Opening the Black Box of Business Model Innovation Process in Social Enterprises

The Case of Swedish GodEl

Sandra Olofsson

Master Thesis, 30 credits

Halmstad 2015-06-25
ABSTRACT

Background: Due to several threats that are facing our planet a hybrid business form has emerged throughout the recent decade, the social enterprise (SE). A SE is created with one purpose, to create social value. However, it is also aiming for financial profit to be able to fulfill its social mission. The dual focus of SEs differentiates them from other business forms and much remains to understand how they manage this over time. Little is known about SE business models (BMs) and how they develop over time.

Problem Discussion: Globalization has led to increased business competition, which in turn has led to an increased attention of business model innovation (BMI) as a tool to create and/or sustain competitive advantage. Since BMI can be a key process in all industries it is relevant to understand BMI in order to manage it successfully and achieve a good result. Unfortunately little attention has been given to the BMI process, how BMI unfolds over time.

Purpose: The purpose of this study is to explore how BMI unfolds over time at GodEl. This will be done by: (1) looking at how the BM components have changed over time from the establishment of the firm until present, and (2) identifying main events that have triggered these changes.

Methodology: This study is a qualitative single case study. The data has been collected via 16 semi-structured interviews, two focus groups, as well as via historical archives. The findings have been analyzed in a within-case analysis. The case organization is GodEl, a Swedish electric retailer.

Empirical Findings: The findings contain a complete review of the company history and BMI between 2001 and 2015, based on the collected data. It is structured in identified time periods.

Conclusions: It can be concluded that BMI at GodEl between its establishment and present day has been achieved by small incremental changes in the BM components one step at a time. It has been a continuous process of trial-and-error.

Future Research: Further research is needed in order to deepen the understanding of BMI process.

Keywords: Social Enterprise, Business Model, Business Model Innovation, Business Model Innovation Process, Process Perspective
ACKNOWLEDGEMENTS

I wish to thank my wonderful supervisor Maya Hoveskog for valuable support and encouragement and for being such a good mentor. You have been a great inspiration! I also want to thank Mike Danilovic, Magnus Holmén and my fellow students for useful comments and suggestions throughout my entire research process. You have made me wiser by seeing things from the outside and helped me develop my thesis continuously. Thanks to all participants at GodEl for letting me write my master thesis together with you. It has been a real adventure with many pleasant meetings and discussions. You rock! I would also like to thank my discussion partners for giving me your appreciated insights and opinions. It has been a blast to have you by my side. Last but certainly not least, thank you Joel Westlin and my family for always being there and supporting me. You are all great sources of inspiration that bring me joy and motivation for always keep going.

Without any of you this thesis would not have been possible. From the bottom of my heart - thank you!

Halmstad,
June 2015

Sandra Olofsson
## ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>BM</td>
<td>Business Model</td>
</tr>
<tr>
<td>BMC</td>
<td>Business Model Canvas</td>
</tr>
<tr>
<td>BMI</td>
<td>Business Model Innovation</td>
</tr>
<tr>
<td>C</td>
<td>Context event</td>
</tr>
<tr>
<td>CS</td>
<td>Cost Structure</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CH</td>
<td>Channels</td>
</tr>
<tr>
<td>CR</td>
<td>Customer Relationships</td>
</tr>
<tr>
<td>CS</td>
<td>Customer Segments</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>I</td>
<td>Idea event</td>
</tr>
<tr>
<td>KA</td>
<td>Key Activities</td>
</tr>
<tr>
<td>KP</td>
<td>Key Partnerships</td>
</tr>
<tr>
<td>KR</td>
<td>Key Resources</td>
</tr>
<tr>
<td>MIRP</td>
<td>Minnesota Innovation Research Program</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
</tr>
<tr>
<td>O</td>
<td>Outcome event</td>
</tr>
<tr>
<td>P</td>
<td>People event</td>
</tr>
<tr>
<td>POA</td>
<td>Power of Attorney</td>
</tr>
<tr>
<td>RS</td>
<td>Revenue Stream</td>
</tr>
<tr>
<td>SE</td>
<td>Social Enterprise</td>
</tr>
<tr>
<td>SEK</td>
<td>Swedish Krona (currency of Sweden)</td>
</tr>
<tr>
<td>T</td>
<td>Transaction event</td>
</tr>
<tr>
<td>VP</td>
<td>Value Propositions</td>
</tr>
</tbody>
</table>
# TABLE OF CONTENTS

1 **INTRODUCTION** ........................................................................................................... 1  
   1.1 BACKGROUND ........................................................................................................... 1  
   1.2 PROBLEM DISCUSSION ............................................................................................ 2  
   1.3 THESIS LAYOUT ....................................................................................................... 3  

2 **THEORETICAL FRAMEWORK** ....................................................................................... 4  
   2.1 SOCIAL ENTERPRISES ............................................................................................... 4  
      2.1.1 WHAT A SOCIAL ENTERPRISE IS AND WHAT IT IS NOT ......................... 4  
      2.1.2 CRITICISM OF SOCIAL ENTERPRISES .................................................... 8  
   2.2 BUSINESS MODEL INNOVATION .............................................................................. 8  
      2.2.1 BUSINESS MODEL ....................................................................................... 9  
      2.2.2 PROCESS PERSPECTIVE OF BUSINESS MODEL INNOVATION .............. 15  
   2.3 ANALYTICAL FRAMEWORK ..................................................................................... 21  
      2.3.1 PROCESS THEORY .................................................................................... 21  

3 **METHODOLOGY** ........................................................................................................... 24  
   3.1 METHODOLOGICAL CHOICES ................................................................................... 24  
      3.1.1 RESEARCH APPROACH ................................................................................. 24  
      3.1.2 RESEARCH STRATEGY AND RESEARCH CHOICE ...................................... 25  
      3.1.3 TIME HORIZONS ............................................................................................ 28  
      3.1.4 DATA COLLECTION TECHNIQUES .................................................................... 28  
      3.1.5 DATA ANALYSIS PROCEDURES ..................................................................... 32  
   3.2 RESEARCH DESIGN ................................................................................................... 34  
   3.3 TRUSTWORTHINESS ................................................................................................. 34  
      3.3.1 CREDIBILITY .................................................................................................... 35  
      3.3.2 DEPENDABILITY .............................................................................................. 35  
      3.3.3 CONFIRMABILITY ............................................................................................ 35  
      3.3.4 TRANSFERABILITY .......................................................................................... 35  
   3.4 SCOPE OF ACCESS .................................................................................................... 36  
      3.4.1 RESEARCH ETHICS ....................................................................................... 36  

4 **EMPIRICAL FINDINGS** .................................................................................................. 37  
   4.1 CREATION: 2001-2004 ............................................................................................ 37  
   4.2 GROWING: 2005-2008 ........................................................................................... 39  
   4.3 CHALLENGE: 2009-2010 ...................................................................................... 42  
   4.4 TREADING WATER: 2011-2014 .............................................................................. 43  
   4.5 TODAY: MARCH 2015 ........................................................................................... 45  
   4.6 FUTURE: APRIL 2015 - .......................................................................................... 48  

5 **ANALYSIS** ..................................................................................................................... 49  
   5.1 CREATION: 2001-2004 ........................................................................................... 49  
      5.1.1 EVENTS DURING THE CREATION PERIOD .............................................. 50  
   5.2 GROWING: 2005-2008 ........................................................................................... 53  
      5.2.1 EVENTS DURING THE GROWING PERIOD .............................................. 54  
   5.3 CHALLENGE: 2009-2010 ...................................................................................... 57  
      5.3.1 EVENTS DURING THE CHALLENGE PERIOD ......................................... 58  
   5.4 TREADING WATER: 2011-2014 .............................................................................. 61  
      5.4.1 EVENTS DURING THE TREADING WATER PERIOD ............................... 62  
   5.5 TODAY: MARCH 2015 ........................................................................................... 65  
   5.6 FUTURE: APRIL 2015 - .......................................................................................... 66  
      5.6.1 POSSIBLE EVENTS IN THE FUTURE PERIOD ........................................ 67  
   5.7 DISCUSSION .............................................................................................................. 69  
      5.7.1 CONNECTION BETWEEN EVENTS AND BM COMPONENTS ................. 72  
      5.7.2 USABILITY OF BMC IN SEs .......................................................................... 74
LIST OF FIGURES
Figure 1-1. Number of publications on SEs in the Web of Science database between 1986 and 2014, where the Y-axis is the number of publications and the X-axis stands for the year published (Web of Science, 2015). 1
Figure 2-1. BMC (Osterwalder & Pigneur, 2010, p. 44). 10
Figure 2-2 Relationships between two-level six components (Lee, 2015, p. 285). 12
Figure 2-3. The artefact for the design of BM change (Cavalcante, 2014, p. 7). 18
Figure 2-4 Social Entrepreneurship Framework, SVP (social-value proposition) (Austin et al., 2006, p. 17). 21
Figure 2-5 Teleological Process Theory of Organizational Development and Change (Garud & Van de Ven, 2001). 22
Figure 2-6. Analytical model for this study. Analyzing the BMI process (modified and based on Van de Ven, 2013, p. 149). 23
Figure 3-1. The ’Research onion’ model, upon which the methodological choices of this study were based (Saunders et al., 2009). 24
Figure 3-2. How GodEl works (based on GodEl, 2013). 27
Figure 3-3. Research design for this study. 34
Figure 4-1. BM developed by GodEl participants during Focus Group 1, March 19, 2015. 46
Figure 4-2. The Golden Circle that was being up for discussion during Focus Group 1. 47
Figur 4-3. BM developed by GodEl participants during Focus Group 2, March 19, 2015. 47
Figure 5-1. BM for the Creation period, 2001-2004. 49
Figure 5-2. BM for the Growing period, 2005-2008. The bold text illustrates what has been added since the 54
Figure 5-3. BM for the Challenge period, 2009-2010. The bold text illustrates what has been added since the 58
Figure 5-4. BM for the Treading Water period, 2011-2014. The bold text illustrates what has been added since the last BM. 62
Figure 5-5 GodEl’s life cycle 2001-2015 (own development). 66
Figure 5-6. Possible BM for Future period, April 2015 and forward. The bold text illustrates what possibly 67
Figure 5-7. Development over time of the event categories that triggered changes in the BM at GodEl between 2001 and 2015. To the right the BM components wherein the events caused most changes can be seen. 73

LIST OF TABLES
Table 2-1. SE definitions. 6
Table 2-2. Implications of SE hybridity (Doherty et al., 2014, p. 428). 7
Table 2-3. Summary of BM definitions selected by Zott et al. (2011, p. 1024). 9
Table 3-1. How the case company fulfills the SE definition of this study. 26
Table 3-2. Interview details. 29
Table 3-3. Focus group details. 31
Table 3-4. Definitions of events from MIRP project, based on Poole et al. (2000, pp. 106-109). 33
Table 3-5. Categorization of primary events as a sequence. 33
Table 5-1. Primary events for the Creation period. 50
Table 5-2. Primary and secondary events during the Creation period. 51
Table 5-3. Primary events during the Growing period. 54
Table 5-4. Primary and secondary events for the Growing period. 56
Table 5-5. Primary events for the Challenge period. 58
Table 5-6. Primary and secondary events for the Challenge period. 60
Table 5-7. Primary events during the Treading Water period. 62
Table 5-8. Primary and secondary events for the Treading Water period. 63
Table 5-9. Possible primary events of the Future period. 67
Table 5-10. Possible primary and secondary events during the Future period. 68
Table 5-11. Summary of the time periods of GodEl’s organizational development. 69
CHAPTER 1 INTRODUCTION

1 INTRODUCTION

This section introduces the subjects of social enterprises (SEs) and business model innovation (BMI). The aim is to create a basic understanding for the subject and explain why research is needed in this area. The purpose and scope of this study is also described, as is the outline of this thesis.

1.1 BACKGROUND

More than one billion people in the world live on less than 1.25 dollar each day (World Bank, 2014) and approximately one fifth of the world’s population lacks access to water (United Nations, 2014). Each minute equivalent to 36 football fields of forest is lost throughout the world and the global warming is threatening to heat up our planet, followed by extreme weather changes and drastic livelihood changes of billions of people (WWF, 2014). Unemployment and diseases such as cancer, HIV, and malaria are some other examples of global issues facing our planet. These issues have planted the seed of awareness in the world, causing a rapid increase of active non-profit organizations over the last decade. For-profit organizations are also striving to create social and environmental value while non-profit organizations are adopting more and more commercial and business oriented logics in order to survive increased competition (Lumpkin, Moss, Gras, & Kato, 2013; Doherty, Haugh & Lyon, 2014; Lee & Battilana, 2013; Haigh & Hoffman, 2014). This means that the two traditional business forms of for-profits and non-profits are slowly drifting towards each other. While this happens some take a more direct approach, the SE is born. The SE sits in the middle between for-profits and non-profits with the goal to create social value through business (Battilana, Lee, Walker, & Dorsey, 2012).

Figure 1-1. Number of publications on SEs in the Web of Science database between 1986 and 2014, where the Y-axis is the number of publications and the X-axis stands for the year published (Web of Science, 2015).
CHAPTER 1 INTRODUCTION

The SE concept has gained increased attention during the last decade among practitioners as well as researchers (Doherty et al., 2014; Wilson & Post, 2011; Battilana & Lee, 2014). Figure 1-1 shows the growing number of publications in the Web of Science database on the concept of SEs. In Sweden the number of SEs have been increasing from 150 in 2008 to 310 in 2014 (Tillväxtverket, 2015).

1.2 PROBLEM DISCUSSION

SEs use elements from both for-profit and non-profit logics, which creates tensions between the two within these enterprises (Battilana & Lee, 2014) and this induces unique challenges to their sustainability. One critical question is how SEs manage to sustain their dual focus over time and to fulfill their social mission while making financial profit (Wilson & Post, 2011; Battilana, Sengul, Pache, & Model, 2014). Available research on how SEs succeed in managing their dual mission to avoid mission drift is limited (Ebrahim, Battilana, & Mair, 2014). This is a clear gap in the collective body of research. An increased understanding of business model (BM) management in this field would equip SEs with better tools to plan for the future as well as increase their survival rate. Wilson and Post (2011) call for further studies regarding BMs in SEs, how they are created and developed over time. They also underline the importance of the BM in a SE, “it is the fundamental process of the design (or redesign) of the BM and the value chain that makes the achievement of a social mission through a market-based model possible” (p. 727). Michelini and Fiorentino (2012) agree, stating that literature on BMs within SEs is still scarce, despite the increasing number of new businesses combining social and business advantages.

A BM is a way to explain how enterprises work. It explains who the customer is and what the customer values, as well as how the enterprise makes money (Magretta, 2002). A BM contains various components and what particular components depend on what type of BM is adopted (Zott, Amit, & Massa, 2011). When the components of the BM are changed, we talk about BMI (Klang, Wallnöfer, & Hacklin, 2014). BMI is a relatively new field of research and has gained increased traction during the past decade (Teece, 2010; Zott et al., 2011; Waldner, Poetz, Grimpe, & Eurich, 2015; Spieth, Schneckenberg, & Ricart, 2014). One main reason for this is that BMI can help organizations to gain a competitive advantage by dealing with the entire business system, and not only products or processes (Teece, 2010; Waldner et al., 2015; Zott et al., 2011; Spieth et al., 2014). Such competitive advantage is favorable in changing business environments driven by new regulations, changes in customer preferences or new technologies (Waldner et al., 2015; Porter & Kramer, 2011). Teece (2010) argues that organizations should actively seek and consider improvements to their BMs at all times, which means that BMI should be a continuous process in order to adapt to the continuously changing environment.

Performing BMI can be difficult and risky, hence it is important to do it right (Teece, 2010; Euchner & Ganguly, 2014). Literature regarding triggers for BMI in companies is very limited despite the fact that there are many potential advantages of BMI (Waldner et al., 2015). BMI is a continuous process of changes in the BM; hence it needs to be explored throughout a period of time in order to identify significant triggers. The time period should preferably include multiple BMs in order to identify the changes between them and find the triggers for change. The process perspective is hence a key element when researching triggers for change and BMI. The relation between time, history, process and action is central to the concept of BMI (Pettigrew, Woodman, & Cameron, 2001). Thus, by locating main events that can be connected to building blocks of the BM it is possible to see how BMI has evolved over
time (Van de Ven, 2013). Unfortunately, little attention has been devoted to the theory on how BMI unfolds over time in organizations. Existing literature has mainly focused on the outcome of BMI rather than the process (Van de Ven, 2013; Pettigrew et al. 1990). I address this gap through a study of the BMI process; hence I regard it as a sequence of events that lead to change in the BM over time. The fact that the main focus of this study will be the process means that it complements previous studies, which have primarily focused on the outcome of BMI (Van de Ven, 2013). Van de Ven (2013) calls for further studies on BMI from a process perspective, which I am hereby addressing. Further, I address the need for studies on how BMs change over time in SEs in order to sustain their dual mission. The purpose of this study is:

*Explore how BMI unfolds over time at GodEl.*

This will be done by: (1) looking at how the BM components have changed over time from the establishment of the firm until present day, and by (2) identifying main events that have triggered these changes.

This study contributes to the field of BMI in the context of SEs. The empirical data is a single case study of GodEl, a Swedish SE, where I explore how BMI has evolved from its initiation until present day. A deeper understanding of SEs is beneficial in order for them to survive and improve the management of their businesses in the future. This study aims to help the top management of GodEl to learn how the organization has been managing BMI throughout history and provide a foundation for BMI management in the future. Successfully managed BMI can help GodEl to gain competitive advantage by continuously positioning itself in the forefront of the market by staying innovative and being able to adapt to the changing environment.

1.3 THESIS LAYOUT

In *Chapter 1: Introduction* above I have presented the background and problem discussion. This led to a presentation of the purpose of this study, as well as the contributions.

In *Chapter 2: Theoretical Framework* I present the tentative frame of reference this research is based upon to be able to fulfill my purpose in relation to the stated research gap. I am reviewing what is currently known about SEs, BMs, and BMI. Moreover, I present BMI as a process and link it to my analytical framework.

In *Chapter 3: Methodology* I present how my research has been designed together with explanations of the methodological choices I have made and why. The chapter also contains trustworthiness, scope of access, and ethical aspects.

In *Chapter 4: Empirical Findings* I present the findings from the collected data.

In *Chapter 5: Analysis* I elaborate upon the earlier presented empirical data. I analyze the data and connect it to literature. I end this chapter with a discussion.

In *Chapter 6: Conclusions* I summarize the essence of this study with theoretical and managerial implications. I end this thesis by sharing my suggestions for further research.
CHAPTER 2 THEORETICAL FRAMEWORK

2 THEORETICAL FRAMEWORK

This section presents the theoretical frame of reference upon which this study is based. I start by conceptualizing SEs, followed by a section that takes on BMI including a presentation of the BM definition I use in my study as well as a description of the literature written on BMs in SEs. I am ending this section by presenting my analytical framework.

2.1 SOCIAL ENTERPRISES

SEs have been given increased attention in recent years. The number of publications in the academic literature on SEs as an organization category has been growing rapidly (Doherty et al., 2014). The numbers of publications on SEs can be seen in Figure 1-1.

2.1.1 WHAT A SOCIAL ENTERPRISE IS AND WHAT IT IS NOT

A SE is a common example of a hybrid organization (Battilana & Lee, 2014; Haigh & Hoffman, 2014; Wilson & Post, 2011; Michelini & Fiorentino, 2012). Battilana et al. (2014) define ‘hybridity’ as “the state of being composed through the mixture of disparate parts” (p. 400). In their literature review on hybrid organizations, Doherty et al. (2014) state that hybridity is fundamental in SEs which is why such enterprises are an appropriate and useful lens through which hybridity can be studied. Various definitions of a SE exist, but a common view is that a SE is a mixture of two business forms. Doherty et al. (2014) mention SEs as structures and practices that are allowing values and artifacts from different business forms to coexist. Haigh and Hoffman (2014) state that SEs are combining elements from for-profit and non-profit fields as well as mixing market-, and mission-oriented beliefs to address social issues. Joldersma and Winter (2002) stated a similar definition 20 years earlier, “characteristics of a task organization and a market organization; they have to deal with the constraints of the governing body, but are also involved in a dynamic, market-like environment […] they show higher levels of strategic choice than the defensive task organizations” (p. 87). Hasenfeld and Gadron (2005) state that the main purpose of a SE is to bring social change by performing specific services. Furthermore, the internal structure of the organization is a mix between bureaucratic and collectivist elements.

Several researchers have written about the origin of SEs, how they are created and designed in order to manage the dual mission of both social and financial value (Lee & Battilana, 2013; Wilson & Post, 2013; Yunus et al., 2010). Wilson and Post (2011) state that SEs see the possibility of combining both social as well as economic wealth. The social mission is built into the DNA of the enterprise and its BM. Wilson and Post (2011) continue writing that SEs are creating a powerful base of influence as a ‘megaphone’ for social change by participation and being successful in the broad-base market, “the participation and market success of these enterprises with social change agendas creates pressure on the traditional market participants to change their practices and approaches” (p. 723).

Varying descriptions of SE forms can be found in the literature and a common definition has yet to be constructed. Except for SE several other terms have been used, such as Hybrid Organization, Low-Profit Limited Liability Company, Blended Value Organization, Benefit Corporation, Mission Driven Organization, For-Benefit Organization and Fourth Sector Organization (Haigh & Hoffman, 2012). SEs are difficult to categorize since they are neither
for-profits, nor non-profits. Lee (2015) states that the social, legal, cultural, economic, and political expectations required by the society have to be taken into consideration when defining a SE. This difficulty of defining a SE, in turn, may lead to difficulties when register SEs, since a suitable business category may not exist. As a consequence this may lead to SEs suffering disadvantages due to lost legitimacy (Doherty et al., 2014). Moreover, since SEs might be registered as a non-profit, for-profit, or a foundation, it also leads to difficulties in attempts to gather statistical data in order to map and learn more about SEs (Lee, 2015). However, in some parts of the world the increased popularity of SEs has led to developing regulatory activities (Battilana et al., 2014), to better address the needs of those organizations. In the United States new legal forms are: Benefit Corporations, Flexible-Purpose Corporations and Low-Profit Limited Liability Corporations, in United Kingdom: Community Interest Companies, and in Canada: Community Contribution Companies (Battilana et al., 2014). Deloitte (2014, p. i) has presented a proposal for the definition of SEs to facilitate the process of legitimizing the SE as a unique business form. The proposal is: “a corporate entity that exists primarily to promote public benefits using business strategies, and financial capital, and offering innovative ways of operating for social and/or environmental purposes”.

Muhammad Yunus received the Nobel Peace Prize in 2006 due to his work concerning SEs. According to him, this particular business form will help decrease poverty in the world (Wilson & Post, 2011). Yunus et al. (2010) are proposing the SE as a new organizational form, originating from somewhere between a for-profit and a non-profit organization, "designed and operated just like a 'regular' business enterprise, with products, services, customers, markets, expenses and revenues” (p. 311). The SEs however, strive to create social value instead of dividend to the shareholders. This can be done locally or with a global perspective. In the context presented by Yunus et al. (2010) it means that SEs and their employees strive to revitalize the local economy from the inside. Hence SEs could be described as self-sustaining to a certain degree since their services and products stimulate the growth of the local market, which in turn generate more business for the company. The primary purpose is to serve the society and improve the life of the poor (Yunus, 2007). SEs combine social profit maximization with self-sustainability in form of recovery of invested capital. In contrast, for-profits combine financial profit maximization with recovery of invested capital.

Thompson and Doherty (2006) define SEs as organizations that seek business solutions to social problems. They further list the following six characteristics that determine a SE: (1) The core of the organization is its social purpose, (2) Assets and wealth are both used in order to create benefits for the community, (3) The enterprise pursues benefit to the community by (at least in part) trading in a market place, (4) The employees are part of the decision making and/or governance within the company, (5) The organization is accountable to both its members and the community, and (6) There is a double-, or a triple-bottom line paradigm, meaning that the most effective SEs are demonstrating high returns both socially and financially. Thompson and Doherty (2006) argue that the need of efficient routes to the market as well as creating value for the customers are always apparent parameters in SEs. They also claim that SEs cannot be mentioned as a ‘one-size-fits-all’, since essential beliefs and principles are the foundation for the entire existence of the organization. The definition by Thompson and Doherty (2006) is being used throughout this thesis. I base my choice upon the fact that this definition displays a good balance between the non-profit and for-
profit logics, as well as being relevant in the current Western business environment, which this study addresses. A summary of reviewed definitions on SEs can be seen in Table 2-1.

Table 2-1. SE definitions.

