

**Role of Leadership in Business Model Innovation: A Case of an
Entrepreneurial Firm**

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Abstract

This paper explores the relationship between leadership and business model innovation in an entrepreneurial firm. The literature shows that, the role of leader in Business Model Innovation is important and unexplored phenomenon. A model is created which is the replication of the model depicting relationship between leadership and innovation. The case on an entrepreneurial firm is used to understand this phenomenon and the model. The leader of an animation firm has been observed closely. The leader, his partners and employees of the firm has been interviewed multiple times. The findings and analysis show that, in this organization, leader is a trigger for Business Model Innovation but this case fails to find his influence in the process or execution of Business Model Innovation.

Keywords: Business Model Innovation, Entrepreneurship, Leadership

Role of Leadership in Business Model Innovation: A Case of an Entrepreneurial Firm

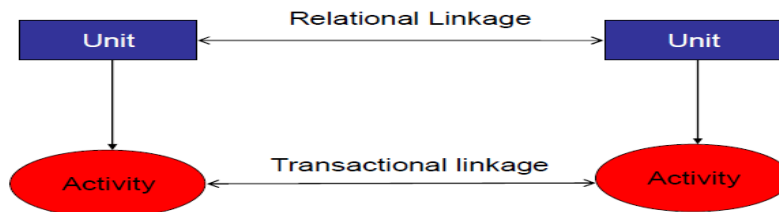
Literature Review

Business Model

Every company has a business model, whether they articulate it or not. Osterwalder (2004) defined a business model, “is a conceptual tool that contains a set of elements and their relationships and allows expressing a company’s logic of earning money. It is a description of the value a company offers to one or several segments of customers and architecture of the firm and its network of the partners for creating, marketing and delivering this value and relationship capital, in order to generate profitable and sustainable revenue streams. (p.15) ” According to Mitchell and Coles (2004,p.15), “A business model is the combination of who, what, when, how and how much an organization uses to provide its goods and services and develop resources to continue its efforts”. Spector, Santos and Hyden (2009) defined Business model as a “configuration of activities and of the organizational units that perform those activities both within and outside the firm designed to create value in the production” (p.11) (and delivery of a specific product/market set). Chesbrough (2007) identified two important functions of a business model; value creation and value capture. Value Creation includes a series of activities, from procuring raw materials to satisfying the final consumer, which create net value in terms of new product and service. Value Capture includes a series of activities for development and operations. Chesbrough (2007) listed six different functions of a business model, (a) Articulating of the value proposition, (b) Identifying a useful market segment, (c) Defining the structure of the value chain and determining the complementary assets, (d) Specifying the revenue generation mechanism, (e) Positioning the firm within the value network and (f) Formulating the competitive advantage. Hwang and

Christensen (2008) categorized Business models into three types: solution shops, value-adding process businesses, and facilitated user networks. Solution shops like law firms, advertising agencies, consulting firms, and R&D organizations diagnose and solve unstructured problems. Value adding process businesses transform inputs of resources into outputs for creating value. User networks have the same people buy and sell and deliver and receive things to and from each other. Santos et al.(2009) identified four interrelated components in a business model; activities, organizational units, relational and transactional linkages and governance mechanisms. They further stated that, these four components are helping organizations to create value proposition or create a product and service for customers, so they can use them effectively, conveniently and affordably.

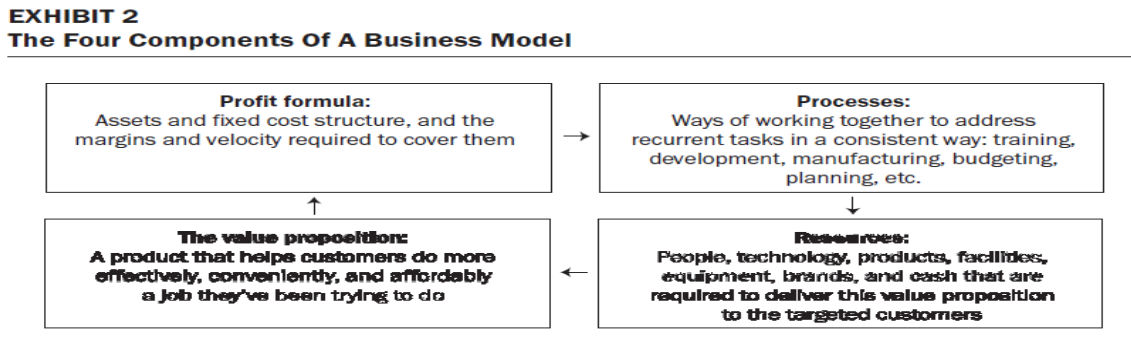
Exhibit 2
The Dual Linkage Nature of Business Models



Reproduced from Santos et al. (2009)

Johnson, Christensen and Kagermann (2008) explained a framework which is called as Four Box Model focusing on customer value proposition (CVP), the profit formula, key processes and key resources. The company arranges and allocates tangible and intangible resources and for creating value proposition for customers. The company also performs processes for creating value proposition. In turn company generates profit formula. He divided this

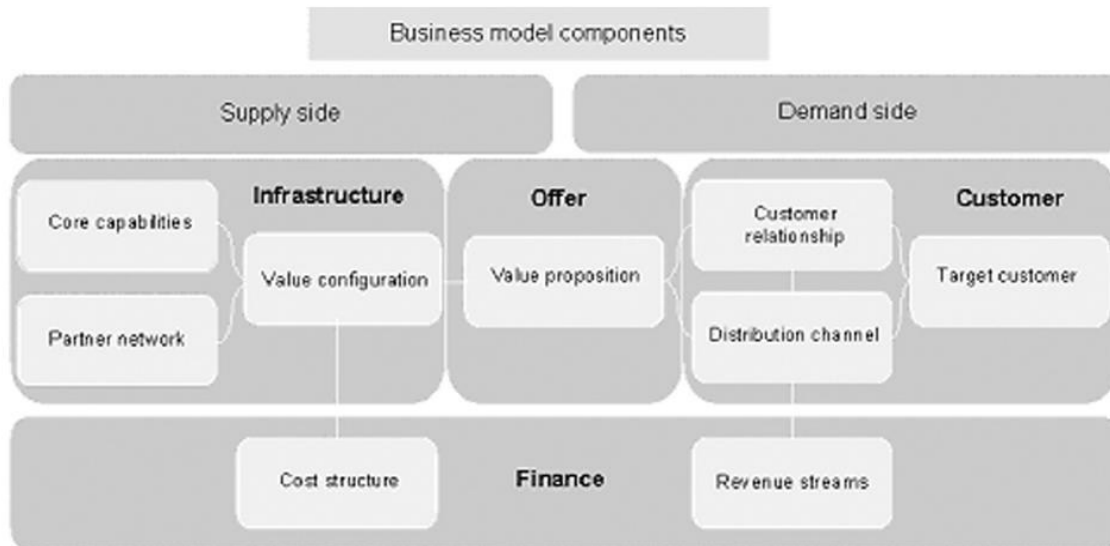
profit formula into four buckets: Revenue Model, Cost Structure, Margin Model and Resource Velocity. The following figure in Hwang and Christensen (2008) depicts the Four Box Model of Johnson (2008).



