

## BUSINESS MODEL – CREATION OF COMPETITIVE EDGE

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**Зміна середовища, поступові процеси консолідації та глобалізації вимагають постійного вдосконалення методів створення конкурентних переваг підприємств, що діють на відкритому ринку. Зміни в умовах діяльності підприємств, що зумовлені глобальними процесами та належністю до Європейського Союзу, вимагають коригування, а в деяких випадках глибокої трансформації бізнес-моделі. Наведено характеристику бізнес-моделі, яка трактується як поєднання концепції конкурентних переваг із зазначенням заходів і засобів, необхідних для її реалізації, що дає змогу організації (підприємству) досягнути визначених цілей, зокрема, рентабельності.**

**The dynamics of the environment, the continuing processes of consolidation and globalization require continuous improvement of methods for building competitive advantages of enterprises operating in the open market. Changes in conditions of global business processes and determined membership in the European Union need to produce correct and often deep transformation of business model. The article presents the characteristics of the business model as a combination of treating the concept of competitive advantage with a set of activities and resources necessary for its implementation, enabling the organization (company) to achieve those objectives, in particular profitability.**

**Determination of scientific problem.** By property of modern economy dynamic, changes in surroundings. Concomitant those processes of globalization, consolidation and also innovations which are widely understood create new strategic calls before enterprises. There are they especially important in the situation of those, which are observed in the world economy of the crisis phenomena. Require from enterprises, functioning on open continuous market of improvement of methods of analysis and construction of competitive edges. They explain, and hand force much from them to strategic reorientation, the important instruments of which are business models they decide in binding to the proper actions about a kind and also type of the strategy. Accepted through organization this cognitive context in a competent method is inscribed research problem of the article. Bound for it is directly applicable and important theoretical and practical problems of scientific management science, in particular as regards the modeling of business enterprises. Acknowledging the choice of the accepted research subject and scientific problem is consequently required for interesting and actual.

**Analysis of the last interrogations and publication.** In the last ten-day period a problem of building of business models has large scientifically interest – researching in an identical degree among oversea as well as national Authors.

Very vast and interesting work, devoted building of business models, presented A. Afuakh [1]. By him business model of enterprise as a complex of actions, methods and time of their lead through, utilizing to that the supplies so, to create the highest cost for a client and also notarize itself position to acceptance of cost [1]. Author so much accents the value of conception of competitive edge as necessary for achievement rent [1] in a construction business model. Innovations can be worked on probation in all his elements, needed for forming of cost for a client [1].

As a market imperative through an enterprise, connecting interpretation of achievement of competition is possible with his business model. In this context it costs to behave presented through M.J.

Stankiewicz [7] of conception of competition construction of enterprise. Author in a method very dipping out and simultaneously interesting presented factors and also methods of its achievement, arranging model of structure and management of competition [7].

In the context of innovation worked out interesting research of value of business models of enterprises G. Hamel [4]. A business model is interpreted in him as foundation of conception of innovative business. According to this Author, especially in spaces of the most modern sectors, new the models of conduct of business anymore destroy the ancient regime than new technologies which are trained. Often innovative conception of conduct of business – utilizing radically operating innovations, open fully new possibilities at the market. Dignities of innovation decide about a competitive edge and consequently and success at the market.

In same way K. Obłój [5] is determined by a business model „as connection of strategic conception of firm and technology of its practical realization, which is understood as building of chain of cost, allowing effective exploitation and also proceeding in supplies and ability”. In the deliberations, accents distinctly the necessity of connection of the accepted strategy of firm with its operating activity of it conditioning efficiency.

Classification of business models it is possible to find in-process J.Brzóska [2]. Author very distinctly selects conceptions of business models, forming advantage of competition. Analyze also those models business, which create a cost and competitiveness of enterprise.

Suggestion of cost for a client that according to T.Gołbiowski, T.M.Dudzik M.Lewandowskiej, M.Witek–Hajduk [3] near supplies, jurisdiction, position in the chain of deliveries and sources of profits one of basic elements model business [3]. Those construction models made foundation of method of interesting interrogations of models of business of Polish enterprise [3].