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doherty et al. (2014, p. 418)</td>
<td>“Structures and practices that allow coexistence of values and artifacts from two or more categories”</td>
</tr>
<tr>
<td>Haigh &amp; Hoffman (2014, p. 224; 2012, p. 126)</td>
<td>“Organizations that combine elements of for-profit and nonprofit domains: maintaining a mixture of market- and mission-oriented practices beliefs, and rationale to address social and ecological issues […] adopting social and environmental missions like nonprofits, but generating income to accomplish their mission like for-profits”</td>
</tr>
<tr>
<td>Lee &amp; Battilana (2013, p. 2)</td>
<td>“Combines multiple existing institutional logics, which refer to the patterned goals considered legitimate within a given sector of activity, as well as the means by which they may be appropriately pursued (...) exist between traditionally-legitimate categories of organizations”</td>
</tr>
<tr>
<td>Joldersma &amp; Winter (2002, p. 87)</td>
<td>“Combine characteristics of a task organization and a market organization; they have to deal with the constraints of the governing body, but are also involved in a dynamic, market-like environment […] they show higher levels of strategic choice than the defensive task organizations”</td>
</tr>
<tr>
<td>Hasenfeld &amp; Gidron (2005, p. 98)</td>
<td>“(a) They seek to bring about social change though not necessarily through protest and other non-institutional means; (b) The services they provide, such as social and educational, are a strategy for social change; (c) Their internal structure is a mix of collectivist and bureaucratic elements”</td>
</tr>
<tr>
<td>Thompson &amp; Doherty (2006, p. 362)</td>
<td>“(1) The core of the organization is its social purpose, (2) Assets and wealth are both used in order to create benefits for the community, (3) The enterprise pursues benefit to the community by (at least in part) trading in a market place, (4) The employees are part of the decision making and/or governance within the company, (5) The organization is accountable to both its members and the community in a wider aspect, (6) There is a double- or a triple-bottom line paradigm, meaning that the most effective social enterprises are demonstrating high returns both socially and financially”</td>
</tr>
<tr>
<td>Yunus, Moingeon, &amp; Lehmann-Ortega, (2010, p. 309)</td>
<td>“A self-sustaining company that sells good or services and repays its owners’ investments, but whose primary purpose is to serve society and improve the lot of the poor”</td>
</tr>
<tr>
<td>Deloitte (2014, p. i)</td>
<td>“A corporate entity that exists primarily to promote public benefit using business strategies, and financial capital, and offering innovative ways of operating for social and/or environmental purposes”</td>
</tr>
</tbody>
</table>

Ebrahim et al. (2014) divide SEs in two categories: Differentiated and Integrated. Differentiated SEs are separating social and commercial activities from each other, generating profit by selling a service or a product and then using the profit to finance, or fund, social activities helping beneficiaries that are not the initial customers of the firm. An example of such an organization is Ubuntu Bikes (2012), which is a SE in South Africa that makes unique bicycles out of old bicycles with help from local artists. The company is selling bicycles both locally and online. In that way the artists get money as well as the charity organizations it collaborates with. Ubuntu Bikes supports three NGOs in particular that address three areas: blind children, HIV positive children, and bicycling empowerment in South Africa (Ubuntu Bikes, 2012).

Integrated SEs, on the other hand, are characterized by integrating beneficiaries as customers and/or employees and thereby they achieve a particular social mission. As an example of integrated SEs can be mentioned Hot Bread Kitchen (Battilana et al., 2012), which is a bakery in New York where low-income and foreign-born women and men are
employed as bakers. They bake bread inspired by their origin countries while learning business management in the food industry. This gives them working experience that helps them finding positions within the food industry (Hot Bread Kitchen, 2014). By doing so the company combines a social welfare model with a revenue generation model and therefore is practicing both social and commercial activities (Battilana et al., 2012). Hot Bread Kitchen states "As part of our mission, we preserve valuable baking and culinary traditions and 'br-educate' New Yorkers about the tasty and important contributions of immigrant communities" (2014).

Thompson and Doherty (2006) state that the employees in SEs can be either fully paid by market rate, paid a modest sum or working pro bono as volunteers. Austin et al. (2006) state that SEs often rely upon volunteers to perform key functions in the organization, such as serving as board members, fundraising, or other professional services. Each organization is unique, and it all depends on how the organization is shaped. Since many SEs are small and with constrained financial resources, they do not have the possibility to pay market rate payments to their employees, which means they need to rely on other incentives when motivating employees (Doherty et al., 2014). Svensson (2014) argues that there are varied motivations why people choose to work in SEs. Examples are the sense of social responsibility, a need to express their entrepreneurial ability, or a desire for personal fulfillment.

Table 2-2. Implications of SE hybridity (Doherty et al., 2014, p. 428).

<table>
<thead>
<tr>
<th>Distinctive features</th>
<th>Challenges</th>
<th>Tensions</th>
<th>Trade-offs</th>
<th>Examples of management pressures</th>
</tr>
</thead>
</table>
| Mission             | To achieve business and social goals  
To manage the demands of multiple stakeholders and maintain legitimacy  
To develop relationships with partners with different logics | Conflicting demands between needs of clients and needs of other stakeholders  
Disagreements on priorities held by different groups  
Ensuring mission does not drift away from multiple goal achievement | Sacrificing social value creation for economic value capture  
Positively not scaling profit maximization | Use social mission as a force for strategic direction  
Find optimum conditions where social value creation leads to profitability and competitive advantage |
| Financial resource mobilization | SEs may not be perceived as viable clients by mainstream financial institutions  
Lack of understanding of SE and social value by those controlling access to financial resources | The relative importance of earned versus other income  
Ethical issues involved in access to different sources of income  
Conflicting expectations and demands between different stakeholders  
Operating under financial constraints due to insufficients financial resources | Dual pricing strategies for different client groups  
Incentives persuaded to accept a lower and slower rate of return in exchange for social value creation | Cross subsidization by targeting income sources that generate a surplus for reinvesting in social mission  
Leveraging a mix of financial capital from both commercial and philanthropic sources  
Access to lower than market rate capital from social investors  
New legal forms to encourage investment |
| Human resource mobilization | Limited financial resources constrain SE salaries and wages  
Skill shortages and lack of competences in combining social and commercial objectives  
Attracting and retaining volunteers with appropriate skills | Managing motivation and rewards of employees and volunteers  
Volunteers not perceived to have skills and experience in some areas of service delivery  
Selection process of board members to provide a balance of social and commercial expertise | Balancing payment of higher SE salaries and investing in achieving social mission  
Recruiting volunteers versus high turnover of volunteers  
Higher SES salaries and wages reduce the attractiveness of SE to donors, volunteers and other stakeholders | Balance of staff and board members with social and commercial and skills  
Use of nonmonetary measures to motivate and reward employees, volunteers and trustees  
Social and commercial training for trustees and other stakeholders |

Much attention in the SE literature has been given to the founders and what factors that drive them to start this type of enterprise (Doherty et al., 2014). The founders and leaders are important in SEs since they influence how the business activities are monitored and controlled with processes and structures. By doing this they ensure accountability to stakeholders. Doherty et al. (2014) state that the increasing interest of SEs has led to a situation with too few leaders with the appropriate skill sets suitable for this kind of enterprise. Lee and Battilana (2013) have been studying the origin of SEs by testing their theory on a dataset of over 700 social venture founders. They found that social entrepreneurs are more likely to incorporate a commercial logic in their enterprise if: (1) A parent has for-profit work experience, (2) The social entrepreneur has participated in a formal post-secondary business education, and (3) The social entrepreneur has a small amount of work
tenure in a for-profit business (Lee & Battilana, 2013). Austin et al. (2006) underlines the importance of the social entrepreneur in the creation of SEs and his/her drive to achieve the social mission. “Social entrepreneurs’ belief that their theory of change and organizational approach is superior often drives the organization to pursue growth as a means for achieving greater social impact … thus, a social enterprise may often launch into growth and expansion before sufficient thought or planning has been put into it” (p. 7).

### 2.1.2 CRITICISM OF SOCIAL ENTERPRISES

The increased awareness has started a widely adapted trend, where companies are striving to make as little negative impact as possible on people and environment. Although many researchers are categorizing this movement as a new phenomenon there are also researchers stating that it is merely a comeback from a bygone era. An example of this is found approximately 100 years ago in Sweden, before the industrialization. People were living in industrial societies where the local factory or company was nurturing the people of the municipality (Nordlund, 2006). It was important for the employer to be close to his or her employees in order to make them happy enough to stay with the company. To be ensured of that the companies were developing social systems within the society such as health care, employment, infrastructure, education and accommodation. In that way the employees and their families were cared for and were given the opportunity to live a decent life (Nordlund, 2006).

Moreover, some researchers critically examine SEs merely as for-profits that successfully implement corporate social responsibility (CSR) in their businesses. Yunus et al. (2010) point out that “although advocates of CSR like to propose that companies should be measured by a ‘triple-bottom line’ of financial, social and environmental benefits, ultimately only one bottom line usually matters: financial profit” (p. 309). One main difference between a for-profit with CSR and a SE is that a SE solely exists due to its mission of creating social value. The for-profit is an already existing company aiming to reduce its negative impacts regarding social or environmental values. Another characteristic for SEs is that they maintain high levels of transparency in their businesses, often with the aim of diffusing their practices to other actors in the industry. For-profits are more focused on secrecy (Haigh & Hoffman, 2014).

One mentioned backside with SEs is the dual focus and the risk of mission drift (Ebrahim et al., 2014). Mission drift is when the company mission becomes too focused on financial profits and the social mission is lowered in priority. It could then have a negative impact on the society’s view on the organization, but also change and/or decline the employees’ motivation and commitment. Doherty et al. (2014) state that mission drift might lead to reorientation in the shared corporate cultural values. The employees might feel betrayed and their loyalty will soon lay elsewhere. In order to be successful of the dual mission achievement it requires that the managers in SEs are creating a balanced staff force, with both social as well as commercial knowledge (Doherty, et al., 2014). Table 2-3 shows a framework of the implications of SEs on their dual mission, developed by Doherty et al. (2014).

### 2.2 BUSINESS MODEL INNOVATION

During recent years, the concepts of BM and BMI have grown in popularity (Osterwalder & Pigneur, 2010; Lambert & Davidson, 2013; Euchner & Ganguly, 2014; Baden-Fuller &
CHAPTER 2 THEORETICAL FRAMEWORK

Morgan, 2010; Spieth et al., 2014; Chesbrough, 2010). BMI attracts attention through the ability to create a competitive advantage. With successful BMI a company can adapt to rapid environmental changes, such as changes in customer preferences, new regulations as well as new technologies (Waldner et al., 2015). However, it is fundamental to have a good understanding of the company’s BM to be able to generate meaningful BMI. It is also important to have well-established management practices and procedures regarding BMI to provide the organization with stability. This is in turn a good foundation for successful long-term thinking, which allows the organization to be better prepared for short-term opportunities and challenges requiring rapid decisions and actions (Gibson & Jetter, 2014).

2.2.1 BUSINESS MODEL

A BM explains how an organization works, describing who the customer is and what the customer values, as well as how the enterprise makes money (Magretta, 2002). It has been discussed among practitioners, researchers and in media that a well tailored and successfully implemented BM can generate large amounts of money, while the wrong kind of BM can generate business failure (Gibson & Jetter, 2014). Another reason of having a well-structured BM is that it allows more people to understand the strategic choices of the organization as well as see how all the business activities fit together (Gibson & Jetter, 2014). However, despite its popularity and wide use the BM concept is generating confusion (Lambert & Davidson, 2013). Klang et al. (2014) illustrates this confusion with how adults recall teenage sex, ”everyone talks about it all the time; everyone boasts about how well he or she is doing it; everyone thinks everyone else is doing it; almost no one really is; and the few who do are fumbling their way through it incompetently” (p. 454). Thus, many organizations state they are actively working with their BMs, but few know what they actually are doing. Osterwalder et al. (2005) called for a unifying description of BMs, since people do not have the same mental models, which lead them to understand the BM concept in different ways. More than ten years later researchers are still of the opinion that although there is an increased interest in BMs, the BM concept is being misused due to the confusion on what it actually is (DaSilva & Trkman, 2014; Klang et al., 2014).

Zott et al. (2011) wrote a review of the academic literature between 1975 and 2009 that address BMs, with the aim to provide researchers with the most up-to-date literature review of BMs. They found the literature on BMs to be “young and quite dispersed” (Zott et al., 2011, p. 1038) and that it has only started to emerge in top management journals. More, they found that there is a diversion in how scholars choose to define and use the BM concept and that a common definition is yet to be constructed, just as Osterwalder et al. (2005) had argued six years earlier. The selected BM definitions by Zott et al. (2011) are shown in Table 2-3.

Table 2-3. Summary of BM definitions selected by Zott et al. (2011, p. 1024).

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timmers (1998, p. 2)</td>
<td>“An architecture of the product, service and information flows, including a description of the various business actors and their roles; a description of the potential benefits for the various business actors; a description of the sources of revenues”</td>
</tr>
<tr>
<td>Amit &amp; Zott (2001, p. 511); Zott &amp; Amit (2010, p. 216)</td>
<td>“The content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities […] a system of interdependent activities that transcends the focal firm and spans its boundaries”</td>
</tr>
<tr>
<td>Chesbrough &amp; Rosenbloom (2002)</td>
<td>“The heuristic logic that connects technical potential with the realization of economic value”</td>
</tr>
</tbody>
</table>
CHAPTER 2 THEORETICAL FRAMEWORK

<table>
<thead>
<tr>
<th>Source</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magretta (2002, p. 4)</td>
<td>“Stories that can explain how enterprises work. A good business model answers Peter Drucker’s age-old questions: Who is the customer? And what does the customer value? It also answers the fundamental questions every manager must ask: How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?”</td>
</tr>
<tr>
<td>Morris et al. (2005, p. 727)</td>
<td>“Concise representation of how an interrelated set of decision variables in the areas of venture strategy, architecture, and economics are addressed to create sustainable competitive advantage in defined markets”</td>
</tr>
<tr>
<td>Johnson, Christensen &amp; Kagermann (2008, p. 52)</td>
<td>“Consist of four interlocking elements that, taken together, create and deliver value”</td>
</tr>
<tr>
<td>Casadesus-Masanell &amp; Ricart (2010, p. 195)</td>
<td>“A business model is … a reflection of the firm’s key resources, and key processes”</td>
</tr>
<tr>
<td>Teece (2010, p. 179)</td>
<td>“A business model articulates the logic, the data and other evidence that support a value proposition for the customer, and a viable structure of revenues and costs for the enterprise delivering the value”</td>
</tr>
</tbody>
</table>

Klang et al. (2014) discuss that BMs are seen as artifacts consisting of different components. They highlight the importance of not confusing the BM concept with ‘business plan’ or ‘business idea’. The first can be described as a “loosely articulated entrepreneurial intent” (Klang et al., 2014, p. 455) and the second as “a formal description of the prospective BM of a project or venture… however, its content goes far beyond the mere description of the value-creation and capturing logic” (p. 455).

One widely used framework for mapping BMs is the Business Model Canvas (BMC) that was introduced in 2004 (Osterwalder & Pigneur, 2010). Osterwalder and Pigneur (2010, p. 14) define BM as, “the rationale of how an organization creates, delivers and captures
value”. It has gained much interest among both researchers and practitioners due to its clear structure. Thus it removes much of the abstract complexity of BMs (Gibson & Jetter, 2014). This can also be useful when communicating with stakeholders, such as suppliers or partners, by giving them an opportunity to visualize and identify problem areas and gaps in the BM (Gibson & Jetter, 2014). BMC consists of nine building blocks that fit on a single sheet, which together create a blueprint for analysis (Gibson & Jetter, 2014; Osterwalder & Pigneur, 2010). One of the strengths of the BMC is its flexibility to be modified for specific applications or new types of business forms, such as non-profits and SEs. Figure 2-1 shows the BMC.

Euchner and Ganguly (2014) argue that the BMC might be useful in representing a BM, but it lacks the “key dynamic elements of working business models” (p. 35). That is, the BMC does not represent coherence, the competitive position, or quantify the economic leverage points of an organization. Gibson and Jetter (2014) also argue the problem of the BMC being static and that changes are difficult to document in a clear way. Despite this, Gibson and Jetter (2014) are of the opinion that the BMC is currently the best candidate to build upon and to modify for an improved methodological approach to BMI.

2.2.1.1 BUSINESS MODELS IN SOCIAL ENTERPRISES

Even though SEs gain increased attention, the literature upon BMs in SEs is still scarce (Wilson & Post, 2011; Michelin and Fiorentino, 2012; Lee, 2015). According to Lee (2015) no overarching theoretical framework of BMs in SEs exists. Wilson and Post (2011) argue that it is important to understand the BM of a SE since the BM is what makes the achievement of the social mission possible. Lee (2015) developed a definition of a SE BM due to the lack of accepted definitions, “A social enterprise business model is a decision-making framework for developing logically coherent activities to support social mission-driven value creation and formulating strategies to sustain competitive advantage” (p. 285). Together with this definition Lee (2015) proposes six logically BM components: (1) Value Proposition, (2) Legal and Governance Structure, (3) Market Scope, (4) Networked Activities, (5) Resources, and (6) Sustainability. The interaction between these components generates social and economic value in order to achieve sustainability in the SE. The components are divided in two levels: the foundation level and the performance level. Value proposition, legal and governance structure, market scope, and networked activities are linked to the foundation level, while resources and sustainability are linked to the performance level. The foundation level is essential for decisions that are related to creation, preparation, and delivery of social and economic value. The performance level is focusing on capturing the social and economic value, as well as creating competitive advantage via resource development and sustainability of the SE (Lee, 2015). Figure 2-2 shows the relationships between the two-level foundations and the components.

Lee (2015) states that the two-level six-component SE BM is a suitable model for all SEs, “Our social enterprise business model can be used in comparing various social enterprise models and provides a common architecture that allows social entrepreneurs to design the best ways of achieving social missions and economic benefits” (p. 295). Lee (2015) further argues that this BM can help social entrepreneurs when they conceptualize their innovative business ideas and are able to “refine them through iterative model building processes” (p. 295). However, Lee (2015) highlights that the lack of studies on SE BMs makes it difficult to support the two-level six-component SE BM with other studies. Currently, the BM is also
merely at a conceptual level, without any real empirical foundation. Lee (2015) mentions that this may rise doubts concerning the BMs validity.

Figure 2-2 Relationships between two-level six components (Lee, 2015, p. 285).

Battilana et al. (2012) state that BMs in SEs are using sales from products in order to fund the social mission and to reduce the dependence on donations and grants, but also to be able to scale up the enterprise. Wilson and Post (2011) argue that the social mission is a part of the DNA of the enterprise BM. Further, Yunus et al. (2010) highlight that collaborative partnerships are essential when building BMs in SEs and that the right partnerships can be highly productive and low in risk as they are taking place between actors in no direct competition with each other. An example of this is Grameen Bank’s collaboration with the Norwegian telecom company Telenor, “Telenor benefited from Grameen’s knowledge of the country and the network of people the bank had already built” (Yunus et al., 2010, p. 315). Such partnerships are gaining both parties and are suitable for exchanging both knowledge and ideas, which can create a competitive advantage against rivals. Yunus et al. (2010) underlines how important it is for a SE to take all its stakeholders in account, and not just its shareholders. The SE must also state a clear definition of the social value in specific that is expected out of the business.

In their study Michelini and Fiorentino (2012) explore two BMs that are connected to SEs in the literature: the Social BM and the Inclusive BM. The Social BM is focusing on four building blocks: (1) Value Proposition, (2) Social Profit Equation, (3) Value Constellation, and (4) Economics Equation (Yunus et al., 2010; Michelini & Fiorentino, 2012). Yunus et al. (2010) defines a social BM as “a consistent and integrated picture of a company and the
CHAPTER 2 THEORETICAL FRAMEWORK

way it generates revenues and profit” (p. 312). Yunus (2007) means that SEs are both designed and operated as ‘regular’ organizations, as mentioned earlier. Wilson and Post (2011) criticize the social BM developed by Muhammad Yunus, because it is lacking the direct mechanism for organizations to be able to properly address social issues.

The Inclusive BM has its origin in the concept of providing profitability to the poor, also known as the bottom of the pyramid theory (Michelini & Fiorentino, 2012, p. 564). Markets in the bottom of the economic pyramid are considered as uncharted territories with good producers and consumers with specific needs. Further it is argued by scholars in this field that the solutions must be co-created by the poor and the producers in order for it to be successful. Michelini and Fiorentino (2012) mean that this model combines knowledge from the top of the pyramid with the wisdom and expertise at the bottom, by importing existing BMs into the lower-income community.

Osterwalder and Pigneur (2010) state, “solving the big issues of our generation requires bold new BMs” (p. 265), meaning that the BMC is not limited to for-profits only. They argue that BMC is suitable for all types of enterprises, meaning that all organizations have a BM although the meaning of the word ‘business’ can differ between different business forms. The difference is only a matter of focus. All organizations need to create and deliver value as well as generate enough revenue in order to cover the expenses of the company, which means that they have a BM of some sort. Osterwalder and Pigneur (2010) divide beyond-profit BMs in two categories: third-party funded models and triple bottom line BMs. It is common that organizations are experimenting with a combination of these two models trying to get the best out of two worlds. The Third-Party Funded Model is when the payer or customer is not the same as the recipient of the service or product, which means that payments might be funded by donors or by a public sector (Osterwalder & Pigneur, 2010). As an example can be mentioned a government that is paying schools for delivering education, or donors helping financing the efforts of a non-profit organization, such as Oxfam or Save the Children (Osterwalder & Pigneur, 2010). The risk with the third-party funded model is misalignment of the social value creation. Osterwalder and Pigneur (2010, p. 264) state, ”Since the very existence of the enterprise depends on contributions, the incentive to create value for donors may be stronger than the incentive to create value for recipients”. The Triple Bottom Line Model is extending the BMC with two building blocks: (1) Social and Environmental costs of a BM (negative impact), and (2) Social and Environmental benefits of a BM (positive impact). Osterwalder and Pigneur (2010) argue that this model seeks to minimize the negative social and environmental impacts, and maximize the positive.

I have chosen to build this study upon the BMC. I base my decision on the argument that the BMC is one of the most referred tools to BMs in literature (Klang et al., 2014). More, according to Osterwalder and Pigneur (2010) the BMC is also adaptable to SEs. It is also stated that the BMC is easy to understand since it visualizes the BM in a pedagogic way.

2.2.1.2 BUILDING BLOCKS IN THE BUSINESS MODEL CANVAS

Osterwalder et al. (2005) highlight the importance of being able to visualize the BM for successful BMI. They mean that when people within a company are able to capture and visualize the BM it becomes easier to adjust the existing BM to a new BM. The BMC is suitable in order to understand, show and communicate what is happening throughout the change of BM (Osterwalder et al., 2005). The BMC consists of following nine building
CHAPTER 2 THEORETICAL FRAMEWORK

blocks: (1) Customer Segments, (2) Value Propositions, (3) Channels, (4) Customer Relationships, (5) Revenue Streams, (6) Key Resources, (7) Key Activities, (8) Key Partnerships, and (9) Cost Structure. It is important to understand each building block and their function respectively to be able to see their interaction as a whole. Below I present each building block:

1. The Customer Segments (CS) stand for the different groups of customers with common needs, common behaviors, or other characteristics. It is important for companies to know their customers in order to better be able to satisfy them since the company cannot survive without customers. Essential issues in this building block are for whom the company is creating value and who are the most important customers (Osterwalder & Pigneur, 2010).

2. Value Propositions (VP) describe the collection of services and products that create value for each customer segment in specific (Osterwalder & Pigneur, 2010), “the benefits customers can expect from your products and services” (Osterwalder et al., 2014, p. 6). Good value propositions help the organization to gain a clear understanding of how it creates value to customers, which help to get teams of employees aligned providing them with a shared language. This also minimizes the risk of wasting time on ideas that do not work (Osterwalder et al., 2014).

3. The Channels (CH) building block is describing how the organization is communicating with and reaching the customer segments in order to deliver the value propositions (Osterwalder & Pigneur, 2010).

4. Customer Relationships (CR) stand for the relationships that an organization is establishing with each customer segment, since different segments can require different relationships. It may be driven by customer acquisition, customer retention or boosting sales. Some examples of customer relationships are automated services, self-service, personal assistance, dedicated personal assistance, communities and co-creation (Osterwalder & Pigneur, 2010).

5. Revenue Streams (RS) are the money the organization is generating from each customer segment. The key question to answer is ‘For what value is each customer segment truly willing to pay?’. The pricing mechanisms can vary between different revenue streams, such as bargaining, auctioning, market dependent, fixed list prices, and volume dependent. The BM can involve both one-time payments and ongoing payments from customers (Osterwalder & Pigneur, 2010).

6. Key Resources (KR) are the essential assets making the BM work. The key resources can be intellectual, human, physical or financial. They can be owned in the organization, but it can also come from outside the company via leasing or acquired form key partners (Osterwalder & Pigneur, 2010).

7. Key Activities (KA) are the most important activities an organization must to operate successfully and make its BM work. Key activities can be mentioned as production, problem solving, platform or network (Osterwalder & Pigneur, 2010).

8. Key Partnerships (KP) are suppliers and partners that are making the BM possible. Osterwalder and Pigneur (2010) mention four types of partnership: (1) Strategic alliances between non-competitors, (2) Strategic partnerships between competitors (coopetition), (3) Joint ventures, and (4) Buyer-supplier relationships. More, Osterwalder and Pigneur (2010) mention three motivations for establishing partnerships: economy of scale and optimization, reduction of uncertainty and risk, and acquisition of particular activities and resources.
9. Cost Structure (C$) is consisting of the important costs that are taking part in the BM. Two broad cost structures are value-driven and cost-driven, but most firms are a mix of both. SEs, for instance, are very much value-driven, but they are at the same time interested in optimized costs. Other characteristics of cost structures are variable costs, economies of scale, economies of scope and fixed costs (Osterwalder & Pigneur, 2010).

