

What to Expect from Such Changes? The Business Model Reconfiguration and the Dilemma for Business Evolution

O Que Esperar de Tais Mudanças? A Reconfiguração do Modelo de Negócio e o Dilema da Evolução Empresarial

Aruana Rosa Souza Luz
Michele Kremer Sott
Kadícia Faccin

ABSTRACT

This case is a narrative based on a real case experienced by the authors throughout their professional career. The Alpha Company has been operating in the furniture sector since 2006. In 2015, Alpha's managers faced a great dilemma regarding technology adoption and the transformation of the organization's business model to meet the demands of its customers and increase the company's profitability. The case describes the organizational trajectory of the company, showing the reconfiguration of its business model over the years and the dilemma experienced by managers. At a certain point in the organizational trajectory, the business's evolution and growth depend on an important decision regarding the organizational processes. The primary focus of this case is on business models, including strategic decisions and technological changes. The main contribution of this case to teaching and research in Administration lies in identifying innovative and effective approaches to address contemporary challenges, fostering an enhanced understanding and practical application of strategic development in organizations. Appropriate theories on business models are drawn from the literature to discuss and address these issues. This case was written for use in classes on organizational strategies and strategic planning at the undergraduate level. The focus of the case aligns well with discussions of business models, strategic decisions, innovation, and technological changes.

Keywords: Business Model; Strategic Decisions; Furniture sector; Organizational strategies.

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Aruana Rosa Souza Luz 
ARUANARS@edu.unisinos.br
Master's Degree
Unisinos University
Porto Alegre / RS – Brazil

Michele Kremer Sott 
sott.mk@gmail.com
Master's Degree
Unisinos University
Porto Alegre / RS – Brazil

Kadícia Faccin 
kadigia.faccin@fdc.org.br
Doctor's Degree
Fundação Dom Cabral (FDC)
Nova Lima / MG – Brazil

RESUMO

Este caso é uma narrativa baseada em um caso real vivido pelos autores ao longo da sua carreira profissional. A Alpha Company opera no setor moveleiro desde 2006. Em 2015, os gestores da Alpha enfrentaram um grande dilema relacionado a adoção de tecnologia e à transformação do modelo de negócios da organização para satisfazer as exigências de seus clientes e aumentar a rentabilidade da empresa. Este caso descreve a trajetória organizacional da empresa, mostrando a reconfiguração de seu modelo de negócios ao longo dos anos e o dilema vivido pelos gestores. Em um determinado momento da trajetória organizacional, a evolução e o crescimento da empresa dependem de uma decisão importante relacionada aos processos organizacionais. O foco principal deste caso é nos modelos de negócio, incluindo decisões estratégicas e mudanças tecnológicas. A principal contribuição deste caso para o ensino e pesquisa em Administração está na identificação de abordagens inovadoras e eficazes para enfrentar os desafios contemporâneos, promovendo uma compreensão aprimorada e prática do desenvolvimento estratégico nas organizações. As teorias apropriadas sobre modelos de negócio são extraídas da literatura para discutir e abordar estas questões. Este caso foi escrito para utilização em aulas sobre estratégias organizacionais e planejamento estratégico a nível da graduação. O foco do caso alinha-se bem com a discussão de modelos de negócio, decisões estratégicas, inovação, e mudanças tecnológicas.

Palavras-chaves: Modelo de negócio; Decisões estratégicas; Setor moveleiro; Estratégias organizacionais.

Practical implications

This teaching case presents the dilemma of Alpha, a Brazilian company that has been in the furniture industry since 2006. In recent years Alpha has faced a complex dilemma related to transforming its business model. To improve its processes and enjoy the benefits of technology, the company decides to change its business model to adopt digital technologies but faced resistance from its employees. The study is based on a real case experienced by the authors in their professional trajectory. The name of the company and the characters are fictitious. The case will support students and managers in understanding the elements that permeate a business model and will help in understanding the decision-making process and strategies to transform a business model.

