opportunities to exploit that value besides spending ones life with the same company. This leads to the conclusion that Personal Business Model research can help individuals to achieve independency from their employers and superiors.

1.7 Outline of the study report

The introduction (section 1) gave an overview about the proposed research. The following section 2 takes a close look into the theoretical concepts: innovation and entrepreneurship and the overall topic of business models: unit of analysis, frameworks and components, business model innovation and evolution as well as possible ways to change a business model. The theoretical part ends with the presentation of personal business model literature and an introduction to the concepts 'planned behaviour' and 'intention'. Afterwards, the method section (section 3) will present the overall data collection and analysis approach. The results (section 4) and a discussion (section 5) will lead to the key findings followed by a debate about the relevance and contribution for academia and practice. This debate enhances the rough remarks of academic and practical relevance, which were just given. Finally, the conclusion (section 6) will embrace the overall picture by an elaboration on limitations and recommendations for future research.

2. THEORETICAL FRAMEWORK

2.1 General remarks

The literature review will reveal the current understanding of the business model concept and its theoretical underpinnings. A differentiation of venture based business models and personal business models and the development of both will be further elaborated on. It will become obvious that both concepts are closely related to each other and highly dynamic. Scholars did not agree upon one single perspective of the business model concept, yet. The quality of this literature review will thus depend on a suitable illustration of the most important research perceptions.

Furthermore, the literature review starts with defining innovation and the entrepreneur, because that is the broader application area from which this research is coming. To understand what a personal business model is the second part of the review describes how the general business model concept evolved and was defined over time. Additionally, it will be shown that the concept is rather dynamic instead of static.

In the end, an introduction to the personal business model concept is given. However, its brevity is due to a lack of applicable literature in this field. Consequently, the terms 'planned behaviour' and (entrepreneurial) 'intention' are illustrated. They are assumed to be important in order to comprehend the change of

individual business models. The following picture shall relate the academic concepts to each other

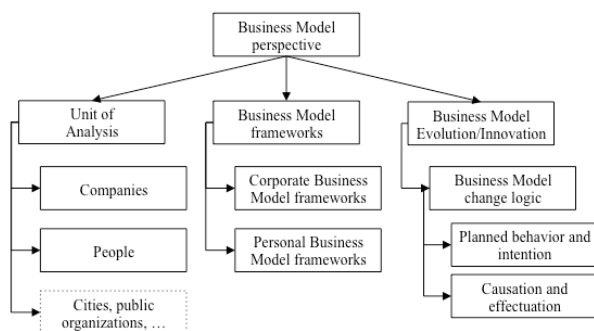


Figure 2: Concepts from literature

Before explaining each concept it will now be shortly explained how the literature review has been approached.

2.2 Literature search approach

The search for relevant literature was conducted with the help of the SCOPUS online database and Google Scholar. At first, the search terms “personal business model” and “individual business model” have been used. After filtering articles published in the year 1995 or later and written in English or German no article was found with “personal business model” in title, abstract or keyword. The search term “individual business model” lead to 4 articles of which only one was relevant [13]. Due to the fact that the remaining article was only two years old it seemed reasonable to first look at the papers from its reference list. After looking at all these papers and discarding unsuitable listings the overall list of papers has been extended with the help of the most current literature reviews in the area of business models [1], [46], [50]. After further filtering relevant articles mentioned in the reviews, some more articles and textbooks about methodology for instance have been added on the way while writing the report.

2.3 Innovation and Entrepreneurship

Innovation is understood as the “process that turns an invention [] into a marketable product” [51]. Furthermore, innovation extends the process of invention in a sense that it includes idea commercialisation, idea implementation as well as the modification of products, resources and systems [52]. Being innovative is the most important characteristic of an entrepreneur. With regards to Schumpeter [53]:

The Entrepreneur is “an idea man and a man of action who possesses the ability to inspire others, and who does not accept boundaries of structured situations. He is a catalyst of change who is instrumental in discovering new opportunities, which makes for the uniqueness of the entrepreneurial function”

Other scholars agree to this perception, e.g. Drucker [54] understands the term innovation as “the specific tool of entrepreneurs [and] the means by which they exploit change”. Drucker [54] says that an entrepreneur is “any person who initiates and manages a business with the main purposes of profit earning and growth [and] is principally characterized as innovator”. The role of the entrepreneur in the market is the “introduction of new products or services, innovative production methodologies, new markets exploration or supply sourcing, or even involves reorganizing the whole industry” [52], [55]. Giving a well-accepted

definition of innovation, the author cites Van der Meer (2007) [11]:

“Innovation is the total set of activities leading to the introduction of something new, resulting in strengthening the defendable competitive advantage of a company.”

On the one hand, the concept of the *entrepreneur* helps to understand the individual level of the business model concept. It may be important in a later stage to distinguish between character traits of entrepreneurial-minded people in contrast to rather managerial-minded ones. On the other hand, the reason why innovation has been explicitly defined above is that a business model is always in motion, which means that it changes constantly, either deliberately or environmentally driven. However, the innovation process of introducing something new to strengthen the own competitive advantage needs to be kept in mind by companies or individuals.

2.4 Development and definitions of the term business model

Looking back at early literature reviews regarding business model research, it becomes clear that the term itself was often used by practitioners and academics, although a common understanding about its meaning was missing [56]. In 2001 Alt & Zimmerman found out that there was a high variety of business model understandings and claimed a great need for further clarifications of the overall topic [56]. 10 years later the topic noticeably matured, but still scholars use the term to explain different concepts like “e-business types, value creation or value capture by firms, and how technology innovation works” [1].

Osterwalder pointed out that the occurrence of the term business model in journal abstracts started to increase from under 5 in 1995 up to 144 in 2003 [57]. The term was firstly used by Bellman and Clark in 1957 and gained importance with the rise of the new economy from 1998 to 2001 [12], [58]. In the 1970s the term was used with regards to business information systems, which should support business processes [59]. In this early phase, the concept mostly evolved from journals in the information technology sector, like the Journal of Systems Management or Small Business Computer Magazine [60]. Since then business model elaborations were mostly related to IT-specific areas. With the rise of the information technology in everyday life the term was broader applied into other areas like strategy for instance [12]. After the fall of the new economy the term evolved towards a universal perspective, from business idea, business concept, revenue model and economic model, which where all used rather synonymously [12].

The term business model is still not used in a decisive way, that is to say the meaning behind the term differs, depending on the perspective and background of the study and author [1]. Some scholars may see the business model as a concept which is mainly related to either innovation management, strategy or e-business for instance [1]. Although the practice community broadly uses the term “business model”, research scholars still struggle with conceptualizing this fragmented and inconsistent construct [61].

There are plenty of definitions concerning the term business model but what they have in common is that business models combine a firm’s value proposition, its revenue model and a value network [1]. Scholars argue that every definition of the business model concept should capture some basic perspectives.

First, a business model should illustrate how a firm is doing business. Second, the business models should show how business is conducted followed by an illustration of how this conduction creates value [1]. Finally, a business model conception should concentrate on possible partners that can enable these essential activities [2]. In more detail this means that scholars agree that a business model is a concept consisting of multiple elements [56], but which elements are exactly included is not fully agreed on.

Some business model elements that are mentioned in the literature are for instance a company's mission (high level understanding of the vision, goals and value propositions with regards to the product and service offering), structure (the roles within the company and how they are inter-linked with each other), processes (how value is created through primary and secondary processes), revenues (how does the company earn money today and in the future), legal issues (regulative boundaries which affect all areas from overall vision to short term planning) and technology (enabler and constraint of a company's performance) [46], [56].

Furthermore, business models add value to the strategic perspective of a firm and related theoretical constructs, for instance to the value chain concept and the strategic positioning approach of Porter [49], [62], [63].

Amit and Zott [64] define a business model as the

"[...] content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities."

This definition was developed in the context of e-business where they defined four drivers, which add value to a firm (Novelty, Lock-In, Complementarities and Efficiency). This so called "NICE" frameworks is anchored in strategic management and entrepreneurship theory and is meant to increase the value-potential of e-businesses [47], [64]. Later in 2010 both authors [37] see a business model as

"[...] a system of interdependent activities that transcends the focal firm and spans its boundaries."

Furthermore, Chesbrough and Rosenbloom [42] link the technological and business perspective together in order to define a business model as

"[...] the heuristic logic that connects technical potential with the realization of economic value."

What seems to be a common understanding of the role of the business model is that it should ensure that the technological underpinning of an innovation is surrounded by an organization, which acts economically viable [42]. Despite those comprehensive definitions, the author relies on another notion of Osterwalder et al. They define a business model as follows [38]:

"A business model describes the rationale of how an organization creates, delivers, and captures value."

Since it is now apparently that there is not one single definition it becomes clear what business models are and how the construct can be conceptualized.

Finally it is important to mention what business models are not. According to Zott et al. [1] a business model is not a) a linear

mechanism for value creation (in contrast to the value chain concept), b) not synonymously with product-marketing strategy or corporate strategy and c) not a reduction to the internal organization of the firm [1]. Moreover, instead of being a well-defined plan of specific actions, a business model is more "a tentative hypothesis, an initial exploratory foray into a market" [1]. A business model is a generic logic, which may build upon the previous success of a company and derives from a constant process of adaptation. Additionally, a business model does not only derive from a sequential process that combines new information and possibilities with each other [42].

Hence, when talking about business model concepts, it needs to be mentioned that some scholars have a very critical perspective on this new field of research. They argue that the business model concept and its theoretical foundations are not yet elaborated enough [20]. Those critics often relate to the missing distinctions between strategy, business model and tactics [20], [38]. According to Casadesur-Masanell and Ricart a business model is "a reflection of the firm's realized strategy" [20]. They conclude that the distinction between business model, strategy and tactics is as follows: A firm chooses a business model as part of its strategy, the choices and steps to fully implement business models are called tactics [20]. A few more comments on the differentiation between business model and strategy are given in section 2.6.

2.5 Unit of analysis

The upcoming section concentrates on two "unit of analysis" perspectives. On the one hand, scholars see the business model concept itself as a new unit of analysis that is applied in various fields like strategic management, information technology and innovation management [1]. In this understanding the business model concept is highly interdisciplinary and used by scholars and practitioners from different backgrounds. This gives reason why this rather new concept still lacks scientific maturity, which leads to very heterogeneous understandings of the term business model as it has been shown in the previous section.