SOURCE: Authors' analysis (with Mark Johnson).

Reproduced from Hwang and Christensen (2008)

Tankiwale (2009) on similar line describes a business model innovation which creates organization's value proposition to various markets and customers. It also considers capabilities, partner network (supply chain) and distribution channels required for creating, marketing and delivering this value. A Business Model not only considers revenue generation mechanism but takes care of managing cost structure effectively. He identified nine components of a business model. It includes Core capabilities, Partner network, Value configuration, Value proposition: Cost structure, Customer relationship, Distribution channel, Target customers, and Revenue stream. Core Capabilities, Partner network and Value Configuration are Supply side components which affect Cost structure and Value proposition. Demand side components are Customer relationship, Distribution Channel, and Target Customers which affect Value proposition as well as Revenue stream of firms. The following figure depicts relationships of these components with each other clearly



Reproduced from T a n k h i w a l e (2009)

Customer Segments, Value Propositions, Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partnerships and Cost Structure are nine core elements of Business model identified by Osterwalder and Pigneur (2010). On the similar line Coleman (2009) explains that, a business model tries to create the value to the current and potential customers by combining activities undertaken by the organization, its partners and suppliers and new business model requires two capabilities, first developing innovating structures and processes and second creating workplace cultures for fostering the capability to build effective relationships.

Business Model Innovation

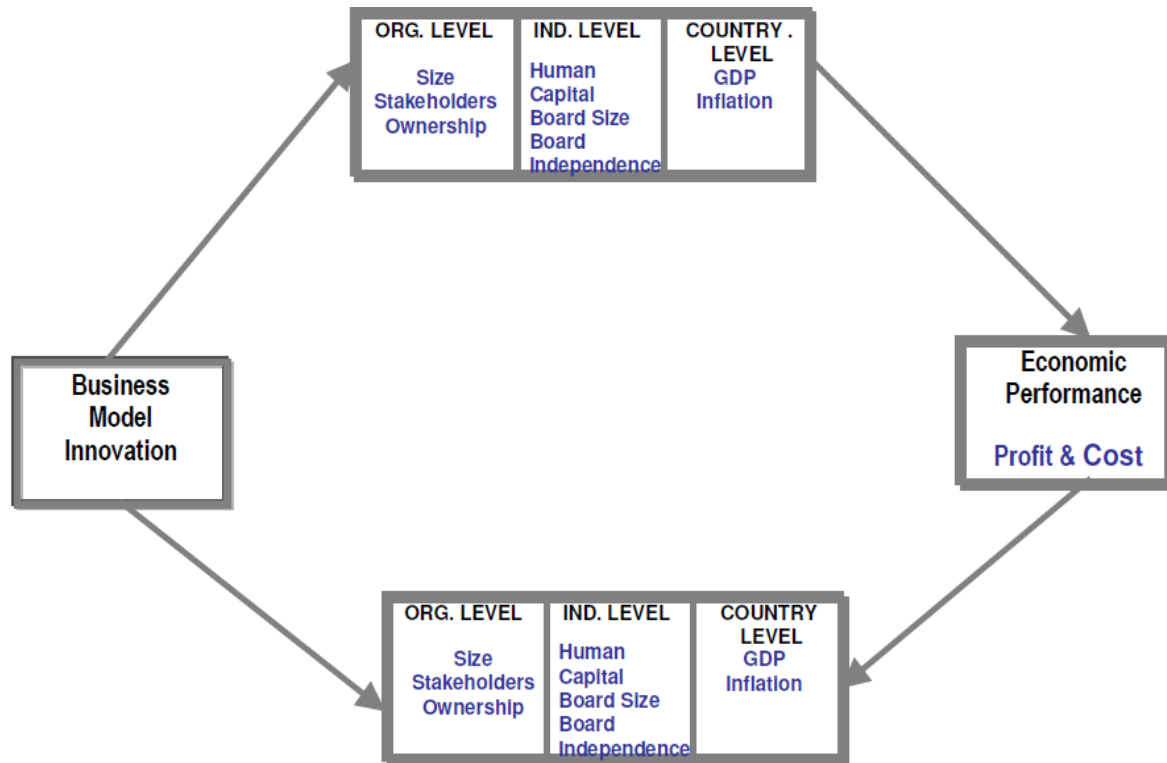
According to Mitchell and Coles (2004) Business Model Innovation (BMI) is a novel replacement of existing business model that provide product or service offerings to customers and end users that were not previously available. On similar lines Santos et. al (2009) considers BMI is a reconfiguration of activities in the existing business model of a firm that is new to the product/service market in which the firm competes. Mitchell and Coles