2.2.2 PROCESS PERSPECTIVE OF BUSINESS MODEL INNOVATION

Lambert and Davidson (2012) argue that the ability to adapt to changing conditions in the business environment gives the opportunity and potential to improve the performance of a company. Teece (2010) underpins that it is preferable if the organization itself is able to initiate changes in the BM, instead of being forced by external factors. Osterwalder et al. (2005) mean that a lack of planning results in ad hoc solutions with low probability of success. Research on BMI is focusing on change in the BM and its components, the key to successful change and its motivating factors, “the ability of the enterprise to change and adapt to changing conditions has the potential to improve enterprise performance” (Lambert & Davidson, 2013, p. 678). BMI also involves the search for new logics within the existing organization in order to capture and create value for customers, partners, and suppliers (Casadesus-Masanell & Zhu, 2013). Therefore it is essential with BMs that successfully capture the value from innovation (Teece, 2010). Lambert and Davidson (2013) state that when changes occur within the organization it may cause a need for changes in the BM as well. Osterwalder and Pigneur (2010) state that BMs are meant to change continuously in today’s climate and that it is best to assume that even a successful BM will have a brief lifespan. Cavalcante (2014) agrees and writes that organizations are complex constructed systems with no single optimal BM design, which is why the BMI process should be open to evolution as an ongoing effort.

Although BMI is stated to be vitally important it is difficult for firms to achieve and undertake it successfully (Chesbrough, 2010). There are many pitfalls such as unforeseen costs and risks that a new BM might induce (Gibson & Jetter, 2014). Osterwalder and Pigneur (2010) mention several challenges with BMI, such as difficulties to test the model before launching it in full-scale, managing uncertainty, to continuously adapt the BM in response to the market feedback, to develop an appetite for new BMs, to align old and new BMs, and to focus on the long-term while at the same time be ready for rapid changes. Chesbrough (2010) highlights that even though tools and maps might be helpful, they are not enough, since organizational processes must change as well. Cavalcante (2014) argues that there is a lack of instruments in order to guide the analytical work of changing a BM.

Little is known about the drivers that triggers and facilitates BMI and further research is being called upon (Waldner et al., 2015). BMI is usually performed by the top management in an organization (Leih, Linden, & Teece, 2015). However, all efforts are in vain if the rest of the organization is not able or unwilling to implement and perform a new BM. This internal resistance can be induced by different factors such as: lack of knowledge or understanding of the underlaying reasons, the organization does not feel the need to change, bad leadership. These are some examples of a rather complex reality (Leih et al., 2015). Cavalcante (2014) underlines that BMI should include the aspects of participation and leadership, “Organisations are collaborative systems […] and employees are able to play an important role in innovation actitivities” (p. 5). Therefore the management should act as change agents to engage the employees in BMI as well. It might also be relevant to engage
an organization’s stakeholders in BMI. Micheli et al. (2015) write that managers have been described as key actors when stimulating the risk-taking within an organization, and thus laying the ground for BMI. Chesbrough (2010) argues that openness for change is needed for the organization to effectively implementing BMI. This encourages the employees in an organization to share their ideas in order to contribute to innovation within the company (Micheli et al., 2015).

Giesen, Riddleberger, Christner, & Bell (2010) found that BMs for successful BMI are: (1) Well aligned both internally and externally, (2) Based on and continually monitored through sophisticated analytics, and (3) Designed to be adaptable. Chesbrough (2010) argues that BMI often tends to increase when the current BM is not successful any longer and the revenues are dropping. Waldner et al. (2015) further state, “we find most BMI to occur in the emergent life cycle stage, which suggests that firms are experimenting with different configurations of their BM until it becomes stable and is exploited over time” (pp. 24-25). It seems to be aligned with the organizational life cycle literature. The five phases in the organizational life cycle are mentioned as: (1) Birth, (2) Growth, (3) Maturity, (4) Renewal, and (5) Decline (Greiner, 1972; Miller and Friesen, 1984). Further, the levels of innovation are usually highest during the two first phases, which is similar to the findings by Waldner et al. (2015). They further argue that competitive pressure in an industry discourages BMI. Osterwalder and Pigneur (2010, p. 244) mean that BMI is a result from four main objectives: (1) Satisfying needs from existing but unanswered markets, (2) Bringing new products, technologies, or services to the market, (3) Improving, disrupting, or transforming an existing market with a better BM, and (4) Creating an entirely new market. In addition to these four objectives, in longstanding, more mature, organizations Osterwalder and Pigneur (2010) state four further factors that motivate BMI: (1) Reactive - a crisis or "near death" experience within the existing BM, (2) Adaptive - a need to adapt, improve and defend the existing BM to the changing environment, (3) Expansive - to bring new products, services or technologies to market, and (4) Pro-active/Explorative - to prepare for the future via exploration of totally new BMs that can replace the existing ones.

BMI is often conceptualized as consisting of different stages or phases, such as the framework presented by Gibson and Jetter (2014) that consists of three stages: (1) Search and Learn, (2) Articulate and Clarify, and (3) Analyze and Test. However, I am going one step further in my study, by looking at BMI as a developmental event sequence, i.e. events that comprise a change process of transformation from one BM to another over time. Osterwalder et al. (2005) point out that this particular relationship is poorly investigated. Pettigrew et al. (2001) further highlight the importance of history when studying organizational change, such as BMI, ”the past is alive in the present and may be shaping the emerging future” (p. 700). When exploring how BMI has advanced over time it is essential to look back in time to see how adaptations and changes in the BM have developed (Pettigrew et al., 2001). BMI is a change process, which regards the transformation from one BM to another and Van de Ven (2013) argues that when investigating how BMI has occurred and developed it is required to look at the BMI process as a developmental event sequence. Van de Ven (2013) agrees with Pettigrew et al. (2001) on the importance of the history, by stating that this angle of looking at processes “takes a historical developmental perspective, and focuses on the sequences of incidents, activities, or stages that unfold over the duration of an entity being studied” (Van de Ven, 2013, p. 197). Van de Ven (2013) highlights the need for studies undertaking this developmental event sequence approach in systematic longitudinal process research. Only this meaning of process approach “permits
CHAPTER 2 THEORETICAL FRAMEWORK

explicit and direct observation of the process in action and, thereby, allows describing and accounting for how some entity or issue develops and changes over time” (Pettigrew et al., 2001, p. 700). Frankenberger, Weiblen, Csik, & Gassman (2013) emphasize that scholars are mainly stating that BMI is important, but never do they explore how the BMI actually takes place. Thus, they also underpin the absence of studies describing the BMI from a process perspective. Gibson and Jetter (2014) are of the same opinion arguing that, “only by considering the BMI process from a holistic perspective can organizations sustain their competitive advantage” (2014, p. 1236).

Frankenberger et al. (2013) explore the process of BMI. They have developed the 4I-framework, which views the BMI process in four phases: (1) Initiation, (2) Ideation, (3) Integration, and (4) Implementation. They found that the Initiation of the BMI process is characterized by, “understand the needs of the players within the ecosystem and identify relevant change drivers” (Frankenberger et al., 2013, p. 265). Further, they found the challenges of Ideation requires practitioners to think outside the box and to defy industry norms in order to overcome existing business logic, focusing on BM thinking instead of product innovations, and to find tools for the creation of BM ideas. According to Frankenberger et al. (2013) the two latter ones lack support in earlier studies except for Chesbrough (2010) stating “Like Xerox, however, companies have many more processes, and a much stronger shared sense of how to innovate technology, than they do about how to innovate business model” (p. 356). Frankenberger et al. (2013) continue with the Integration, where the actual design of the new BM takes place. Challenges during this phase was found to be management of all dimensions of the new BM in order to achieve a suitable solution for all involved parties (key partners, supplier, customers, etc.), and to succeed in commercialization. This connects to the literature stating that BMs are spanning the boundaries between an organization’s stakeholders, including retailers, suppliers, and partners (Zott et al., 2011; Osterwalder & Pigneur, 2010). It is essential for BM integration to be managed actively in order for the stakeholders to support the new BM. The last step of the BMI process is Implementation of the new BM (Frankenberger et al., 2013). In this step it is important to successfully manage the internal resistance of the organization regarding implementation of the new BM. Another challenge connected to this step is to manage the step-by-step into the organization including experimentation and learning. This agrees with the findings by Sosna et al. (2010). Similar to Frankenberger et al. (2013), Sosna et al. (2010) view BMI process as, “an initial experiment followed by constant revision, adaptation, and fine tuning based on trial-and-error learning” (p. 384). This means that there are certain triggers that make the company plan, design, test and re-test various BMs before finding the best suitable. Sosna et al. (2010) found that experimentation of the BM is critical, when the BM of an established enterprise is being threatened of obsolescence by sudden external changes. Past experiences of organizations are influencing their actions and their ability to adapt to changes in the environment. Moreover, the managers’ cognition, or interpretation, of certain opportunities and threats in the surrounding interact with the existing routines of the company in order to create organizational responses to such changes. This leads to certain knowledge of the form ‘learn by doing’ in the organization, or collective knowledge. However, if this collective knowledge is not strong or adapted enough to face changes in the environment, the chances of organizational survival decrease. Hence, learning is crucial for organizations to survive. Sosna et al. (2010) summarize, “individual and organizational learning from constant adaptation and low cost experimentation must be encouraged, as well as knowledge diffusion and resilience to bear potential negative outcomes from mistakes” (p. 385). Further they argue that even though BMI is initiated
from the top it must be integrated at all company levels and in all activities in order to gain collective knowledge, and to successfully manage BMI as a process.

Sosna et al. (2010) describe how an organization’s BM changed over five years, having identified four stages: (1) Exploration – initial BM design and testing, (2) Exploration – BM development, (3) Exploitation – Scaling up the refined BM, and (4) Exploitation and further explanation – Sustaining growth through organization-wide learning. At the first stage Sosna et al. (2010) highlight the importance of the owner-manager’s previous cognitive schemata in combination to his psychological and emotional nature. This influences the learning process of trial-and-error as well as how the organization adapts to change. Sosna et al. (2010) further highlight two points: established firms initiate experimentation processes as a reaction to challenges or difficulties, and the experiments should be small and with little resources in order for internal and external stakeholders approval. The second stage contained a focus to achieve profitability, which included cost controlling, analyzing processes, and defining the business scope. The third stage contained “knowledge acquired at the individual (entrepreneur) and group (top management team) level translated into organizational knowledge: new ‘shared’ understandings and interpretations are developed and these collective understandings become crucial in formulating and implementing strategic choices based on more than on more complex cognitive structures” (Sosna et al. 2010, p. 393). Moreover, this stage contained standardizing routines, systems, processes and decision-making structures in the cultural patterns of the company. During the fourth stage the case company in their study was expanding abroad, by replicating and adapting its BM to the new environment. Sosna et al. (2010) underpin that internal or external triggers can challenge an established BM’s future viability.

Figure 2-3. The artefact for the design of BM change (Cavalcante, 2014, p. 7).
Similar to Sosna et al. (2010), Cavalcante (2012) also lifts forward experimentation and learning as important aspects in the BMI process. He argues that BMI occurs when ideas are being implemented that affect the core processes of an organization. He further point out an identified pre-stage of BMI, which indicates that activities can take place before BMI is initiated by the organization as well, not merely ideas. Cavalcante (2012) explains, “The pre-stage finding can be understood as an intermediary phase prior to business model change, when firms need to develop their capability to change” (p. 450). The two main aspects that characterize the pre-stage are learning and experimentation (Cavalcante, 2012). He is of the opinion that continuous practices of these two aspects can transform the organization “into a permanent learning laboratory, fostering the dynamics of the firm’s business model over the long term” (Cavalcante, 2012, p. 465). The research by Cavalcante (2014) uses an organization’s own BM in the planning process of BMI. He presents a BMI process consisting of three main phases: (1) Identification of the central components of the firm’s BM and their core processes, (2) Brief description of the change initiative and how the core processes will be affected, and (3) Analysis of main challenges and solutions to them. Figure 2-3 shows the artifact for the design of BM change. Cavalcante (2014) mentions the central components of a BM as value creation, modus operandi, and value capture. The first refers to the products/services that create value for the customers and the way they are marketed. The second refers to “the working mechanism of the firm— including the relationships with employees, customers, suppliers, distributors and other partners” (Cavalcante, 2014, p. 9). The third refers to the financial aspects, that is the way of making money from the products/services.

### 2.2.2.1 BMI PROCESS IN SOCIAL ENTERPRISES

As Wilson and Post (2011) call for further research regarding BMs in SEs they also highlight the need to understand the BMI process. Lee (2015), too, underlines the importance of the BMI process in SEs, “Through the development of a business model, social enterprises will be able to understand their business better, find ways to enhance their competitive advantage, and lay a groundwork for implementation-oriented business planning” (Lee, 2015, p. 295). Lee (2015) mentions that a BM can be seen in two ways. The first one is a static approach, which “depicts a business model as a set of coherent interrelated core business model components” (p. 292). The second is a dynamic, transformational approach, which “depicts a business model as a tool for managing change and innovation in the organization” (Lee, 2015, p. 292). This dynamic approach regards the core of value creation as the interrelationships and interactions between the BM components. Hence, changes in one BM component can either directly or indirectly lead to changes in other components. Lee (2015) underlines the importance of the social entrepreneurs but also the external factors stating, “While the internal changes initiated by the social entrepreneurs are the main driver of the model dynamics, external factors such as government regulations, competition, and the economy may also affect the model dynamics” (p. 292).

Yunus et al. (2010) lift forward five lessons about BMI experiences from Grameen in Bangladesh. The first three are similar lessons of both conventional and SE BMs and the two last ones address SEs in specific:

1. **Challenging conventional wisdom and basic assumptions.** This is about being able to question the once successful BM, and to see the need for a new one. Yunus et al.
(2010) point out, “questioning the current rules of the game was at the very heart of Grameen’s Bank foundation” (p. 312).

2. **Finding complementary partners.** “to leverage expertise and resources by setting up partnerships” (Yunus et al., 2010, p. 314). Collaborative partnerships are essential when building SE BMs, “Grameen had no experience in building a wireless phone network, while, for its part, Telenor had no experience of developing world markets” (p. 315). Thus, the combination of resources and skills created a strong barrier against new entrants.

3. **Undertaking continuous experimentation process.** Yunus et al. (2010) highlight that even though analysis is a relevant tool to see whether a BM will work or not, it is not sufficient. Experimentation is the key, as described by Yunus (2010, p. 315) “experimentation does not mean intuition, but involves the ability (and intention) to make changes if the path first chosen turns out unsuccessful”.

4. **Favoring social profit-oriented shareholders.** It is important to innovate links between all the stakeholders in a SE, including its the shareholders, in order to properly construct the value proposition and value constellation. The shareholders better understand and accept the social mission of the SE (Yunus et al., 2010).

5. **Specifying social profit objectives clearly.** The problem of mission drift, to not know which objective – social or financial – to favor in certain situations. An example of such a situation is when the SE is not able to break even.

Lee (2015) argues the importance of social entrepreneurs for SE creation, “Social entrepreneurs are key players in the social entrepreneurial process and the creation of social enterprises” (p. 271). Austin, Stevenson, and Wei-Skillern (2006) have made research upon social entrepreneurial processes, and how to approach them more systematically and effectively. They try to apply the PCDO framework to social entrepreneurship. This framework stresses the dynamics between four interrelated components: (1) People, (2) Context, (3) Deal, and (4) Opportunity. The people component is being defined as “those who actively participate in the venture or who bring resources to the venture” (Austin et al., 2006, p. 5), the context component as “those elements outside the control of the entrepreneur that will influence the success or failure” (p. 5), the deal component as “the substance of the bargain that defines who in a venture gives what, who gets what, and when those deliveries and receipts will take place … each transaction delivers a bundle of values” (p. 5), and the opportunity component as “any activity requiring the investment of scarce resources in hopes of a future return” (p. 5). However, Austin et al. (2006) suggest some adaptations to the PCDO framework when applying it to social entrepreneurship to make it more useful for researchers and practitioners. They argue that the social purpose of social entrepreneurship needs to be highlighted in the PCDO as the integrating driving factor, analogous to the deal component, as the core social-value proposition (SVP). This social entrepreneurship framework can be seen in Figure 2-4.

Austin et al. (2006) point out that in order to achieve a successful SVP it is essential for the social entrepreneur to reach an alignment among the opportunity, people, capital, and context – the key components of the framework. They highlight the difficulty with the context, due to its dynamic nature. Therefore it is crucial that the social entrepreneur remains attuned to the changes within the business environment and surroundings that might cause realignment. Austin et al. (2006) further argue that the SVP framework facilitates conceptualize collaborations with other organizations, “by being closely attuned to the context in which the venture operates, a social entrepreneur can identify how best to
CHAPTER 2 THEORETICAL FRAMEWORK

mobilize resources of whether that value is generated from within or outside the organization’s boundaries” (p. 18). Austin et al. (2006) conceptualize a social entrepreneurial enterprise as “a vehicle for creating social value, either directly or through facilitating the creation of social value with and by others” (p. 18).

Figure 2-4 Social Entrepreneurship Framework, SVP (social-value proposition) (Austin et al., 2006, p. 17).

Lee (2015) writes that the BM goes through a life cycle similar to the life cycle of entrepreneurial enterprises, from an evolutionary point of view. He states “In the evolutionary view of the business model, the business model transform itself over time and manifests its evolution with the dynamic adjustment of the components in interaction with the environments” (p. 293). The four stages in this cycle are: (1) Opportunity identification (pre-modelling), (2) Analysis and Design (business modeling), (3) Implementation (executing), and (4) Refinement/Innovation Processes (post-modelling). Lee (2015) further states that the two-level six components SE BM (shown in Figure 2-2) is providing a new set of capabilities that allow SEs to enter new markets and create new value propositions.

2.3 ANALYTICAL FRAMEWORK

In this section I present the theoretical foundation of how I am going to analyze the collected data. I present the teleological process theory I have chosen to adopt in this study in order to explain how BMI processes unfold over time. I end with the analytical model for this study.

2.3.1 PROCESS THEORY

When investigating how BMI unfolds over time in an organization it is suitable to use a process mode of thought (Van de Ven, 2013). In my study I use following definition of process: “a narrative describing how things develop and change” (Van de Ven, 2013, p. 148). In order to explain how organizational change unfolds, Van de Ven and Poole (1995) have developed four process theories: Evolutionary, Dialectical, Teleology and Life Cycle theory. Van de Ven (2013) states that it is difficult to know in advance what process theory applies the case company before conducting the study. Moreover to see whether the mode of
change is prescribed or constructed, which is one main difference between life cycle and teleological theory. Van de Ven (2013) emphasizes, “I do not wish to imply that you have a clear process theory in mind before undertaking empirical research so that it can be tested. In my experience, I have never been sure what process theory might be useful to explain field observations” (p. 202). Van de Ven (2013) writes that most researchers usually work with one single model or theory when conducting their study. Working with a single model gives the advantage of making the data collection and the analysis process more focused. In my study I adopt teleology theory in order to view BMI as a process. I have chosen this particular theory due the rich amount of collected data, which is easier to approach by only looking at one single process theory. Thus, the analysis can be made more focused. The same goes due to the fact that I also use different sources of data that shows the findings from different perspectives. Another reason is that I have been employed in the company before the study took place, thus I have reached a deeper understanding of the enterprise. Moreover, the literature on BMI is more in line with teleological theory, since it strives towards an envisioned end state while monitoring the process.

Teleological theory is “based on the assumption that change is guided by a goal or desired state” (Garud & Van de Ven, 2002, p. 209). It can operate for individuals, groups or organizations, “who are sufficiently like-minded to act as a single collective entity” (Van de Ven & Poole, 1995, p. 516), and it is assumed that the particular entity is purposeful and adaptive. More, “proponents of this theory view development as a repetitive sequence of goal formulation, implementation, evaluation, and modification of goals based on what was learned or intended by the entity” (Van de Ven & Poole, 1995, p. 516). Teleology views individuals in the organization as the driving force of change. It is also viewed that the organization, or the entity, is limited on action. The environment of the organization and its resources of time, money, and knowledge constrain what the organization can achieve (Garud & Van de Ven, 2001). Figure 2-5 shows the teleological process theory.

![Teleological Process Theory of Organizational Development and Change](image)

The BMI process is event-driven, which means that observed or recorded events have triggered changes in the existing BM to become a new BM. This description illustrates BMI
CHAPTER 2 THEORETICAL FRAMEWORK

from a process perspective, which can be seen in Figure 2-4, the analytical model of this study. In order to determine what main events trigger changes in the BM it is important to know how to recognize an event out of the data. Van de Ven (2013) explains that events are a second-order construction of “abstract concepts or bracketed or coded sets of incidents” (p. 217). In turn, incidents are first-order, operational empirical observations, hence the raw data. Being able to decide upon incidents and events out of the collected data it is then possible to elaborate upon the main events that trigger changes in the BM. To help categorizing the events I adopt five event categories that were used throughout the MIRP project: (1) Ideas, (2) People, (3) Transactions, (4) Context, and (5) Outcomes (Van de Ven, Angle, & Poole, 2000). I have chosen these categories in particular since the MIRP project address management of innovation, which is relevant in this study. I explain these events further in the Methodology chapter.

The purpose of this study is to explore how BMI unfolds over time at GodEl. This will be done by: (1) looking at how the BM components have changed over time from the establishment of the firm until present, and (2) identifying main events that have triggered these changes. Figure 2-6 illustrates the analytical model that I use when analyzing the collected data from this study in order to fulfill my purpose. It illustrates the BMI process as a developmental event sequence. In short the process starts with the existing BM (BM1) and thereafter events happen, events that are unique in the way that they trigger changes to be in the existing BM to become a new BM (BM2).
3 METHODOLOGY

Van de Ven (2013) emphasizes the importance of understanding the purpose of a study and to make methodological choices that are appropriate to fulfill it (Van de Ven, 2013). In this section I describe what methodological choices I have made and why they are relevant for my study. I provide a description of my entire research process, including research approach, research strategy, research choice, time horizons, techniques and procedures. Last I present the scope of access and ethical aspects.

3.1 METHODOLOGICAL CHOICES

The methodological choices in this study are structured and based upon the ‘research onion’ model by Saunders, Lewis, and Thornhill (2009), which can be seen in Figure 3-1.

![Figure 3-1. The 'Research onion' model, upon which the methodological choices of this study were based (Saunders et al., 2009).](image-url)

It is an illustrative model suitable when creating and structuring the methodological choices of a research process. The model has helped me structure my choices and to visualize them in a pedagogic way. In following subsections I go through each layer, starting with the research approach.

3.1.1 RESEARCH APPROACH

There are two main research approaches: deductive and inductive. The deductive approach is testing theory by designing the research strategy in order to test a hypothesis, while the inductive approach is building or developing theory out of the collected research data (Saunders et al., 2009). Comparing inductive with deductive approach the deductive conclusions are not surpassing the premises of the content, which results in deductive
CHAPTER 3 METHODOLOGY

studies only telling us what we already know (Van de Ven, 2013). Induction is about interpreting what we see in direct observation of a phenomenon and thereafter analyzing how probable it is for it to occur in the future. This makes inductive conclusions often exceed the information that is contained within the premises (Van de Ven, 2013). I have chosen an inductive approach since I am investigating a phenomenon that has not been widely explored in existing literature, which is BMI from a process perspective (Van de Ven, 2013; Pettigrew, 1990; Osterwalder et al., 2005), and more in specific within the context of SEs (Battilana et al., 2014; Boons & Lüdeke-Freund, 2013). Given the lack of earlier studies within this particular topic there are few clear premises of information, which is why I am to exceed these premises with my conclusions. Thus, I find an inductive research approach suitable for my study.

3.1.2 RESEARCH STRATEGY AND RESEARCH CHOICE

I have chosen to conduct a case study, which is one of the more common research strategies (Yin, 2003). According to Yin (2003) a case study strategy is suitable when exploring how a phenomenon happens, which is what I do with this study. The purpose of this study is to explore how BMI unfolds over time at GodEl. This will be done by: (1) looking at how the BM components have changed over time from the establishment of the firm until present, and (2) identifying main events that have triggered these changes. More, case studies suit the research strategy “if you wish to gain a rich understanding of the context of the research and the processes being enacted” (Saunders et al., 2009, p. 146). Since there is a need for a deeper understanding of process perspectives on BMI within SEs this is responding to what Saunders et al. (2009) stated. Similar to Saunders et al. (2009), Eisenhardt (1989) writes that case studies are appropriate when, “little is known about a phenomenon, current perspectives seem inadequate because they have little empirical substantiation, or they conflict with each other” (p. 548). The topic for this study is lacking empirical substantiation, which is why a case study is suitable by enriching current research with empirical data. More, case studies might help understanding the research phenomenon in other, similar situations or contexts (Cohen, Manion, & Morrison, 2007, p. 253).