Introduction

Alpha company is a small family business in the Brazilian furniture sector. Throughout its organizational trajectory, several factors drove the company to restructure its internal processes, with an effect mainly in the areas of people management, production management, delivery system, and sales strategies. In this period, the firm's managers reinvested about 2 million in firm-specific assets. The manufacturing process automatization has increased the firm's installed production capacity by 9000% from 2006 until 2019. On the ground floor, there was an 85% decrease in the number of professionals working with artisanal functions (joiners); meanwhile a 500% increase in the number of professionals working with assembling and operating machines. All this technological inversion made it possible to scale production gains. The redesigned firm's business model would allow it to change its value proposition and how it would create, deliver, and capture such value.

However, a major misalignment occurred between the formulation and implementation of the change. The company redesigned itself to change the business model, but alignment issues between designers and new technology put everything at risk. The decision the company is about to take to resolve this dilemma can lead to an exponential increase in company earnings (increment of its revenues by 3,300%), enabling the implementation of the new business model in the company. Therefore, we explored the case and looked for alternatives to solve this dilemma and accomplish the change in the business model.

Alpha firm history

Alpha's shopkeeper is a small family business that produces custom furniture. The company's history is mixed with the path the founder took throughout his professional career. José, the founder of Alpha, while in the army, he works as a joiner. Between 1976 and 1990 acquired experience in furniture production and business administration; he worked as an employee in three different furniture companies. In 1992, he produced artisanal furniture in partnership with his wife, and between 1993 and 1995, he worked for two other companies in the furniture sector. His son Pedro grew up in

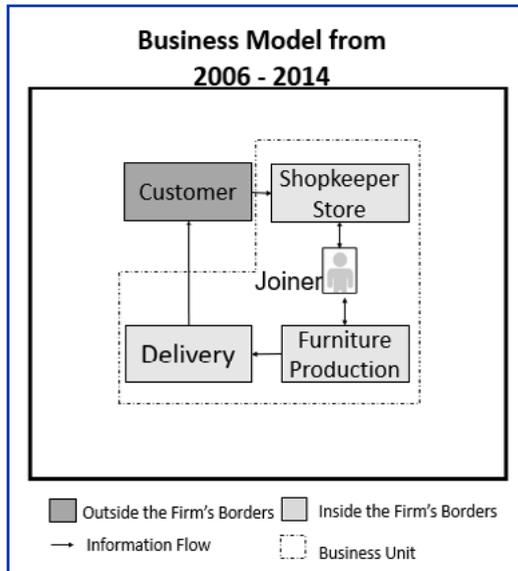
furniture production and always had a passion for his father's craft. José has always been a visionary entrepreneur and willing to explore new opportunities, while his son, Pedro, has always focused on productivity, cost reduction, and efficiency.

In 1997, José decided to be an entrepreneur and stop working as an employee. Thus, he opened his first business in the furniture manufacturing sector. His wife and son did not want him to open the business. However, the company went bankrupt in its first year of existence. With that, José was invited to participate in a new business partnership with one of his former clients. Thus, in 1999, José opened his new company with a small distribution center, a sales store, and offering a furniture assembly service. In 2003, he and his partner opened Marble Manufacturing.

In 2006, José ended his partnership and left the company where he worked. His partner maintained the activities. From then on, José created a new company (Alpha) based on the business model and infrastructure of the company he had worked on until then. With the creation of this new company, José trained and prepared his son Pedro to assume a managerial position. During the initial period of the company, Pedro works in the operational activities. In that first year, José hired the first software company to assist in the manufacture of furniture and the management of the company. The partnership worked well for a while; however, the solution no longer met Alpha's needs after a period.

In 2010, Pedro, after learning about the different areas of the company and seeking to specialize in organizational management, assumed the strategic functions of Alpha. Throughout this initial period until 2012, the company maintained the same business model. The business model during this period was described in Figure 1. The drafters created the furniture in the Shopkeeper Store. After closing the sale, the production order was issued, and a joiner was responsible for reinterpreting that order in production. Operationalizing production based on a drawing was not always an easy process. Several adjustments needed to be made, causing an excess of the need for communication between the joiner and drafters. The joiner needed to check the measurements of each piece of furniture after being designed by the store drafters, resulting in a loss of production dynamism. In practice, the technical experienced was concerned with gauging - and sometimes modifying - the draftsman-drawn furniture designs. After production, the store delivered the furniture to the customer.