(2004) stated that Business Model Innovation often finds ways to provide new benefits at lower cost, enhancing circumstances for themselves while providing more of their customers. It does it through adding complementary products and services that build on what you already provide, learn from best practice experiences and share the lessons with customers, combine solutions to help customers grow the market faster, adjusting prices to encourage more purchases, fixed price for unlimited entry, prices that lower operating costs, cost reductions that stimulate growth, help customers lower costs and improve service, help customers find their own lower cost improvements. According to Santos et al. (2009) BMI is not discoveries and considering it depends on technological innovation is mistaken. It is also not new product or market introduction. BMI is a new strategic path for a Free Standing Business (BFS) as well as a unit residing multi business corporation (BUC). The only cost of BMI is the cost of organizational change, not investing on new product/service, R&D, technology acquisition etc. So BMI is less expensive and less risky. They further stated that BMI involves four forms of reconfiguration activities; (a) Relinking, (b) Repartitioning, (c) Relocating and (d) Reactivating. Relinking is an alteration in the connections between organizational units currently performing activities. Repartitioning is an alteration in the physical, cultural, and institutional boundaries of the organizational units currently performing activities. Relocating is an alteration in the (physical, cultural, and institutional) distance between organizational units currently performing activities. Reactivating is altering the set of activities that constitute the current business model of the firm. According to Santos et. al (2009) the conducive corporation encourages BMI to be emerged from and within its business units. Koen, Bertels and Elsum (2011) classified the BMIT along three dimensions: technology, value network, and financial hurdle rate. Technology is further subdivided in

three sub categories incremental, architectural and radical technological innovation. Value network is also divided in three categories; existing value network, new value network to the incumbent with existing customers who are not yet customers and new value network to the incumbent but with new nonconsumers. Financial Hurdle rate is categorized in two sub-categories: Existing Financial Hurdle rate and Lower than normal financial hurdle rate. Sánchez and Ricart (2010) found that Business model innovation is achieved through combining, integrative and leveraging both internal resources with eco-system capabilities and resources to create new opportunities. It is important to develop socio-economic system to create value in low income markets. According to Desai and Mahadik (2011) the BMI or differentiation in terms of Business model could help firms achieve higher returns compared to their competitors in mature industries in which having differentiation strategy is difficult to achieve.

Business Model Innovation Framework

Agoraki, Siachou and Ioannidis (2009) examined business model innovation; its effect on firm performance outcomes has intrigued many researchers. They also examined internal and external environment and their mediating effect on firm performance. Individual and Organizational Level variables were considered to measure the internal environment and Country level variables were considered to measure the external environment. The figure given below depicts the relationships between Business Model Innovation and Economic performance mediated by Organizational, Individual and Country Level variables.



Reproduced from Agoraki, Siachou and Ioannidis (2010)

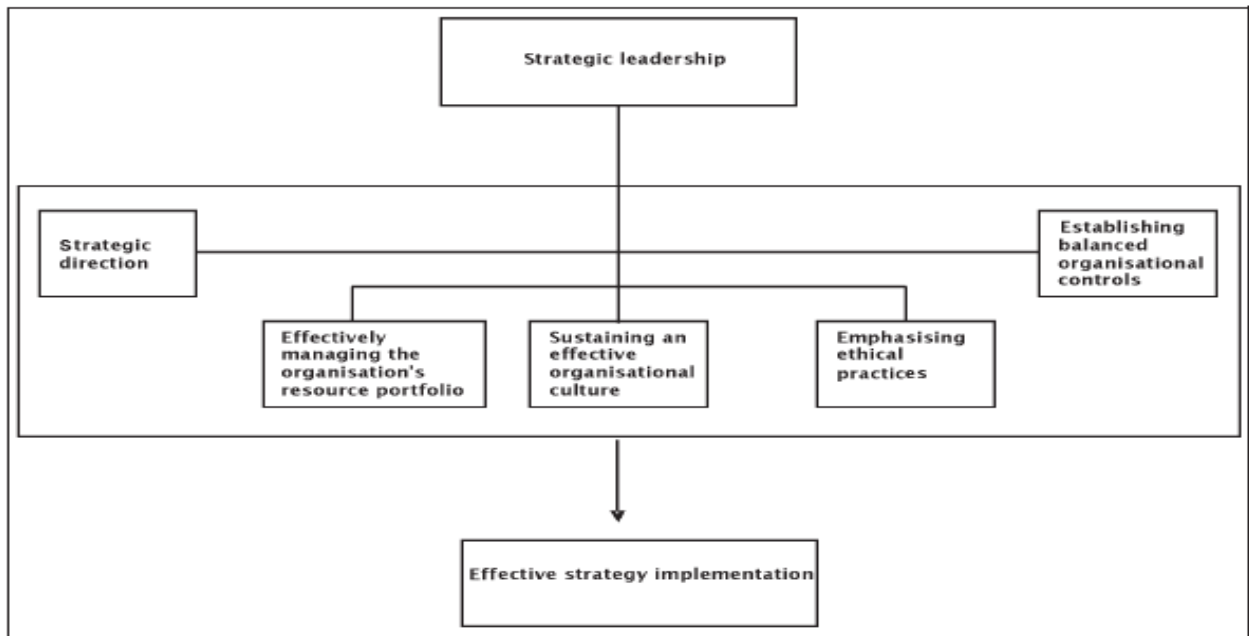
They built on model of Battese and Coelli (1995) and considered efficiency as success indicators of the firm performance. The results of their studies suggested that larger board systems with more independence enhance business innovation. Large size and more human capital also encourage innovation. High concentration of large shareholders doesn't have positive effect on Business model innovation. Foreign entry can enhance business innovation processes. These all results are dependent on industry structure and types. Certain industries like pharmaceutical, chemical and technology intensive have more high innovative processes compared to other industries. Out of two country level variables; only GDP has a positive effect on innovation, Takhiwala (2009) found a direct interrelationship between business model transformation and business process architecture change. He further stated that Business Model Innovation is achieved through either supply side or customer

side component transformations. Process architecture would also be transformed due to business model innovation, with the design, delivery and operations processes moving to service design & build and service operations, respectively. Aspara, Hietanen and Tikkanen (2010) found that large firms which can combine business model innovation with replication of business model have higher financial performance compared to their smaller counterparts. They further found that larger firms with strategic orientation emphasis on replication of business model have higher financial performance compared to firms with strategic orientation emphasis on business model innovation. The reverse was found true for smaller firms. Santos et. al (2009) proposed that business model involves transactional linkages between activities and governance linkages between organizational units; they also proposed that business model involves relationships among business units, so business model innovation requires behavioral change within the impacted units. Koen et. al (2011) identified that low cost business model is a business model innovation works on financial hurdle rate lower than normal hurdle rate or cost of capital. It is difficult for established business firms to have low cost business model with existing business model and it is recommended to have two different divisions for these two business model. The same is true for new value network to reach to existing customers.