**Aims of the article.** Taking into account chosen research problem the followings aims of the article are certain: 1) authentication of major predestinations and external influences on models business; 2) presentation of structure model business; 3) analysis of value of conception of competitive edge in the construction of business models.

#### **Basic scientific material of the article**

##### ***1. Predestinations and external factors of building of business models***

The crisis phenomena which are observed in a world economy require from enterprises, functioning at the open market. In the special method of continuous improvement of methods of analysis and construction of competitive edges. Searches of methods and factors of receipt relatively the protracted competitive edge make for organization in an identical degree strategic call, as also condition of achievement through it effectiveness, doing possible growth of their cost. An increase of competitiveness and also effectiveness of enterprises is one of major terms of development of economy, and simultaneously and by its attribute. Both these categories, forming the cost of organization (enterprises), depend in a large degree from the strategy accepted and realized through it. Dynamic, such, that has often turbulent character of change in surroundings require application of new methods and management principles by him enterprises conceptions of construction of competitive edges act part in their shaping. They do possible to the enterprises achievement of operating and also perspective effectiveness. Due to them strategic visions of next business activity are created. Correction with due to the got competitive edge requires the calls of market often the change of factors, methods who decide about competitiveness. Major from them are: new methods of supervision and analysis of markets; customer relations allowing satisfy of their necessity better; introduction of new, innovative products; rational selection and uses of supplies; working and training of innovative technologies; appliqué of different than to this day processes and also control the system.

Three-throw strategies and related to them business models lean on changeable high-quality elements, often even on the change of architecture of slave business. In such context it is required to define differences between strategy and business model. In general lines speaking a thing business model this concluding instrument the complete set of elements and relation is certain between them presenting in a schematic ( anymore or less than detailed) method idea on business. Makes the static model of the phenomenon is

consequently certain quick in contradiction to strategy, to expressing the method of actions and maintenances (often very elastic) of enterprise in attitude toward the terms of surroundings, which change, and his interior. Offered consequently to determine business model as connection of conception of competitive edge with collections of actions and necessary supplies to its realization, doing possible organization (to the enterprise) achievement of the planned aims, in that especially makes the exposure profitability of competitive edge about business success what a result is a profitability. It is obvious, that composition model business must create conception and methods of achievement of competitive edge consequently.

An important role in shaping of business models is played by surroundings. From this point of view selecting is possible next elements of surroundings:

1. Globalization and consolidation of economy. Globalization does possible access of organizations which conduce business activity to the world markets and also world financial and non-material supplies. Its property is a global product and also high degree of standardization of products and processes. Consolidation changes: size and level of competition; possibilities of development; configuration of chain of value added; sphere of specialization;

2. Competition forces - their description leans against conception M. E. Portera [6]. It consist: threat from the side of potential, inner participants of sector, rivalry of present competitors,

influence of suppliers, influence of clients, influence of producers of complementary products and also threat of substyt. There where forces of competition in a sector are weak, allow to exist enterprises, to bringing in middling higher returns than in other industries.

3. Possibilities of collaboration (in that co-operation) - their value flows out from ability to the collaboration with suppliers, clients, business partners, scientific-research organizations, and even with competitors. Configured in surroundings potential has a substantial value for the construction of network of collaboration of utilizing e.g. public-private partner, how also international, national and regional programs of development and also clusters. Major benefits which can bring collaboration that: facilitated access to the market that growth of sale and improvement of market position; lower facilities of including to the new, segmenty markets of market and sectors; participation investment effort especially in space of interrogations and development; receipt of sizes of activity doing possible achievement of benefit of scale; mutual complemented potential of strategic complementary, call of supplies; transfer of knowledge and innovation, sharing known; put risks and facilities; working and suggestion of new products; falling of facilities of transactional due to growth of trust;