A case study might consist of multiple cases or one single case, among which I have taken the choice of conducting a single case study. Saunders et al. (2009) write that multiple cases might be preferable to single case studies, and when choosing a single case study it is important to justify this choice. I will justify my choice by using Yin’s (2003) five circumstances that justify the choice of undertaking a single case study: (1) Critical case, (2) Extreme/Unique case, (3) Representative/Typical case, (4) Revelatory case, and (5) Longitudinal case. In this study I explore a phenomenon that has not been widely explored before. Moreover, this approach is of longitudinal nature; a retrospective look at a time period of an organization’s evolvement from its creation until today. The data collection will therefore be rich and detailed and is therefore a reason alone to look at just one single case. My case company can also be seen as a representative of a SE, since it is fulfilling the definition I adopt of such an organization. However, it might also be viewed as a unique case in the Swedish context, since it was founded in 2005, a time when these types of enterprises were rare. A limited amount of studies have been made on BMI in SEs, and more in specific in Sweden since SE concept is still seen as relatively new (Tillväxtverket, 2015). Current case company was before its time by being based on social value creation already in 2005. Therefore, my case company fits three of the circumstances mentioned by Yin (2003), unique, representative and longitudinal, which makes it appropriate for me to study one single organization (Yin, 2003). However, Yin (2003) underlines that a single case has the
potential of vulnerability since it might turn out not being as representable as was thought from the beginning, which is why the researcher needs to make a “careful investigation of the potential case to minimize the chances of misrepresentation and maximize the access needed to collect the case study evidence” (p. 42).

Quantitative research is sometimes linked to deductive research and theory testing (Bryman, 2012), “quantitative research often builds theory in the front end by developing hypotheses that are then tested” (Corley, 2012, p. 510). Qualitative research is on the contrary linked to inductive research, generating theory (Bryman, 2012), “most qualitative papers advance theory by building it inductively” (Corley, 2012, p. 509). Moreover, “quantitative research is about careful preparation and faithful execution of the plan laid out in the beginning; qualitative research is about exploring ideas” (Corley, 2012, p. 512). In this study I explore how BMI unfolds over time in a SE, which is requiring that I take a dive into one specific company, investigating its historical timeline in order to map out its development of events, choices and changes. Thus qualitative research is most suitable for my study.

My study is at organizational level of analysis, where the choice of level reflects the nature of the particular problem as well as the disciplinary base, which is being used to model or structure the given problem (Van de Ven, 2013). The context of the problem domain “typically includes characteristics broader than or outside of the level at which a problem is examined” (Van de Ven, 2013, p. 76), such as geographical, institutional, or temporal (Cohen et al., 2007), which in this case is the context of Swedish SEs. I have chosen a single case study approach to complement the theory with a detailed empirical analysis (Bryman, 2012).

3.1.2.1 CASE SELECTION

Eisenhardt (1989) states that case selection is important and that it is not preferable to select cases randomly. The selection helps define the limits of the generalizability of the findings. I selected my case company out of several reasons. First, it suits the six criteria of the SE definition I adopt in this study based on Thomson and Doherty (2006). Table 3-1 presents the six criteria together with an explanation how the case company fulfills each one of them.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Definition</th>
<th>Argument</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The core of the organization is its social purpose.</td>
<td>The driving purpose of GodEl is to contribute to a better world. This purpose is the sole reason why GodEl was created.</td>
</tr>
<tr>
<td>2</td>
<td>Assets and wealth are both used in order to create benefits for the community.</td>
<td>GodEl does so by donating all proceedings to supported NGOs.</td>
</tr>
<tr>
<td>3</td>
<td>The enterprise pursues benefit to the community by (at least in part) trading in a market place.</td>
<td>GodEl is trading in the Swedish electricity retailing market.</td>
</tr>
<tr>
<td>4</td>
<td>The employees are part of the decision-making and/or governance within the company.</td>
<td>All operative decisions originate from inside the organization. GodEl practice both top-down and bottom-up communication.</td>
</tr>
<tr>
<td>5</td>
<td>The organization is accountable to both its members and the community in a wider aspect.</td>
<td>GodEl is accountable to its customers and to its partner NGOs. Delivering electricity at affordable prices with good service to customers and donates the proceedings to NGOs.</td>
</tr>
<tr>
<td>6</td>
<td>There is a double- or a triple-bottom line paradigm, meaning that the most effective SEs are demonstrating high returns both</td>
<td>The BM of GodEl is similar to a traditional for-profit organization with the difference that they donate all proceedings to charity. The objective</td>
</tr>
</tbody>
</table>
socially and financially. is hence to achieve highest possible return on invested capital in order to generate the most social results through donations.

Secondly, given the fact that I have worked within the organization I have good access as well as reliable connections in the management and with the employees. This facilitates the data collection as well as communication with the company. Given the earlier time spent at the office as an employee I got to know the company in more detail and I had several discussions with management trying to locate empirical problem formulations of interest of both practitioners as well as the researcher. According to Van de Ven (2013), it is important that both the researchers as well as the practitioners are engaged in the study in order to achieve the best result. The company and I have discussed the objectives of the study and both parties have been taking a genuine in order to reach a win-win situation. That is, where both scholarly as well as practical interests are enhanced. Third, SEs intrigue me and I want to deepen my knowledge on the topic. For me it is essential to be engaged in what I am doing, thus it has been important that my master thesis follows that criterion as well. I aim to achieve what Van de Ven (2013) calls engaged scholarship, where science and practice complement each other. Fourth, the case company suits this study since it has been established for 10 years. It is suitable since I aim to explore how BMI unfolds over time.

3.1.2.2 CASE ORGANIZATION

An entrepreneur whose dream was to contribute to a better world established GodEl in 2005. GodEl is an electricity retailer on the Swedish electricity market, offering 100 percent renewable electricity certified by Bra Miljöval at cost price. Bra Miljöval is the toughest certification in Sweden. The organization has no private profit motives, and it donates its profit to charity. Figure 3-2 illustrates how GodEl works.

Figure 3-2. How GodEl works (based on GodEl, 2013).

GodEl’s philosophy is that the customers are contributing to a better world every day merely by living an ordinary life and consuming electricity, without any extra costs – ‘no one can
do everything, but everyone can do something’. Since the aim is to maximize the profit the company strives to keep costs low, including the salaries. The average salary at GodEl is around 23,000 SEK, while competitors is around 41,000 SEK (GodEl, 2015). Today, in 2015, GodEl has approximately 100,000 customers and in total it has donated close to 41 million SEK to charity throughout the years (GodEl, 2015). It has approximately 50 employees and is located in Sundbyberg, close to Stockholm in Sweden. The long-term goal is to reach 500,000 customers and being able to donate 100 million SEK annually. GodEl is thus striving to donate as much money (profit) as possible in order to fulfill its purpose. In other words, the profit maximization is solely driven by the social purpose and without that purpose the company would not exist in the first place.

GodEl is owned by a foundation called GoodCause. The foundation and its statutes are under the supervision of Stockholm County Administrative Board. The founder established GoodCause right before creating GodEl. The idea of GoodCause is to use entrepreneurship in order to create businesses generating profits that go to charity. The founder states at the webpage, “We who have donated money to GoodCause hope that this foundation will be successful and that our money will multiply, hence it will create even more social value than directly donated money” (GodEl, 2015). GodEl was the first among the ‘GoodCause companies’ to be established. The founder had no particular interest in electricity, nor the expertise. The reason to create a company within the electricity industry was due to the founder’s personal relations with competence in this particular field combined with the underdevelopment of the industry. The Swedish Government had deregulated the monopoly of electricity retailing a few years earlier.

### 3.1.3 TIME HORIZONS

Cross-sectional studies regard one or several phenomena at a specific time, while longitudinal studies look at development of phenomena during a longer period of time (Saunders et al., 2009). Van de Ven (2013) writes that longitudinal studies are commonly connected to research on change processes, and that development of BMI can span several years. Moreover, Kimberly (1976, p. 327) states, “longitudinal research facilitates the development of better models of organizational growth and change”. Since my research explores how BMI unfolds over time it requires a longitudinal study. Longitudinal studies can be conducted in real time or retrospectively (Van de Ven, 2013). Due to time limitations I do not have the opportunity to make a real time study, which is why I have chosen to make it retrospectively (Pettigrew, 1990). Retrospective studies are good in that they are providing the ‘big picture’ by both having access to the things that developed as well as the outcomes out of them, “this post hoc knowledge is helpful for interpreting events that unfolded, and for constructing a narrative of the process” (Van de Ven, 2013, p. 208).

### 3.1.4 DATA COLLECTION TECHNIQUES

When conducting single case studies it is common to combine various data collection techniques, such as interviews, observations and archival sources (Eisenhardt, 1989). Van de Ven (2013, p. 215) states that in a typical longitudinal study data collection might contain survey questionnaires completed by all participants, interviews with key managers and participants, direct observations of regularly scheduled meetings, diary recordings of informal discussions with participants and documents and reports from news media and organizational archives. Yin (2003) agrees upon multiple data sources, “the major strength of case study data collection is the opportunity to use many different sources of evidence”
CHAPTER 3 METHODOLOGY

(p. 97). Multiple data collection allows the researcher to address a broader variety of attitudinal, historical and behavioral matter, thus “any finding or conclusion in a case study is likely to be much more convincing and accurate if it is based on several different sources of information” (Yin, 2003, p. 98). In addition to the collected data I have used my own personal notes and experiences from my employment in the company. In following subsections I present the different data collection techniques in this study.

3.1.4.1 PRIMARY DATA

My primary data consists of semi-structured interviews and focus groups. For me it has been important that the case company and its participants understand the relevance of my study in order to feel motivated to provide access and information to me as a researcher (Van de Ven, 2013). In following sections I explain how I collected my data.

3.1.4.1.1 SEMI-STRUCTURED INTERVIEWS

The interviews were held at the company office, with one exception, the interview with the founder, which was held at a café in the central parts of Stockholm. By having a face-to-face interview, it facilitated for me to see any signs of confusion, discomfort or distress from the participants. This was important since I wanted them to feel comfortable while being interviewed (Irvine, Drew, & Sainsbury, 2012). It also enriched the experience being able to see facial expressions and body language during the interview. To make sure that the essence of the interviews would not perish, the interviews were held in Swedish since it was their native language as well as for myself. I audio-recorded and transcribed the interviews so that I would remember what was said as well as be able to make quotes without losing essence (Saunders et al., 2009; Bryman, 2012). Before each interview all interviewees had to approve the session being audio recorded. The interviews deliberately took place in meeting rooms at the company office so that no disturbing noises or interruptions would reduce the quality of the audio recording. Being in a private room also can improve the openness and honesty of the participants (Bryman, 2012).

Since I mainly address the management of the case company the interviewees were chosen due to their lead positions or their early involvement in the organization (Pettigrew, 1990). Van de Ven (2013) states that it is important to observe change processes from the manager’s perspective in order to understand the dynamics that confront the managers who are leading a change effort, such as BMI process. Thereby it facilitates the knowledge generation that might advance theory and practice of managing change. Table 3-2 shows the interview details.

Table 3-2. Interview details.

<table>
<thead>
<tr>
<th>Appellation</th>
<th>Interviewee position</th>
<th>Setting and duration</th>
<th>Contribution to thesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant 1</td>
<td>Founder/First Chief Executive Officer</td>
<td>Face-to-face, at Espresso House at Drottninggatan 18 in Stockholm, March 12, 90 minutes</td>
<td>Founding process, start-up and the earliest years</td>
</tr>
<tr>
<td>Participant 2</td>
<td>Third Chief Executive Officer</td>
<td>Face-to-face, at the company office, March 16, 50 minutes</td>
<td>Strategic choices in the organization between 2009 and 2015</td>
</tr>
<tr>
<td>Participant 3</td>
<td>Second Chief Executive Officer</td>
<td>Face-to-face, at the company office, March 20, 60 minutes</td>
<td>Sales development and strategic choices</td>
</tr>
</tbody>
</table>
I used open-ended questions during the interviews so that the participants would be encouraged to provide extensive answers. Thus the questions contained the words ‘what’, ‘how’, or ‘why’ (Saunders et al., 2009). Moreover, I used follow-up questions in order for the interviewees to answer the particular question or to gain a deeper understanding of what had been mentioned earlier. I created my interview questions based on the theoretical framework in order to obtain information regarding the components of the BM and how they have changed. To see the full interview guide I refer to Appendix 1.

### 3.1.4.1.2 FOCUS GROUPS

Since the understanding of the BM concept often differs between companies and individuals (Osterwalder et al., 2005; DaSilva & Trkman, 2014; Klang et al., 2014; Lambert & Davidson, 2013) I wanted to see how the case organization and its participants understand and interpret the concept. It has also been a wish from the company itself, to better understand each other and to elaborate upon their views on BMs and BMI. Bryman (2012) writes that the original idea behind focus groups is, “people who were known to have had a certain experience could be interviewed in a relatively unstructured way about that experience” (p. 503). Saunders et al. (2009) define focus groups as “interviews where the topic is defined clearly and precisely and there is a focus on enabling and recording interactive discussion between participants” (p. 344). The topic of my workshops was
therefore simply to map and discuss the current BM of the organization. According to Linhorst (2002) the amount of participants can be up to ten individuals depending on what topic is being discussed, and that the more complex the topic the smaller amount of participants are suitable (Saunders et al., 2009). Since the aim with these two workshops was rather complex, to map the current BM and the thoughts around it, I kept the amount of individuals low so that all participants would be able to be a part of an interactive discussion. Bryman (2012) writes that focus groups are common in qualitative studies, and that they are “explicitly concerned to reveal how the group participants view the issues with which they are confronted” (p. 501). To be able to better extract the views and perspectives of the participants the researcher usually tends to make unstructured settings when conducting focus group interviews. Linhorst (2002) mentions that semi-structured interviews can complement the focus groups in an appropriate way. Details about the focus groups conducted in this study is shown in Table 3-3, presenting the positions of the participants, setting and duration for the session as well as what contribution the session had for this thesis.

Table 3-3. Focus group details.

<table>
<thead>
<tr>
<th>Session</th>
<th>Participants</th>
<th>Setting and duration</th>
<th>Contribution to thesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus Group 1</td>
<td>Participant 2, Participant 4, Participant 9</td>
<td>Face-to-face, at the GodEl office, March 19, 90 minutes</td>
<td>Mapping and discussing current BM</td>
</tr>
<tr>
<td>Focus Group 2</td>
<td>Participant 6, Participant 7, Participant 9, Participant 14</td>
<td>Face-to-face, at the GodEl office, March 19, 90 minutes</td>
<td>Mapping and discussing current BM</td>
</tr>
</tbody>
</table>

The focus group sessions were held in a meeting room at the company office. I had arranged for the participants to use Post-it™ notes and put them up on the wall inside each of the BM blocks. To guide the participants through the different blocks and what they were standing for I had printed out guiding questions based upon the book by Osterwalder and Pigneur (2010). I encouraged the participants to catch the essential points on each Post-it™ note, and to help them do that I had given them thick marking pens (Osterwalder & Pigneur, 2010). The positive thing by using Post-it™ notes is that the participants can easy remove and move the notes between the building blocks, since during discussion on BMs it is not always clear where and if something should be placed (Osterwalder & Pigneur, 2010). The participants were chosen due to their leading positions in the organization and they were divided in two groups since I wanted to see if there were any differences between them. After the sessions I photographed the whiteboard with all the Post-it™ notes and I cataloged the initials of each building block (e.g. Customer Segments = CS) in the corner of the Post-it™ notes. I then saved the two groups’ notes in separate envelopes for later reconstruction, documentation and digitalization. To be ensured to remember what was being said and discussed during the sessions I audio-recorded them with my mobile phone. Just as the case with the individual interviews, audio recording allows me to quote the participants without losing essence.

3.1.4.2 SECONDARY DATA

Secondary data is data that is collected for other purposes than the current study and I have used it in order to complement my primary data (Saunders et al., 2009). Secondary data is useful when making retrospective studies, since the interviewees might not always remember the history. I have gathered my secondary data via the company website, the Internet and organizational archives. In specific, my secondary data has consisted of newspaper articles, annual reports, company presentations, statistics, and commercials.
3.1.5 DATA ANALYSIS PROCEDURES

Qualitative studies usually generate rich amounts of data, which makes it important to choose suitable analysis procedures in order to grasp and interpret the data (Eisenhardt, 1989). Within-case analysis is a common way of coping with this mass of data that usually involves detailed, written, descriptions from the case study. The main idea is to “become intimately familiar with each case as a stand-alone entity” (Eisenhardt, 1989, p. 540). Since I am using more than one source of data I am able to look at the case from different perspectives when doing my analysis. Together the data sources are shaping the whole, and thus enrich the analysis (Bryman, 2011).

The purpose of this study is to explore how BMI unfolds over time at GodEl. This will be done by: (1) looking at how the BM components have changed over time from the establishment of the firm until present, and (2) identifying main events that have triggered these changes. Figure 2-6 illustrates the analytical model that I use when analyzing the collected data from this study in order to fulfill my purpose. To be able to utilize the analytical model I need to identify the main events that have triggered the changes of the BM. In order to identify an event I first need to know what an incident is and how to distinguish between those two.

3.1.5.1 DISTINGUISHING BETWEEN INCIDENTS AND EVENTS

Van de Ven (2013) states in short that incidents are first-order, operational empirical observations, while events are a second-order construction of “abstract concepts or bracketed or coded sets of incidents” (p. 217). The incidents are being translated into a sequence of events, which may lead to incidents being inserted in and utilized as constituents of several different events, thus indicating more than one intersecting event (Van de Ven, 2013). For instance, a meeting with a person from company A can take form of the event ‘meeting with a potential partner’, however it can also indicate another, more long-term, event such as ‘negotiation with Company A regarding a 5-year partnership’. When studying the process of BMI it is important to understand both levels since they together are explaining the process better than they do standing on their own (Van de Ven, 2013) Van de Ven (2013) highlight one complication with incident-event relationship since it might change over time, and therefore also change in significance as the process of BMI is unfolding. The difference between the first meeting with a partner and the fifth can indicate diverse things, from planning a new type of partnership activity to having learned that this partnership activity is not possible and that it has been put on hold. Since I am making a qualitative study with 16 semi-structured interviews as well as two focus groups I have a rich amount of data, which makes the indication relationship more complicated than in quantitative studies. Van de Ven (2013) calls an incident as a qualitative datum and defines it as “(1) a bracketed string of words capturing the basic elements of information (2) about a discrete incident or occurrence (the unit of analysis) (3) that happened on a specific date, which is (4) entered as a unique record (or case) in a qualitative data file, and (5) is subsequently coded and classified as an indicator of a theoretical event” (p. 218). This means that words or sentences from the raw data are not allowed in to a qualitative data sheet until they are bracketed into datums. For instance, one decision rule to bracket words or sentences into a qualitative datum is the definition of incidents that have occurred and taken part in the development of BMI within the organization throughout its lifetime (Van de Ven, Angle, & Poole, 2000).
Table 3-4. Definitions of events from MIRP project, based on Poole et al. (2000, pp. 106-109).

<table>
<thead>
<tr>
<th>Event</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>People (P)</td>
<td>when there is a change in the staffing (turnover) or assignments (roles) of people holding key positions in the innovation (as suggested by the innovators). In addition, key individuals responsible for the management of the innovation environment would also be included</td>
</tr>
<tr>
<td>Idea (I)</td>
<td>when there is a change in the ideas that are deemed to be significant to the overall development of the innovation […] changes in innovation ideas are classified into those that pertain to core or related ideas. Core ideas are those that pertain to the central technology, product, program, or service that makes up the essence of the innovation. Related ideas are those that support the development of the innovation, but do not constitute a change in the core embodiment of the innovation</td>
</tr>
<tr>
<td>Transaction (T)</td>
<td>when there is a change in the legal or social contracts associated with the innovation. This may relate to key transactions between the innovation and other organizations in the environment and also to transactions between people within the innovation unit. Efforts to change or modify existing transactions may also receive this code</td>
</tr>
<tr>
<td>Context (C)</td>
<td>an external incident that is related to the innovation but occurred beyond the control of the innovation team</td>
</tr>
<tr>
<td>Outcome (O)</td>
<td>when a change occurs in the criteria or values of criteria used to judge the progress or outcomes of the innovation […] outcomes are further coded as representing either: positive (good news or successful accomplishments), negative (bad news or instances of failures or mistakes), or mixed (neutral or ambiguous news or results indicating elements of both success and failure</td>
</tr>
</tbody>
</table>

After having distinguished the incidents and the events it is time to categorize the events, in order to better be able to draw possible conclusions. I have chosen to adopt five event categories that was part of the Minnesota Innovation Research Program (MIRP) project (Van de Ven et al., 2000). This choice I base on the argument that the MIRP project had the objective of “understanding how and why innovations develop from concept to implementation” (Van de Ven et al., 2000, p. xvii).

Table 3-5. Categorization of primary events as a sequence.

<table>
<thead>
<tr>
<th>Event</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>People (P)</td>
<td></td>
</tr>
<tr>
<td>Idea (I)</td>
<td></td>
</tr>
<tr>
<td>Transaction (T)</td>
<td></td>
</tr>
<tr>
<td>Context (C)</td>
<td></td>
</tr>
<tr>
<td>Outcome (O)</td>
<td></td>
</tr>
</tbody>
</table>

The MIRP project takes innovation in a broad sense, while this study focus on BMI in specific. However, Zott et al. (2011) argue that “firms can view the business model itself as a subject of innovation” (p. 1033). Hence, I find it suitable to adopt these categories for this study. The five event categories are: (1) People, (2) Ideas, (3) Transactions, (4) Context, and (5) Outcome (Poole et al., 2000; Van de Ven et al., 2000). Table 3-4 shows the definitions of each event category.

After categorizing the main events they are inserted into a table as Table 3-5. This facilitates the structuring of the event sequence. Table 3-5 and the BMC are tools for illustration in the analysis chapter. Even though the main events might now have triggered the BM change per se, they might have generated further events that, in turn, triggered a change in the BM
components. Hence I state the primary events, the secondary events, as well as the BM components that have changed due to these events.

### 3.2 RESEARCH DESIGN

To sum up my methodological choices, I divide the research process in four phases: The Observatory, The Preparatory, The Main and The Final Phase. Figure 3-3 illustrates the content of these phases. Naturally, in reality the boundary between each phase has been blurry and I have continuously jumped back and forth between the phases. For example, I have reviewed literature throughout all phases since I in each phase have gained new knowledge I needed to connect to literature. The observatory phase took place continuously during June, July, and August of 2014 when I was employed at GodEl as a business analyst. I got to know the company as well as the employees. The preparatory phase took place between August 31 in 2014 and February 28 in 2015. It contained start-up meetings together with the COO and the CEO to discuss the main challenges within the organization, upon which an identified empirical problem then was formulated. During this phase I continuously reviewed relevant literature, gaining as much insight as possible in the discussed problem formulation. I also started to collect secondary data from organizational archives, such as business plans, commercials, and company presentations.

![Figure 3-3. Research design for this study.](image)

The main phase took place during March of 2015 and in the beginning of April, when I encompassed the primary data collection, undertaking 16 semi-structured interviews and two focus group sessions. Thereafter I transcribed each interview. The final phase took place from April 10 to May 22 in 2015. I then analyzed and discussed my empirical findings as well as summarized the essence of my thesis in theoretical and managerial conclusions plus giving my suggestions for further research.

### 3.3 TRUSTWORTHINESS

To be able to ensure high quality of a qualitative research it is important to build trustworthiness (Bryman, 2012). To certify trustworthiness of this study I have taken following four criteria into consideration: credibility, dependability, conformability and transferability. These criteria are further explained in the next four subsections.
3.3.1 CREDIBILITY
Credibility is about “reducing the possibility of getting the answer wrong” (Saunders, et al. 2009, p. 156). Respondent validation is commonly used among qualitative researchers, since “they frequently want to ensure that there is a good correspondence between their findings and the perspectives and experiences of their research participants” (Bryman, 2012, s. 391) and “whether the findings are really about what they appear to be” (Saunders et al., 2009, p. 157). Due to my time spent at the case company before the study took place the participants of the study were accustomed to me when I started my research. When informants feel safe with the researcher they are more likely to share information more openly (Krefting, 1991). Aiming for high credibility I sent out the finalized thesis to the case company and its participants prior to publication to ensure that my understandings and impressions were in line with the beliefs and perspectives (Bryman, 2012). A common threat of a study’s credibility is “errors in which research subjects respond with what they think is the preferred social response” (Krefting, 1991, p. 218). Given the fact that the organization knew me before, during and after the data collection I had opportunity to check perspectives with the informants. Having a continuous dialogue with, and access to the case company kept the door open for follow-up questions if I found any information missing (Krefting, 1991). Furthermore, by using more than one source of data I can explain the richness and complexity of the phenomenon since I study it from different perspectives. According to Cohen et al. (2007) multiple data sources helps to increase the confidence of the researcher. Given this I have been able to view the company history from various angles and perspectives, which has enriched my study by being able to explain certain events from more than one standpoint (Bryman, 2011).

3.3.2 DEPENDABILITY
In order to achieve dependability I have adopted an auditing approach, which means that the entire research process should have complete records consisting of problem formulation, selection of participants, transcripts, methodological choices, fieldwork notes and so on (Bryman, 2012). It means that I have made my entire data collection and analysis procedures to be as transparent as possible. I have saved interview recordings and transcripts together with all other collected data as well as my personal notes from spending time in the company. The collected data has been available for supervisors, examiners, and fellow scholars throughout the research process.