Figure 1. Alpha's Business Model



Source: Prepared by authors

In 2012, the company's business model began to change. First, the vertical disintegration of Alpha's factory and Alpha's shopkeeper store occurred, and the company changed its address. This change was designed so that the factory could increase its production capacity. During this period, Pedro became responsible for the company's production, acting as an industrial manager. The company started to grow and intended to open new furniture stores. However, a new employee was hired (Paulo) and brought new ideas to the company, changing the direction of the business.

Paulo was an experienced manager in the field of furniture manufacturing and worked for years at a large company in the sector. With this vision of a newcomer and an external view of the company Alpha, he realized that many things should be changed. Paulo found that Alpha needed to innovate and was outdated compared to companies in the sector. He found several problems in production, which generated low productivity, high labor costs, and the likelihood of operational problems. Their analysis was based on the type of company machines (semi-automatic machines), which required constant interaction between the designers and the joiner

and caused several problems. From this, José and Pedro promoted a great movement of change in the company and initiated a series of important investments for the modernization of Alpha.

In the same year, Pedro was invited by a machine salesman to participate in one of the world's largest fairs in the furniture segment. Pedro gathered all the money he had to cover the costs of this trip. During this event, he strengthened ties with managers of large furniture factories, who taught him about production processes, machinery, and markets. As soon as he returned from the fair, Pedro made a great effort and purchased the first large furniture machine in the company's history. The purchase of the machine enabled the automation of Alpha industrial processes and made it possible for Pedro and José to benchmark competitor's factories. The contact with a large set of furniture production competitors was made through the network with the machinery salesman. These larger competitors kindly allowed Pedro to visit their huge factories to learn how the newly purchased machine worked.

Still, in 2012, the company managed to join a network of buyers to access imported machines for furniture production. In addition, Pedro invested in new software (Corte Certo) that would allow the integration and automation of the production areas to obtain economies of scale. However, as in the previous attempt, the partnership with the software company also did not work.

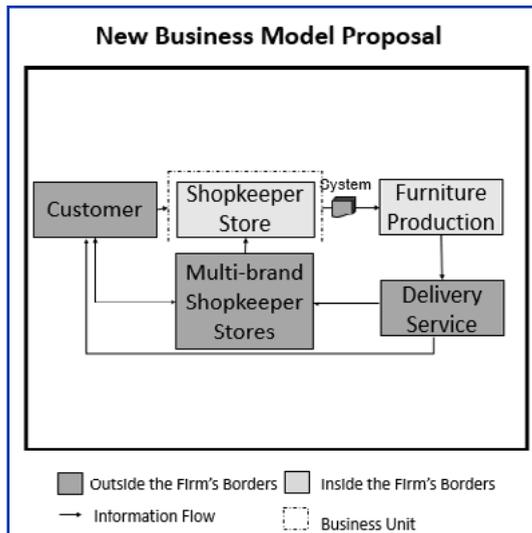
Allied to all these changes in the company, managers started to shape a business model that had previously been little explored in the country: the industrialized joinery. This new business model was aligned with the passion of the company founder for handmade furniture and with one of the fundamental elements of the company related to product customization.

Pedro made several changes in the company between the period of 2013 to 2015. This new business model produced highly customized furniture (planned furniture mindset) through mass production (using serial furniture manufacturing technology). In 2013, Alpha made its 2nd major machine investment. The company purchased a Computer Numerical Control (CNC) machine, a system that allows controlling several machines, reducing human labor and errors. In the same year, the firm made a new attempt to integrate software into the production system, now using a new software called WCC. But the experiment was expensive and did not solve the problem.

After successive software changes, Pedro hired a new company (Gb Software) to assist in integrating the production areas. Gb Software was a young company that sought to meet Alpha in each of the specificities required to assist in its processes. The software developed by Gb Software brought several benefits to Alpha, among them the reduction of the necessary adjustments in the system and the greater proximity between salespeople and the production area. The software allowed the optimization of the production, assembly, and marketing processes, as it integrated the design carried out by the designers with the manufacturing area. This was because orders and drawings made in furniture stores were addressed directly to the production area. Thus, reducing errors in cuts and sizes and allowing greater control of manufactured parts.