On the other hand, "unit of analysis" described the unit to which the business model is applied for analysing reasons. Sevejenova et al. argue that besides the individual and company perspectives the business model concept could also be applied to cities for instance [13]. The distinction between units itself and a distinction insight each unit may be important, too. Although not yet scientifically proven, a qualitative difference between business model conceptions of, for instance, organizations (e.g. profit vs. non-profit), individuals (e.g. artists vs. managers) and Countries (e.g. developed vs. under-developed) may be of interest in the future.

All in all the unit of analysis determines in which context the business model concept is applied. It becomes clear that most of the business model research is done from a company perspective. In this case a business model could also be applied differently. A company can formulate a business model of its own or develop business models for their affiliates, products and services.

2.6 Business model frameworks

The next part of the review takes a deeper look into business model components and different existing model frameworks. It is not possible to present all frameworks, but the selection made here is based on their number of appearances in most cited scientific papers. However the frameworks mentioned in this sub-

section focus on the firm level. The personal business model frameworks are explained in subsequent sub-sections.

According to Zott and Amit [37], the business model of a company is a system of activities, which can be a combination of physical, financial or human resources and which subsequently poses a value proposition.

Figure 3: Activity system design framework [37]

Framework provides insight by:

- Giving Business Model Design a language, concepts and tools
- Highlighting Business Model Design as a key managerial/entrepreneurial task
- Emphasising system-level design over partial optimisation

Design Elements

Content	What activities should be performed?
Structure	How should they be linked and sequenced?
Governance	Who should perform them, and Where?

Design Themes

Novelty	Adopt innovative content, structure or governance
Lock-In	Build in elements to retain business model stakeholders, e.g., customers
Complementarities	Bundle activities to generate more value
Efficiency	Reorganise activities to reduce transaction costs

As been illustrated by Figure 3 they suggest two types of activities: Firstly, design elements describe the basic architecture of the activity system (content, structure and governance) and secondly, design themes identify sources of value creation within the activity system (efficiency, complementarity, lock-in and novelty) [37]. The logic of an activity based systems in a business model context is supported by diverse researchers [2], [10], [57].

Taking the activity system design framework of Zott and Amit as a starting point it becomes clear that other scholars focused especially on the design elements *structure* and *content* of a business model. For instance, Demil and Lecocq [4] proposed a framework which structures a business model from the premise of a sustainable financial performance. Resources and competences (RC), the Organization (O) and the Value Proposition (V) of the company are the main components interacting with each other. In comparison with the activity system design of Zott and Amit, the RCOV framework does not concentrate on activities as such, but on components and how they are related to each other as illustrated by figure 4.

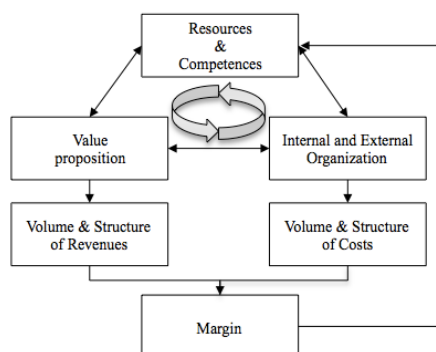


Figure 4: RCOV framework [4]

Another approach to structuring the business model concept and propose components is provided by Osterwalder & Pigneur [38]. Based on Osterwalder's doctoral thesis in 2004 [57], the so-called business model canvas is a well-accepted tool in theo-

ry and practice. It describes a company's business model with the help of nine building blocks. Osterwalder tried to build up a common language ("Taxonomy") and out of various theoretical findings he formed a model to describe, visualize, evaluate and innovate business models [38], [57]. This canvas answers the question what kind of value is delivered to whom with what kind of resources and under what kind of cost/benefit structure.

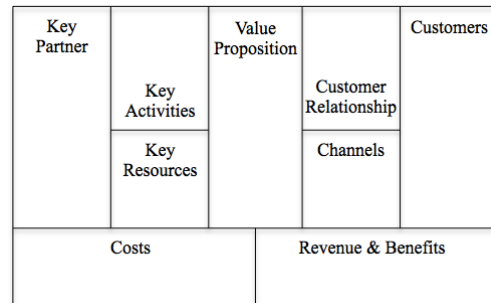


Figure 5: Business Model Canvas [38]

The approach of Osterwalder comes from a business model generation perspective. It is about creating a business model from scratch on one single sheet of paper. Nevertheless, this concept is also viably applicable to corporations that want to visualize or even change their own business model or the business model of one of their smaller entities or even products.

Furthermore, there are plenty of other perceptions of what a business model framework should embody. The proposed components of a business model differ depending on the author and his or her research background. When taking Osterwalder's Business Model Canvas as the starting point, it becomes clear that it may not cover components, which are mentioned by other scholars like Zott and Amit [37] or Demil and Lecocq [4]. By now, it is hard to judge whether including or excluding either one, or the other component, is useful. Nevertheless, the analysis of Zott et al. [1] revealed a few components, which are not mentioned by Osterwalder but by other scholars: mission, structure and processes [56]; business model implementation and sustainability [65]; and structural aspects of the Network and network externalities [66].

It has been shown that the understanding of business model components differs throughout the research community, because it is analysed from different scientific angles. A typical example is the question whether a companies strategy is part of a business model and whether concepts from the generic value network perspective need to be captured by a business model [67].

Other scholars agree on the notion that a business model is linked with the areas of strategy and value networks. Zott et al. [1] argue that especially in the digital economy firms have the opportunity to create and capture value with a vast amount of partners and users. Furthermore, Zott et al. [1] cite Hamel [68] to underline that firms need to develop new business models in a value network, which "includes suppliers, partners, distribution channels, and coalitions that extend the company's resources".

Referring to the value network perspective Teece [10] argues that for a business model to be a sources of competitive advantage it has to be more than a "logical way of doing business" [10]. A competitive business model needs to be unique and hard to replicate. Measures to achieve this are for instance patenting, the establishment of specialized processes and close relation-

ships with other firms [10].

Furthermore, it becomes clear that the business model concept is not a substitute but a complementary concept to product market strategy [1], [45]. They complement each other in a way that the business model perspective concentrates more on a “customer focused value creation” [1] process together with other external parties whereas a company’s strategy is the ground base to formulate a business model design. As mentioned before “a business model is a reflection of a firm’s realized strategy” [1], [20].

Furthermore, Chesbrough & Rosenbloom see a business model as being responsible “to ensure that the technological core of the innovation is embodied in an economically viable enterprise” [42]. In their understanding a business model is the mediator between the technological and economical side of a company. In this context, the proposed Business Model Framework of Chesbrough & Rosenbloom [42] includes both, a strategic and a value network perspective.

In detail, they describe a business model as a set of the following functions: *value proposition* (the offered value of a technology for the customer), *market segment* (to whom the technology is of interest and why), *definition of the value chain* (needed to deliver the offering), *cost/profit structure* (an estimation is based on value chain and value proposition), *position within the value network* (suppliers, customers, partners and competitors) and *competitive strategy* (how to sustain a competitive advantage over rivals) [42].

Later on, this discussion about including or excluding components like strategy or value network in a personal business model will play a role for the first proposition of the paper at hand.

All these frameworks have in common is that they can be used to generate new business models or analyse, compare and develop existing ones. The degree of planning a new or enhanced business model and its implementation also plays a role on the personal perspective, as it will be explained later in this report. The next step will deal with the topic of how those business model creation techniques can be applied to change processes of existing business models. Moreover, such techniques help to validate and implement newly designed business models in a later stage.

2.7 Business model evolution and innovation

As a matter of fact business models are dynamic and not static [2–12]. The factors that facilitate the change of business models and how this change can be conceptualized are of interest since scholars did not fully contribute effort to the overall topic of business model change. “In other words, the existing literature concentrates on describing the static constructs of a business model instead of discovering the dynamic nature and evolution of a business model” [49].

Terms that are used by scholars to describe and research business model change are for instance business model “transformation”, “augmentation”, “extension”, and “evolution” [69]. However, if business model change is crucial to survive within changing market situations, the question arises of how this change process should be conducted. Chesbrough sees business model mapping techniques as useful tools to play around with different combinations of business model components [3]. He mentions the example of Osterwalder’s business model canvas and its nine building blocks [3]. Accordingly, the entrepreneur

can compare different scenarios by playing with business model designs on a piece of paper and can profoundly select one business model [3]. Individuals can play around with business model for their own venture or themselves, too.

It becomes obvious that pure playing with business model maps does not automatically lead to practical changes of a company or individual. In the context of venture business model the interaction between the elements of a business model are always changing due to the entrepreneurial abilities of acting managers [4]. That’s the reason why managers need to have authority and resources to facilitate the change and to alter internal processes [3]. In the context of individual business models that is true as well, however the individual has much less hurdles to alter his or her own business model.

When talking about business model innovation it needs to be mentioned that the term is hardly distinguishable from the organizational innovation of a company [61]. Nevertheless, IBM’s 2008 CEO survey found out that business model innovation will become an even more important success factors than product or service innovation [70], [71]. Furthermore, researchers support the notion that business model innovation positively influences the performance of a company in general [42], [72].

The following definition of the term business model evolution shall be the starting point to better differentiate the term from business model innovation.

Business model evolution in detail means a “substantial change in the structure of its costs and/or revenues from using a new kind of resource, developing a new source of revenues, reengineering an organizational process, externalising a value chain activity - whether triggers deliberately or environmentally”.
[4]

The study at hand understands business model evolution and business model innovation as processes of “substantial changes” as given in the above definition. As mentioned earlier, an innovation “is the total set of activities leading to the introduction of something new” [11]. However, business model innovation is considered to describe the process of a company purposefully re-shaping its own business model to sustain a competitive advantage. With this in mind, a company would not innovate its own business model by just copying another company’s business model innovation.