3.3.3 CONFIRMABILITY
Confirmability is about neutrality (Krefting, 1991). The researcher should be apparent and not allow the research to be biased by letting theoretical inclinations or personal values to sway the conduct of the research and its outcomes and findings (Bryman, 2012). My audio recordings and transcriptions helps to counter accusations that I might have influenced what people said during the interviews due to my values or biases (Bryman, 2012).

3.3.4 TRANSFERABILITY
Transferability is about applicability (Krefting, 1991). Transferability addresses the issue of whether the research findings are transferrable into another context, or in the same context at another time (Bryman, 2012). Qualitative researchers should create a so-called ‘thick description’ to ensure high transferability, which is supposed to create a possibility for other scholars to make judgments about the transferability of the study (Bryman, 2012). More,
Kreftin (1991) argues that, “as long as the original researcher presents sufficient descriptive
data to allow comparison, he or she has addressed the problem of applicability” (p. 216). By
gathering a rich amount of data from different perspectives I aim at generating a thick
description of the current case. Krefting (1991) further highlights that in qualitative studies
“each situation is defined as unique and thus is less amenable to generalization” (p. 216).
The purpose with my study is to explore how BMI unfolds over time in a SE, thus I am
describing a particular phenomenon and do not generalize to others.

3.4 SCOPE OF ACCESS

Van de Ven (2013, p. 206) states, “Gaining access is problematic for many researchers
because they seldom place themselves into the frame of reference of the stakeholder who
sponsor the study or wish to use its results”. I was employed in the case company during
June, July, and August in 2014 as a business analyst before the study took place. I then got
the chance to know the organization on a deeper level, as well as management and
employees. This has given me the access to the organization as well as good relations, which
in turn has facilitated to collect data for this study (Saunders et al., 2009). However, physical
access to an organization is not enough without the cognitive access, meaning to “negotiate
yourself into a position where you can collect data that reveal the reality of what is occurring
in relation to your research question and objectives” (Saunders et al., 2009, p. 170).
Fortunately the host company and its participants have willingly been cooperating in this
research and my research objectives have been achieved. Having both physical and
cognitive access simplified and facilitated my data collection. In addition to this I had also
been part of the organization during three months a half-year before the research process
started. This time together with the company was valuable since it gave me the opportunity
to get a deeper understanding of the company as well as get to know the people working
there and for them to feel safe and comfortable around me.

3.4.1 RESEARCH ETHICS

Ethical considerations are crucial to take into account when making academic research, such
as harm to participants, lack of informed consent, invasion of privacy and deception
(Bryman, 2012). I have deliberately conducted my research with concern of ethical aspects
so that no participants would feel offended or mistreated. In order to prevent the above-
mentioned ethical issues I have made particular considerations throughout my research.
First, I have made explicit agreements concerning confidentiality and publication together
with the case company in the beginning of the study. Secondly, before the research was
taking place I prepared the employees in the company that I would undertake a study at the
company. Thirdly, all interviewees were asked for permission before they were audio-
recorded during the interviews and it was made clear that the recording could be turned off
at any moment. The case company got to take part of the thesis and results before
publication to confirm that the text was fair and precise and that it does “not make factual
errors or divulge information of commercial value to competitors” (Pettigrew, 1990, p. 286).
Further, just like Pettigrew (1990), I have been “careful to respect information which has
been passed to us for background understanding and with the proviso that it may not be used
publicly in attributable or nonattributable fashion” (p. 286). All data that has been collected
is only open for members of the research team, including the host company, supervisors,
examiners as well as fellow scholars.
4 EMPIRICAL FINDINGS

This section presents the empirical data that has been collected throughout the study. The data has been collected via 16 semi-structured interviews, two focus group sessions, as well as organizational archives. Due to the rich amount of data I have structured the text in subsections, to make it easier to follow.

4.1 CREATION: 2001-2004

The initiation of GodEl begins a few years before its foundation, in the mind of the founder. In 2001 he was the CEO and co-founder of Glocalnet, a Swedish telecom company. That specific year he had to lay off employees in order to cut costs, which took him hard, “I have always had the dream of being the good and inspirational leader […] it was the worst year of my life”\(^1\). Shortly after that he left Glocalnet, determined to contribute to a better world in the future. However, the question was in what way he was able to do that. He points out that the main thing he felt good at was entrepreneurship and creating businesses, since it has always been his passion, although these things were at this time ‘negatively’ connected to earning money to be rich, “Much has happened with the relationship between NGOs and for-profits the last 10 years, back then it was the NGOs that were viewed to do all the nice things, while the for-profits were ‘evil’ taking all the earned money in their own pockets”\(^1\). The founder further highlights that this took place before Muhammad Yunus got the Nobel Prize in 2006 due to his work with social business, and that the SE concept was not common in Sweden yet. The founder scanned the market in order to find the organizations and actors that contributed to a better world\(^1\). He found them to be mainly NGOs. However, he did not wish to work in such an organization, “in practical help-work I am extremely impractical, thus I would only make a mess, and I would not feel at home in a fundraising organization, because neither like bureaucracy nor the idea of working in a large organization”\(^1\). It was when he read the book Happiness! by Dalai Lama that his thoughts fell into place. Dalai Lama argues that happiness is created when helping others and that everybody can contribute with what they are good at. He then decided that he would use his entrepreneurial skills to create business with one purpose alone: to contribute to a better world. His way of contributing was by donating the revenues to charity\(^1\). In that way he could combine the two fields, thus the fundaments of GoodCause was established. The idea of GoodCause was to create several enterprises in different industries based on the same idea, donating the profit to charity, to NGOs the customers choose. At this moment, GodEl was not yet thought of, however, the essence of its purpose had been created\(^1\).

It was when the founder met two friends from Business School in Stockholm that initiated GodEl’s creation. His two friends had a business idea and they wanted the founder’s opinion. After the Swedish government deregulated the electric utility monopoly in 1996\(^2\) they foresaw that it would create new opportunities in the underdeveloped market. Therefore they had developed web-based business solutions specifically formed for electricity retailers\(^1\). Their company later became known as Zavann, but at this time it was called Kundkraft. It did not take long before the founder saw the opportunities, “during two weeks

---

\(^1\) Participant 1, Founder/1st CEO, March 12 2015

\(^2\) In 1996 the electric utility industry was deregulated, which means that Sweden since then is a part of the European electric industry. The aim with the deregulation was to open up for competition.
CHAPTER 4 EMPIRICAL FINDINGS

after our meeting I thought of the strengths of their business idea. In such an underdeveloped market it is important to offer a good price, and to be able to offer a good price you need to have good business system solutions. More, you cannot give the customers good service if you don’t have a reliable system; otherwise you will send out incorrect or delayed invoices just to mention one example. Simply put, to be successful in this industry it required fine system solutions, and these two guys offered that. I called them back and asked them if they were interested of collaborating if I started an electricity retail enterprise based on charity. They thought it was exciting and that’s the way it all started”. Thus, the idea of GodEl was created. The founder highlights that without Zavann GodEl would not have been, “it would have been too expensive to build up the entire computer systems by myself, especially since I don’t have the knowledge”1.

In order to establish GodEl as an organization financial investments were needed and the founder’s dream was to involve some of his entrepreneurial role models. He did not know them personally so he needed to establish contact with them as well as persuade them that GodEl was worth investing in, which he soon managed. Karl-Johan Persson (CEO of H&M), Per Ludvigsson (Chairman of Inter Ikea) and Robert af Jochnick (co-founder of Oriflame) all agreed making investments in GodEl1. Another key partner was Lars Åberg, who designed the logotype of GodEl pro bono. Lars is a well-known Swedish multi-artist, as well as a graphic designer3.

The customer acquisition started with the founder reaching out to his friends, family and network, which generated around 700 customers4. The founder was (and still is) living by the motto ‘simplifying the business’, that business calculations should be as simple as possible, “Most of my simple calculations actually proved to be true, however, there was one parameter that proved to be entirely wrong”. The calculation said that at least 20,000 customers were needed in order to cover the expenses of the business. He was convinced that it would be a simple task to find them among the NGO members of Save the Children and SOS Barnbyar, “If you are donating on a monthly basis to charity, then I thought that you are most likely willing to pay for electricity where the profit goes to the same NGO as you are already supporting”1. The founde sent letters to these members, but it did not generate many customers at all, and especially not compared to the money spent on the action. He learned that people did not buy the concept, “GodEl’s business concept was seen as strange at that time, and people thought it was too good to be true”. Thus, the founder started to elaborate upon other ways to reach customers and at the same time convince them that the business concept is true, “I wanted to be able to look a person in the eye to reassure him or her that the concept is true, that we are giving away the entire profits to charity and that you, as a customer, have the opportunity to choose where your money will end up”1. During his time at Glocalnet he introduced a sales technique, called active sales, which was successful. It is a technique when the salesmen approach people out in the streets, in shopping centers or other public forums in order to sell something. The founder wondered if active sales would function in the electric utility industry as well, nobody else had ever done it before. He needed to test his idea1. Thus, he hired two salesmen without any recruitment procedures. Their first day of selling took place at Dalarö, a remote island in the archipelago of Stockholm. It was the only location the founder received permission to sell at1. Dalarö is a popular place during the summer, however it is not a large island, which did not give the two salesmen the best conditions to test a new sales technique – especially not in an industry

---

1 Participant 4, Marketing Director, March 20 2015
2 Participant 5, COO, March 5 2015
3 Participant 5, COO, March 5 2015
4 Participant 4, Marketing Director, March 20 2015

38
that nobody was particularly interested in, “the sales pitch was very different in 2005 than today, today we have won several prizes and we already have a large amount of customers that we can refer to, but back then we didn’t have anything. We told the people about the involvement of the founder and the investors and that if we will be profitable we will donate all revenue to charity. We were basically merely selling an idea”. After the first day of selling they had managed to attract 22 customers. The two salesmen were almost embarrassed when telling the founder the result since they were not proud of the number. However, when the founder heard the news he jumped out of his chair, happily screaming, “It is possible!”

4.2 GROWING: 2005-2008

GodEl had the long-term goal to get 500,000 customers, but many industry actors doubted the company’s future. Some actors within the industry laughed openly at the business concept in the beginning, convinced that GodEl would not last long. It was even some actors that besmirched GodEl in public. However, the doubts from the environment only made GodEl stronger, “I would say that the corporate culture was characterized by fists in the pocket just to show everybody that doubted us that it was possible, it was a tremendous determination among everybody to succeed […] to prove that it was possible to upturn the industry and to make the customers satisfied”. The founder was the CEO during this period and he taught the employees “impossible is only written by a fool”. His philosophy spread throughout the organization and influenced the strong corporate culture in the organization. Some employees highlight that the key to success during this period was the founder’s philosophy of keeping the business simple. His basic calculations proved useful by making rapid decisions. Everyone was encouraged to share their ideas, “it was simple for all employees in the organization to test and implement their ideas”.

At this time a majority of the Swedish people had fixed price contracts. In contrast to that, GodEl offered dynamic price contracts only, convinced that it was most advantageous for the customers. Since the contracts of GodEl were among the cheapest on the market it was easy for the salesmen to gain customers. Thus, during the growing period GodEl was experiencing competitive advantage due to low price. However, since the industry was underdeveloped at this time it was rather complicated to change electric utility company. The customers needed to know detailed information about their electricity consumption that was stated on the invoice. Since people did not usually carry the invoice it soon became a problem when performing active sales. The founder says that he wanted to simplify the process of becoming a customer, so that the only things customers had to fill in was their social security number, name and postal address. Therefore GodEl introduced the use of power of attorney (POA) as a key activity, which gave GodEl permission to contact the customer’s existing electricity retailer and make the change on behalf of the customer. POA was not only new to GodEl, it was also new to the industry.

---

5 Participant 8, Business Analyst, March 11 2015
6 Participant 2, Third CEO, March 16 2015
7 A fixed price electricity contract is when the customer is paying the electricity use to a, in beforehand, fixed price for his or her electricity use each payment period, no matter what electricity spot price.
8 A dynamic price electricity contract is when the customer is paying a dynamic price for his or her electricity use, according to the present electricity market price at Nord Pool Spot.
9 Participant 3, Second CEO, March 20 2015
The active sales channel was upscaled during this period, from being two salesmen in the beginning to become 180 salesmen in 17 cities at its most in 2007, “around 70 percent of the annual sales were collected during the summer of 2007, which responded to approximately 35,000 customers”\textsuperscript{4}. In the beginning GodEl collaborated with a recruiting company to hire salesmen, but it soon ended since it did not generate the recruitments that GodEl expected. GodEl started to recruit and educate salesmen by itself instead. Most salesmen were students. They were eager to learn, ready to work hard, as well as a cheap workforce. However, the backside was that the salesforce dropped around 90 percent in September and January when the schools started again after the holidays. Initially much effort was given by the two first salesmen to recruit new talents each season. Given that the average employment for each salesman lasted six months, much recruitment was required\textsuperscript{4}. The active sales department was the largest department in the company and its salesmen were key resources during this period. It was important for GodEl to keep recruiting salesmen on its own, in order to not loose control. Since the salesmen were promoting the GodEl brand it was important that they were right for the job and not damaging the brand in any way, “we have been led by the love towards the GodEl brand when recruiting, since it is extremely dangerous to bring in the wrong individuals as salesmen”\textsuperscript{4}. GodEl could have upscaled the sales force even more, for instance by bringing in other sales companies, which might have led to a larger customer base today, although participants believe that GodEl would not have been as popular among its customers as it is today, “I believe that a sustainable, long-term thinking is best in the long run […] to keep the customers happy”\textsuperscript{4}. In 2006 GodEl managed to establish an agreement with the Swedish television channel, TV4\textsuperscript{4}. For a largely reduced price GodEl was allowed showing its TV-commercial for six months in national television. This deal was successful for both parties. First, TV4 did not have any partners from the energy sector at this time. Second, TV4 was doing a research on how companies can build their brand with TV4, which was suitable since GodEl was in its beginning and was not known to the public yet. Due to the constrained financials the TV-commercial was made simple and to low costs\textsuperscript{3}. The commercial featured Lars Åberg, the man that created GodEl’s logotype. His participation was once more made pro bono\textsuperscript{3}. The TV-commercial caused an increased inflow of customers, “we went from having around 150 new customers that register on our webpage each month to 1,800 and the customers that registered by calling to customer service went from 300 calls to 1,200 each month”\textsuperscript{4}. Some employees are sure that Lars Åberg was a key resource, “if we wouldn’t have had such a beloved person doing our commercial I don’t think that the inflow of customers would have been in such large dimensions […] and it was all thanks to the founder that Lars participated”\textsuperscript{10}. Except for the sales force GodEl consisted of customer service, the management team and a financial department. At the office they were approximately 20 employees\textsuperscript{2}. The main focus was to gain as many new customers as to be able to start donate its profit to charity, “Sell, sell, sell, sell, that was all we did – and it worked extremely well”\textsuperscript{8}. GodEl became profitable in 2007, and thus able to donate its first profit to charity the same year\textsuperscript{1}. GodEl grew quickly and it won gazelle prizes due to its rapid growth. The GodEl brand was spread in mass media and via mouth-to-mouth\textsuperscript{6}. The competitors did not know how GodEl managed to grow so quickly. Except for GodEl, few actors in the industry grew in that proportion at this time, if any, GodEl took customers from all competitors in the industry\textsuperscript{4}.

\textsuperscript{10} Participant 11, Customer Service Manager, March 19 2015
GodEl did not actively work with monitoring its customers, business activities or departments during these years, “We did not think about what was working or what was not – why would we need that, when everything worked so well? We lived by the philosophy that there is no need to analyze when everything is fine, it is only to keep going”.

From early days GodEl collaborated with IKEA, with the agreement that salesmen of GodEl were allowed to sell outside the IKEA stores. This provided GodEl with access to active sales all year around. Before this the main selling was focused to the summertime, when it was easier to get free locations outside. However, in the autumn of 2006 IKEA started to work with Eon, one of the largest electricity retailers in Sweden, which stopped GodEl from selling there for a year. Eon did not perform active sales at IKEA like GodEl had been doing, since Eon was not yet aware of the active sales technique. However, the partnership between Eon and IKEA only lasted one year until the autumn of 2007, “and then we made sure to join back in again”!

Thus, GodEl has been collaborating with IKEA since then. Being partners with IKEA has helped GodEl in similar ways like the investors and Lars Åberg. Each of the actors has generated trustworthiness to the GodEl brand by being associated to it.

From the beginning it has been important for GodEl to listen to its customers and to keep them satisfied. During these years the customer service evolved from consisting of two people sitting in a kitchen of four squaremeters with no computers to an established department with computer systems and several workers. The manager of customer service was an important individual in the organization at this time. She was a colorful woman with a strong personality that carried the customers’ voice throughout the organization. She taught the others how to treat the customers and that the expression ‘you should treat others as you would like to be treated’ was wrong. Instead she argued that ‘you should treat the customers as they want to be treated’. This woman helped to create a professional and service-minded customer service that has been winning prizes since then.

Communication with the customers was otherwise not prioritized at this time. The founder had a belief that the customers were not interested in communicating with or getting information from their electricity retailer. Thus, GodEl only communicated by the invoices and by customer service. The company webpage was sparsely updated since it was not prioritized and no department was responsible for it. The webpage was a simple platform that provided visitors information about GodEl and a place for new customers to register. In 2008 one of the first salesmen had worked with active sales since the beginning and felt the urge to re-build the webpage as a digital platform. However, the management found it was better to focus on the existing channel. He then quit his employment at GodEl.

GodEl’s revenue streams were mainly the money earned on selling electricity to its customers. The customers paid mainly by paper invoices or direct debit, either in advance or in arrears. GodEl’s costs consisted mainly of buying electricity from Nord Pool Spot, the employee salaries as well as the cost of sending out paper invoices. Worth mentioning is that the salaries were (and still are) below market standard.

---

11 Participant 6, Service Manager, March 17 2015
12 Nord Pool Spot is the leading power market in Europe, offering both intraday as well as day-ahead markets (Nord Pool Spot, 2015).
4.3 CHALLENGE: 2009-2010

The founder left GodEl in 2008 in order to start up the second company in the GoodCause family, GodFond\textsuperscript{13}. One of the two first salesmen, then became the second CEO in 2008 until the end of 2010. He states that it was a challenging time. Influenced by the founder, he lived by the same motto of simplifying the business, “I wanted the business calculations I needed to do in order to make a decision fit on a napkin”\textsuperscript{9}. He underpins the importance of monitoring and doing analysis, however he also highlights the backside that it slows the business down and sometimes causes unnecessary frustration.

During these years it became known that the inflow of customers started to slow down. Before this period GodEl had not worked actively with analyzing its customers, business activities and departments, but it was about to change. The service manager at this time was looking at the profitability of active sales by looking at the inflow of customers in proportion to the outflow obtained via active sales\textsuperscript{6}. In 2008 the rivals started to perform active sales, hence the competition increased within the industry\textsuperscript{4}. The majority of the customers were gained via active sales and the question was whether to continue or not, “it was difficult to know how to balance it. Should we try find something new even though the old channel was still working, although not as good as before? The hypothesis we had back then was that we did not have so many other alternatives to what we already were doing”\textsuperscript{9}. He highlights the difficulty in having a split focus in an enterprise, “…we worked with a split focus. We put most focus on active sales, and the search for Plan B did not receive that much attention, and I wouldn’t say that it was wrong, but it created challenges of course. Especially when something is not working as good as it did before, then you start screaming for something else”\textsuperscript{5}. Thus, they tried to keep up active sales while searching for and testing new channels, although no test was successful. One test they did was knocking on peoples’ doors\textsuperscript{9}.

It became clear that GodEl needed to monitor its business activities in order to understand why and how certain patterns and trends occurred, “for too long the company chose to focus on the inflow of customers and forgot – or just didn’t care about – the rest of the business, to keep customers, to regain customers, to make the customers happier during their time as customers. The focus was only to get new customers.”\textsuperscript{5}. Since GodEl had not been doing analysis before no real business analyst competence existed inside the company. Therefore in 2009 an analyst was hired, who was the first real recruitment from outside GodEl with an academic background and a specific competence\textsuperscript{3,5}. Before then it was common that people started working as a salesman or in customer service and then advanced within the company\textsuperscript{14}. The analyst laid the ground for a customer data base and developed ways to generate useful statistics out of it. Before it was difficult to get an overview as it could take 12 hours for one database to be created, which had to be made during the night since it otherwise shut down the entire computer system. The importance of the existing cutomers became clear\textsuperscript{6,8}. Several employees felt that GodEl needed to start communicating with the customers\textsuperscript{2,6}. In addition to this a group of students wrote their master thesis at GodEl with the main finding that the customers wanted an increased amount of information and communication from GodEl. In around 2009 and 2010 the company made its first attempt to increase the communication by utilizing the customers’ e-mail addresses that never really had been used before, by wishing them Merry Christmas\textsuperscript{6}.

\textsuperscript{13}GodFond is a funding company that aims to provide advantageously saving to its customers. It is, just as GodEl, owned by the GoodCause Foundation, and is thus donating its profit to charity (GodFond, 2014).

\textsuperscript{14}Participant 11, IT Manager, March 19 2015
Several people thought that things should be changed as a consequence of the statistics but they were not heard, “We tried to show - to proof - that it doesn’t work, that it costs too much, that these customers are leaving us too early, or whatever it could be. We continuously tried to show this, to lift it forward and make an impact, but when the resistance towards change was so strong – it might be wrong to say that there were no changes at all – but instead of making changes with impact the company only made small adjustments in already existing channels or systems. We changed some small things and then we said ‘well, now we have changed this, let’s try it for three months and see how it goes’ and this kept on going for several years! No differences could be seen of course, since the changes were too small. In the end you give up to some extent. If there isn’t any will whatsoever on top management and board level, it is difficult to run change management alone without the support from the top”\textsuperscript{8}. The reason for the resistance from the management team was usually ‘this has been working before, let’s stick to that’ or ‘we cannot take any chances’\textsuperscript{8}.

### 4.4 Treading Water: 2011-2014

In January 2011 the third CEO took over and she had been part of GodEl since the beginning. Before that she was the founder’s colleague at Glocalnet\textsuperscript{2}. She recalls GodEl as young and immature when she became CEO, “we had been driven by two CEOs before me that were strongly entrepreneurial, which had influenced GodEl to become an idea driven organization. We got an idea and then we did it, but we did not have any structure. We asked ourselves ‘is this a good idea?’ and ‘do we think that we can make this idea profitable?’, if the answer was yes, then we did it, otherwise we left it”\textsuperscript{6}. Furthermore, she states that it was both top-down and bottom-up communication and decision-making. Thus, it was easy to come up with an idea and be able to implement it. The main task for her, as CEO, was to increase profitability. During earlier periods GodEl had focused on customer growth, however it had left a trail in the company, “when growing quickly as we did the focus was mostly on problem-solving for the moment, or good enough solutions, but they are not always the most cost efficient solutions. Thus, my first task as CEO was to increase the profitability, and thus the donations to charity, since we wanted them to increase each year”\textsuperscript{12}. She continues by stating that she wanted to create structures and systems within the organization in order to lay the foundation of long-term internal processes, “I know that it sounds boring, but I wanted to create something like a [well-oiled] machinery”\textsuperscript{6}. Even though the inflow of customers had stagnated during this period, GodEl managed to make its most profitable years to date, between 2013 until 2015\textsuperscript{15}.

During this period the regulation changed and invoices in advance were no longer allowed. This was a drawback for GodEl since they were a reliable revenue stream that always arrived in time. Since the company is giving away its profit each year, its financial situation is more constrained than in a ‘regular’ company. Therefore GodEl is relying on the money being received in time each month, so that GodEl is able to pay its bills to Nord Pool Spot\textsuperscript{15}. The backside with invoices in arrears is that if too many of those are being paid too late it impacts the cash flow negatively and GodEl might not have enough money to pay its bills\textsuperscript{15}.

Many employees agree that it is good that so many people have changed to dynamic price contracts, since GodEl consider these contracts as the best for the customers. Some, however

---

\textsuperscript{15} Participant 9, Chief Financial Manager, March 18 2015
highlight that it can also be viewed as a negative aspect for GodEl. They mean that in the Growing period it was easier for GodEl to sell and compete with its dynamic price contracts since nobody else offered them. Today GodEl can no longer compete with its price, as it is seldom cheaper than the competitors, since they offer dynamic price contracts as well. This has created a higher barrier for customers to choose GodEl.3

Before 2014 GodEl did not work with customer segments at all. In the summer of 2014 the first attempt to a customer segmentation was made. It resulted in four groups of particularly loyal customers: The Creator, The Healthy, The Social Entrepreneur, and The Director. In August of 2014 it was decided to create a PR department, “I have chosen to work much more actively with PR […] we thought that earned visibility is the kind of visibility we are going to work with, it is connected to the digital sales, but also work more with Facebook as a communication channel. Before we had refused social media such as Facebook, but it is something that we have caught up with during my time as CEO”6. Since an increased focus has been put on communication and PR and that the people in those departments have been recruited from the outside, it has become evident that the value proposition of GodEl is not clear5, 12, 13, 16.