Role of Leadership in Strategy Formulation and Implementation

As we could see that, the linkage between leadership and Business Model Innovation is very blur and yet to be explored. At this juncture, it would be worth looking at the role a leader plays in Strategy Formulation and Implementation. Strategic leadership is defined as “the leader’s ability to anticipate, envision, and maintain flexibility and to empower others to create strategic change as necessary” (Hitt, Ireland, & Hoskisson 2007: 375). Juste and

Fourie (2009) identified that strategic leadership is positively related to effective strategy implementation. They found some identifiable actions; determining strategic direction, establishing balanced organizational controls, effectively managing the organization’s resource portfolio, sustaining an effective organizational culture, emphasizing ethical practices. These actions are shown in the model given below.



Source: Adapted from Hitt et al. (2007: 385)

Reproduced from Juste and Fourie (2009)

Norburn (1989) found that there is a substantial difference between CEOs and their Top Management Team in three sets of experiences :corporate influences; e.g. tenure, mobility, functional experience, international exposure; domestic influences; e.g. education, family influence; and their self-concept; e.g. aspiration levels, executive success traits. Montgomery (2008) stated that –in order to *claim* value, firms must first create value which requires bringing something new to the world, something customers want that is different from or better than what others are providing. He added that most strategies involve some mystery and the CEO’s responsibility is to interpret this mystery as the

chief strategist. According to him strategy formulation as well as implementation can't be separated from the leadership of the firm, so the CEO's work as the chief strategies can't be outsourced. He/she not only keeps tract on how the company is adding value now but on changes, inside and outside the company which either provide opportunities or pose threats also. Nahavandi and Malekzadeh (1993) identified that; leader is an independent variable in strategy formulation and a moderating variable in strategy implementation- performance linkages which is shown in the figure given below.

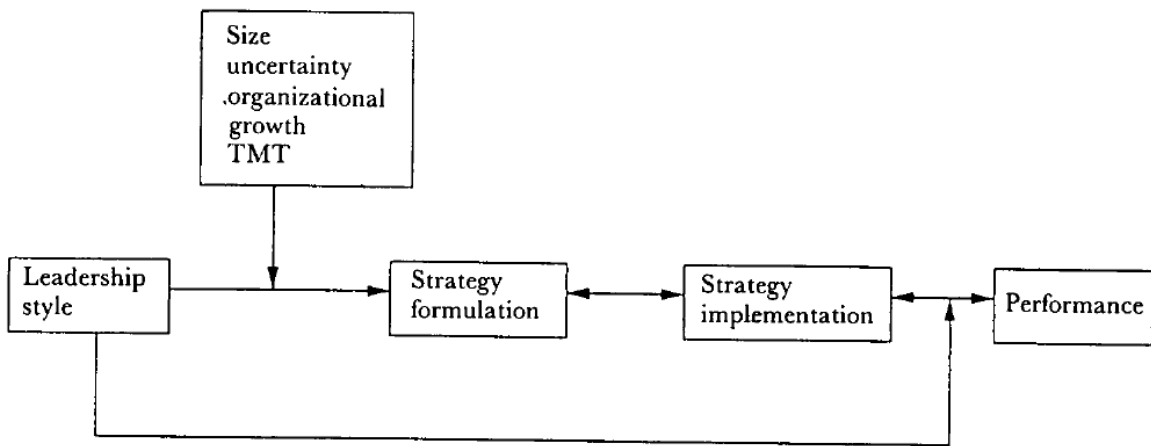


Figure 1. An integrative model for the role of leadership style in strategy formulation and implementation

Reproduced from Nahavandi and Malekzadeh (1993)

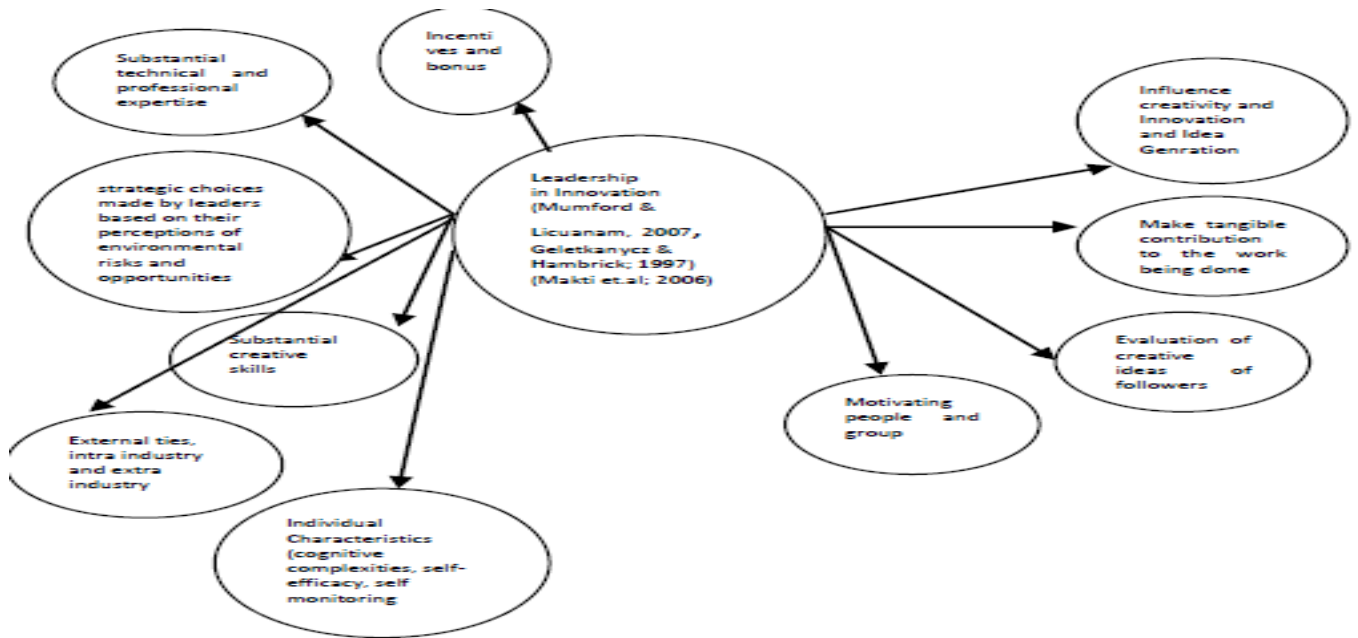
They proposed challenge seeking and control as two integrative strategic leadership dimensions. The first is the degree of risk-taking and innovation which is important for formulation of strategy whereas the second is the degree of openness and participation which is for implementation of strategy. They proposed that leaders with high challenge seeking attitude are likely to select Prospector and differentiation strategies whereas the leaders with low challenge seeking attitude are likely to select Defender and cost leadership strategies. They further proposed that leaders with high desire to