One can conclude that copying a business model innovation from another company is rather a business model evolution. As a matter of fact business model evolution describes any kind of substantial business model changes over time, whether being innovative or not. This means that business model innovation is a subset of business model evolution. In this context the assessment of newness always depends on the perspective, for instance copying an alternative sales channel from another company can still be considered to be a business model innovation from the viewpoint of the copying company and especially when it operates in a totally different industry sector than the innovating firm. This refers to the overall discussion about the degree of newness of an innovation [73].

In the context of a personal business model, an evolution takes place when an individual adapts to certain new environmental circumstances, but he or she would innovate its own business model substantially changing one or more personal components, like a unique skill set or key activities, in order to ensure busi-

ness model viability in the future.

2.8 Business model change logic

In the context of business model evolution and innovation, it is fundamental to know how managers can accelerate business model change [5]. Vermolen et al. argue that “experimentation is about trying out several business models, to see what works best” [46]. Other scholars add that experimenting is about gaining insights by doing in-market tests and “strategic and reflective use of corporate venturing” [5]. One can conclude that experimentation is one approach to facilitate business model innovation. In this sense scholars like Sosna et al. and Chesbrough underline the need for business model experimentation [3], [9], [10], [42], [44] to tackle future uncertain situations.

Moreover, the change of business models over time is determined by external and internal factors. External factors are, for instance, environmental changes that bring the organization to change their current way of doing business. It becomes clear that companies can foresee some external changes (e.g. change of governmental policies) and some can only hardly be foreseen (e.g. disruptive technological changes and paradigms).

Internal factors relate to the organization’s internal processes and capabilities. One example is underlined by Penrose [74]: When a company rides down its experience curve it will build up knowledge about how to more efficiently exploit its own resources and how to develop new value propositions more efficiently [4]. Nevertheless, external and internal factors are closely related, because the internal change of one company’s business model consequently becomes an external trigger for another company to change its business model, too.

According to Demil and Lecocq the management has three main responsibilities when it comes to business model change. Firstly, managers need to monitor risks and uncertainties from the inside company and the external environment to anticipate developments that might need a business model change. Secondly, the potential consequences of a business model change need to be kept in mind by managers; and thirdly, in order to increase the business model performance, managers need to orchestrate all business model components, since they are dynamically changing, too. This orchestration is called “dynamic consistency” [4].

In the context of personal business models, the just presented conceptions of experimentation and leadership actions could be feasible, too. Since individuals could enable their business model to change via experimentation they still need to steer this change. Individuals themselves are at the steering wheel when it comes to choosing the change direction. However, during these changes, individuals need to follow certain (leadership) actions to ensure that the change is executed as it was intended. Finally, the concept of “dynamic consistency” can also be present on the individual level, because a personal business model asks the individual to achieve a certain kind of consistency, too.

Especially in terms of personal business model changes the causation and effectuation logic firstly introduced by Sarasvathy (2001) may well be valuable concepts, too [75]:

“Causation processes take a particular effect as given and focus on selecting between means to create that effect. Effectuation processes take a set of means as given and focus on selecting between possible effects that can be created with that set of means.”

With regards to this definition, a given goal could be the increase of market share for a specific product. In case of causational logic a manager has different tools or means to achieve this goal. In contrast, effectuation is not managerial, but entrepreneurial thinking. This means that an entrepreneur has different means, like patents in combination with some financial and human resources, and needs to decide what kind of imagined ends exist. There might be plenty of possible directions to exploit the given resources/means, and the effectual approach then aims for either one or several ends.

Referring to another example, Sarasvathy (2001) proposes to imagine a chef who is asked to cook a specific dish. The chef would then follow a causation approach, since he or she has a certain amount of ingredients (means) that are needed to fulfil the creation of this specific dish (given goal). In an effectual context, the task for the chef would be to use certain given ingredients to create not just one but many possible dishes. It becomes obvious that this entrepreneurial thinking can lead to a high variety of dishes and is related to a creative process of how to combine the given ingredient (means) to achieve imagined ends [75].

Individuals that follow an effectuation approach like entrepreneurs do not analyse their environment that much when it comes to business model change. Instead those people just go for a direction and with that “create new information that reveal latent possibilities in that environment” [3].

Especially in very uncertain market situations it is hardly possible to analyse the overall market environment, therefore acting is the preferred approach over analysing and planning. By taking one direction, entrepreneurs learn about the uncertain environment on the way. When aiming at a new business model, Chesbrough argues that “without action, no new data will be forthcoming” [3].

Moreover, it becomes clear that the concept of effectuation is linked with experimentation, because it is about new data gathering while going for a not yet discovered and uncertain direction. In contrast causation can be linked with a more planning oriented approach where side parameters are known and the level of uncertainty is low.

2.9 Personal business model perspective

From a firm perspective the commercial value of a particular technology stays undiscovered when a suitable business model is missing, which means that “technology by itself has no single objective value” [3]. In order to capture value from a technology or service, a firm needs to make sure that the current business model is viable. By experimentation and innovation as well as by taking customer needs into account a firm can achieve this goal [46].

In the context of personal business models, similar statements can be made. For instance the (monetary) value of an individual’s ability to run a hundred miles at a stretch stays undiscovered until business model enhancements ensure a certain kind of reward like personal pleasure or monetary returns via a sponsorship. The translation of an individual’s skill set (like a technology) to a value package is in every step bound to uncertainty – therefore the amount of possible business models is innumerable [42].

A great technology (or skill set of an individual) does not automatically lead to a great success on the market, even a weaker technology might rule when it has the right business model [42]. On the personal perspective this statement becomes clear, when looking at mainstream pop artists. It is not necessarily about playing an instrument perfectly, but more to deliver an overall value package to the fan base. To summarize, a certain knowledge/skill set of an individual has only little economic value when the individual does not promote it by using a viable business model.

With these two examples in mind Svejenova et al. [13] and Clark et al. [39] propose that the business model concept can be applied to individuals. The business model concept helps to understand an individual's way of delivering value and how this process changes over time. As mentioned by Vermolen et al.: "A frame-breaking transformation of an individual's business model can even contribute to the advancement of a whole professional sector" [46].

Clark et al. [39] used the business model canvas of Osterwalder et al. [38] to apply it to an individual instead of a firm. Generally, all building blocks stayed the same, but were translated into the individual's perspective. Figure 6 shall illustrate that:

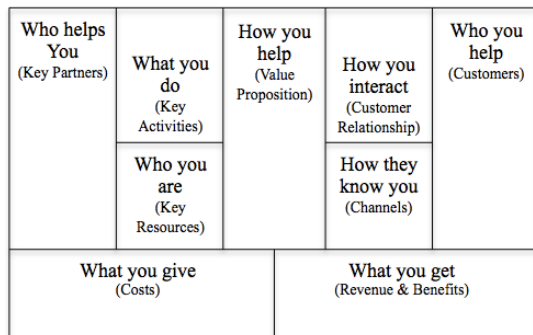


Figure 6: Personal Business Model Canvas [39]

It can be questioned how valid this transformation of Osterwalder's canvas to the individual perspective really is. Although the transformation from a firm level to the personal level seems logically reasonable, the integrity of the personal business model canvas can be questioned. It is not clear whether the arrangement of the 9 building blocks applies to individuals in the same way. For instance, the separation between key partners and customers could not make sense to individuals, because individuals are situated in a social network where this separation is often rather unclear. By asking experts for missing or redundant building blocks the validity of the personal business model canvas were tested in the study at hand.

Furthermore, Svejenova et al. [13] published the only relevant study on personal business models, so far. They conducted a long-term oriented case study of the entrepreneurial development of the Spanish chef Ferran Adria. They grouped his personal career in four main time frames and analysed how and why his personal business model changed from one time period to the other. Instead of calling the concept personal business model, Svejenova et al. used the term *individual* business model. The study at hand used the term personal business model, because an *individual* business model could be misunderstood as one specific and unique business model of any kind of unit of analysis. Nevertheless, the outcome of their paper was a theoretical framework called "Individual Business Model Transformation Framework", which is illustrated by figure 7.

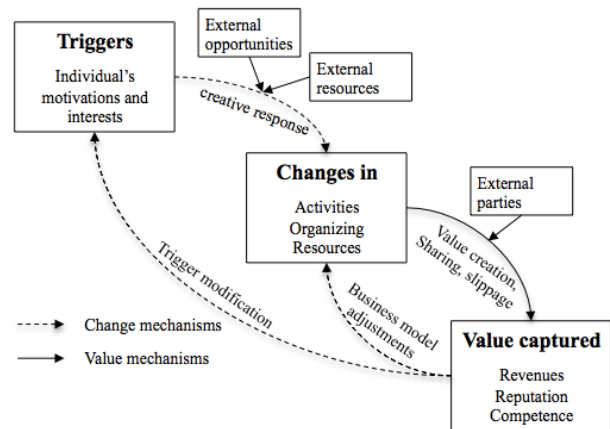


Figure 7: Individual Business Model Transformation Framework [13]

Their framework tries to explain how individuals change their business model. They differ between two kinds of triggers, which they call major and stage-specific triggers. According to them, major triggers embody the individual's interests and motivations. Stage-specific triggers are much broader and change while the business model evolves. However, they argue that these triggers (motivation and interests) are responsible for changes of the business model activities. This refers to Zott and Amit's understanding of a business model as an activity system combining content, structure and governance [37].

What becomes obvious when looking at the Individual Business Model Transformation Framework is, that in contrast to Clark et al. it does not represent a tool explaining how to visualise a personal business model with the help of different components, but it conventionalizes the way in which personal business models change over time.

According to the framework the triggers facilitating the change are, for instance, the individual's motivation and interests. These triggers are more internally than externally focussed. Nevertheless, the internal motivation of an individual meets external opportunities and resources. The individual responds to these opportunities and purposefully changes the shape of his or her personal business model. Consequently, the way in which value is captured changes and this logically leads to different triggering events.

Svejenova et al.'s study is just a starting point in personal business model research. The study at hand tries to understand the concept and the logic of personal business model evolution, too. Similar to Svejenova et al. it will be investigated how personal business models of individuals evolve over time. A differentiating point is, that this research tries to get its findings from the analysis of a broader expert community rather than from an analysis of one single case. However the chosen approach could either validate or contradict Svejenova et al.'s findings.