Before, GodEl recruited individuals due to their personality and values before formal competence. People who have been working at GodEl from the start have experienced a change of corporate culture, it has become more prestigious and based on competence instead of drive, personality and personal values. Similar to the previous period, employees were recruited from outside GodEl having a specific competence5. This made some of the employees recruited from the inside feel disappointed since it then felt like they did not matter as much as before and with a lower ability to learn new competences10. However, some of the inside recruited employees have a positive view of recruiting ‘competences’ from the outside and state that it has become a much better balance in the organization with a mix of backgrounds16.

Some say that GodEl has become more bureaucratic, “I guess it […] has to do with us not growing in amount of customers, but we are still growing in some way, and we cannot really deal with that in a proper way, which make us believe it is jolly good dealing with administration and documentation and such”7. Another perception is that while moving towards more bureaucracy it is at the same time a movement towards an increased participation among the employees. GodEl is striving to include everybody in the decision taking, which many of the participants do not like, since it slows the business down. Sometimes it terminates projects before they even begin, since no consensus can be reached6.

During this period a frustration has grown large among the employees, not being able to see any signs of the business growing. It is especially difficult since many of them are aware that they have been working harder than ever in order to make their department or role as efficient as possible and despite that no growing tendencies are shown. Many complain that GodEl is too timid, “I would say that we are cowards, we don’t dare to take chances since we want to be super-sure on what we are about to do before doing it. I can see a clear pattern, that if the CEO comes with a suggestion, then we often do it as soon as possible, almost without thinking. However, if someone from another part of the organization has an idea it is often taking much longer time of analyzing and creating business cases in thousands of years in order to be trusted with an idea so that it is becoming a reality. I
believe that many of the employees might think ‘it doesn’t really matter to come up with anything since there is always someone else who is in charge’.

4.5 TODAY: MARCH 2015

In the shift between 2014 and 2015 the active sales channel was shut down, “it was inevitable”\(^2\). According to the majority of the participants this was a decision that should have been taken much earlier, stating that the signs had been shown for several years, but nothing had really happened until now\(^1\). One of the main reasons for the delay of this decision has been the absence of a substituting sales channel\(^2\).

In 2015 the organization started working more actively with key ratios in order to measure the growth of the organization. Each department has its own key ratios that measure the efficiency. The management team has together with each department decided upon goals aimed to be reached\(^9\). However, some measurements are difficult for the employees to have an impact on, such as the number of incoming calls to customer service from people who wants to become a customer. If only 200 people are calling in one month it is difficult to make the remaining 100 since they need to be initiated by the customers themselves\(^10\). Some employees are of the opinion that these measurements are causing unnecessary stress and that the goals are unrealistic, “to never be able to reach a goal is tiresome and it might remove the motivation to work”\(^6\). Others are happy about the measurements, “I would not function if I wasn’t followed up by measurements. Now I can show myself and everybody that I am doing what I am supposed to do”\(^16\). Some departments are more monitored than others, such as telemarketing, “we are painfully aware of how much we cost – each minute. We need to rapidly change strategy as soon as we see one list of telephone numbers is not working. We learn new techniques and mistakes each day”\(^15\). Other departments are not monitored at all, such as the IT department and the project office with the reason that they are supposed to be neutral support functions within the organization\(^10\).

The frustration from the Treading Water period has not decreased. It is unclear whom is responsible for what, “…we are blaming each other. Some thinks that it is everybody’s responsibility to make the organization to grow, while others are of the opinion that it lies only with certain people, such as the digital sales officer, the head of communication, the top management or the CEO. Thus, there are different perspectives on who the certain responsibilities lie”\(^7\). The current CEO says that she feels that much responsibility is on her alone, since she is the CEO\(^2\). She also highlights that the organization is not keen on strategy or change, “I would say that the understanding of the strategy in the organization is rather low. This is one of the things that I have been thinking about most lately, the fact that I perceive the organization to have a rather low will or motivation to organizational change. It is the classical dilemma I guess, you ask the employees ‘who wants change?’ and everybody raises their hands, but when you ask ‘who wants to change?’ and then all the hands are kept down”\(^2\). She states further that the board is experienced and suitable to exchange ideas regarding the present, however she wishes that the board would be more long-term thinking and visionary\(^2\).

During the two focus groups that took place at March 19 in 2015 the current BM was discussed and identified. Throughout the two sessions it was shown that the participants had different views on how GodEl is generating value. It was also evident that they did not agree upon GodEl’s VP and what the main purpose of the company actually is. The BM from Focus Group 1 can be seen in Figure 4-1. The main finding from that session is that two
participants, which are both part of the top management, do not agree on the core VP of GodEl. One argues that the core VP is ‘electricity delivery without troubles’, while the other argues that it is ‘a clear conscience’. A third participant then tries to illustrate the two opinions by using the Golden Circle by Simon Sintek. He explains that there are three circles within each other. The inner circle is about the ‘Why’, the purpose or belief of the organization. Then comes the ‘How’ in the middle circle, which answers how the company is doing the ‘Why’. It is followed by the ‘What’, that answers what the company is doing to fulfill its purpose. The Golden Circle can be seen in Figure 4-2. One of the other participants states that ‘a clear conscience’ is starting from the ‘Why’ and ‘electricity delivery without troubles start from the ‘What’. One of the participants adds that it might be a question of different perspective as well, GoodCause vs. GodEl. The purpose of GoodCause is the same ‘Why’ as for GodEl, which also goes for the ‘How’. However, the ‘What’ is what differentiate the GoodCause companies, or carriers, such as GodEl, GodFond, and GodDryck from each other. “Without these carriers, GoodCause would not be able to deliver the ‘Why’ and the ‘How’, therefore it is important that these aspects are parallell with each other. They are only fruitful together, not alone.”. The other participant states, “According to me, the ‘Why’ is very cool and it is why I work here, but the ‘What’ is essential for us. No one is better at retailing electricity than us, and in combination with our ‘Why’ we are irresistible for the customers. However, if our ‘What’ would be worse than the ‘Why’, then the ‘Why’ should compensate the ‘What’”.

![Figure 4-1. BM developed by GodEl participants during Focus Group 1, March 19, 2015.](image)
CHAPTER 4 EMPIRICAL FINDINGS

The increased work with communication and PR has continued and resulted in a podcast and a chronicle that are supposed to bring up topics such as engagement to make a difference, social business and entrepreneurship\(^1\). GodEl is trying to find ways to interact with customers, to find the right platforms to reach them and to make them start talking about GodEl\(^2\)\(^\text{15}\). Another tactic to increase customer interaction and customers recommending other customers is through customer segmentation\(^1\).4

![Figure 4-2. The Golden Circle that was being up for discussion during Focus Group 1.](image)

After the initial customer segmentation in the summer of 2014, it was decided that additional knowledge was needed to see if there are other, hidden, segments before being able to work with them more efficiently. Therefore a heavily reduced deal was made with an analyst.
company helping GodEl divide customer into 10 different segments. This will most likely be finished during the summer of 2015\textsuperscript{18}. Connected to the ongoing work on customer segments is the fact that several new employees have highlighted the absence of a common view of GodEl’s main value proposition, message and vision statement\textsuperscript{12, 16, 13, 5}. It is told that some attempts have been made to find an agreement on this, but they could not agree so they had to let it go\textsuperscript{2}. The communication and PR departments highlight that this matter needs higher priority since they do not know what to communicate to the customers. They argue that this will be especially important when the entire customer segmentation is finished and they are able to start with directed communication\textsuperscript{12, 16, 13}. In March of 2015 the third CEO resigned with the reason that GodEl needs a CEO with a documented experience of business growth, “my mission is completed and it is time for someone new to take over”\textsuperscript{2}. Quickly thereafter a recruiting firm interviewed employees at GodEl where they got the opportunity to say their opinion on what attributes they would like to see in a new CEO.

### 4.6 FUTURE: APRIL 2015 -

Several employees state that GodEl is currently too cautious, and not utilizing its full potential when it comes to its unique business idea, “I believe we need to be a little bit more controversial and to stick our neck out. We have a totally unique business idea, but despite that we are positioned as a ‘typical’ company, I think we need to focus on 25-year-olds that are super hipsters and trendsetters, to get them to talk about GodEl”\textsuperscript{15}. Not only GodEl has problems growing, “if we look at our competitors, no one is really gaining any market shares, except for one, but they don’t have satisfied customers at all. Everybody else is also standing still, treading water, like us. Many of them are spending I don’t know how much money on campaigns and commercials, but as I said, it is tough. It feels like the things that are actually working are Kickstarter and other crowdfunding platforms. That seems to work! Maybe we need to think totally new regarding how we deliver our dividend to charity. Maybe we need to administer that in a totally different way, I don’t know”\textsuperscript{5}.

The search for a new way of getting customers was postponing the decision of shutting down the active sales department for several years. It left GodEl without any real current successful channel of customer inflow. This needs to change in order for the company to grow\textsuperscript{5}. GodEl has two outlined paths for future sales channels: customer ambassadors and partnerships. The first is supposed to make customers recommend GodEl to their family and friends. The second regards the importance of partnerships and the impact a suitable partner company has on its customers or members and to use that as a way of attracting new customers to GodEl\textsuperscript{2}.

The employees wish that the new, fourth, CEO will carry a great responsibility on his or her shoulders and the expectations are high. Several of the participants have highlighted that this person needs to make changes so that GodEl can start to grow again and reach its long-term goal to reach 500,000 customers and annually donate more than 100 million SEK to charity\textsuperscript{5, 16, 2}. Although, some employees wish for more realistic goals, “I don’t understand why we don’t put up goals that we can actually achieve, or at least put up some milestones so that we can pat ourselves on the shoulder once in a while and feel that we are working in the right direction. I think we need that”\textsuperscript{15}.
5 ANALYSIS

In this chapter I go through each time period from previous chapter. I first summarize the BM for each period and its main characteristics. Thereafter I present the events I have identified to have triggered changes in the BM, either directly or indirectly through secondary events. I categorize the primary events according to MIRP (People, Idea, Transaction, Context, and Outcome) and elaborate upon their relations to the BM components (Van de Ven et al., 2000). In the end I discuss the connection between the findings of this study, the BMI process as well as to SEs.

5.1 CREATION: 2001-2004

The founder and his vision of contributing to a better world characterize this period. It was a time when the core of GodEl was established and several essential collaborations were initiated. The business idea of GodEl was new not only to the retail electricity market, but also to the Swedish business environment. Hence, the originality of the VP had an important role. The VP was: ‘Retail affordable electricity to Swedish households and donate (possible) profit to charity’, ‘Contribute to a better world by consuming electricity’, and ‘Facilitating the transfer for the customer of changing electricity retailer’. The initial BM was mainly focused on the VP, KP, KA, and KR components. Figure 5-1 shows the BM for the Creation period.

After the founder gained GodEl’s first customers from his personal network, the company’s main activity was to buy and sell electricity. The introduction of power of attorney (POA) was a way to simplify for the customers as well as keeping the costs down for customer...
acquisition. POA was unique in the electricity retail market at this time and proved so successful that it became industry standard within a couple of years. KR at this time contained the business idea, the founder, the investment capital, and the web-based business solutions provided by Zavann.

5.1.1 EVENTS DURING THE CREATION PERIOD

Table 5-1 shows the primary events of the Creation period sectioned into the five MIRP categories (Poole et al., 2000). Each event has been given an individual number, which correspond to the numbers in Table 5-2 where the primary events are described together with secondary events. I have also stated in what BM component/s each primary event has generated changes within. In Table 5-1 the primary events are sectioned as follows: Transaction (6 events), Idea (5 events), Outcome (2 events), People (1 event), Context (0 events).

Table 5-1. Primary events for the Creation period.

<table>
<thead>
<tr>
<th>Creation: 2001-2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>People (P)</td>
</tr>
<tr>
<td>1.1</td>
</tr>
<tr>
<td>Idea (I)</td>
</tr>
<tr>
<td>1.2</td>
</tr>
<tr>
<td>1.3</td>
</tr>
<tr>
<td>1.11 1.12 1.13</td>
</tr>
<tr>
<td>Transaction (T)</td>
</tr>
<tr>
<td>1.4</td>
</tr>
<tr>
<td>1.5</td>
</tr>
<tr>
<td>1.6</td>
</tr>
<tr>
<td>1.7</td>
</tr>
<tr>
<td>1.8</td>
</tr>
<tr>
<td>1.9</td>
</tr>
<tr>
<td>Context (C)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Outcome (O)</td>
</tr>
<tr>
<td>1.10</td>
</tr>
<tr>
<td>1.14</td>
</tr>
</tbody>
</table>

Transactional events are relationships between individuals and organizations having an impact on BMI as described by Van de Ven et al. (2000). Since this is the initial period of GodEl’s history, the BMI stands for the initial creation of its BM. The founder initiated the partnerships, which were crucial for the BM and company creation. This is in line with earlier research, underlining the importance of the founder/social entrepreneur when establishing collaborations (Austin et al., 2006; Lee and Battilana, 2014; Lee, 2015). An example is the investors who donated the necessary capital, without private motives of profit, based on a lofty idea of improving the world through entrepreneurship. Relationships were built on a mutual interest of the new business concept, to help it succeed. At this stage GodEl was merely providing an idea and a set of ideals, which made it important to create the right sales pitch. The partners helped GodEl build its brand by being associated with the company. Lars Åberg and the investors are well known profiles in Sweden, which increased the attention in media as well as in the sales pitch. Yunus et al. (2010) confirm the importance for SEs to establish prosperous partnerships and collaborations in order to exchange knowledge and ideas. Except for creating awareness of the brand the partners contributed with their knowledge and expertise. For instance, Lars Åberg contributed by designing the GodEl logotype, and the investors shared their ideas, business experiences, and knowledge with the founder. Further, Zavann contributed by the expertise of web-based business solutions particularly for electric retailers, which the founder otherwise would not have been able to manage due to lack of competence. This goes in line with what Yunus et al. (2010) write about the collaboration between Telenor and Grameen. Transactional events are primarily connected to KP at this time, which is not surprising since they are closely linked to each other. They both define interaction and collaboration between parties, such as individuals and organizations, as well as the importance of the BM (Osterwalder and Pigneur, 2010; Poole et al., 2000).
CHAPTER 5 ANALYSIS

An Idea event is defined as a change of underlying ideas so significant that it impacts the overall development of the innovation (Poole et al., 2000). GodEl is built upon the visions and ideas of its founder, and without them GodEl and its initial BM would not have been created. Battilana and Lee (2014) confirm that SEs are characterized by strong, social visions and that it is the sole reason that they exist. Doherty et al. (2014) argue the importance of the founder of a SE, since he/she influences the core of the organization to a great extent in the beginning. This can be linked back to the previous paragraph stating that GodEl's founder had a key role in establishing essential partnerships. After having spoken to the participants of this study it shows that the founder has influenced the organizational culture as well as its way of doing business from the very beginning. The idea events are mainly connected to the VP in the BM during this period. Since idea events are significant for the overall BMI process it is not a surprise them being linked to VP, as VP is the heart of the BMC (Osterwalder & Pigneur, 2010).

Outcome events are defined as “when a change occurs in the criteria or values of criteria used to judge the progress or outcomes of the innovation” (Poole et al., 2000, pp. 106-109). The outcome events from this period were important drivers of the initial BM. The first one (1.10) was negative, and the second (1.14) was positive. They proved the founder’s ideas right or wrong and were crucial for him to implement the initial BM.

People events are defined as “when there is a change in the staffing (turnover) or assignments (roles) of people holding key positions in the innovation .... In addition, key individuals responsible for the management of the innovation environment would also be included” (Poole et al., 2000, pp. 106-109). Given the fact that this period mainly figured the founder not many people event were encountered.

Context events are defined as “an external incident that is related to the innovation but occurred beyond the control of the innovation team” (Poole et al., 2000, pp. 106-109.). During the Creation the electricity market was not well developed, which opened up for opportunities. The electricity retailing monopoly had recently been deregulated and the market did not have much impact on the retailers at this point.

Table 5-2. Primary and secondary events during the Creation period.

<table>
<thead>
<tr>
<th>Creation: 2001-2004</th>
<th>Primary Events</th>
<th>Secondary Events</th>
<th>Changing BM component(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 (P)</td>
<td>The founder laid off employees at Glocalnet</td>
<td>The founder resigned from Glocalnet and felt unhappy. He started to look for future projects.</td>
<td>VP</td>
</tr>
<tr>
<td>1.2 (I)</td>
<td>Vision: Contribute to a better world</td>
<td>The founder looked for existing businesses. He only found NGOs, but he did not want to work in such an organization. His main passion is entrepreneurship. However, at this time it was associated with making money for oneself and not sharing it with others.</td>
<td>VP</td>
</tr>
<tr>
<td>1.3 (I)</td>
<td>The founder read ‘Happiness!’ by Dalai Lama</td>
<td>The founder realized he should use his passion for entrepreneurship, in order to contribute. GoodCause was initiated.</td>
<td>VP</td>
</tr>
<tr>
<td>1.4 (T)</td>
<td>The founder met Zavann</td>
<td>This meeting led to a long-lasting collaboration. Zavann provides GodEl with web-based business solutions that</td>
<td>KP</td>
</tr>
</tbody>
</table>

51
have created stability. The customer data is kept in one single system.

1.5 (T) The founder managed to get access to investment capital 1.5.1 Led to the creation of GodEl and a long-lasting relationship of business expertise. KP, RS

1.6 (T) The founder established collaboration with Lars Åberg 1.6.1 Lars designed the logotype of GodEl pro bono, and created awareness of the GodEl brand due to Lars being a well-known personality in Sweden. This collaboration later lead to further events where Lars participated. KP

1.7 (T) Markedskraft became a partner 1.7.1 Markedskraft have since that day provided GodEl with knowledge about electricity and the market in general. Due to one individual in particular at Markedskraft this collaboration is truly paying off. KP

1.8 (T) The founder convinced his friends, family, and network to become customers 1.8.1 This helped the founder to promote GodEl by being able to talk about GodEl with their friends and family. KP, CH

1.9 (T) The first two NGOs became partners (SOS Barnbyar and Save the Children) 1.9.1 Without them the main concept would be lost. KP

1.10 (O) Unsuccessful attempt to gain customers by sending letters to NGO members 1.10.1 The founder had to rethink the customer acquisition, and learn from experience. He tried to find new solutions. CS

1.11 (I) The founder came up with the idea of using POA 1.11.1 This led to an easier way for people to become customers. It also saved GodEl from extra costs during customer acquisition. Later, the industry adopted this method, which soon became standard. VP

1.12 (I) The founder came up with the idea of active sales 1.12.1 This led him to employ the two first salesmen who managed to prove active sales as a possible sales channel. KA, CH

1.13 (I) The founder believed that no communication with the customer was needed, except on the invoices 1.13.1 This lead to GodEl not communicating with its customers until around 2009-2010. CR

1.14 (O) Active sales proved to be successful 1.14.1 This led to active sales being up scaled to the main sales channel for several years. KA, CH

Frankenberger et al. (2013) have developed the 4I-Framework consisting of four phases of the BMI process: (1) Initiation, (2) Ideation, (3) Integration, and (4) Implementation. Similar phases can be identified during this period. The Initiation phase can be connected to the four first main events, 1.1 to 1.4. Frankenberger et al. (2013, p. 265) mention the challenges for this phase as, “understand the needs within the ecosystem and identify relevant change drivers”. During GodEl’s creation its founder was of the opinion that even though no real ‘in-between’ for-profits and non-profits existed, he could make it work. Due to his strong vision he was determined to prove that those who doubted the idea were wrong. He met Zavann, which was the deciding factor to become an actor on the electricity market.
Without this relationship it is unlikely that GodEl would have been, proving how important and fruitful a relationship can be, which agrees with earlier literature (Austín et al., 2006; Lee, 2015; Yunus, et al., 2010). The founder studied the ecosystem of the electricity retail market and found it underdeveloped with high dissatisfaction among customers. This also confirms what Osterwalder and Pigneur (2010) state as motivating factors of BMI in new enterprises: to satisfy needs from existing but unanswered markets, and improving, disrupting, or transforming an existing market with a better BM. Once again, the founder’s vision guided the direction. He wanted to improve the electricity market and satisfy the customers.

The founder has been driven by his strong visions and ideas from the beginning and without them GodEl would not have been established. This can be connected to Doherty et al. (2013) that is highlighting that a strong vision is crucial for a SE to succeed. The Ideation phase in the framework by Frankenberger et al. (2013) states that it is difficult to challenge industry norms but that it could prove to be fruitful.

The Integration phase (Frankenberger et al. 2013) can be connected to event 1.4 to 1.9, when the founder managed to establish several KP that were essential for BM creation. The events connected to the Integration phase of this period are transactional events. Last, the Implementation phase can be associated with event 1.10 to 1.14. This phase consists of pilots and trial-and-error, which is typical for this stage according to the findings of Frankenberger et al. (2013) and Sosna et al. (2010). Even though event 1.10 was an instant failure, the founder got a valuable lesson regarding the image and trustworthiness of the company. It became a trigger to continue the search for other solutions, and he kept trying until he succeeded. Like 1.10 some main events triggered secondary events that led to changes in the BM. This aligns with Sosna et al. (2010) that highlight the importance of trial-and-error in a successful BMI process.

This study shows similarities between the Creation period and the Birth phase of the organizational life cycle. Companies in the Birth phase are young, dominated by their owners, and they have simple and informal structures (Miller & Friesen, 1984). Out of the collected data it can be stated that these mentioned aspects are the characteristics of GodEl during Creation as well. The founder of GodEl was a KR. Lee and Battilana (2014) argue that social entrepreneurs are most likely to incorporate commercial logics in their SEs if: (1) A parent has for-profit work experience, (2) The social entrepreneur has participated in a formal post-secondary business education, and (3) The social entrepreneur has a small amount of work tenure in a for-profit business. All these points are correct when comparing them to GodEl’s founder. Thus, this study agrees with the findings by Lee and Battilana (2014). However, Sosna et al (2010) state that during the exploration of the BMI process the emotional and psychological nature of the founder is important influencing the strategic choices and the creation of the initial BM. In this case for example, one of the main drivers was when the founder had bad experiences in his former work. Similar to the research by Wilson and Post (2011) and Doherty et al. (2013), the founder managed to integrate his vision deep into GodEl’s DNA, which lives on within the company still at this present moment.

5.2 GROWING: 2005-2008

Brand building, sales, and a growing customer base characterize the Growing period. The main changes compared to previous period happen in VP, KA, KR, and KP. The VP is still
new to the market: ‘Retail affordable electricity to Swedish households and donate the profit to charity’, ‘Facilitate the transfer of electricity retailer for the customer’, ‘Offer electricity certified by Bra Miljöval’, and ‘Contribute to a better world by consuming electricity’.

Figure 5-2. BM for the Growing period, 2005-2008. The bold text illustrates what has been added since the last BM.

The last VP was added in order to position the company in the forefront regarding environmental responsibility, which goes in line with the overall vision of contributing to a better world. Bra Miljöval is the toughest electricity certification in Sweden. Figure 5-2 shows the BM for this period. The decision to offer electricity certified by Bra Miljöval had an impact on R$ since it cost a little more. A higher net price combined with the same mark-up means increased R$ and C$.

5.2.1 EVENTS DURING THE GROWING PERIOD

The characteristics of this period indicate that it is a continuous extension of the first period. Table 5-3 shows categorization of the primary events for this period. They are sectioned as follows: Transaction (5 events), Idea (3 events), Outcome (2 events), People (1 event), and Context (1 event).

Table 5-3. Primary events during the Growing period.

<table>
<thead>
<tr>
<th>People (P)</th>
<th>Idea (I)</th>
<th>Transaction (T)</th>
<th>Context (C)</th>
<th>Outcome (O)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.1</td>
<td>2.2</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.4</td>
<td>2.5</td>
<td>2.6</td>
<td>2.7</td>
</tr>
<tr>
<td></td>
<td>2.4</td>
<td>2.5</td>
<td>2.6</td>
<td>2.7</td>
</tr>
<tr>
<td></td>
<td>2.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.12</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Similar to the previous period, *transactional* events are important triggers in changing the BM. GodEl is still establishing its business on the market during this period, which is
CHAPTER 5 ANALYSIS

facilitated by advantageous collaborations with KP. From Table 5-4 it can be stated that transactional events have a direct impact on the KP component in the BM. This can be since both are defined by partnerships and collaboration among individuals or organizations (Poole et al., 2000; Osterwalder et al. 2010). As in previous period Yunus et al. (2010) point out the importance of partnerships in young SEs, which GodEl also is aware of.

The idea events are influencing the BM as a whole. These are still tied to the founder and his vision. His determination to improve an underdeveloped market expressed in previous period is sustained through the Growing period and manifests through the offering of electricity certified by Bra Miljöval. The founder wanted GodEl to push the competitors and customers to take responsibility. He also had a vision to create the best customer service in Sweden, by offering the kind of service that the customer wanted. This vision was born due to the high customer dissatisfaction on the market. This is in line with what Wilson and Post (2011) state, SEs push the traditional actors on the market to change their activities and approaches.

The outcome events remained the same number as the previous period. Recalling the quote, “…We grew continuously, it was a wonderful time when we were on top of the world and I was just happy to be part of it…”, it shares an understanding why participants look back at this period with such a positive mindset. It was the ‘glory years’ in GodEl’s history when no real obstacles were recorded, as if the entire period was a positive outcome event.