The complete integration of this software was completed in 2014. The managers thought that with all this structuring and the implementation of this new software, the company's success and growth would be guaranteed after the previous failed attempts. Also, this new software could significantly reduce the rework costs and lead to sustained growth. With that, it was proposed to adopt a new business model to revolutionize the furniture industry. The new business model is detailed in Figure 2.

Figure 2. Alpha's New Business Model Proposal



Source: Prepared by authors.

The new business model plan was ready. Alpha was planning to break the exclusivity contract with its furniture store (Alpha's Shopkeeper) and start producing for different multi-brand shopkeepers stores all over the country. Their customers would change from one city to all over Brazil. They started visiting new Shopkeepers to understand their interest in buying furniture from Alpha. Pedro realized that shopkeepers were facing a problem. All of them would value delivered to their final customers' furniture containing their brand printed. However, small and medium multi-brand shopkeepers have high production costs. Producing furniture under their brand was expensive. Alfa's strategy would be to offer these stores a private label solution (provide the furniture with the store's brand printed on it). The production capacity projected for Alfa was so large that it could offer the production of white-label furniture to retailers across the country. Alpha focused on prospecting well-structured multi-brand shopkeepers who value quality and have a client base that values customized and quality furniture. So, to explore these clients, Pedro visited 70 shopkeepers in 2015.

Dilemma

In theory, the software could generate so many benefits for Alfa company. However, in practice, it didn't work very well. In 2015, there were several problems with the implementation of the software. The drafters didn't like the software, and they found the software too different, and they didn't like the idea of spending time learning this new tool. This resistance occurred because the software developed and implemented by Gb Software had a different design and functionality than the software they had used for many years, causing discomfort in practically all the designers, and putting Alpha in a very delicate and worrying situation.

When Alpha faced this dilemma, managers had to make a decision. On the one hand, they could insist and force technological adoption. On the other hand, they could retreat and forget the new project. What would be the best decision to make? Should they force the adoption of a new business model even if the system's main user did not agree with this change? Or should they rethink the operation and redesign it? But how were they supposed to do that?

From that moment, the company's managers need to make an important choice to change the company's business model and keep growing. What decision should managers make in this case? What are the possible implications?

Trends and new furniture consumption behaviors drive the need for change

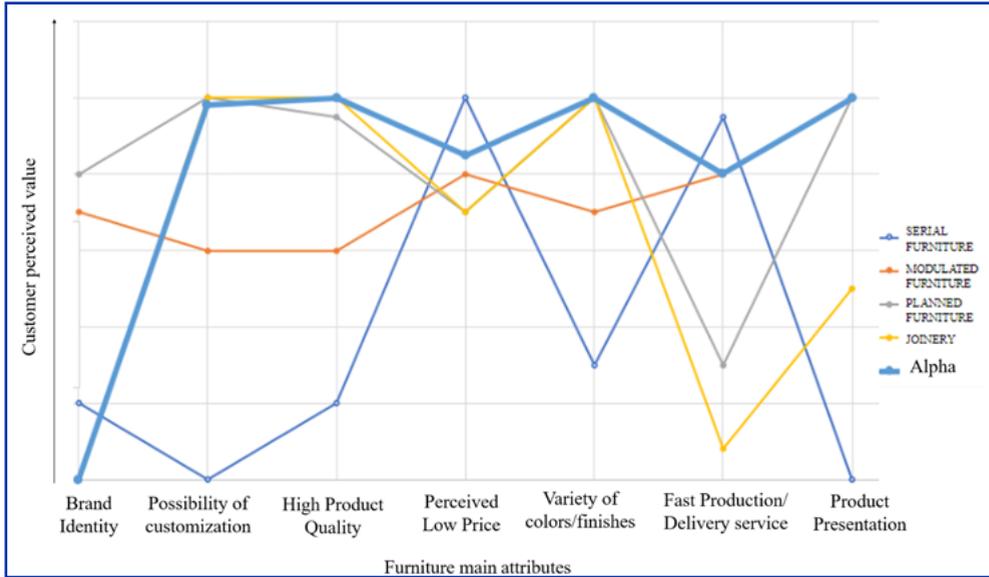
The furniture industry is made up of the segments of serial, modulated, planned furniture, and joinery. Chain coordinators (for example, retail chains, large companies responsible for furniture design creation, or firms that owns the brands and perform the end-production integration phase) appropriate most of the value generated in the chain. In general, companies in this industry adopt economies of scale strategy (usually in the serial and modulated furniture segment) and quality strategy (usually in the planned furniture and joinery segment). High levels of supply chain integration enable the members to achieve better productivity and fast delivery.