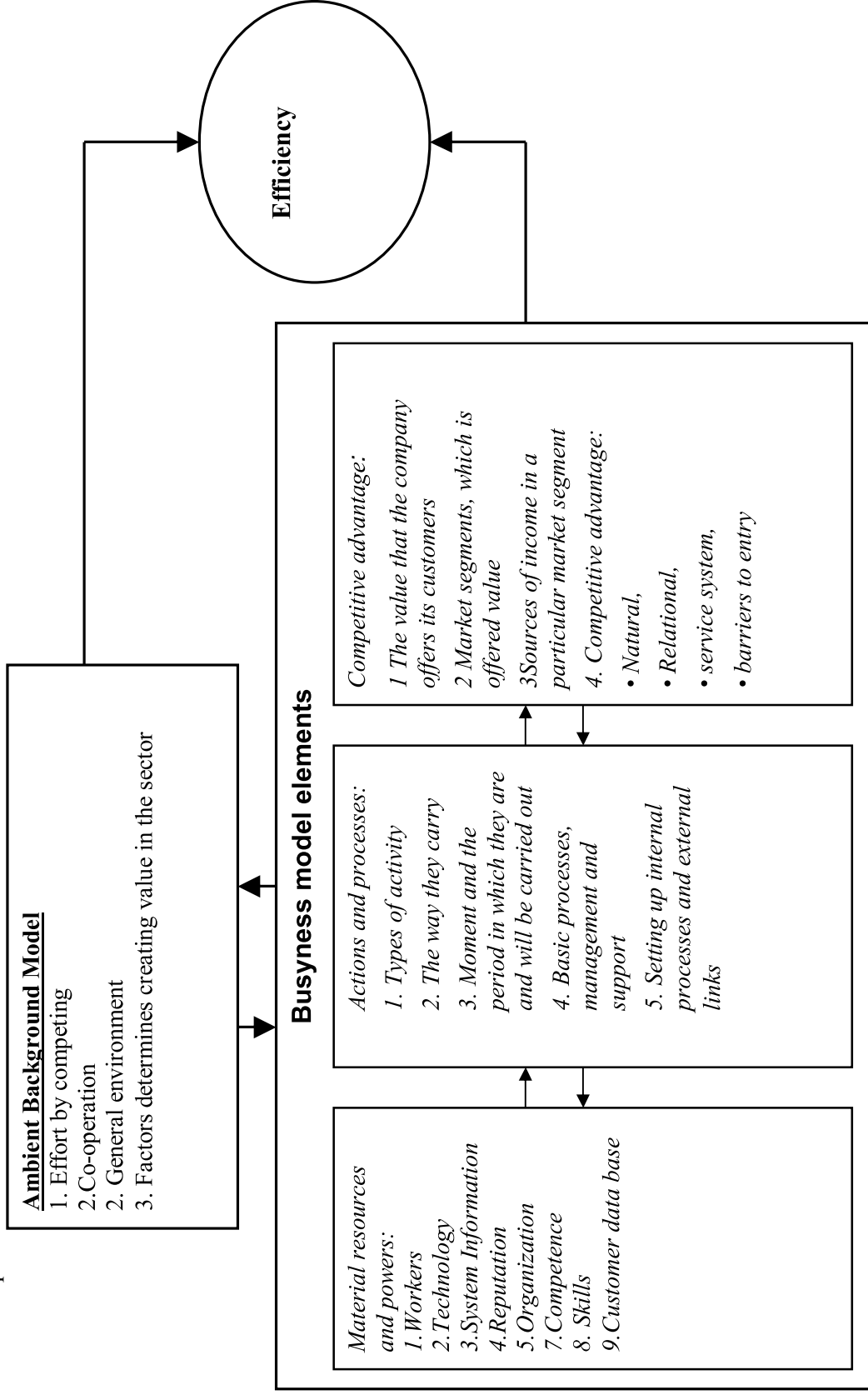
4. Changes of necessities of clients - all greater expectations of clients require forming of new, unique and innovative the cost of utilizing innovations in business models

