

Business Model Innovation

Amazon launched in 1995 as the “Earth’s biggest bookstore.” Fast-forward 22 years, and that “bookstore” is now a leader in cloud computing, can deliver groceries to your doorstep, and produces Emmy Award-winning television series.

The trillion-dollar organization has achieved this growth by being continuously willing to innovate upon its business model in order to address new challenges and pursue new opportunities.

As Amazon’s success demonstrates, this process can be incredibly exciting and impactful when you’re in control. However, when the need to innovate your business model is thrust upon you by outside forces, it can also feel quite disruptive.

For instance, today, the novel coronavirus is causing tremendous shifts in both the national and global economy. Many companies are being forced to innovate and adapt their business models in order to meet these challenges, or else risk falling victim to these drastic changes.

What Is Business Model Innovation?

A business model is a document or strategy which outlines how a business or organization delivers value to its customers. In its simplest form, a business model provides information about an organization’s target market, that market’s need, and the role that the business’s products or services will play in meeting those needs.

Business model innovation, then, describes the process in which an organization adjusts its business model. Often, this innovation reflects a fundamental change in how a company delivers value to its customers, whether that’s through the development of new revenue streams or distribution channels

The Importance of Business Model Innovation

Business model innovation allows a business to take advantage of changing customer demands and expectations. Were organizations like Amazon and Atari unable to innovate and shift their business models, it is very possible that they could have been displaced by newcomers who were better able to meet the customer need.

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