control are likely to have close control over implementation whereas the leaders with low desire of control are likely to delegate the implementation of strategy. With these dimensions the personality, various cognitive and behavioral mechanism that leader uses for strategy formulation and implementation.

Role of Leadership in Innovation

A leader makes a big difference with respect to new products and new idea generation as well as to creativity and innovation (Mumford & Licuanan, 2004). They argued that to lead creative efforts, people must possess (a) substantial technical and professional expertise and (b) substantial creative thinking skills. One way these leader's capacities influence creativity and innovation is by allowing the leader to make a tangible contribution to the work being done. Mumford, Scott, Gaddis, et al. (2002), however, also argued that the unique demands of creative work and the need for creative problem-solving in social settings must be taken into account if we are to understand how leaders influence people in idea generation. With these skills, creative thought on the part of leaders is rather different than other forms of creative thought in that creative efforts on the part of leaders begin with evaluation—specifically the evaluation of followers' ideas. According to Mumford and Licunam (2004), there are different views related to the effects of transformational and transactional leadership. Researchers found that transactional leadership may prove to be more suitable for new idea generation and creativity whereas transformational leadership may prove more valuable when (a) multiple different parties become involved to help turn an idea into a new product and (b) the transformational leader is not in direct contact with the people seeking to generate new ideas. So role of leader in innovation is not only motivating creative people but creating an environment to foster intrinsic motivation among them. The

individual characteristics, such as cognitive complexity, self-efficacy, and self-monitoring, may allow a single leader to effectively execute the multiple-competing roles for creative ventures. Sternberg (2005) argued that leaders' motivation to innovate and the kind of innovations they are willing to pursue depend on strategic choices made by leaders based on their perceptions of environmental risks and opportunities. However, Geletkanycz and Hambrick (1997) found that outside sources of knowledge are often critical to the innovation process and which can be leveraged through the external ties of Top Executives. These ties could be intraindustry as well as extra industry which not only affect organization for strategic choices and performance but to foster innovation also. Incentives and Bonus also influence innovation and invention activities in the organization (Makri, Lane, and Gomez-mejia, 2006). From the above arguments and literature review a model was created, this model shows that the factors related to leadership and their relation with the innovation in organization.



Role of Leadership in Business Model Innovation

Different researchers define leadership differently, for this study we taken a broad definition of leadership. The leadership; A force which leads the organization, which could be an individual, an owner of the organization, the CEO or top management team. Chesbrough (2007) stated that, “In my observations, many organizations have a business model innovation leadership gap“(p.16). He believes that business-model innovation clearly requires involvement of top leadership not only chief technology officer or others. Chesbrough (2007) stated that the role of CEO is very critical for creating value for his customers. Different functional managers and officers have different functional and departmental responsibilities, same is the situation with General managers and division president as they need to take care of financial performance of a business unit, but no one except CEO or leader who can drive the entire business and change or reconfigure business model (Chesbrough, 2007). He further explained that top managers mostly work within the current business model.

They work towards to exploit the advantage of current and established business model, they are not comfortable changing the existing business model because changing and bringing new business model requires more efforts and the more data to justify its consideration.

Coleman (2009) found, the importance of Australian businesses, as part of their wider innovation strategies, building their capacity to enter into successful relationships with organizations in China, India and other emerging economic powers in Asia by a commitment to both education and providing personnel with the practical experience of developing relationships in Asian nations. In this kind of set up the role of a Leader or CEO becomes very important. According to Santos et.al (2009) BUC managers rarely have the autonomy to alter their existing business models without the involvement, or even perhaps the permission, of the corporate center. And when the corporation has created tight operating linkages among the various units, each individual BUC becomes further constrained, which renders BMI more difficult, as innovations in the business model of one BUC affect the others the dynamics of BMI within both the BFS and the BUC. Mitchell and Coles (2003) also showed importance of the role of a CEO's leadership not only as a source of business model innovation concepts to test but continuing business model innovation. They further stated that the CEO needs to rely on establishing a constantly improving process to generate and use ideas from all stakeholders to establish better business model. The first CEO must establish an unchanging core vision for serving customers and other stakeholders that includes an expectation of regular business model changes for continuing business model innovation. (Mitchell and Coles, 2004, p. 20). Mitchell and Coles (2004) further stated that CEO's attention and interest are critical to turning business model innovation as the primary source of the company's future success. CEO's bring openness which helps a company eliminating many

elements of existing business models in a company. Koen et.al (2011) explained that business model innovation could be achieved either by completely separated organizations or ambidextrous organization which requires senior management leadership training.