2.10 Planned behaviour, intention and entrepreneurial cognition

The personal business model perspective can be linked to the question why some individuals intend to become entrepreneurs and some do not. By looking for respective research articles in the context of entrepreneurial intentions the three concepts planned behaviour, intention and entrepreneurial cognition are mentioned more often than others. Therefore, these concepts are explained and related to each other in the following section.

Furthermore, they may well be important to understand the change process of personal business model, better.

The concept of planned behaviour was firstly introduced by Ajzen (1991) [76] and extended the work of Shapero and Sokol (1982) [77]. It concentrates on the individual's intention to perform certain behaviour. According to Gegeorge and Fayolle (2004) "intention is the cognitive representation of a person's readiness to perform a given behavior, and it is considered to be an immediate antecedent of behavior" [78]. Moreover, Ajzen and Fishbein (2000) claim that the individual has control over his or her behaviour and that it can be planned [79]. The individual takes the consequences of the intended behaviour into account when controlling and planning it.

It becomes obvious that in real life the relationship between behaviour and intention is not automatically given. Although intention might be a good predictor for behaviour, it does not automatically lead to it. The example of an individual who intends to stop smoking underlines that pure intention will most certainly not automatically lead to the desired behaviour [78].

Finally the concept of entrepreneurial cognition describes the "knowledge structures that people use to make assessments, judgments, or decisions involving opportunity evaluation, venture creation, and growth" [80]. This means that entrepreneurial cognition is the ability of individuals to simplify mental models, which helps them to identify and invent new products or services [80]. As it will be further elaborated on in the upcoming sub-section the level of entrepreneurial cognition is assumed to play a role in the personal business model evolution process.

Referring back to the work of Sarasvathy, the effectuation logic, which she proposed, is consequently performed by individuals that have an entrepreneurial cognition. Furthermore, in her conception an intention would arise when an individuals or entrepreneur discovers a new opportunity, which he or she could exploit with given means. If this intention evolved, the entrepreneur would plan to conduct the behaviour of exploitation. That is the basic connection between intention, planned behaviour, entrepreneurial cognition and effectuation.

2.11 Research gaps and proposition development

Svejenova et al. claimed that "the applicability and meaning of the business model concept and its dynamic beyond the organizational unit of analysis - to individuals or supra-organizational units - is still to emerge" [13] (also [3], [42–45]).

One of the first approaches of applying concepts from corporate business model research to the individual perspective was done by Clark et al. [39]. Their personal business model canvas adapts Osterwalder's business model canvas. As been argued every conception of a business model can be questioned, that is why Osterwalder's canvas is as well strongly discussed [81], [82], although it was created upon scientific findings [57].

Respectively Clark et al.'s approach of translating a business model conception to the personal perspective can be questioned, too, especially because of a lack in academic background research, which does not automatically lead to a less valuable conception.

The study at hand tests the personal business model canvas by asking experts for missing or redundant building blocks. To underline the need for testing even more, it is to mention that Svejenova et al. have a much broader understanding of an indi-

vidual business model. They define it "as sets of activities, organizing, and strategic resources that individuals employ to pursue their interests and motivations, and to create and capture value in the process" [13]. It is therefore unclear, whether for instance, a strategic perspective is actually important for a personal business model.

This leads to the first proposition:

Proposition 1 (P1):

The personal business model canvas may be limited in a way, that it does not capture all relevant parts of a personal business model or even embody redundant perspectives.

Furthermore, Svejenova et al. [13] found out about triggering mechanisms that changed one specific individual business model. The question that arises is whether those findings can be generalized. Proposition two is based on this perception and suggests that there is a qualitative difference in the importance between external and internal factors when it comes to personal business model evolution. This perception is based on the earlier given definition of business model evolution of Demil and Lecocq [4].

Proposition 2 (P2):

In contrast to internal factors (like individual's beliefs and values), external factors (like environmental and technical changes) are the main driving force behind personal business model evolution, because they are out of the individual's control and are more likely to change.

After reviewing the business model literature Vermolen et al. came to the conclusion that only little has been studied on business model implementation and they see the necessity for getting deeper insights into how to manage business models over time and how this concept is used in practice [46]. Furthermore, Vermolen et al underlined the need to get further insights on the dynamics of business model evolution [46]. "Additional attention is needed to unravelling the ways in which individuals - entrepreneurs, scientists, artists and other professionals - shape their business models over time" [13]. The study at hand poses the question of what the logic behind personal business model evolution is. The following propositions 3a and 3b are formulated based on Vermolen's perception and refer to the explanations about entrepreneurial cognition and Sarasvathy's effectuation and causation logic of section 2.8:

Proposition 3a (P3a):

People with a high entrepreneurial cognition change their personal business model via experimentation and effectuation.

Proposition 3b (P3b):

People with a low entrepreneurial cognition change their personal business model via planning and causation.

The following figure 8 shall illustrate the relationship between the developed propositions.

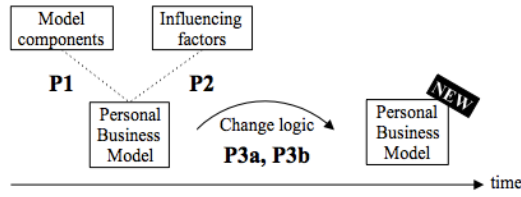


Figure 8: Proposition relationship model

On the left side a not anymore viable personal business model evolves over time towards a new personal business model on the right side. The old personal business model is influenced by specific factors. With regard to preposition 2, the triggering factors could be grouped into internal (personal) and external (environmental) factors with different influencing power. The integrity of the personal business model canvas is questioned by proposition 1. Proposition 3a and 3b consequently capture the process between the old and the new personal business model and assume a relationship between the individual's entrepreneurial cognition and the way in which he or she conducts the change.

3. METHODOLOGY

The following part is supposed to explain all relevant methodological aspects of the conducted research. It will be explained why an explorative qualitative research design is necessary. Furthermore, the data collection approach will refer to a triangulation analysis of three different data sources. Subsequently, the author gives insights on the sample, interview/survey questions and data analysis. Finally, it will be explained how the issue of reliability and validity of the research findings has been taken care of.

3.1 Explorative qualitative research

The greatest strength of qualitative research is its depth of descriptions and explorations. Qualitative research is a scientific and creative task [41]. The decision to conduct a qualitative study contributes to the goal to explore the scientific foundation of the personal business model concept. To get new insights is not about testing certain hypothesis quantitatively but to explore the real world and build up propositions. This approach is especially useful since qualitative research aims at identifying multiple factors that are involved in shaping an overall picture of the reality [83]. Since the research goal is to retrieve new insights it is implicitly necessary to conduct an exploratory study, because scholars agree that this approach "almost always yields new insights into a topic for research" [84].

3.2 Data collection

3.2.1 Data collection via triangulation

In order to achieve the research goal a triangulation approach has been chosen, because this contributes to better research results [83]. As the following picture illustrates the study combines three independent data sources, in particular an online questionnaire, three qualitative interviews and an online expert community board.

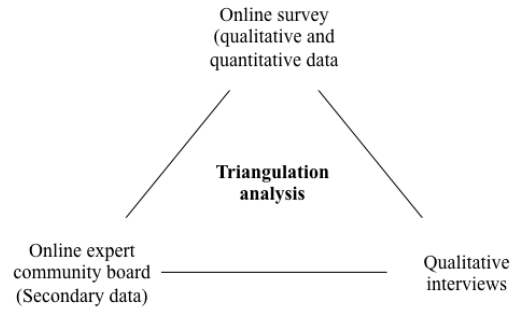


Figure 9: Triangulation analysis

In the following each data source will be described and reasons why to chose these sources and what limitations may exist will be given.

3.2.2 Standardized online survey

Over a time span of 20 days a structured interview survey gave the expert community of businessmodelyou.com the opportunity to contribute to the research on personal business models. This community was responsible to develop the tools and ideas around the personal business model canvas, which ended up in the book of Clark et al. [39]. The community includes both, the co-authors of the book, which was created upon a crowdsourcing approach and experts who generally wanted to contribute to this new application area of the business model concept.

The advantage of the standardized online survey was to collect quantitative (demographic) data as well as qualitative (descriptive) data. The questionnaire was structured in a sense, that all questions where ordered in a predetermined way, but half of the questions allowed the participants to write free text, because these questions where rather open. The open question approach can lead to answers that reveal both: the interviewee's attitude and hard facts. In general an open question starts with "what", "how" or "why" [85].

The tool, which was used to conduct the online survey, is called Survey Monkey (surveymonkey.com). This tool allowed the researcher to create the survey and control for the current status while the survey was active. Data analysis and extraction functionalities eased up the later coding process. The advantage of this data collection format was on the one hand for the researcher to collect much data from various participants in a short period of time and on the other hand for participants from all over the world to conduct the survey at a time and place, which suits them best. The following table illustrates the questions of the online survey and the respected choices in cases it was not an open question.

Table 1: Online survey questions

#	Question	Option
1	How old are you?	<18; 18-25; 26-35; 36-45; 46-55; >56
2	What is your gender?	Female; Male
3	Where are you located (which country / city)?	
4	When did you start thinking in terms of your 'personal business model' and why?	
5	Do you currently fit in one of the four categories? Or maybe more than one?	Employee; Self-Employed; Business Owner; Investor; Other
6	How would you	"My personal business model changes

	describe the underlying logic behind your personal business model evolution? Please give examples that illustrate your statement.	without me even noticing it.” “While changing my personal business model I follow an experimentation approach via trial-and-error” “I have a long-term vision for my personal business model and how it should be shaped in the future.” ”I purposefully change my personal business model and plan for it.”
7	Which statement fits best to you and why?	“I am always aware of my personal competences and know the goals/careers I could achieve with them. I purposefully decide for one career path. If I notice that I cannot achieve this goal with my own personal resources I would rather change the goal instead of changing myself.” “I have a clear vision what to achieve in the future in my professional life. I would rather alter and recombine my own personal competences so to achieve this goal instead of changing the goal.”
8	Please rate your way of doing things. Are you rather entrepreneurial or managerial minded? Can you give illustrating examples?	“While doing things I usually seek to leverage the unexpected. I rely on my creativity to achieve self-set goals. I seek to do new things, even if they turn out to be wrong - even then I try to make something new out of them.” “While doing things I usually seek to avoid the unexpected and I am focused on efficiency rather than on creativity. My goals are mainly given by other people and I try to achieve them by using standardized tools and transparent processes.”
9	How would you describe the concept “personal business model” in your own words?	
10	How (if at all) did the personal business model canvas (above) help you to change your personal business model? Did you maybe use other tools or no tool at all?	
11	What are perspectives (if any) that have not been addressed so far by the personal business model canvas? Are there any building blocks that should be added to the canvas or withdrawn according to you?	
12	Please think about your past professional life and how your personal business model evolved over time. What were factors that triggered you to substantially change your personal business model and why? Can you differ these events into external and internal factors? Please give two short examples here.	