People events remained low during this period, as in previous period. The combination of informal communication, much creativity, and engagement resulted in many people tried out their ideas individually, but without any obvious impact on BMI as primary events. This does not mean that people did not matter. They did. The salesmen, founder and customer service were KR at this time, but they were mainly involved in secondary events.

Contextual events are few during this period. One reason could be that the electricity retail industry was immature and underdeveloped at the time. It had recently been deregulated and the main actors were accustomed to a rather passive role. Hence smaller actors could exploit this window with rather little resistance. Another reason could be that the spot price of electricity was low during this period. GodEl offers dynamic contracts only, which makes the company sensitive to rapid increases of the spot price.

Linking the Growing period to the research by Frankenberger et al. (2013) and the 4I-Framework the Initiation phase can be associated to event 2.1 to 2.4, which consists of three idea events and one transaction. The underdeveloped market provided GodEl with a competitive advantage. The new and innovative BM provided interest among customers, which facilitated a rapid growth of the customer base. Waldner et al. (2015) found that low competition in an industry facilitates BMI, while high competition hampers BMI. In order to create value to its customers GodEl knew that good relations had to be built and maintained with other retailers and electricity suppliers, Nord Pool Spot, and Markedskraft. According to GodEl, this cooperation has been fruitful in the area of knowledge building and transfer. A direct and open link with the suppliers have proven to be valuable for purchasing and customer service. This is also an example of GodEl trying to create a positive impact on the industry by initiating an open dialogue between industry actors, which again goes in line with the findings of Wilson and Post (2011) regarding the improvement of markets by SEs. At this time there was a negative attitude between actors on the electricity market,
something that GodEl wanted to change. The Ideation phase (Frankenberger et al., 2013) is present through the idea to create a market-wide communications network. Connecting to the statement, “We did not think about what was working or what was not – why would we need that, when everything worked so well? We lived by the philosophy that there is no need to analyze when everything is fine, it is only to keep going”8, indicating that the Ideation phase was involuntary. GodEl did not desire organizational change, it were already in a continuous transition at the time. There was no real strategy behind the BM; the focus was to gain as many customers as possible and nothing else. The founder was the CEO during this period and he influenced the company by his motto ‘simplifying the business’. Due to this no complicated strategies were applied, thus no focus on BM thinking. The Integration phase in the Frankenberger et al. (2013) 4I-Framework could be linked to event 2.4 to 2.8. During these events GodEl established several collaborations that helped the company to improve its BM through KP, such as IKEA, TV4, and Mercuri. They helped GodEl in different ways, which can be seen in Table 5-4 where also the secondary events are shown.

Table 5-4. Primary and secondary events for the Growing period.

<table>
<thead>
<tr>
<th>Primary Events</th>
<th>Secondary Events</th>
<th>Changing BM component(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 (I) Long-term goal of gaining 500,000 customers and donating more than 100 million SEK to charity each year</td>
<td>2.1.1 Due to this goal the focus of this period was customer acquisition.</td>
<td>KA</td>
</tr>
<tr>
<td>2.2 (I) Decided to offer electricity certified by Bra Miljöval</td>
<td>2.2.1 This generated increase in revenue streams and expenses since this type of electricity was a little more expensive.</td>
<td>VP</td>
</tr>
<tr>
<td>2.3 (I) Goal: To become the best customer service in Sweden</td>
<td>2.3.1 The service manager at this time built the customer service from nothing to become a customer service with service-minded employees, suitable business system, and sufficient knowledge. A customer manager was hired that taught the customer service workers that they should treat the customers as the customers want to be treated.</td>
<td>CR, KA</td>
</tr>
<tr>
<td>2.4 (T) The service manager at this time established network with industry actors</td>
<td>2.4.1 Resulted in better knowledge of the electricity market for GodEl employees in addition that it facilitated the work in customer service to better respond to customer questions.</td>
<td>KP</td>
</tr>
<tr>
<td>2.5 (T) Collaboration with TV4 was initiated</td>
<td>2.5.1 In combination with Lars Åberg’s participation in TV-commercial was shown in TV4 it generated a steady increase of customer inflow.</td>
<td>KP</td>
</tr>
<tr>
<td>2.6 (T) Collaboration with IKEA was initiated</td>
<td>2.6.1 This allowed GodEl to perform active sales in the IKEA stores, which permitted sales all year around. Collaborating with IKEA has also helped GodEl build its brand.</td>
<td>KP, KA</td>
</tr>
<tr>
<td>2.7 (T) The two first salesmen</td>
<td>2.7.1 Mercuri helped the salesmen to reach</td>
<td>KP</td>
</tr>
</tbody>
</table>
CHAPTER 5 ANALYSIS

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>established collaboration with Mercuri</td>
<td>their full potential offering employees at GodEl training free of charge. Personal development and competence improvements among employees.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.8 (T)</td>
<td>Stockholm Stadsmission wanted to join as a NGO</td>
<td>2.8.1 Increased the visibility of the GodEl brand.</td>
<td>KP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.9 (C)</td>
<td>Media was suspicious upon GodEl</td>
<td>2.9.1 Created a stronger corporate culture within the company as well as a stronger commitment to show the doubters that the concept of GodEl was true.</td>
<td>KR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.10 (P)</td>
<td>Salesmen started to move to other cities and agreed to bring active sales to the new city</td>
<td>2.10.1 After this GodEl managed to expand to 17 cities.</td>
<td>KR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.11 (O)</td>
<td>Too many unpaid invoices</td>
<td>2.11.1 GodEl started using credit reports in order to avoid customers with insufficient financial capacity.</td>
<td>CS, RS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.12 (O)</td>
<td>Started donating profit to charity</td>
<td>2.12.1 The promise GodEl had given to its customers was fulfilled. GodEl did make profit and it was donated to charity.</td>
<td>CS, RS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The characteristics of the Growing period of GodEl coincide with those of the Growth phase in the organizational life cycle (Miller & Friesen, 1984). Both periods are emphasized by an achievement of rapid sales growth, up scaling, and recruiting more employees. Also, some authority is delegated to middle managers, as well as formalization of processes. During this period the sales force grew quickly from being two salesmen to become 180 at its most in 17 cities. Since the company office was located in Stockholm, the salesmen in each city quickly received increased responsibility in order to manage the sales away from the company.

From a process perspective it can be stated that BMI during this period has been characterized by strong visions, strong collaborations, and continuous trial-and-error experimentation. This is similar to the 4I-Framework of Frankenberger et al. (2013), with a strong correlation with Initiation, Integration, and Implementation.

5.3 CHALLENGE: 2009-2010

This was a challenging period of split focus. Should GodEl continue with active sales as the primary sales channel or should it focus on finding a new channel with higher potential, or should it focus on both? The BM for the Challenge period has mainly changed in the KA and KR. One new KR during this period was the customer since GodEl started to see the need of customer retention. Another KR was the analyst recruited from outside GodEl. She became aware of needs related to previously unexplored areas such as analysis of the customer base, sales results and forecasting. She started to build the foundation of the possibilities of analyzing customer data. The customer service was still a KR, especially since they received the reward of being the best customer service in the Swedish electricity industry. The VPs during this period were the same as in previous period: ‘Retail affordable electricity as a dynamic contract to Swedish households and donate the profit to charity’, ‘Facilitating the transfer of electricity retailer for the customer’, and ‘Offer electricity certified by Bra Miljöval’. The VP did however no longer provide a competitive advantage.
since the competitors had caught up and now provided the same range of products and services.

Figure 5-3. BM for the Challenge period, 2009-2010. The bold text illustrates what has been added since the last BM.

GodEl became less competitive regarding price since competitors also offered dynamic contracts. This while the maturing market caused a more intense focus on price as a means of competition. Resulting in a challenging position for a small actor such as GodEl that cannot enjoy the benefits of economies of scale that larger competitors have, which coincides with the challenges of the Initiation phase in the 4I-Framework by Frankenberger et al. (2013).

5.3.1 EVENTS DURING THE CHALLENGE PERIOD

Table 5-5 shows the primary events for this period categorized into the five MIRP categories (Poole et al., 2000). During the Challenge period the events are sectioned as follows: People (4), Outcome (3), Context (3), Transaction (2), and Idea (1).

Table 5-5. Primary events for the Challenge period.

<table>
<thead>
<tr>
<th>People (P)</th>
<th>3.4</th>
<th>3.5</th>
<th>3.7</th>
<th>3.13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idea (I)</td>
<td>3.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transaction (T)</td>
<td>3.9</td>
<td>3.11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Context (C)</td>
<td>3.1</td>
<td>3.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome (O)</td>
<td>3.3</td>
<td>3.8</td>
<td>3.10</td>
<td></td>
</tr>
</tbody>
</table>

These events look a little different than previous periods. The people events have increased and are connected to the change of CEO, the founder leaving GodEl, recruiting the first employee from the outside due to competence, and a group of students writing their master thesis at the company. Looking at the characteristics for this period it was a time of
challenge and confusion. For the first time in GodEl’s history, the company perceived a shortage of specific competencies. Doherty et al. (2013) highlight skill shortages and lack of competencies in combination with social and commercial objectives as a challenge specific for SEs. They have concluded that SEs struggle to find the right people with the right competence due to wages below market average. It is true that GodEl pay lower salaries than market average, although it seems not as the reason for skill shortage during this period. Until this period GodEl focused on internal growth, nurturing its employees to grow within the organization. The company created its own managers, who had extensive experience of active sales and or customer service but often lacked a higher education and managerial experience. On the other hand there are positive effects of internal recruitment of managers. The managers recruited from within have an intimate knowledge of the company and a passion for the core mission. A healthy mix of external and internal recruitment would probably provide the best combination of understanding and specific skills. The collected data shows that this was enough until this point since all energy was focused on sales while other functions received little attention. The fact that the founder left GodEl at the same time also became an impact factor. Once again, I recall the study by Doherty et al. (2013) highlighting the founder’s influence of monitoring business activities and structures in the SE. Hence creating the need for new blood in the organization.

Outcome events played an important role during this period. The negative outcomes were linked to the active sales and the stagnating customer growth. These outcomes made the company aware of a challenge that it had not encountered before.

One of the contextual events was a near-death-experience for GodEl that threatened its existence. It happened due to a sudden increase of the spot price of electricity, thus it was nothing that GodEl could have foreseen. However, it was something that GodEl learned from. The price increase that occurred over a weekend resulted in acute liquidity issues for GodEl. In fact they did not have the money to pay their supplier, Nord Pool Spot. This was a singular event and an eye opener. The company realized how vulnerable it was. The problem was solved by a quick loan that could be paid back a few days later, when the customer invoices had been paid. This led to GodEl making arrangements with a bank for a short time credit guarantee in case this would happen again. Osterwalder and Pigneur (2010) argue that BMI can be driven by ‘near-death’ experiences in an organization, which is aligned with what happened to GodEl. Never has GodEl been so close of not being. Looking at Table 5-5 it can be seen that the external environment and varying outcomes have been essential at this stage. Before this period there was no need for GodEl to monitor what the company did right or wrong, the customer growth was visible each month, and that was enough to confirm that ‘GodEl was doing good’. The founder’s way of doing business was to keep it simple, however this period required something else. The founder’s way was the only way the company knew, which left the company ill equipped for the changing environment, which required rapid acquisition of personnel with specific competencies. This conforms to earlier research stating that the founder’s influence of the enterprise is essential for its further development and handling of organizational change and BMI (Sosna et al., 2010; Doherty et al., 2014).

Transactional events decreased during this period. There were few new partnerships that impacted the BM. Neither did the existing ones to any extent.
Idea events were fewer during the Challenge period. The ‘hype’ of the company decreased and the customers’ positive attitude towards active sales started to decline. The CEO of this period highlights that it was a difficult time. The company had one main channel, active sales. In order to find a new, substituting, sales channel it required time and effort. Therefore it was decided that GodEl would keep most of the focus on active sales and a small part on the search for new channels. The company tried to avoid risks, which meant staying the course and continue with activities that had been successful for years, hoping that it was a temporary speed bump in the market. This illustrates what Waldner et al. (2015) state regarding BMI being hampered by increased competition in the industry. Table 5-6 shows which events that triggered the changes in the BM.

Table 5-6. Primary and secondary events for the Challenge period.

<table>
<thead>
<tr>
<th>Challenge: 2009-2010</th>
<th>Changing BM component(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Events</td>
<td>Secondary Events</td>
</tr>
<tr>
<td>3.1 (C) The competitors also started active sales</td>
<td>3.1.1 Increased competition on the market.</td>
</tr>
<tr>
<td>3.2 (C) More people had dynamic contracts than before</td>
<td>3.2.1 Competitive advantage of offering the market a new, cheaper, contract was gone.</td>
</tr>
<tr>
<td>3.3 (O) Realized that the outflow of customers was too big</td>
<td>3.3.1 This influenced the entire company throughout. It generated challenges that GodEl had not been facing before.</td>
</tr>
<tr>
<td>3.4 (P) Second CEO took over</td>
<td>3.4.1 New leader and management style.</td>
</tr>
<tr>
<td>3.5 (P) The founder left GodEl</td>
<td>3.5.1 Even though he left GodEl he was not far away, but it was still strange for the employees not having the founder in charge anymore.</td>
</tr>
<tr>
<td>3.6 (I) Strategy: Customer growth</td>
<td>3.6.1 The decision to keep focusing on customer growth was challenging since the sales channel did no longer perform as good as it used to. The result became a split focus, mostly focusing on active sales, but also on finding new sales channels.</td>
</tr>
<tr>
<td>3.7 (P) Recruited an analyst – first time an employee was hired from outside due to competence</td>
<td>3.7.1 Thereafter more recruitment followed, for the same reason as the first one. To get another perspective. This laid the foundation for GodEl to make business, customer and market analysis.</td>
</tr>
<tr>
<td>3.8 (O) Customer service became the best in Sweden in its industry + second best in Sweden</td>
<td>3.8.1 Achievement of the goal that was set during the previous period.</td>
</tr>
<tr>
<td>3.9 (T) Hand in Hand became NGO partner</td>
<td>3.9.1 Helped spreading GodEl brand to its members and followers.</td>
</tr>
<tr>
<td>3.10 (O) Failed trials of other sales techniques</td>
<td>3.10.1 Continued focus on active sales.</td>
</tr>
<tr>
<td>3.11 (T) Customer demand of a NGO that addressed environmental issues</td>
<td>3.11.1 This led to GodEl establishing collaboration with Naturskyddsföreningen.</td>
</tr>
<tr>
<td>3.12 (C) Electricity spot price increased over a weekend</td>
<td>3.12.1 This led to a financial crisis at GodEl since the company did not have enough money to pay Nord Pool Spot. Therefore the company had to take a loan, which was returned in a</td>
</tr>
</tbody>
</table>
CHAPTER 5 ANALYSIS

| 3.13 (P) | A group of students wrote their master thesis at GodEl | 3.13.1 | This pushed the company to send the customers an e-mail that said Merry Christmas. Then followed continuously communication with the customers via e-mail. | CR |

Viewing the 4I-Framework by Frankenberger et al. (2015) the Initiation, Integration, and Implementation seem to be there, as in previous period. The Ideation phase is difficult to identify. Participants recall this time as idea-driven, “We got an idea and then we did it, but we did not have any structure. We asked ourselves ‘is this a good idea?’ and ‘do we think that we can make this idea profitable?’”, if the answer was yes, then we did it, otherwise we left it. Others have described the company as entrepreneurial, immature, and unstructured, although it started to become more formal. The employees were given much freedom and responsibility. Even though this period required the company to initiate monitoring of its business activities, it was too early for the employees to be able to think in terms of BMs and BMI. The founder had influenced the employees at GodEl not to think complicated, to keep the business simple. This, once again, coincides with the research by Doherty et al. (2013) and Austin et al. (2006).

This period can further be associated with the Maturity phase of the organizational life cycle (Miller & Friesen, 1984). Among its characteristics can be mentioned: stabilized sales level, falling innovation level, a more bureaucratic structure is established, the goal is to make business functions smoother and more efficient. The governance of this period was very similar to the Creation and Growing periods. The CEO from this period was influenced by the founder, keeping the business simple, “I wanted the business calculations I needed to do in order to make a decision fit on a napkin”. He underlines the advantages by taking rapid decisions in order not to be slowed down. The company had begun to mature but was still acting like a start-up in some regards.

5.4 TREADING WATER: 2011-2014

The focus of this period was to increase profitability through optimization of the internal processes and to be as cost-efficient as possible. Before this period GodEl had been making many ad hoc solutions, which are not always the most cost-efficient.
CHAPTER 5 ANALYSIS

Figure 5-4. BM for the Treading Water period, 2011-2014. The bold text illustrates what has been added since the last BM.

The BM for this period can be seen in Figure 5-4. The main changes are in CS, VP, CR and KA. The VP is: ‘Retails renewable electricity certified by Bra Miljöval to Swedish households and donates the profit to charity’, and ‘Contribute to a better world by consuming electricity’. One significant change is the increased focus on customer retention and customer segments. It is important to be able to follow the customer life cycle, and to see the value of each customer. This is also connected to the increased work on optimization, trying to make each customer as profitable as possible. This BM also reveals an increased focus on digital platforms. This is shown by improved presence in social media, a rebuilt webpage, a striving towards digital payment methods, and Mitt GodEl.

5.4.1 EVENTS DURING THE TREADING WATER PERIOD

Table 5-7 shows the primary events of the Treading Water period categorized into the five MIRP categories (Poole et al., 2000). They are sectioned as follows: People (7 events), Idea (4 events), Context (4 events), Transaction (2), and Outcome (1 event). Table 5-8 shows how the primary and secondary events are linked during this period as well as what BM component/s they generated changes within.

Table 5-7. Primary events during the Treading Water period.

<table>
<thead>
<tr>
<th>Treading Water: 2011-2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>People (P)</td>
</tr>
<tr>
<td>Idea (I)</td>
</tr>
<tr>
<td>Transaction (T)</td>
</tr>
<tr>
<td>Context (C)</td>
</tr>
<tr>
<td>Outcome (O)</td>
</tr>
</tbody>
</table>

62
The *people* events are essential during the Treading Water period. SE literature highlights the importance of people in SEs (Doherty et al., 2014; Svensson 2014). During this period, the number of employees recruited from the outside increased, as did competence within the organization. Before, the essential attribute of an employee was the personality and his or her motivation to achieve GodEl’s vision, competence was not initially important, since everybody can learn as long as they have the right attitude. During this period, the personality is still vital, however the importance of key competence has grown according to several participants. People events are mainly connected to KR.

*Idea* events have increased since this period was a time of ‘reloading’, by optimizing internal processes to achieve profitability. Small, fine-tuning, changes were made continuously that triggered changes in the BM. However, many of the changes were so small that they did not by themselves lead to any large changes, but together they all led towards the goal of increased profitability.

*Contextual* events have become increasingly important while the electricity market has become more developed and competitive, which impact the actors accordingly.

Similar to previous period the *Transactional* events have decreased, and it is not since the partnerships and collaborations are less important, but they are already established. Many of the collaborations have been long lasting since the Creation.

The data insinuates that this period has contained several small changes, however not that much BMI. Whether or not this has to do with the *Outcome* events being few is difficult to say. However, looking back at other periods the number of events are not that different. I see possible connection between random and outcome events.

The Treading Water period is linked to the 4I-Framework by Frankenberger et al. (2015) in a similar fashion to earlier periods. Even though the organization has new focus, new key activities, and an increased amount of strategies and monitoring processes it is difficult for the company to think in the term of BMs and to overcome the current BM logic. The CEO states that she perceives the strategic understanding of the company is rather low throughout the organization. She also experiences a resistance to change among the employees. Some participants point out that “it has gone way too far now, and I am usually the first one to say that I love structure!”

Thus, it seems as if GodEl is experiencing difficulties to accept new BMs, and that it lacks the BM thinking attitude. These hinders are in line with what Frankenberger et al. (2015) identify as challenges in the Ideation phase. This can also be connected to a statement, “it is as if we are missing the phase when we are discussing and planning our ideas… right now it feels like we come up with an idea and then we start integrating it in the business without even pointing out the direction and proved its merits”

### Table 5-8. Primary and secondary events for the Treading Water period.

<table>
<thead>
<tr>
<th>Treading Water: 2011-2014</th>
<th>Primary Events</th>
<th>Secondary Events</th>
<th>Changing BM component(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4.1 (P)</strong></td>
<td>The third CEO took over</td>
<td>4.1.1 Led to new strategy.</td>
<td>KA, VP</td>
</tr>
<tr>
<td><strong>4.2 (P)</strong></td>
<td>Telemarketing is established</td>
<td>4.2.1 It more or less substitute active sales, but it is not as successful as active sales during the Growing period.</td>
<td>CH</td>
</tr>
<tr>
<td><strong>4.3 (I)</strong></td>
<td>Strategy: Create</td>
<td>4.3.1 This changes the focus of the entire</td>
<td>KA</td>
</tr>
</tbody>
</table>
### CHAPTER 5 ANALYSIS

<table>
<thead>
<tr>
<th>Section</th>
<th>Change</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.4 (C)</td>
<td>Profitability</td>
<td>Optimization and organization are key characteristics. The focus on price increased among customers, which was a drawback for GodEl since it is no longer cheapest in the industry. Especially since the amount of offers of dynamic price contracts also have increased among competitors.</td>
</tr>
<tr>
<td>4.5 (T)</td>
<td>Barncancerfonden becomes NGO partner</td>
<td>Helped GodEl spreading its brand to its members.</td>
</tr>
<tr>
<td>4.6 (T)</td>
<td>Two members of the board were elected from the outside for the first time.</td>
<td>The board became more visionary and long-term oriented.</td>
</tr>
<tr>
<td>4.7 (I)</td>
<td>Offers only electricity certified by Bra Miljöval</td>
<td>This facilitated marketing and PR for GodEl, while it also pushed the competitors to become more aware. It also led GodEl to become the most sustainable brand in its industry several times, which created good visibility for the company.</td>
</tr>
<tr>
<td>4.8 (I)</td>
<td>Decided to only retail electricity generated from 100 percent renewable energy</td>
<td>The same as 4.7.1.</td>
</tr>
<tr>
<td>4.9 (I)</td>
<td>Settled invoice was implemented</td>
<td>An offer for the customers that want fixed price. Reaching out to more customers. Increase revenue streams, due to a small fee this service demands of the customer.</td>
</tr>
<tr>
<td>4.10 (C)</td>
<td>Increasing digitalization trends in business environment</td>
<td>GodEl increased its focus on digital presence, by putting much effort in rebuilding its website with a new partner that was particularly taken in to this project, Avantime.</td>
</tr>
<tr>
<td>4.11 (P)</td>
<td>An IT department is established</td>
<td>This has increased the professional touch of GodEl.</td>
</tr>
<tr>
<td>4.12 (P)</td>
<td>Communication competence is recruited from outside</td>
<td>GodEl’s communication with existing customers has improved and have generated many new perspectives and ideas.</td>
</tr>
<tr>
<td>4.13 (P)</td>
<td>A head of business development department is recruited</td>
<td>With one individual managing and monitoring the business development project that are going on within the organization it is a better work flow.</td>
</tr>
<tr>
<td>4.14 (C)</td>
<td>Customer/industry demand: Invoices ought to be easier to understand</td>
<td>GodEl re-designs its invoices for them to suit the customers</td>
</tr>
<tr>
<td>4.15 (C)</td>
<td>Invoices in advance no longer permitted</td>
<td>This type of invoices have for long been advantageous for GodEl this was a drawback. Thus, GodEl initiated active work with digital payment methods, by increasing e-invoices and direct debit.</td>
</tr>
<tr>
<td>4.16 (P)</td>
<td>PR competence is recruited from outside</td>
<td>GodEl’s communication towards potential customers is increased. The PR manager is according to the current CEO a change catalyst.</td>
</tr>
</tbody>
</table>
CHAPTER 5 ANALYSIS

<table>
<thead>
<tr>
<th>4.17 (O)</th>
<th>The most profitable years in GodEl’s history</th>
<th>4.17.1</th>
<th>The goal of creating profitability has been achieved</th>
<th>R$</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.18 (P)</td>
<td>Closing down active sales</td>
<td>4.18.1</td>
<td>The employees can now (finally) fully focus on finding new ways of gaining customers.</td>
<td>CH, CS</td>
</tr>
</tbody>
</table>

GodEl has experienced its two most profitable years in 2013 and 2014, despite the absence of customer growth. The initial goal to optimize internal processes and increase profitability was achieved. GodEl has changed its focus, in order to harvest the existing customers and to increase awareness of activities and projects worth the effort. Many participants recall this period as the time when GodEl became a ‘real’ company, when different departments was initiated. “To a greater extent we now have the right people at the right places”. Thus the employees could focus on their area of expertise.