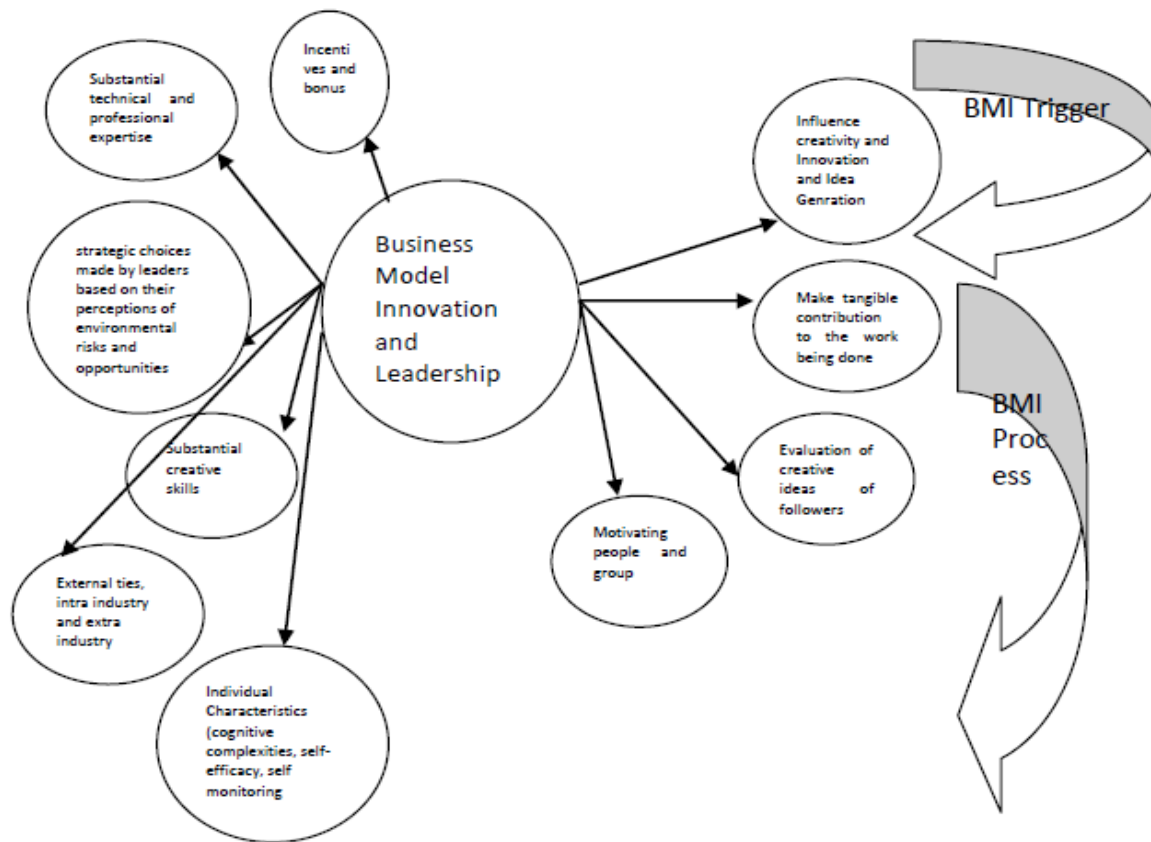
According to Santos et.al (2009) BMI knowledge in terms the tacit knowledge of operations required to manage business models and to improve them, rests within the business units. It is important to have right kind of horizontal coupling between business units and corporate office for BMI. The role of CEO or Corporate executives is very important supporting linkages as well as encouraging the development, proposing, and sharing of innovative business models through mutual engagement between corporate executives and BUC managers. As mentioned earlier Desai and Mahadik (2011) showed relationship of choice between business model innovation and differentiator strategy and economic performance of firms in a mature industry. The choice of an entrepreneur or a leader decides the competitive performance of a firm in a mature industry. From the literature it is clear, that the role of a CEO or a leader or a top management is very critical for initiation of BMI as well as for the continuation of BMI, but still this relationship has not been tested empirically. This relationship has not been explored in Indian context as well as it is not clear how a leader or a CEO impact Business Model Innovation in entrepreneurial firms. So this study tries to explore following research questions.

Research Question 1: Does a Leader or a CEO of entrepreneurial firm have any role in initiation of Business Model Innovation?

Research Question 2: Does a Leader or a CEO in entrepreneurial firm have any role in continuing of Business Model Innovation?

Research Question 3: How does a leader or a CEO contribute in initialization and continuation

of Business Model Innovation?



To analyze and answer the above question, it is assumed that, the model created to understand a role of a leader in innovation can be used. The following model will be used to build a relationship between a leader and business model innovation. As shown in the model, the leader’s influence on creativity, innovation and idea generation is for triggering business model innovation and make tangible contribution to the work being done, evaluation of creative ideas of followers and motivating people and group are for execution of business model innovation and more related to business model innovation process.

Research Methodology

The study follows a case-study analysis to test and validate the model given above. Study of strategic choices in entrepreneurial firms is complex where multiple subjective realities coexist. Such ontological context suggests the adoption of qualitative research. Epistemologically, researchers need to observe the phenomena to understand the dynamics of choices, suggesting adopting qualitative research route through case method. Yin (2011) discussed that, the case study methodology should be used for exploring questions; How and Why in organizational context. Hence, the author chose to adopt case study route for this study. The organizations presented in this paper present rich insight into Business Model Innovation and how they are influenced by characteristics of the leader, his influence on initialization and continuation of Business Model Innovation. A case on X Animation Ltd was studied. Mr. S, the owner, the CEO and the leader of this organization was observed and studied. The choice of the company was based on the Business Model Innovation in Multimedia Education through which it could create a unique value proposition to its customers (students). Based on the work of Eisenhardt (1989) and Yin (2011) the author used field notes, observation notes, semi structured interviews for developing the case study. In the study, 5 unstructured interviews were conducted with owner and leader of the organization. The author visited the leader in his organization to observe him closely. Five interviews with his partners and employees were conducted. Five External stakeholders and alliance partners were also interviewed. The author spent 5 days at the office as an observer. In the process he could talk to students and employees informally. During the visits, the author developed field notes based on the observations. The statements of all the interviewees were cross validated.

For this purpose, some respondents were interviewed twice. Data was also collected from both internal and external published sources. Internal sources consisted of internal financial and non-financial reports, process documents, and operation manuals of the firms.