In order to get background information of the participants questions 1 to 5 where posed at the beginning. Additionally it seemed useful to give the participant the chance to “warm up” instead of starting with the more complicated questions.

In order to ask for the change logic of personal business model evolution the three multiple-choice question 6 to 8 where posed. Question 7 measured whether the participant follows rather an effectuation (option 1) or causation (option 2) approach. Subsequently question 8 asked for the entrepreneurial cognition of the participant, where it is assumed that people who are highly entrepreneurial oriented would tend to agree with option 1; managerial oriented people would agree with option 2.

In order to ask for perspectives and components the personal business model canvas does not capture yet the open questions 9 to 11 where posed. The last question was about triggering events that facilitated the change from one personal business model to the other. To summarize it the survey consisted of six multiple choice and six open questions, but in case a multiple question asked to give an example a free text field was offered.

3.2.3 Qualitative interviews

In order to assess the outcomes of the online survey, semi-structured interviews have been conducted. Another reason for doing so, was to get even more insights from experts, which they could not have shared in an online survey. In order to achieve a comparable interview process over all participants and simultaneously not to influence the interview process, the online interview approach might be more beneficial than a face-to-face interview [86].

Basically the interview asked the individuals how their business model changed after one year. The participants were members of the businessmodelyou.com community, who posted a picture of their current personal business model one year ago, in 2011. The least posed questions were the following:

Question 1:

Looking at the nine building blocks of the canvas: did some areas changed more than others? For instance: did your key activities changed more than your personality? Why would you say is that the case? Can you give some examples of areas that changed and how specific building block are related to each other?

Question 2:

What were factors that facilitated the change of your personal business model? Can you differentiate them into internal (change of your personality, believes etc.) or external factors (environmental, societal/technological changes)?

Question 3:

Would you say that you were driven by these factors and had to change your personal business model or would you argue that you saw changes in the external world as opportunities to purposefully change your business model?

Generally, semi-structured interviews are non-standardized interviews, which are used to reveal the “what”, the “how” and the “why”. Especially in explorative studies those semi-structured interviews are highly beneficial [83]. The flexibility of the semi-structured interviews ensured a broad variety of insights from each interview, but also a high comparability between the interviews. This approach follows the recommendations of Saunders et al. [83].

3.2.4 Online discussion board

The online discussion board of businessmodelyou.com was used to confirm and enrich the already existing data, which consisted of the two primary data sources as just mentioned. On the time the forum was analysed (in the same way the survey and experts community was analysed – via coding) it gave 2.235 members a place to discuss topics around the personal business model perspective. The overall amount of text was based on 95 discussion threads and 1249 posts in sum. To underline again, it was of high interest to look at these discussions because they were partly the foundation for the personal business model canvas and the respective book of Clark et al. [39].

3.3 Sampling

It is very important to select the right sample for the research study. Therefore a precise sampling methodology needs to be defined and followed. This helps to get access to qualified candidates, who really want to openly and honestly share information [85], [87].

For the study at hand the author did ask experts of the businessmodelyou.com community. Since the canvas, which derived from the book of Clark et al. [39] is one of the central questionable subjects in this paper, it seemed logical to ask this specific online community. Furthermore, as mentioned earlier the book itself was created via a crowdsourcing approach, which means that some of the expert community members are actually co-authors of the book.

Three of the expert community members were willing to give a separate interview on the topic. For validating the findings of the online survey, conducting these interviews seemed to be an effective approach, too.

When it comes to limitations of this sampling method, it becomes clear that the community itself only has 2,235 members; of which not all are permanently active and generally willing to contribute to academic research. At the end 30 individuals conducted the survey in total, which is assessed to be a moderate value. The survey was promoted by Tim Clark (leading author of Business Model YOU [39] and head of businessmodelyou.com) during a regular members update via e-mail. Since the survey itself gave the participants room to answer open-ended questions, the qualitative insights lead to a vast amount of data.

3.4 Pre-Testing

After the sample has been selected, it is important to pre-test the interview questions before applying them to the real sample. It is important to pilot the study on individuals with a similar characteristic than the original sample [88]. Therefore the survey has been cross-checked outside the regular data collection process with other non-expert community members. It became obvious that the depth and value of answers of the experts was generally higher than those of non-experts. Since the overall topic of personal business models is rather new it is hard to really find experts in this specific field, the pre-test was conducted with students in the general field of business administration, innovation and entrepreneurship.

3.5 Data analysis

In order to analyse the data base the author conducted a content analysis. A content analysis is a generic research approach “for making replicable and valid inferences from data to their context” [89]. This generic technique refers to a coding procedure, which forms sections and groups of thoughts (codes) out of descriptive data [87], [88]. In general, codes are the central entities to describe, compare and explain qualitative data [90]. In detail, codes are “tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study...”[91]. Synonymously other researchers use terms like categories, themes or labels [90], [92], [93]. In the understanding of this paper, codes can be grouped into categories, which can lead to themes. By relating themes to each other a theory/theoretical framework can be build. This perception refers to the understanding of Saldaña [94]. With coding it is possible to structure the data gathering process and enhance the credibility of the findings.

The study at hand used a specific coding procedure, called grounded coding. For the sake of completeness it is to mention that the author used the software MAXQDA to conduct the coding procedure electronically. The following picture shall illustrate the three step coding process, which is described afterwards:

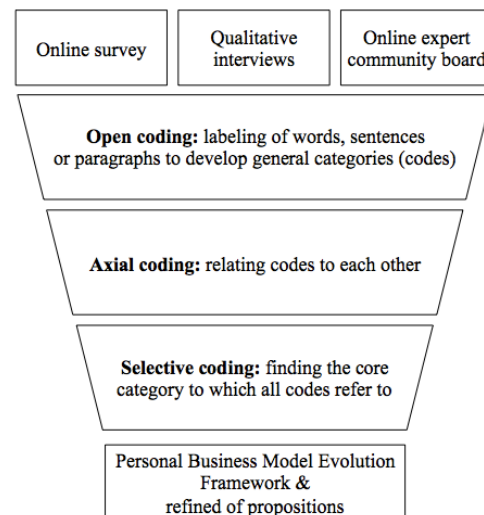


Figure 10: Three step coding process

First the qualitative results of the online survey, the interviews and the online expert community board posts have been put into one single document. Thereafter a pre-defined coding procedure has been applied.

Since there is not one single theory in the area of personal business modelling and because of the explorative nature of this research a grounded theory approach has been chosen. In detail this means that the coding procedure can be divided into three phases: open coding, axial coding and selective coding [95].

Open coding is the starting point and labels each sentence or paragraph and puts them into a newly developed category. Starting from the beginning of the text a lot of new codes will arise. The longer the procedure is done, the less new categories will arise. If no new categories arise the researcher can suggest that the set of codes matures. In this stage it is essential for the research to be very focused, because extracting coding from the text is more than just searching for often occurring words, but to understand the meaning behind the text [96]. In contrast to other coding approaches, this grounded coding method does not use pre defined (a priori) codes, instead it builds codes out of the data itself.

The next phase, axial coding, is about finding relationship between the codes. Relationships are visualised via connecting lines, which can be undirected, causal or mutual dependent. In fact the iterative nature of this activity is similar to open coding, since the researcher stops when saturation in finding relationships occurs.

When codes have been developed and the relationships between them have been formulated, the last phase, selective coding, is about finding core categories. The central category can answer the question “why” a certain relationship between codes exists [95]. After this selective coding phase a newly developed framework should come up.

3.6 Ensuring credibility through reliable and valid data

Qualitative research facilitates a high degree of credibility, because credibility is assessed by the researcher and the reader whether the results are precise [97]. In this case the author ensured for credibility by using a triangulation approach. Triangulation did enrich the data source, which was the basis for the

coding process. The viewpoint of credibility can be divided into the avenues “reliability” and “validity”.

Reliability in the context of qualitative research is achieved when various researchers find similar information for the same research phenomenon [83]. Reliability is rather not achieved when the interview process is somehow biased. Interviews can become biased for example when the interviewer poses questions, that are influenced by the own personal beliefs or when the answers given by the interviewee are subjectively interpreted, meaning that personal beliefs and attitudes “filter” the results of the interview process [98], [99].

Due to the online setting of the survey and interviews these bias concerns were lowered to a minimum. The interviewer and the interviewee did not know each other personally before. This leads to the conclusion that there is no reason for assuming any kind of negative feeling or behaviours caused by missing mutual appreciation and respect. Furthermore, since the overall data coding procedure is of iterative nature and highly depends on the researcher’s judgement [90], [93] the author made the process of data gathering clear in detail.

Besides reliability, validity refers to the quality of a measure and whether it measured what is intended to measure. Methodology experts see a qualitative difference between standardized survey and interviews in a sense that the later one lead to greater validity [84]. That is another argument for the necessity of the proposed triangulation approach.

4. RESULTS

At first the upcoming sub-sections reveals the basic demographic information about the survey and interview participants. Secondly, it will be shown how the codes have been retrieved from data and subsequently how these codes have been merged to categories and finally themes. To illustrate this process it will be explained how the category “vision” was developed from codes and how it is related to the broader theme “Additional Personal Business Model Components”. After this short illustration the whole coding table will be described in order to understand the most important findings of the study at hand.