In 2019, Brazilian furniture production generated thousands of jobs and 1.172 billion investments made by the 19 thousand companies in the sector. Brazil is the sixth most global producer of furniture and the 30th largest exporter in world trade (Furniture Brazil, 2020). The three states of the South region are the largest Brazilian furniture exporters, corresponding to 85,1% of Brazilian exports from January to September 2019 (ABIMÓVEL, 2020). Rio Grande do Sul state concentrates almost 20% of the country's furniture production (MOVERGS, 2020). Generally, companies in this industry adopt economies of scale strategy (usually in the serial and modulated furniture segment) and quality strategy (usually in the planned furniture and joinery segment). High levels of supply chain integration enable the members to achieve better productivity and fast delivery.

Pushed by the largest companies, furniture retail companies have been implementing more technology at their points of sale, changing customers' shopping experience, eliminating bottlenecks, radically reducing waiting time and increasing customer satisfaction. These initiatives have transformed the role of physical stores, led leading companies to change the way teams are commissioned and to review team training, the role of teams, interaction with electronic devices and payment processes in stores

Most of the furniture produced in Brazil is for residential purposes, and wood is the main raw material used for production. In this context, customers who buy furniture value different things depending on the type of furniture they buy. Figure 3 depicts important attributes valued by different customer profiles.

Figure 3. Attributes valued by different customer profiles



Source: Prepared by authors.

Each customer profile values specific attributes. In this sense, major global trends have guided a change in consumer behavior, regardless of the furniture niche in which they are inserted. First, there is a trend towards multipurpose furniture. The Brazilian population is predominantly urban (more than 85%) and lives in small residences. Residents of these smaller residences demand functional and cozy furniture, with differential practicality and smart organization of spaces. Due to smaller residences, there is a trend towards multipurpose furniture. This possibility of customization is a trend in this sector. In view of this scenario, the planned furniture sector was the one that grew the most in recent years, in comparison with the other segments of the sector. In 2014, the volume of planned furniture pieces represented 8% of the sector's total, and in 2016 this percentage rose to 9.5%.

Second, consumers have increasingly sought to participate in the creation process actively. They want to build their furniture projects in collaboration with drafting technicians. These interactions are an important success factor in the furniture sales process.

Third, the increasing trend of combining technology with the manufacturing process. The use of tools such as Augmented Reality to assist the work of architects, designers, industries, joineries, and shopkeepers helps awaken emotions through the interaction of the virtual and the physical world, making the client part of the process.

The fourth trend is upcycling, which consists of reusing products that would end up being discarded. This trend encourages customers to demand customized products with unique and exclusive objects. From Figure 3, we depict that Alpha made an effort to reconfigure its business model and maximize customer perceived value in all furniture attributes, mainly in the ones related to the global trends in the sector.

Case Teaching Notes

SITUATION DESCRIPTION

This case addresses Alpha's dilemma about redesigning its business model. The dilemma experienced by Alpha directly impacts its financial results and competitiveness in the market. On one hand, Alpha seeks to transform its business model and implement technological alternatives to increase and facilitate its productivity. On the other hand, it faces resistance from its employees regarding the new business model. What decision should Alpha's managers take to solve this situation?