5. Stimulation of innovation and technological progress - a that factor is often interpreted as made general surroundings. In present terms collects however the special value. Surroundings it is possible to know for contributory infringement innovations then, when: notarizes financing and rewards for innovations, the pro-innovation forming of organizational culture of enterprises props up, stimulates round business development of complementary sectors, higher schools and other scientific-research establishments. Very there is also creation of actions of pro-innovation on a governmental cross-beam through e.g. programs, utilizing the funds of aid;

6. General (macro) surroundings - important made interrogations of influence of surroundings on a business model and his part which is determined as general surroundings (macro surroundings). It is the sphere of state power, local, which is in general lines understood, influence of different establishments, and also legal, technological, public and economic, business organizations conduct the activity in which predestinations which are widely understood are: policy of government; policy of development (industrial); justice; natural environment; public structure; technological surroundings; demographic structure; situation of macroeconomy.

Those factors influence on the terms of sectoral surroundings and their effect can be strengthening or weakening of barriers of entrance to the sector, and consequently greater or smaller possibilities of achievement or loss of incomes through an enterprise what will compel him to the change model business. Some elements of policy of government (e.g. power policy) can influence in a substantial method on the profitability of sector.

Scheme.1. Concept of business model



Source: Own working

7. Factor of change of main – plays role in shaping of dynamics of business models, but on the results of firm influences in an indirect method. The consequences of changes show up in business models or in their surroundings in a method which can be translated on the profitability of enterprise. The factor of change can show up in strategy of firm, degree of adjusting or certain deregulation (liberalization) of sectors or in technologies which the products of this industry lean on. Value of factor of change for model business firms or for all of sectors depends on his character. Radical an effect or hand revolutionary change can be accepted obsolete of business models and diametric transformation of terms of competition in existent sectors. It can appear, that there will be quite new, otherwise functioning enterprises on the old macadam of sectors, and even all of sectors. A good example changes which induced over the Internet.

## **2. Competitive edge as a basic element business model**

Taking into account the determination offered preliminary offered configuration model business (scheme 1) that takes into account at that higher the discussed elements of surroundings. Surroundings influence on got efficiency, slave in this sector of activity as also on basic three formative spaces the proper model of business by them: competitive edge; inventories and jurisdictions; actions and processes.

Terms competitive edge below presented questions:

1. Cost, offered to the clients. Equated with preference through them choice of products of this firm. Those Preference follow from such properties as this differentiation of product in attitude toward the products of competition or perception him as an identical product with the product of competition, but offered at lower price;

2. Choice of market segment. The preferences and needs is linked to a variety of relevant market segments, those that make the products supplied to them will be attractive to customers. The differentiated necessities of clients require sending of the proper products to the proper segments of market – so, that suggestion of product could realize these necessities continuously. A choice and retaining of attractive segment requires sometimes connection of certain a cost in a product, intended for the different groups of clients.

A choice of certain type of advantage of competition. Conditioned by many such factors as e.g. Innovation and quality of product, localization of firm, capacity for the discount of facilities.

More frequent all competitive edge business models can follow from application of four basic it types:

- natural, natural Advantage can flow out from three types of sources: localization, access to the supplies and also legal adjusting;
- relation between a price and quality;
- system of service, increasing facilities of change;
- system of service, which builds the high barriers of entrance.

The important attribute of business models is the proper architecture of his elements, which does possible co-operation of factors, decision about a competitive edge .

**Conclusion.** 1. Developed and applied to the business models to be influenced by circumstances and external factors. They are affecting both the structure of the model and its effectiveness. 2. There are many concepts and approaches to create a business model. Presented a model based on a combination of factors creating competitive advantage, which may be of use in its business practice. 3. Due to the business models as a specific business ideas, they should generate a variety of concepts of competitive advantage. Increasing importance in their development will be innovation..

**Prospects for future research.** The research area covers the issue of business models is becoming increasingly important for both theory and practice of management due to the fact the need to change and strategic reorientation of many businesses. Of particular interest are studies of business models using widely understood innovation and knowledge.

1. Afuah And ., *Business of models. And Strategic Management Approackh*, Mcgrav-khill Irvin, 2004. 2. Brzóška J., *Models strategic power enterprises, publishing House of Politeckhniki Slaskiey*, 2007.