It will become clear that the personal business model canvas has some limitations. Furthermore, triggering factors that facilitate personal business model evolution will explain why business models change over time. Finally, the evolution process will shortly be explained, taking the two approaches “Experimentation” and “Prototyping” into account. Based on the coding table, the “Personal Business Model Evolution Framework” will illustrate the generic process and the results of the axial and selective coding phase.

It is important to mention that the overall response rate of 30 individuals, who took part in the survey, is very low. In the time the survey was conducted only 1,5 % of approximately 2000 members of the businessmodelyou.com community responded. Reasons for that could be the case that not all of the members are active and the survey itself was communicated via a regular Email update from the book author of Business Model YOU, Tim Clark. Since the survey also asked for in-depth insights with the help of open questions the amount of data was still sufficiently high to retrieve valuable conclusions.

4.1 Demographic information of the sample

When looking at the demographic data of the survey sample (N=30) it becomes obvious that approximately two-thirds of the

participants were male. In addition the majority of the sample was within the age range of 26 to 35. Furthermore, the age range from 26-55 made up 70 % of the overall age distribution. Moreover, the participants came from 10 different countries and 21 different cities. Some participants came from the same region; this was not reported separately in the upcoming table.

Concerning the current profession of each participant, it becomes apparent that the majority is working as an employee, only 4 participants considered themselves as business owners or investors. These figures need to be taken with caution, because every participant was allowed to tick into more than one category, because being an employee does not forbid being an investor at the same time. The following table gives a detailed overview about the demographic background information of the sample.

Table 2: Demographic information of the sample

Attribute	Characteristic		
Sample size	N	30	
Age	<18	0	
	18-25	6	20 %
	26-35	11	36.7 %
	36-45	5	16.7 %
	46-55	5	16.7 %
	>55	3	10 %
Gender	Female	8	26.7 %
	Male	22	73.3 %
Origin	Australia	Melbourne	
	Bolivia	La Paz	
	Brazil	Florianópolis	
	Canada	Ottawa	
	China	Chengdu	
	France	Sophia-Antipolis	
	Germany	Berlin, Potsdam	
	The Netherlands	Alkmaar, Hilversum	
	UK	Hampshire, Manchester, Swansea	
	USA	Columbus (OH), Phoenix (AZ), Charlotte (NC), Jacksonville (FL), Portland (OR), Palo Alto (CA), Los Angeles (CA), Houston (TX)	
Profession	Employee	22	73.3 %
	Self-Employed	14	46.7 %
	Business Owner	3	10 %
	Investor	1	3.3 %

In addition to the survey sample, the three interview participants shall shortly be further characterized. All three interview participants were members of the businessmodelyou.com community and join an additional discussion about the personal business model construct. The age range was between 26 and 55 years old and the participants came from Canada, the United States and The Netherlands. All interviews have been conducted online either per Email or written Skype.

4.2 Exemplified coding process

The following results and this exemplified coding process used one single data set as a foundation, which was build out of all survey and interview results as well as the discussion posts of the businessmodelyou.com community. As mentioned earlier the reliability of the study findings highly depends on whether the report can make it transparent how the actual results have been retrieved. The exemplified coding process for the theme “Vision” shall take care of this issue. Have a look at the following text blocks for instance:

- “I combine my personal resources to create value in order to reach my vision of life.”
- “your personal business model is something that you wish to achieve.”
- “enables you to life-proof your dreams so they can become reality.”
- “a clear vision and operationalize it to distinct objectives.”; “defining an overall goal”
- “Creative exercises to identify possible new career and life paths including fantasizing and drawing a picture of the future”
- “gives you instant insights in optimizing your strategy”.

These (example) text blocks lead to the codes:

- “Goals”,
- “Vision”,
- “Objective”,
- “Strategy” and
- “Future”.

This means that these example text blocks were used to build up codes that describe the meaning of the text blocks. By further iterating the process it became apparent that other text blocks matched with these codes, too. After coding saturation was achieved, all codes were being categorized. The example above built on the overall category “Vision”, which takes part in describing the overall theme “Additional Personal Business Model Components”. As it will be shown in the upcoming section, this approach of coding did lead to many other codes, categories and themes.

4.3 Final coding results

The following sub-section shall represent the final results, which derived from the coding process. Furthermore, the open coding process enabled the identification of in-vivo codes, which were grouped and recombined to achieve sense-making representations of the data. With as much caution as possible the three main themes “Additional Personal Business Model Components”, “Evolution Triggers” and “Evolution Process” were identified. Caution in this sense means that although the analysing process is influenced by the knowledge about business model research and the propositions behind the study, it is important not to lead the resulting themes into a pre-defined direction. For the sake of better illustration example quotes from participants will be interspersed respectively.

The following table shows the final results of the coding process and is the starting point for the subsequent detailed description.

Table 3: Final coding table

Themes	Categories	Codes
Additional Personal Business Model components	Vision	Goals, vision, objective, strategy, future
	Eco-System	Roles, disturber, economy, technology, opportunities, social-exchange with network
Evolution Triggers	External factors	Economic climate, life changing events (death, car broke), direction in which world is changing, personal network development
	Personal factors	Openness, happiness, motivation (intrinsic, extrinsic), intended vs. current profession, consistency, disruptiveness,

		individualism, adaptation, creativity, family background, skills, values, interests, abilities, trust, positivism, age, life stage
Evolution Process	Change intention	Overcome habits, opportunity recognition, when to change, gut instinct, vision fit, pursuing personal values/skills
	Experimentation	Trial-and-error, eco-system dependent, real life, high risk, scaling (from small experiments to bigger ones), talk with others
	Prototyping	Playground, visualize, personal perspective, different possibilities, creative process, low risk, inventive process, time line, milestones
	Unconscious change	Younger times, no vision, adding on the way

The theme “Additional Personal Business Model Components” refers to perspectives of Clark et al.’s personal business model canvas, which are not addressed, but might be useful to add. These additions are split in the two categories “Vision” and “Eco-System”. In the following quotes from the survey or interviews will illustrate the results even further.

“It’s more of a lifestyle, your personal business model is something that you wish to achieve if you seek a career in a certain field, it is ever changing and constantly evolving”

As the quote illustrates, a personal business model has a future oriented and dynamic perspective. Subsequently, the component “Vision” refers to the fact that individuals are often future oriented whether implicitly or explicitly known. The data analysis led to the conclusion that a personal business model could either represent the current status of an individual’s business model or an intended future state. Apparently, a business model canvas helps to visualize a certain situation, but in order to achieve goals and objectives in the future the individual needs a specific strategy to come closer to his or her vision.

“An environmental analysis could be added to the tools set. This is not within the canvas, but an assessment of the environment in which you exist that influences the personal business model - economic, health, learning, technology etc.”

Exemplified by the quote above, beside a future oriented viewpoint a business model could embody an environmental perspective, too. The individual’s “Eco-System” is partly included in the canvas, since it addresses key partners and customers. However, the eco-system perspective sees the individual embedded in a much broader environment. Not only partners and customers, which the individual already knows are important, but also potential partners and potential customer, which may be important in the future. Apparently, the broader network and the role the individual plays in it are relevant in this perspective. In addition participants mentioned that disturbers (people who confuse/disturb you) have to be taken into account, too.

“Colleagues and friends are engaged in a social exchange characterized by giving and taking”.

The quote above represents an example of many participants arguing that an individual is part of a broader network and not just a subject that has partners and customers. Moreover, it became obvious that key partners, customers and the broader net-

work of an individual interact on a social-exchange paradigm. This means that the exchange of knowledge, products or services is rewarded by any kind of valuable assets and not necessarily money. It becomes clear that this statement is true for any unit within a network. Generally speaking, the broader concept of a value network embodies such exchange paradigm where a currency for value could either be Goods, Services and Revenue (GSR), Knowledge or Intangible benefits like customer loyalty or image enhancements [100].

The second theme “Evolution Triggers”, which emerged from the coding process embodies the personal and external factors, which facilitate personal business model evolution.

External evolution triggers are strongly related to the perspective “Eco-System”. The direction in which the world is changing, what kind of new technologies will come up, and what role the individual will play in the future society are relevant in this viewpoint. Obviously, there are more powerful external factors than others. On the one hand, an accident or death of a relative for instance, directly influences the specific individual and can lead to re-thinking the own business model immediately. On the other hand a long-term oriented societal change does not trigger an individual to change its own business model directly but gradually. The relationship between personal (internal) and external triggers shall be illustrated by the following example quote.

“I always loose the curiosity after doing the same things for a longer time (internal), new and more promising opportunities arise (external) and I start to see them (internal) due to the first fact”

The quote leads to the assumption that in general personal factors determine the sensibility of the individual to see external factors as triggering events. Referring to the early life stage of an individual, factors like intrinsic motivation or openness to learn new things might be higher than in a later life stage. However, these factors determine whether an individual sees an external change (for instance giving birth to a child or losing a job) as an opportunity or threat. Similar to external factors, personal factors can be categorized into factors that change more than others. It could be assumed that age, life stage or skills change more often than values, family background or creativity.

The third theme “Evolution Process” embodies the categories “Change intention”, “Experimentation”, “Prototyping” and “Unintended change”.

“As soon as both external and internal factors reunited in time and space, I started hacking my life around this vision of my Personal Value.”

The example quote above supports the assumption that as soon as an individual realizes a change of external and internal factors it starts certain kind of activities. Data revealed that “Change intention” is a subsequent mental process and refers to the situation when an individual realises that his or her current personal business model does not fit the current vision anymore. At the same time, due to external factors, the viability of the business model is vulnerable in a long-term perspective. In combination with personal and external factors a so-called “change intention” evolves. The concepts of planned behaviour and intention, which were mentioned in the theoretical framework of the study at hand, support this assumption. In case of an intended change it is crucial for the individual to overcome habits and recognize opportunities. Pursuing personal values

and skills help to not solely base their change intention on instinct and achieve a fit with their vision. As soon as the individual has the intention to change, it starts a change execution.