Case Study

Design institute Idea came through the idea of Diversification; X Animation Ltd; an Animation institute is already into vocational education after 12th students and graduate students. Mr. S (Exhibit 1) had many friends everywhere, in India's very reputed Design School he was a jury member, it started with his teaching assignment on strategic management in the Design School, he has built very good relationship with the Design School and project of university has emerged because of this close association with the Design School. His friend and colleague in the Design School Mr. Y suggested him to grow the boundaries of XAL and actual extension would be starting a university, another was using current strengths and putting them into these animation institutes. The constant interaction and long term association with Top Design, Communication and Management Institutes helped him in Idea Generation. He came up with an idea which was completely unique and new which was never thought about his competitors. Design institute was completely different from X Animation Ltd. X Animation Ltd was using technology to give education in Design whereas Design institute was aiming to develop design, skills, attitude and thinking among kids and children without using computers in design institute. It was basically design as design process, so the variations in both these models were, one was completely technology driven whereas the other was without technology. Design institute made these children innovators, creators, and designers. In 12 years they grew to 137 centers across the countries. He created a Business Model Innovation in Multimedia

Education and He wanted to replicate the success of his past through this Design University.

A Humble Beginning

Mr. S with his two partners Mr. P and Mr. R started with X Animation Ltd 12 years back after passing out MBA from a reputed management institute. Mr. P was into high end computer based design and development for long with. Mr. P had exposure and expertise in Marketing. Mr. S came with his mechanical engineering background and experience of setting up business. The three friends came together and started X Animation Ltd in 1999. There were huge demand and market requirement in technology based education which was lacking during those days in Ahmedabad and in India. They found that Multimedia content would be the future, so they decided to get into content development domain. There were two existing players already in the market; one was ABC Multimedia, a division of XYZ computers ltd and another one was DEF Multimedia, a south India based organization. Both were considered as big players in this market. ABC was started three years before X Animation Ltd started. They started with one campus but the dream was to be the best player in the country. With the objective of to be the best in the country he started with his 2 other partners Mr. P and Mr. R, and from the first day they felt that they were the best, because kind of the passion, the team and expertise (technology) and aptitude they had, nobody else had in Ahmedabad market, not in people running ABC in Ahmedabad.

This was seen during their first exhibition itself, people started saying that these guys are far ahead of ABC and others. In exhibition, they had a complete black stall, there were only five monitors were visible not even a CPU was visible. On these monitors the current, latest content of multimedia of the world or designed and developed by them was run continuously with a raw passion they put throughout the exhibition with the team of 7-8 people compared to

competitors, they got overwhelming response. The center was not ready, and they made mistake doing enrollment during the exhibition and waited till the center was ready. The center took them to start one and half month, and infrastructure was too raw, so they were not sure, whether the center would be ready within two months, second, they started with specialized animation and graphics curriculum, Mr. R's major energy and efforts were into development of curriculum, because of his expertise and knowledge of multimedia, and graphics with very sound technology background. Mr. S and Mr. P took care of business development, they identified, the requirement was not super specialist multimedia, graphic and animation designer in Ahmedabad, and the requirement was of job. These were the requirements of medium and small companies like printing press, small time designers, media companies, ad agencies, small animation companies, web designing companies etc. They had requirements of people who had some expertise in graphics and animation in some extent and could work on the multimedia and graphic software. They didn't need Designers. Designers were coming from big national design schools. In their first 2-3 month's operation they realized the gap in the market; companies needed people who could work on software with high skills of design available at lower cost. These companies needed people work efficiently with multimedia and graphic software and design according to the requirements of the clients with these software. The companies also needed people who were ready to work in 7-10 thousand for the job work related to graphics and multimedia on software. XAL decided to restructure the program and introduce PG program in Multimedia. During the first 3 modules, the students would be learning graphic, animation and web certification and after this certification, the students themselves could choose which one to choose. The software was the backbone of the graphic, animation and web designing and

the skills lie in how effectively this software was used to serve the clients faster, cheaper and better. When they come to X Animation Ltd, they didn't know the difference between these three streams. In late 90s and early 2000 animation was not popular; web designing was very popular field. They first went to these small and medium scale companies and asked to them, what kind of people they needed? How many of people they needed? What were the skills set required? It was a reverse engineering model. The curriculum was designed accordingly and based on the requirements of these companies. They tied up with 13 companies initially and promised them to provide the people and skills set as per their requirements, in return these companies promised X Animation Ltd that they would to absorb its students.

Business Model Innovation: A Hobby Center to an Employment Center

This made them to come up with the concept of giving appointment letter at the time of joining the course; it was first time in India. It was considered as big risk, if it would have not been fulfilled, XAL would have been washed away. They started with the promise, what they told to students that, they would get appointment letter through X Animation Ltd and X Animation Ltd had tie ups with 13 companies which had requirements of 50 people. XAL decided to have 60 students in the first year. With this they entered in the market with PG program in Multimedia which consisted of, a certification in multimedia, a specialization in either of these three streams and internship in the industry for 2 months which was nobody had tried in the industry. There were people who wanted to do multimedia or there were people who were passionate about animation, or web designing. The market was not a job oriented market. ABC and DEF had specialization based model: specialization in animation, web designing and graphics. XAL brought the concept of Multimedia where there was a

convergence of all these streams. People because of their hobbies or their passion were coming and doing courses. Mr. S considered that creativity was not their focus, XAL wanted to give skills and knowledge which would be helpful to get a job in this profession which was very lucrative for the students. So value proposition was employment compared to the competitors, for whom, the value proposition was hobby. All these were considered Business Model Innovation. The value was created through focusing on software applicability to replicate the existing designs for client requirements faster and better. The curriculum was also designed to create this value.