Below are suggestions for using the case in the classroom. The case notes are a didactic instrument to support educators in the classroom. Below we present the case notes as follows. Firstly, we present the method used to collect the data that guided the construction of this teaching case. Secondly, we present a summary of the Business Model literature that can be used to support the teaching case theoretically. Thirdly, we present the teaching objectives and some pedagogical tips so that the educator can conduct the discussion of the case in the

classroom based on a constructivist teaching and learning proposal, as well as problem-solving strategy tools.

BUILDING THE CASE

The data used in this study were collected through semi-structured exploratory interviews. We conducted seven interviews with the founder and managers responsible for the areas of operation, marketing, finance, production, draftsman, and one client (shopkeeper). The interviews were conducted in November 2015. In addition, we carry out non-participant observation and use secondary data to increase the reliability of the collected data. The researchers looked for documents, news, websites, and institutional videos that would help us build the analysis of the cases. In addition, we review the literature of the field of study to provide a theoretical foundation and identify quality research to serve as a basis for teachers and students to understand business models. The literature review, the interviews, participant observation, and document analysis made it possible to understand the case of the company and to structure actions for the problems. In this teaching case, we propose that students think about Alpha's dilemma as the manager of the organization to decide which decisions are best and which path the business should follow. The teaching case is flexible so that the teacher can make changes to the activities according to the students' level of knowledge or other needs in the class.

A CONCEPTUAL FRAMEWORK FOR THE EXPLORATION OR DISCUSSION OF THE CASE

Each business has its characteristics. Some industries, such as the IT and pharmacy sectors, push businesses to evolve at high speed. On the other hand, firms embedded in low-tech business sectors evolve at not-to-fast time clock speed. In the last 20 years, with the advance of the Internet, businesses from all sectors have been pressured to change and incorporate new emergent strategies along the way dynamically. The Business Model (BM) literature has been consolidated over this period. A firm's life expectancy is shortening, which was considered to be 90 years in the 30s, passing to 30 years in the 70s, 15 years in de 2005 (O'Reilly & Tushman, 2016). In 2016, an S&P500 firm dropped from the ranking every two weeks (O'Reilly & Tushman, 2016). The BM literature emerges trying to explain this dynamic of busi-

ness model changes. Some papers use other terminologies when writing about this topic, like “business model transition”, “business model renewal”, “business model reconfiguration”, “business model change”, and “business model process”. Most BM definitions are close to those proposed by Teece (2010). The author suggests that a BM “reflects management’s hypothesis about what customers want, how they want it, and how the enterprise can organize to meet those needs best, get paid for doing so, and make a profit” (Teece, 2010, p. 172).

In this sense, several theoretical currents and perspectives were used to understand the phenomenon of changes and innovations in BMs, such as dynamic capabilities, entrepreneurship, transaction costs, resourced-based view, learning, and innovation (for a review (see Foss & Saebi, 2017). Also, various case studies describe how companies have adapted and evolved their business models. For example, Aspara and colleagues (2013) investigated Nokia’s BM along its trajectory and the nuances of these modifications. Demil and Lecocq (2010) described the Business model evolution using the English football club Arsenal FC case. Also, Zott (2011) described the Apple and HTC Business Model Innovation that relates to the successful changes in the BM. In the telecommunication sector, Khanagha et al. (2014) investigated how Telco company transitioned to the new BM, contemplating cloud computing in a longitudinal case study.

Thus, to analyze the composition of a BM and its modifications and innovations, it is necessary to examine its elements and how companies articulate them.

In the literature there are several frameworks used to build business models, which address different elements at different levels of depth. In this case study we chose the elements proposed by Richardson (2008) to guide the study. In this sense, Richardson (2008) proposes a BM framework composed of three dimensions: 1) Value proposition dimension, which is related to what the firm delivers to customers and how much they are willing to pay, and the firm’s strategy for competitive advantage. 2) Value creation dimension and delivery system refer to its resources and capabilities, relationships with customers, partners, and suppliers, and its processes, business systems, and value chain. 3) Value capture, which refers to the forms of revenue and profit generation. With this framework, it becomes possible to analyze the different dimensions that make up a BM and how companies articulate their elements to continue growing and evolving in their market. It should

be noted, that the vast literature of the field of study does not determine a single general solution for structuring business models. However, the elements mentioned above are widespread in the theory of the field of study and help to create a common language on the subject.