The assumption evolves that two generic strategies to execute a personal business model change exist. On the one hand “Experimentation” is a category, which embodies codes that refer to a trial-and-error approach. The individual tries his or her business model alterations in the real world; by not necessarily change the whole model but some parts of it in order to scale these “trials” up in a later stage. This could be either by talking with other people about intended changes or to just go for the change without much planning. Since this activity happens in the real world it strongly depends on the respective eco-system the individual is embedded in. The experimentation strategy fits with Sarasvathy’s effectuation logic in a way that individuals, who experiment, try out certain directions they can go for with a set of means. Instead of searching for means to achieve one specific goal, the experimentation (as well as effectuation) strategy simply goes in one direction after its feasibility has been assessed via small “trials”. Furthermore, as been mentioned earlier in section 2.8 experimenting is about in-market tests, that is why this finding fits with the perception of Doz and Kosonen [5].

The opposite execution strategy is reflected by the category “Prototyping”. It refers to the fact that some people tend to plan their business model change ahead. Instead of trying out there changes in the real world, they use playground tools like a business model canvas to visualize different possibilities. Playing around with tools like a business model canvas was also considered to be a valid approach for business model innovation as it has been mentioned by Chesbrough [3] (see section 2.8 of this paper).

However Experimentation oriented people use playground tools as well, but certainly not that extensive. This highly creative and inventive task takes place in the individual’s setting without getting feedback from the environment in the first place. Basically self-set milestones and time line propositions let this change approach appear like a project plan, where at the end the re-engineered personal business model evolves. Data could not reveal how this plan is then actually implemented.

It can thus be argued that a mixture of both strategies is actually followed by most individuals in real life. It is therefore more a question of how much planning (prototyping vs. experimenting) an individual conducts before actually going for a new direction.

“There were no substantial changes, it was more of an evolution, like “adding” [...]”

At last data revealed the fourth category “unintended change”. The quote above indicates that this activity happens in case no substantial changes of personal business model properties take place. However, this category describes personal business model changes that just happen without the individual even noticing it. Research data lead to the assumption that especially in younger times, people tend to follow this approach, because they were determined by other people’s (e.g. their parents) decisions. Caring little about business model changes these individuals add or withdraw business model characteristics on the way. They seem to have no clear vision for the future, which does not necessarily give any prediction about the success or failure of this approach.

4.4 Personal Business Model Evolution Framework

By taking the elaborations of the previous part into account the axial coding phase did lead to the framework illustrated in figure 11. This framework visualizes the relationships between the emergent themes, which derived from coding and describes the process of personal business model evolution on a rather generic level.

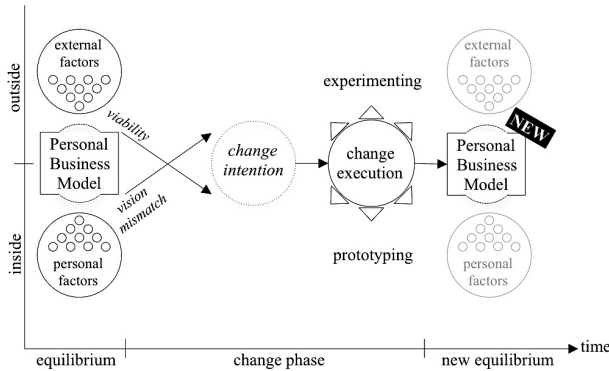


Figure 11: Personal Business Model Evolution Framework

The framework argues that in times of equilibrium the current business model of an individual matches his or her vision and is economically viable. Due to external changes the economic viability may decrease over time. An increase of viability is imaginable, too, taking the following example into account: A software engineer's value proposition was to create software, but with the rise of the internet a lot of developing tasks were outsourced to countries like India. In this situation the viability of the engineer's business model decreased, because the demand for software engineers decreased on the domestic market. Nowadays, there are contrasting developments, because more companies again rely on in-house software engineering [101]. Therefore, the viability of the engineer's business model increases again. In case personal factors change additionally there is a vision mismatch, too.

"the change in the model started externally and then become internally"

What is the relationship between internal and external factors? As the above quote may assume all external factors are responsible to trigger the shape of an individual's business model to change initially. Secondly, internal factors play a role and could be basic character traits of an individual, but also comprise factors like skills or abilities. When environmental triggers appear and the individuals sees the necessity to adapt to these changes, he or she alters personal factors.

"it's like evolution. It's always something external that changes something in the first place and then you have the choice of making internal changes."

However external factors seem to only influence the internal shape of a personal business model, if they are relevant from the viewpoint of the individual as the above quote let assume. Taking again the example of the software engineer into account, he or she is sensitive towards technical developments and their consequences, respectively the raise of the Internet and the globalization of workforce, for instance. In contrast the same person is rather not sensitive towards changes of governmental policy changes with regards to regulations in the construction

sector. Such external changes may not be of primary interest for a software engineer, although such changes might be relevant for individuals working for a construction firm or having an own company in this industry.

"[The personal business model canvas helps] to be aware of own competencies / capabilities and acting and developing them according to context-defining requirements"

The previous two quotes and explanations lead to the assumption that the internal shape of a business model functions as a kind of filter mechanism for external factors. That is considered to be the core relationship between internal and external factors.

However, if viability drops and vision mismatch increases the individual builds an intention to change. Referring back to the concepts of intention and planned behaviour the individual subsequently plans to follow one (or a mixture) of the two generic strategies "experimentation" and "prototyping". As mentioned earlier acting in the way of experimentation and effectuation is preferred in uncertain environments over causation and prototyping, which is more suitable for certain environmental conditions. After the execution process a new personal business model empowers the individual to be economically viable again and to achieve a fit with the vision, which could have been altered over time, too.

This new equilibrium fits with Demil and Lecocq's proposed situation of "dynamic consistency" as mentioned earlier in this report [4]. Like managers individuals need to achieve a fit between all personal business model components to ensure viability. Finally, the iterative process starts again as soon as external and personal factor changes trigger an alteration of economic viability and vision mismatch.

For the sake of completeness, the selective coding phase, intended to reveal one emergent major theme or theory. The emergent theme, which was identified by the author, is called "Personal Business Model Evolution" and embodies the components and relationship logic, which has just been illustrated by the previous coding table and framework.

4.5 Proposition refinement

4.5.1 Proposition 1

Clark et al.'s personal business model canvas was expected to have limitations, because a scientific foundation is missing. Looking back at the just presented results a further ascertainment of Proposition 1 is needed.

On the one hand, the data revealed, that there are components of a personal business model, which have not been addressed by Clark et al.'s canvas. The perspectives "Vision" and "Eco-System" were relevant from the viewpoint of the study participants.

The question arises whether other scholars may support these findings, too. Taking the elaborations of Kraaijenbrink into account [67], it becomes evident that his findings are closely related to the ones of this study. His critique refers to shortcomings of Osterwalder's Business Model Canvas. Due to the fact that Clark et al.'s personal business model canvas is closely related to Osterwalder's work, Kraaijenbrink's findings are relevant here as well.

He argues that the business model canvas misses a) a strategic perspective, b) notion of competition and c) mixes levels of abstraction. Referring to a) and b) of his argumentation, similar findings were drawn from the research at hand, too. According to him a business model canvas should include the strategic purpose of the unit of analysis. Not every organization aims at generating profit, like NGOs for example. In the area of personal business models this notion is also valid. People (e.g. artists) and companies may have other goals than maximizing profit.

Furthermore, his critique point b) refers to the “Eco-System” perspective of the study at hand in a broader sense. He argues that a firm needs to understand the own role next to other competing firms. In the sense of personal business models, it has been argued in the paper at hand that disturbers are as relevant to keep an eye on as other network participants. Besides pure competition, the study at hand took also environmental factors like social changes or technological inventions into this perspective, which fits the research findings of Chesbrough and Rosenbloom, too [42]. This general critique of both business model canvases fits with other scholar’s notion what a business model actually should embody, for instance mission, structure, processes, revenues, legal issues and technology [46], [56].

With the mentioned points in mind, Proposition 1 should be refined as follows:

The personal business model canvas misses at least two components. On the one hand a future oriented component, which embodies a strategy to aim for a certain vision is missing. On the other hand the surrounding eco-system of the individual needs to be captured within the canvas.

Furthermore, in order to overcome the shortcomings of Osterwalder’s Business Model Canvas, Kraaijenbrink proposed the so-called “Value Model Canvas” [102]. With this alternative approach, it is still possible to use a business model as a model, respectively to use it as a class of things as suggested by Baden-Full and Morgan [103]. Since his assumptions fit with the study findings the upcoming figure shall illustrate his proposed new model. It becomes obvious that the model can be applied to any unit of analysis, and to the individual, too.

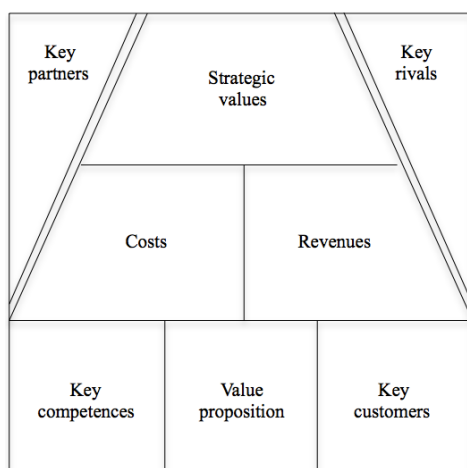


Figure 12: Value Model Canvas [102]

4.5.2 Proposition 2

Proposition 2 was assuming that individuals are influenced by certain factors that facilitate their business model evolution. It

was argued that external factors and internal factors exist, whereas the latter do not change that often and therefore have less influencing power than the others. However, this differentiation only makes sense when taking the time factor into consideration.

From a static and not dynamic point of view, it will seldom be distinguished between internal and external factors and their influencing power, while in a dynamic perspective this makes sense. Furthermore, the study results lead to an advanced refinement of the relationship between the individual towards internal and external factors. It seems reasonable to assume that internal factors function as a kind of “filter” mechanism that determines to what extent external factors influence the individuals sensitivity to change his or her business model.

In order to answer the question, whether proposition 2 needs further refinement, the study of Svejenova et al. shall be shortly compared to this study’s findings. First of all, both studies have the proposed existence of triggering factors that are changing while the personal business model evolves in common (Svejenova et al. call them “stage-specific triggers”).