Majority of these ideas were coming from Mr. S. Mr. P was a signing post and helping Mr. S to have different perspective on his ideas. Mr. P and Mr. R were more into operations whereas Mr. S was in idea generations, creating and maintain relationships with reputed design and management institutes. He was working as a micro manager during idea execution. He created a value chain of 22 activities of the operations of XAL which he claimed coming from his readings and pure academic background. For Franchising, they didn't plan anything, to expand their branches in different cities, they used direct marketing. As a part of their direct marketing in Surat, they sent mailers to all prominent citizens of Surat. One of them came and offered XAL to take franchisee of XAL in Surat. They suddenly realized that they were into business of business; the backbone of this kind of business was the faculties. They had all their centers in tier 2 or tier 3 cities, they didn't have any center in metro cities. They looked at the reason of failures of ABC and other institutes, was faculties. XAL decided to provide faculties to their franchisees. This was taking a huge task on XAL in terms of efforts and cost. For all 137 campuses, faculties were recruited, trained and given to the centers by it. Due to local language issues, they needed to recruit lots of local people in different location. They

were brought in Ahmedabad, given training and sent them back to their respective location and centers. The Placement was also kept in the hands of the central office (head office in Ahmedabad). The competitors and others tried to replicate the model of giving an appointment letter before joining course. But XAL could succeed due to sheer sincerity they showed to their commitment towards students and companies they had tie-ups with. To have same quality across the different centers, Mr. S decided to keep faculty selection, recruitment, training as well as placement at head office. Next was the curriculum which was extremely tight because they wanted to manage and integrate 137 campuses together. During faculty training all the details related, what should be covered in which session? How should it be delivered? How the lecture should begin? Everything was predefined. Lectures were opened up with the slide on what will be covered in the class. This slide was also shared with the students, so the students could have an idea what would be covered and if anything was left uncovered, the students could remind the faculties. They brought the concept of signing sheet in which for every session they had to sign against their name and there was another column next to the signature column in which they had to mention that whether they could understand during the session. They brought the conditions in the appointment letter which they were providing to students. These conditions were; 80% attendance requirements, 80% of the assignments should be completed and all Projects should be completed. According to Mr. S, it was all common sense things which they applied to ensure the smooth operations as well as good quality of the students passing out from his institutes. The reason of the success was, the industry which they chose was the future. In Ahmedabad, after 12 years, number of students were opting the career in multimedia, are less. This was the reason; XAL, ABC and others couldn't fulfill the requirements of high industry demand. They were not targeting

Film Industry for their students, whereas other competitors are aiming that segment for their students. XAL focused on bottom segment of the pyramid, which was the small and medium scale company. The competitors were using advertisement to market their selling proposition of assuring the jobs of Rs.35,000 to Rs.40,000 (which was difficult to realize). XAL used mode of the direct marketing attracting students based on the promise to give jobs of average salary of Rs.10, 000 to Rs.12, 000 in these small and medium scale companies. They conducted seminars and workshops in colleges, told students that they had around 350 associate companies, these were the demands in these companies, these were the fees, and these were the starting salaries. They guaranteed them that minimum salary they could get and maximum based on their skills. They also promised them to put them through in three companies for the interviews, if they would not be selected, they would come back to the campus and have one month of intensive industry training. After this training they would be sent for the interview again, by doing that they could achieve 100% placement records. They made the appointment letters to be signed by the parents. They brought all these mechanism to support their model and according to Mr. S, it was an adulteration of the model and they brought these mechanisms to ensure that the model would work. According to Mr. S, their main focus had never been money

Analysis and Conclusion

Factors influences Leadership	Data Points	Outcome
Substantial technical and professional expertise	Mr. Mr. R’s technology expertise Mr. Mr. P’s marketing expertise Mr. S’s experience of starting up, business development,	Complementarities were achieved, Performed better than competitors

Substantial creative skills	Idea Generation and Pass on to others	Keep bringing new ideas in the organization and open new avenues of growth
Individual characteristics	Challenge the norms and tradition Strong Values and expected people should have values aligned with his values Believed in transparency and tight control Believed in freedom with high responsibility	Could achieve the results with mediocre team and constraints Managed 137 franchisees effectively
External Ties: Intra industry and extra industry	Ties with Design and Management Institutes and Partner companies	Helped organization for resources, creativity and new opportunities
Strategic choices made by leaders based on their perceptions of environmental risks and opportunities	Franchising, Value driven model not the cost or price driven model Alliances with Design and Communication institutes Choice of having focus on employment based model Choice of focus on small and medium scale companies Choice of tier-2 and tier-3 cities Strongly believed in Blue Ocean Strategy Centralized faculty recruitment and placement process	Gain competitive advantage over others 137 centers across India
Incentives and Bonus	Passion, Sheer Passion, Not for incentives	Kept the passion alive

Effect of Leadership in Business Model Innovation	Data Points	Outcome
Influence creativity and Innovation and Idea Generation	24*7 team, giving freedom to everyone, appreciating madness, helping people to fulfill their dreams His own dream of Design University	Loyalty, high level of creativity, many creative people (faculties of Communication and Design Institutes) joined Whole organization was energized to fulfill bunch of dreams

Make tangible contribution to the work being done	Micro Management	Helped to put system in place
Evaluation of creative ideas of followers	Not much ideas from followers were considered	Idea flow was TOP to BOTTOM (couldn't observe evaluation of creative ideas of followers)
Motivating people and group	Meeting employees twice in a week and find out the problems and issues Rather telling them they were wrong, showing them how they could improve Recruiting people for their madness Promising them to allow them to work on challenging work (Thrill working on Design for animation institute) Giving them opportunity to explore other avenues (operation person can work in marketing department after his routine work) An accountant can be a director People were sent for vacation or sabbatical	Employee satisfaction Employee commitment Creativity was not observed (but could be possible)

The analysis shows that the model helps to understand the role of the leadership in Business Model Innovation in an entrepreneurial firm. The leadership could be a trigger for Business Model Innovation which could be easily seen in this case on X Animation Ltd and Design for Animation institute projects. The leader had very high influence on bringing the model alive. The second contribution of the leadership would be in the process of Business Model Innovation, or in other words in execution. From the case we could see, here also the leader had very strong influence on execution but variables identified were not enough to capture the execution part very well. It also could be seen that the leader's personal and individual characteristics, external ties, technical, and creative skills and strategic choices influences the effect of leadership on business model innovation.

Limitation

This paper has very broad definition of the leadership, which pose many methodological questions. From the model it could be seen, the model explains some relationship between leadership and Business model Innovation but it failed at many fronts. X Animation Ltd is the classic case where an entrepreneur, so called a leader of the organization, not only triggers the business model innovation but due to his control mechanism, it might hinder the creativity and innovation in the organization also. It is difficult to generalize the findings as the study is based on one in depth case study but the model can be tested across multiple case studies.

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