TEACHING OBJECTIVES

This case follows two teaching objectives to put students in a managerial position. Students will be expected to use academic theory about business modeling to analyze the case of company Alpha to find solutions to the questions presented. The case presented has the following teaching objectives:

- a. a) Understand the decision-making process and the strategic moves for the transformation of the business model.
- b. b) Analyze the elements that permeate the modification of a business model and the evidence of these elements in the case studied.

PEDAGOGICAL ASPECTS OF TEACHING CASE IMPLEMENTATION IN THE CLASSROOM

The teaching case can be applied in 180-minute or two classes of 90 minutes. Below are the activities for a 180-minute class. The time of the activities can be changed according to the student's knowledge of the subject.

First, the educator can give a brief presentation (5-10 minutes) on Business Models, introducing the seminal literature of the field of study and a synopsis of the case. Students may already know business models, so this step does not need to exceed 10 minutes. The supporting literature can support those who do not have prior knowledge on the subject.

The following references can be used as support material for the educator.

- Teece, D. J. (2010). Business models, business strategy and innovation. *Long range planning*, 43(2-3), 172-194.
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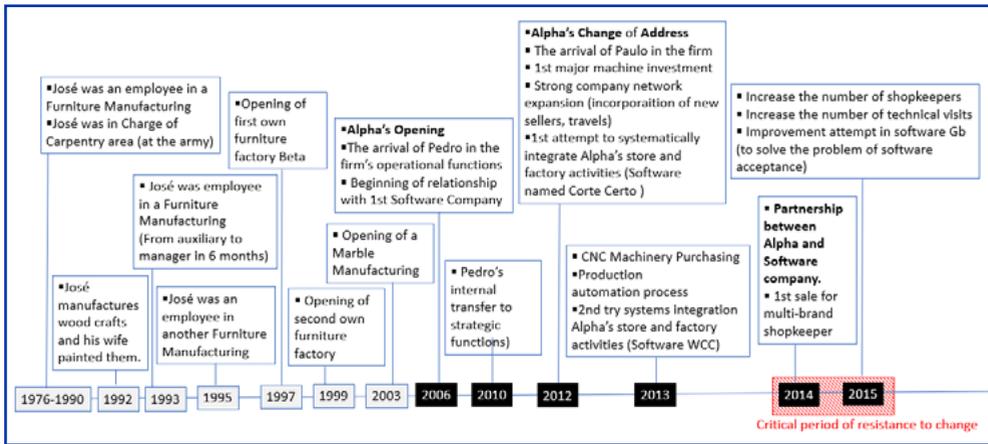
The following references can be used as support material for students.

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3. The students can be divided into trios or doubles. The educator can invite them to read and answer some activities about the case. Below are some guiding questions for the discussion.

a. Make a timeline that shows the relevant facts of the company's trajectory.

Proposed solution:



Tip: students can develop a poster with images from magazines that depict the company's history. The most relevant facts are in bold color. This activity can be done briefly, around 20 minutes.

b. Based on the case, what are the company's next steps? What decision did the managers make in this case? What are the possible implications of each decision?

Proposed solution:

After discussing the situation with Alpha's managers, Pedro decided to end the partnership with Gb. Pedro realized that the multi-brand shopkeeper would never use the software and that the resistance to change would be critical for the Alpha's success. He realized that regardless of how much he invested in software improvements and training time, the software would never be well accepted by the multi-brand shopkeeper. After ending the partnership, Pedro looked forward to closing a partnership with another software company, a big and legitimized software company in marketing. Alpha worked things out with this new partner to enter the multiband shopkeeper market. Alpha reached out to success, expanded its operation to 80 shopkeepers, and increased its monthly revenue by 3.300%. The firm also hired

a sales manager responsible for relationship maintenance with the entire set of multi-brand shopkeepers.

Tip: This activity does not need to exceed 20 minutes. Different ideas and suggestions should come from the students. The professor can let the students think as a group or prompt them with ideas to guide them toward a solution.

- c.** Discuss with colleagues: why these facts were relevant for the company to be able to change its business model? Which fact do you think would be more relevant in company history?