In contrast, both studies differ in a sense that the study at hand sees personal triggers not only as motivation or interests, but also as the overall mind-set of the individual, for instance, values, creativity or family background. Another difference is that Svejenova et al. assume a change of activities of a business model to be responsible for new strategic resources of the individual which opens up “opportunities for value creation” [13]. In the study at hand this viewpoint has not been taken, but seems to be a logical way to explain the relationship between opportunity recognition and business model activity changes. To differentiate both perceptions even more, Svejenova et al. see an activity alteration to be responsible for opportunity recognition. In opposition to that, the study at hand argues that an opportunity is recognized depending on personal and external factors, which then lead to an alteration of the personal business model.

Finally the differentiation between change- and value-mechanism seems to be logically comprehensive, although the study at hand could not find similar results. However, this could have been verified by asking individuals more about the actual process of business model implementation and how specific change actions could be differentiated in value or change mechanisms for instance. As it has been stated before this was not the actual scope of the study at hand, but gives room for future studies in the field.

With the help of the study’s findings and this short comparison with the outcomes of Svejenova et al., Proposition 2 should be refined in the following way:

Factors that trigger an individual to evolve his or her business model can be separated into internal (personal) and external (environmental) factors. Internal factors function as a kind of “filter” mechanism, which determines an individual’s attitude to react to external factors and change the own business model respectively.

4.5.3 Proposition 3

Proposition 3 was tested by the survey question 6, 7 and 8. Question 6 was referring to the underlying change logic of the individual. Based on the survey and the other data sources, it

can be assumed that there are two generic strategies “Experimentation” and “Prototyping” existing. Question 7 was aiming at asking the individual’s tendency towards effectuation (option 1) and causation (option 2). Finally Question 8 was asking the entrepreneurial condition of the participants by rating how they perceive themselves in terms of entrepreneurial or managerial state of mind.

Before giving a statement on Proposition 3a and 3b, it needs to be pointed out that because of the little sample size the propositions cannot really be tested statistically. In order for Proposition 3a to be true the majority of the participants, which rated themselves high in entrepreneurial condition, should have followed an experimentation and effectuation approach. Proposition 3b was assuming that low entrepreneurial cognitive people would evolve their business model via planning and causation.

When looking at the sample of the survey it becomes clear, that 28 out of 30 participants rated themselves as entrepreneurial minded. Without further analysing the data set, this figure leads to the assessment that proposition 3a and 3b cannot be proven and therefore need to be discarded. In the upcoming sections this issue will be resumed and discussed, how it could be tackled in future studies.

5. DISCUSSION

5.1 Key findings

Like companies, individuals can make use of the business model concept to treat themselves as a resource, which constantly changes over time. Individuals become actors that ensure their own value creation (building up the competitive advantage) and capturing (developing the own business model to stay competitive over time). It is important to understand that personal business model changes can either be deliberate or environmentally driven.

However individuals tend to have a vision in life, for which they alter their decision to change depending on external factors. This means that they do not solely look at their business model from an internal perspective, but take the outer environment (their eco-system) into account.

In general individuals change their business model when they are somehow triggered to do so. In detail such triggers for change are for instance world-changing events, like a new technology (e.g. the internet), which opens up a whole new industry sector (e.g. E-Commerce) and cannibalizes existing sectors.

Furthermore, the extent to which environmental factors influence an individual depends on the current set of personal factors. Change intention is built, when individuals realize that the current business model is not able to achieve their long-term vision (e.g. having kids in the future). As a matter of fact financial stability can be the foundation to achieve a vision.

Moreover there are certain strategies to find a new personal business model. The study at hand identified two approaches of business model execution: Experimentation and Prototyping. Experimentation is an approach, which takes place in the real world with little planning and going for a trial-and-error process. It is about gaining insights by doing in-market testing. In contrast Prototyping is an approach, which embodies detailed planning and playing with different possible business model shapes, without trying them all out in the real world.

In practice it becomes clear, that there will be always a mixture of these two strategies. After implementing a new or altered personal business model, the individual’s vision could change as well but also new personal factors may well exist, which again determine the individual’s sensitivity to react to external factors.

5.2 Implications for academia

First of all the study findings support the notion of Svejnova et al., who were arguing that the business model discussion adds significant value when applied to other units of analysis beyond the organizational perspective, more precisely the individual. Furthermore this application approach is especially of interest for academics and practitioners because the relationship between companies and individuals is shifting. The study at hand agrees with Svejnova et al. by saying that it is not anymore a pure unequal power distribution between an individual being a “serving” employee, but increasingly more of being an equal partner cooperating with the employing company.

Moreover this study extends the perception of Clark et al. how a personal business model canvas should look like. The study results propose a strategic and network oriented perspective to better design a personal business model. In this sense the study at hand sees a strong need for further harmonizing the research field of business models. Simultaneously a further contribution of scholars from the fields of strategic management, value network analysis and business model research should further contribute to business model theory.

Furthermore due to the area of application, the individual, the engagement of Human Resource and Psychology scholars as well as academics from Social Network research shall concentrate on the personal business model perspective in the future. In case more scholars from these academic backgrounds get active in the field of business model it might actually be possible to better understand the change process of business model dynamics and how specifically individuals execute an business model change.

5.3 Practical implications

Like companies, individuals are part of an environment, which constantly changes and is out of their control. The question is not how to avoid the environment to change, but how to cope with these changes. Individuals can see external changes as opportunities or threats. In both cases the reflection of the own personal business model gives people a competitive tool set to better cope with uncertain environmental developments. However it is important to constantly rethink the own business model, regardless whether the unit of analysis is a company or a single person. The ability to adapt the right components of a business model in times of environmental changes is key to ensure economical viability and vision fit.

From the study at hand, practitioners can learn, that more than the usual business model components of existing frameworks (Clark et al., Osterwalder et al.) do exist. Furthermore future studies of (personal) business models in general can contribute to this in a sense, that it might be known what impact has the change of one component on another and when actually a change is necessary. In this context the study at hand supports the assumption that not all environmental changes are of relevance for the respective individual. As a matter of fact what actually is relevant is determined by the current set of personal factors.

Due to the acceleration of environmental changes, it will get apparent that viewing oneself as a resource, which needs to be constantly developed over time to ensure viability, is key for future entrepreneurs and professionals.

6. CONCLUSION

6.1 Answering the central research question

The study report gave an overview about the underlying research on the personal business model concept: which additional components a respective canvas should embody, why people change their business model over time and how this change is actually done. The central research question was the following

Research question:

Which factors lead to personal business model evolution and what is the underlying logic?

For the sake of completeness this part shall take the study's key findings to explicitly answer the central research question. Factors that lead to personal business model evolution can be separated into internal (personal) and external (environmental) factors. The study revealed the assumption that internal factor function as a filter mechanism to determine which of the environmental factors play a role in facilitating personal business model change.

Additionally internal and external factors itself are assumed to differ within themselves, which means that some external (or internal) factors exist that have a bigger influencing power as others. When it comes to the underlying change logic, unfortunately the study at hand could not give convincing reasoning.

Although it has been identified that two opposite change strategies exist, it is not clear under which logic actually these change strategies are executed. This drawback mainly refers to Propositions 3a and 3b, which were not testable with the respective data set. As it will be mentioned in the upcoming part about future research directions, this issue could be tackled by conducting a large-scale quantitative study.

6.2 Limitations of the study

In order to not over rate the findings of the study at hand some limitations shall be addressed. First of all it needs to reemphasize that the lack of prior research studies in the field of personal business modelling did lead to the decision to conduct an exploratory rather than an explanatory study. With this in mind preposition development was based on rather little scientific information and more on a logical comprehensive reasoning. Furthermore a qualitative approach was chosen over a quantitative approach, since no testable hypothesis were formulated.

Nevertheless the decision to conduct an exploratory study has some drawbacks. Scholars argue that those studies often do not lead to satisfactory results [84] which means that the representativeness of these studies can be questioned. This issue was tackled by following a triangulation analysis. However the overall data mainly came from one sample, the businessmodelyou.com community. Due to this fact it can be questioned whether the findings can be transferred to the overall population of all people.

Nevertheless in this early live stage of the personal business model concept this study still delivers value to the research community. What can be considered, as strength in this perspective, is that the sample was heterogeneous from a geographical

point of view. Compared to the only other existing study in the field, the general approach of accessing more than one individual to shed light on the personal business model concept shall be considered as strength of this study. Though, it would have been even better if more than just 30 members of the overall community did participate in the survey.

Finally there is a limitation in terms of data reliability. Participants were asked to tell about their own life and triggering events. A naturally occurring selective memory of participants can lead to a bias and idealization about the development of personal business models, especially because most of the participants started to think about personal business models only a few years back, but changed it already when they were 18 or younger.

6.3 Future research directions

Two different future research directions can be identified. On the one hand a longitudinal qualitative study is proposed and on the other hand conducting a large-scale study can be valid to test certain relationships quantitatively.

A longitudinal study would allow identifying different types of personal business models over a long-term period. It can logically be assumed that specific business model components differ for instance between an artist and a manager. Whereas for the artist the overall goal might be creative freedom (as mentioned by Svejenova et al. [13]), for a manager the maximization of its own salary is more important.

Furthermore a longitudinal study could find out what kind of triggers are relevant for each type of personal business model and when a change can be considered as necessary. Additional approaches to assess the balance/viability of a personal business model could be discovered. By examining people over a long period of time it might even be possible to find out best practices of successful personal business model evolutions. Finally the question could be answered how flexible a vision actually is over a lifetime and whether other strategies than the proposed ones exist to aim for that vision.

The viewpoint of success and personal business model evolution can also be elaborated by a large-scale cross-sectional study. By taking a much bigger sample and based on the above mentioned longitudinal study it could be possible to develop new constructs, which could be measured by variables and assessed with the help of statistical methods like regression analysis.

However other extensions of this approach, for instance by taking the cultural background of participants into account, could give more information about the relationship between evolution success and constructs like power distance, uncertainty avoidance, individualism or masculinity [85].

It may even be possible to find out if and why some people purposefully change their business model and others just let themselves driven by environmental changes.

Furthermore a differentiation between certain types of personal or external factors regarding their "influencing power" could be discovered. Referring back to proposition 3a and 3b, it could be possible to test and refine them, which was not possible within this study, yet.

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