Proposed solution:

We noticed that the entry of Paulo was very important because he brought important ideas about machines and processes for the company. We observed that Pedro's trip to the international fair was important because it made him meet influential people from the Furniture sector (owners of other furniture manufacturers). Also, we observed that the Gb software was important for Alpha to integrate production with the software.

Tip: This activity does not need to exceed 20 minutes.

- d.** A member of each group is responsible for reading the responses created by his group to the previous questions. All groups present their answers.

Tip: Presentations should be brief, lasting a few minutes, depending on the number of students in the class. The professor should guide students to create a pitch of a few minutes, coherent and with a clear solution to each question.

In the end, the educator presents the answers to each question. The professor can explain innovation theory in business models: what BM elements can be linked to the case.

Table 1. Proposed solution

Literature Elements	Empirical evidence from the teaching case	
<p><i>The offering</i></p>	<p><i>The Alpha offers its multi-brand shopkeeper customer a production outsourcing service. They offer customized furniture in a high-quality standard, available in various color and finish options, and at an affordable price.</i></p>	
	<p><i>The/ target customer</i></p>	<p><i>A Alpha concentra-se em prospectar lojistas multimarcas bem estruturados que valorizam qualidade e têm um portfólio de clientes que aprecia móveis personalizados e de qualidade.</i></p>
	<p><i>The basic strategy to win customers and gain a competitive advantage</i></p>	<p><i>To fast deliver a product 100% according to what was designed by the draftsman, with the customer's brand stamped on the product.</i></p>
<p><i>Resources and capabilities</i></p>	<p><i>Capability to scan the environment</i></p>	
	<p><i>Capability to reconfigure itself when problems arose</i></p>	
	<p><i>Physical structure</i></p>	
	<p><i>Modernized Machines allow factory automation</i></p>	
	<p><i>Customized production software</i></p>	
<p><i>Organization: the value chain, activity system, and business processes</i></p>	<p><i>Ambidexterity at the individual level (exploratory spirit of the father (founder) linked to the exploratory spirit of the son (Pedro))</i></p>	
	<p><i>The sales management process (furniture design activities) is interconnected with the operating processes (warehouse processes, production planning, production, and finished stock).</i></p>	
<p><i>Position in the value network: link with suppliers, partners, and customers.</i></p>	<p><i>Organization of production design for efficiency gains</i></p>	
<p><i>Position in the value network: link with suppliers, partners, and customers.</i></p>	<p><i>Ability to occupy a central position in the sector by strengthening connections with multi-brand shopkeeper customers.</i></p>	

Value capture	<i>Revenue sources</i>	<i>The revenue model is straightforward once they receive payment for furniture purchased by multi-brand shoemaker customers.</i>
	<i>The economics of the business.</i>	<i>The economic model is also straightforward: keeping costs low is key to realizing margins at competitive prices. Alpha works hard to keep operations costs low and production volume high.</i> <hr/> <i>The volume reduces the impact of fixed costs and gives them purchasing power with suppliers and software partners. The business model also reduced the rework cost considerably once the software optimizes the cutting process, leading to better parts use.</i>

Tip: This activity does not need to exceed 30 minutes, and 10 minutes can be added to answer questions.

Finally, Table 2 suggests a timeline for the execution of the class, which will be divided into five pages, with predetermined time and student protagonism.

Table 2. Schedule

Activity	Step time (minutes)	Activity time (minutes)	Activity	Responsible
-	10	0-5	Professor explains the activities and dynamics of the class.	Professor
		5-10	Professor instructs the formation of the groups.	
a	30	10-20	Professor give a brief presentation on Business Models.	Professor
		20-40	Each group makes a timeline that shows the relevant fact of Alpha's trajectory.	Students

b	80	40-60	Students answer question (b).	Students
		60-80	Students answer question (c).	
		80-90	Break.	Shared
		90-120	Presentation and discussions with the other groups.	Shared
c	30	120-150	Professor explains innovation theory in business models.	Professor
d	30	150-180	Final discussion - main learnings and feedback from the teacher to the groups.	Shared

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