5.5 TODAY: MARCH 2015

This section is based on the two BMs created by the participating managers of the focus groups held March 19, 2015. The discussion and the dispersed results clearly indicates the lack of a common view of the current BM. It also became evident that the majority of the participants were not initially aligned with what a BM is, which confirms what Klang et al. (2014) write about the confusion of what a BM is. This despite the fact that the participants have managing positions within the company. An example of this is the fact that they were unable to find common ground regarding the core VP. One side thought that GodEl is providing a ‘clear conscience’. The other side was of the opinion that GodEl ‘provides electricity’. The fact that two of the driving individuals on each side are both members of the top management team is somewhat intriguing. A deep divide regarding such a fundamental component of the BM amongst managers raise two questions. What is the perceived VP amongst GodEl employees in non-managing positions? What is the perceived VP amongst GodEl’s customers? According to Micheli et al. (2015) an understanding of the existent BM is crucial in order to be able to continuously innovate it. As Micheli et al. (2015) suggest, GodEl would benefit from a clear definition of its VP. This would facilitate a unified view within the company and provide a baseline for all external communications, “if we cannot agree on what we are offering, how are our customers supposed to understand our message?”. Osterwalder et al. (2014) also highlight the importance of VP of an organization. They mean that sometimes a redesign of the VP is necessary if an organization experiences any of the following points: (1) Has trouble managing true value creation, (2) Feels frustrated by unproductive meetings and teams that are misaligned, and (3) Has put much time and effort on projects that did not deliver as expected. I have found all these points being touched upon in this study, which is why I see the need for GodEl to sit down and thoroughly think through its VP is evident. The VP should be intimately connected to the company’s CS in order to deliver the best possible value at the smallest possible cost. This is especially important since there is an ongoing work regarding CS. The founder’s wife is working pro bono with how to target the new CS and decide upon what VP that suit each segment.

It is inevitable not to see the similarities to the organizational life cycle (Miller & Friesen, 1984). In this period I identify the company to be in the end of its Maturity phase, facing the crossroad of two future paths, Renewal or Decline, as can be seen in Figure 5-5. This study shows that the company is determined to aim for Renewal, however it will require effort.
CHAPTER 5 ANALYSIS

If the company is not able to grow its customer base or make a radical change of fundamental importance, it will not reach its long-term goal. Therein I see the need for the company to thoroughly think through its future and to work more actively with its BM in order to lay the foundation of successful BMI, that can help creating competitive advantage.

5.6 FUTURE: APRIL 2015 -

Everybody agree that changes need to happen at GodEl, and some changes are already planned for. A new CEO will soon take over with the task of recapturing the customer growth. GodEl will also implement Kundo, a new tool for customer interaction and/or service during the summer of 2015 to improve the ability to interact with customers. This tool is thought to better align with the digital direction GodEl is aiming for.
CHAPTER 5 ANALYSIS

Figure 5-6. Possible BM for Future period, April 2015 and forward. The bold text illustrates what possibly will be added since previous BM.

Since the CS is under development the future VP is difficult to state at this point. It is hence hard to get a complete view of the future BM, due to the fact that the VP is the heart of the BMC. By working more actively with CS, it will force GodEl to thoroughly think through its entire BM. It is for example important to tailor CH and VP to meet the expectations of the CS.

5.6.1 POSSIBLE EVENTS IN THE FUTURE PERIOD

Time will tell what the future holds but I can foresee some events based on the information provided by this study. Everybody agrees on the need for organizational change and that a great responsibility lies on the new CEO.

Table 5-9. Possible primary events of the Future period.

<table>
<thead>
<tr>
<th>People (P)</th>
<th>Future: April 2015 -</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idea (I)</td>
<td>5.2</td>
</tr>
<tr>
<td>Transaction (T)</td>
<td>5.1 5.3 5.4 5.5 5.8 5.9</td>
</tr>
<tr>
<td>Context (C)</td>
<td>5.6</td>
</tr>
<tr>
<td>Outcome (O)</td>
<td></td>
</tr>
</tbody>
</table>

I conclude from Table 5-9 that the majority of events are ideas, which is reasonable since several strategic choices are about to happen as well as need to happen. In Table 5-10 I present the primary and secondary event participants have elaborated upon in this study.
### Table 5-10. Possible primary and secondary events during the Future period.

<table>
<thead>
<tr>
<th>Primary Events</th>
<th>Secondary Events</th>
<th>Changing BM component(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 (I)</td>
<td>Implementing KUNDO as a new tool for customer interaction/customer service</td>
<td>5.1.1 Triggering customer interaction and customer orientation. An increased dialogue between customers and GodEl might turn the customers into consultants/ambassadeurs.</td>
</tr>
<tr>
<td>5.2 (P)</td>
<td>The fourth CEO takes over (the third CEO quits at GodEl, but will stay in the board)</td>
<td>5.2.1 New management style – this person has a key role for GodEl’s future.</td>
</tr>
<tr>
<td>5.3 (I)</td>
<td>Vision: Customer growth and organizational change</td>
<td>5.3.1 Increased focus on KPI and monitoring</td>
</tr>
<tr>
<td>5.4 (I)</td>
<td>Deciding upon VP for each customer segment</td>
<td>5.4.1 In order for the customer segment implementation at all will be worth it.</td>
</tr>
<tr>
<td>5.5 (I)</td>
<td>Implementation of customer segments</td>
<td>5.5.1 Better, and targeted, communication/PR with existing customers that can increase customer loyalty.</td>
</tr>
<tr>
<td>5.6 (C)</td>
<td>The supplier centric model is/is not established</td>
<td>5.6.1 This would be a ideal for GodEl and the other small electricity retailers. The customers that move between two facilities are no longer an automatic outflow of customers. GodEl’s customer service needs to be extended with more employees and they need to learn new information/GodEl needs to change, since nothing else is changing in the surroundings.</td>
</tr>
<tr>
<td>5.7 (P)</td>
<td>Telemarketing is reduced/increased</td>
<td>5.7.1 Full focus on customer ambassadeurs and partnerships might increase profitability/Segmented calling lists might turn out as winning concept, thus telemarketing might increase its profitability.</td>
</tr>
<tr>
<td>5.8 (I)</td>
<td>Increased work with KPI, where all departments are included on better terms</td>
<td>5.8.1 Easier to measure and find efficiency in business activities in order to detect outcomes.</td>
</tr>
<tr>
<td>5.9 (I)</td>
<td>Increased effort on PR and marketing according to the customer segments</td>
<td>5.9.1 Increased visibility in the right places that makes people talk about GodEl. It can also increase customer inflow/loyalty.</td>
</tr>
</tbody>
</table>

Chesbrough (2010) states that BMI often occurs when a previously successful BM is dropping revenues. Even though the profitability was at its most during 2013 and 2014 it should not be taken for granted that the next years will continue along the same pattern. Right now the customer base is on a constant level at around 100,000 customers. In order to achieve GodEl’s long-term goal of 500,000 customers and an annual donation of 100
million SEK to charity will require drastic change. Taking all the previous periods into account, what happens in the close future is crucial for the company’s further direction.

## 5.7 DISCUSSION

Table 5-11 sums up the different periods for each BM I have identified throughout GodEl’s timeline and their characteristics. Despite GodEl’s dual focus, an overall similarity can be seen between GodEl’s development over time and the organizational lifecycle as can be seen in Figure 5-5 (Miller & Friesen, 1984).

Table 5-11. Summary of the time periods of GodEl’s organizational development.

<table>
<thead>
<tr>
<th>Period</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation</td>
<td>The founder (CEO 1) essential, establishing partnerships, strong vision, testing, initial BM design, establishing business concept, keep the business simple, informal, finding sales channel</td>
</tr>
<tr>
<td>Growing</td>
<td>The founder (CEO 1) still essential, steady customer growth, sales focus, scaling up, informal, strong organizational culture, people stayed late working</td>
</tr>
<tr>
<td>Challenge</td>
<td>CEO 2 takes over, the founder leaves GodEl, stagnating customer growth, BM did no longer perform as it used to, split focus, tried to keep up the active sales channel, increased competition</td>
</tr>
<tr>
<td>Treading Water</td>
<td>CEO 3 takes over, active sales is shut down, mature customer growth, focus on profitability, internal processes, structure, efficiency, administration, bureaucracy, focus on customer growth, more formal communication</td>
</tr>
<tr>
<td>Today and Future</td>
<td>CEO 4 takes over, revival of customer growth, measurements, partnerships, customer ambassadors, organizational change, customer segments</td>
</tr>
</tbody>
</table>

BMI at GodEl between its establishment and present day has been achieved by small incremental changes in the BM components one step at a time, as a continuous process of trial-and-error. Thus no radical changes have been made. Sosna et al. (2010) state similar results, explaining BMI process as “an initial experiment followed by constant revision, adaptation, and fine tuning based on trial-and-error learning” (p. 384). The ‘fine tuning’ goes in line with the statement “… we changed some small things and then we said ‘well, now we have changed this, let’s try it for three months and see how it goes’ and this kept on going for several years! No differences could be seen of course, since the changes were too small. …”

Sosna et al. (2010) investigated how an organization’s BM changed over five years and identified four stages: (1) Exploration – initial BM design and testing, (2) Exploration – BM development, (3) Exploitation – Scaling up the refined BM, and (4) Exploitation and further explanation – sustaining growth through organizational-wide-learning. Linking these stages to the GodEl case some similarities can be found. Stage 1 and Stage 2 is much similar to the Creation period of GodEl. The founder, or the owner-manager as Sosna et al. (2010) writes, had a great importance for GodEl’s first BM and for the learning process of the organization. He influenced GodEl deeply, “he is our key resource, he *is* GodEl”, as one of the participants in one of the focus groups stated. Stage 3 would be the Growth period, where the BM was milked for profit maximization. Stage 4 would be the Challenge and Treading Water periods where profitability has been sustained through organizational learning and leaner practices.

Ever since the beginning the company has been driven by a strong vision. This is in line with SE literature, stating that the social mission of a SE is the core of the organization and
The sole reason it exists (Doherty et al., 2014; Battilana et al., 2012; Battilana & Lee, 2014; Haigh & Hoffman, 2014). The idea of creating a SE was born after the founder had an unpleasant experience that made him feel bad. He wished to create a positive social impact in his future career. Due to his skills in entrepreneurship he chose to start up businesses in order to create social value. This agrees with what Sosna et al. (2010) state, that during the initial BM design the prior knowledge and experiences of the founder influence the strategic choices as well as the initial BM. They especially argue that during the initial design and testing of the BM the combination of the founder’s emotional and psychological nature as well as his previous cognitive experiences is essential. In the case of GodEl it is shown that the founder has been the driving factor of the BMI process during the years he was the CEO. It can further be stated that the Creation and Growing period contained more BMI, compared to the other periods. This is in line with the findings by Waldner et al. (2015) arguing that the most BMI occurs in the beginning of an organization’s life cycle. Waldner et al. (2015) further argue that competitive pressure in an industry discourages BMI. Even though this might be true in the case of GodEl, it needs to be considered that it is a SE and that there might be other reasons that discourage BMI. It has become known that GodEl is not willing to take risks since it is more sensitive to financial losses due to its dual mission. When making the wrong, expensive, decisions it is like spending ‘someone else’s’ money and such actions might hurt the GodEl brand. This risk aversion for SEs is confirmed by earlier research (Wilson & Post, 2011; Doherty et al., 2014; Battilana et al., 2012).

Leih et al. (2005) point out that BMI is usually performed by the top management of an organization. This is partly true in the case of GodEl. Naturally, each of the CEOs have influenced the BMI process at GodEl by being key responsible for all strategic choices of the company. However, the participants point out that GodEl has a top-down and bottom-up communication, where everybody has the opportunity to try out new ideas and be part of the decision-making. During the last couple of years GodEl has become more focused on strategy and structure, while it at the same time strives towards an increased participation among the employees in the decision-making. This has led to the consequence that fewer employees understand the strategic choices, while they are asked to take a greater part in the decision-making. As the confusion of the strategic choices of the company has increased among the employees the current CEO experiences a low strategic understanding within the organization as well as a low propensity to change. Thus, the CEO and the organization seem to share the same perception but from different point of views. This, in turn, creates a weak foundation for understanding the company’s BM, which is crucial for developing successful BMI (Micheli et al., 2015; Klang et al., 2015; Zott et al., 2011). Except from a common understanding of the BM, several researchers underline the importance of openness for change in an organization when performing BMI (Chesbrough, 2010; Leih et al., 2015; Micheli et al., 2015). Leih et al. (2015) state that unwillingness of change might depend on several factors, such as lack of knowledge or understanding, feeling no need to change, or bad leadership (Leih et al., 2015). Hence it can be linked back to the lack of a strategic understanding among the employees as well not feeling the need to change. It may also get the consequence that the employees lose the motivation for innovation, since they do not understand what the company is doing. This can be seen as unfortunate, since Cavalcante (2014) underlines that employees may facilitate the BMI process if they are able to play an important role in innovation activities. He further states that the management can enable such participation by acting as change agents in order to engage the employees to take part of the BMI process. The managers should also be aware of that they are often described as key actors when stimulating the risk-taking within an organization, which thus lays the
ground for the initiatives of BMI (Micheli et al., 2015). In GodEl, the risk aversion has been large from the beginning and it has grown into the DNA of the company by the influences of the founder and initial key players. The majority of the participants in this study highlights the cowardliness of the company and would like to see more risk-taking initiatives. Micheli et al. (2015) mean that when managers stimulate risk-taking and openness for change, this encourages the employees to more willingly share their ideas and contribute to the BMI process.

During the first two periods GodEl was mainly driven by its vision and entrepreneurial spirit rather than established business strategies. Moreover, it was a time when the establishment of partnerships and collaborations and their belief in the idea of GodEl was essential for the company. Austin et al. (2006) state similarly that SEs often aim for success “Through building a powerful network of key staff and supporters convinced of the value of the mission and the organization’s capacity on deliver on it” (p. 12). This also corresponds with Yunus et a. (2010), who highlight the importance of having established suitable partnerships in order to be successful and to develop the business and sometimes to perform some of the key activities. GodEl has for instance utilized its partnerships for knowledge transfer, customer acquisition, and marketing issues. Therefore GodEl has used its vision and its engagement when convincing potential partners to come onboard. GodEl has been given access to resources that it otherwise would not have had, as GodEl is a SE and cannot risk someone else’s money. Due to the fact that GodEl is a SE it has not been possible to pay much money to join collaboration with partners.

Even though GodEl is a small electricity retailer it has impacted its industry concerning social improvements and environmental responsibility, customer satisfaction, and convenience. GodEl came up with a new sales technique and a new way of simplifying the process of switching electricity retailer by introducing the POA. GodEl also made an early decision of offering electricity certified by Bra Miljöval, it was followed by the decision to only offer certified electricity. This is the toughest certification in the industry and it is a message to all others that GodEl is positioned in the forefront. This agrees with what Wilson and Post (2011) found, that SEs push the traditional actors on the market to change their activities and approaches. The SE concept was not well known in Sweden when GodEl was established, which created suspicion amongst people; it was too good to be true. Due to GodEl’s strong vision and that the employees reacted to the suspicion by becoming even stronger, further convinced that is was possible to succeed. It created a strong corporate culture. Many employees believe that the founder, the vision and the strong corporate culture have been the key parameters to GodEl’s success. However, the majority of the participants in this study communicate their frustration of GodEl being too cautious. Some of them mean that instead of being hampered by not taking risks they might instead be encouraged to take risks since they are always acting out of the greater good, even though the action would fail. Then at least they have tried to do something good. They argue that sometimes it is needed to gamble a little to get what you want. The collected data shows that cautious risk-taking at GodEl inhibits the possibility for the company to develop and perform BMI. It is holding GodEl back from moving forward. Micheli et al. (2015) describe the managers in an organization as key actors when stimulating the risk-taking within an organization, and thus laying the ground for BMI. In GodEl’s case the risk-taking is obviously a weak spot, and it seems to originate from the top management. This links back to the importance of the founder.
It would seem like GodEl needs to have a clearer direction with distinct milestones. Having that will make it easier to follow up on the action taken in order to reach the goals and it will also be easier to detect when not moving in the right direction. The honesty and transparency vows GodEl has taken have been guiding the employees when negotiating and making decisions. Haigh and Hoffman (2014) argue that the openness and transparency are two characteristics of a SE. I believe that a similar devotion to a clearer direction for the company is important in order for many things to happen, such as rapid decision-making, organizational changes, as well as fulfilling both short- and long-term goals. In order to reach 500,000 customers, which is the original long-term goal stated by the founder, a deep determination is needed throughout the company to reach that specific goal. However, it is important to implement milestone goals, since the employees need to feel that the company is moving along the right course.

Going through the collected data it can be seen that GodEl is not fully agreeing nor understanding its current BM. According to Micheli et al. (2015) an understanding of the existent BM is crucial in order to be able to innovate it. Furthermore, it can be stated that GodEl is presently experiencing itself in a crossroad. For several years the company has been chasing profitability and optimized internal processes in order to lay the foundation to start growing again. The present retail electricity market is highly competitive and all ERs are fighting to retain their customers, as well as gaining new ones. Thus, it creates challenges for a SE like GodEl, not being willing to take unnecessary risks, nor spending money on marketing to create visibility. BMI can help a company gain competitive advantage, since the innovation is within the entire business system, and not only within the products or processes (Teece, 2010; Waldner et al., 2015; Zott et al., 2011; Spieth et al., 2014). Thus, this study shows that GodEl should work actively with BMI.

Application of teleological process theory on the case of GodEl reveals an alignment between the teleological process and the BMI process at GodEl. Teleological process theory could hence provide an understanding of the BMI process on a micro level. This can be worth considering for further research, which can go beyond the description of each phase of BMI to reveal the main events that trigger BMI. The GodEl case shows, for example, that during the creation and the beginning of the company’s existence transactional events are vital for the company in order to establish prosperous partnerships.

### 5.7.1 CONNECTION BETWEEN EVENTS AND BM COMPONENTS

Figure 5-7 provides a summary of how the different event categories have evolved throughout the BMI process at GodEl between 2001 and 2015. The future period is not included. Transactional events had an initial high frequency and have been in steady decline throughout the periods. However, the current planning for the future period of GodEl indicates a rise in transactional events over the next couple of years. This since the two main focus areas for gaining customers at GodEl will in the future be via partnerships and customer ambassadors that are both linked to transactional events. If this goes as planned it will most likely change the declining trend. A high initial number of transactional events are in line with Frankenberger et al. (2013) first phase in the 4I-Framework. Yunus et al. (2010) also highlight the importance of collaborative partnerships when building BMs in SEs, which confirms the findings of this study. The transactional events are strongly linked to
trigger changes in the KP component of the BM, which is not surprising since both the transactional events and the KP are focusing on interaction between individuals, organizations, or other entities (Van de Ven et al., 2000; Osterwalder & Pigneur, 2010).

![Diagram of BM components](image.png)

Figure 5-7. Development over time of the event categories that triggered changes in the BM at GodEl between 2001 and 2015. To the right the BM components wherein the events caused most changes can be seen.

**People** events have shown a steady incline upward throughout time. This might be linked to the level of education and developments of competences within the organization. GodEl has employed an increased amount of individuals with key competences over the last couple of years, which impacts the people events on the model by Poole et al. (2000). These persons hold key positions linked to the BMI process. A rising level of people events indicates that GodEl’s capability of BMI follow the same curve. The BM block where I find the most people events is KR.

The **idea** events had a high initial level where after it declined, followed by an incline. This might be explained by the fact that GodEl had to establish the entire business, hence making several decisions regarding BM. The role and ideas of the founder had a central role in the BMI process as described by Sosna et al. (2010) and Doherty et al. (2014). The fact that the once successful BM did not longer perform as it used to combined with the founder deciding to leave the position as CEO lead to a decline of idea events. The level of idea events remained low through the challenge period and has recently been revitalized due to the injection of new blood in managing positions. Idea events are most frequent in VP, KA, and CR blocks of the BM.

**Contextual** events have shown a steady incline throughout time. Due to the fact that the electricity market was underdeveloped at the time of GodEl’s birth. The pressure from the market has increased as GodEl’s competitors have adopted and exploited the market. Contextual events are most frequent in R$ and C$ in the BM. These events have been external changes on the market that in turn have influenced the money flow in the company.

**Outcome** events have been present since the start at a steady level. Repeated cycles of trial-and-error have resulted in positive and negative outcome events. Frankenberger et al. (2013)
CHAPTER 5 ANALYSIS

state that trial-and-error learning pays off. Sosna et al. (2010) concurs and underlines the importance of trial-and-error as a tool to explore the BMI process. Outcome events are most frequent in CS and R$ components in the BM.

Some event categories in Figure 5-7 have clearer connections to BM components than others. However, the CS component did not have any vivid association to either of the events. The reason for this is that GodEl has not actively been working with customer segments throughout the years. It is not until present time that customer segments are prioritized to be implemented in the BM. Since different customer segments require different value (Osterwalder & Pigneur, 2010) this will most likely affect the entire BM of the future.

5.7.2 USABILITY OF BMC IN SEs

This study has used the BMC as a tool to express the BM at GodEl. After having conducted this study I think it is relevant to reflect on the usability of the BMC in the context of SEs. Osterwalder and Pigneur (2010) argue that the BMC includes all important elements of a business. They also argue the flexibility and adaptability of BMC to various business forms, including SEs. However, I have encountered some aspects missing. First of all, it lacks the focus of the main element in SEs, the social mission. As earlier studies have pointed out, the social mission is integrated within the entire value chain of a SE, and that it creates the DNA of the enterprise (Austin et al., 2006; Wilson & Post, 2011; Battilana et al., 2014; Doherty et al., 2014; Haigh & Hoffman, 2014; Lumpkin et al., 2013). Similar to these studies I am of the opinion that the social mission should be the integrating driver of the BM. Osterwalder and Pigneur (2010) argue that the BMC can be extended with two blocks to become a triple bottom line BM: (1) Social and Environmental costs of the BM (negative impact), and (2) Social and Environmental benefits of the BM (positive impact). However, I am of the opinion that it is difficult to classify, and especially to measure, the costs and benefits of social and environmental impacts. Yunus et al. (2010), argue that the triple bottom line model is mainly addressing CSR in for-profits and highlight the difficulty of reconciliation between profit maximization and social objectives, “reconciling shareholder value maximization with social objectives is clearly problematic … despite CSR advocates proposing a ‘triple bottom line’, only one ultimately matters in the capitalist system” (p. 209). Instead of highlighting the social value as separate components I would like to see it integrated in all components, since everything is linked together and impact each other. The dual focus on social and business activities is unique for SEs, which is why it is important to lift it in the BM. When integrating both objectives in the BM I believe that it helps the company to sustain the dual focus and to prevent mission drift.

Second, I miss the legal, or governance, aspect in the BMC. Due to the existing variation of SE definitions and different legal structures that exist throughout different countries I see this as an essential component of a SE BM. In GodEl’s case the company is owned by a foundation, which means that GodEl needs to follow certain rules or agreements established by the foundation. This limits GodEl to make certain decisions, such as spending, investing, or donating money on specific issues or objectives, even though the overarching aim is to create social value. Lee (2015) is of the similar opinion stating, “The decision of the legal structure may affect the choice of governance structure. Choosing the right legal structure for a social enterprise is an important decision, as it will have long-term consequences and it can be difficult and expensive to change the legal structure at a later stage” (p. 289). Austin
et al. (2006) further argue that the macro economy, the tax, as well as the regulatory and the sociopolitical environment are all important to BMs in SEs.

Third, this study has shown that partnerships have been essential for GodEl during its creation, which agrees with earlier literature on SEs. Several collaborations generate knowledge and pro bono services to GodEl, which do not show in the BMC. I would like to add how and for whom the partnerships are creating value. Due to this I see usability of the SVP framework by Austin et al. (2006). They argue that the SVP framework facilitates to conceptualize collaborations with other organizations, “by being closely attuned to the context in which the venture operates, a social entrepreneur can identify how best to mobilize resources of whether that value is generated from within or outside the organization’s boundaries” (Austin et al., 2006, p. 18).

The BMC is a pedagogic tool that shows the business activities in a clear way. However, my opinion is that the BMC is not sufficient to explain SEs in its current state. I see the need to further explore the connection between SEs and BMs in order to develop a framework that better facilitates and illustrates the BMI process in SEs. According to the missing aspects I view the potential of the two-level six components in the SE BM by Lee (2015). Even though this BM has neither been empirically explored nor deeper established I see the possibility of using this as a tool of viewing BMs in SEs. It also seems possible to explore the dynamics between its components, hence the BMI process. Another tool for BMI that I would like to mention is the artifact for the design of BM change by Cavalcante (2014), see Figure 2-3. I sense the usability of this framework in order to better illustrate and manage the dynamics of the BMI process. Cavalcante (2014) argues tat BMI occurs when ideas are being implemented that affect the core processes of an organization. GodEl has not made any radical BMI throughout history and it is now standing before a crossroad of importance where strategic choices are vital for the company’s future. Since the employees are ‘taught’ not to perform any radical BMI it will take courage and effort in order to make changes happen. Therefore I see the usability of Cavalcante’s (2014) framework of designing BM change, in order to better handle the dynamics of the BM during BMI process.

5.7.3 IS GODEL REALLY A SE?

The SE literature presents various definitions of SEs. In this study the SE definition by Thompson and Doherty (2006) is used as ‘an organization that seek business solutions to social problems’. Linking this to GodEl, this is in line with what the company does. However, by itself this definition may seem vague. Therefore, Thompson and Doherty (2006) have formed six criteria for SEs. These criteria can be seen in Table 3-1 together with the arguments how GodEl meets each of them.

Battilana et al. (2014) write about two types of SEs: Integrated and Differentiated. GodEl is closest categorized as a differentiated SE, since it separates the social and commercial activities from each other. It generates economic value by selling electricity to its customers and then it donates the profit to help its collaborating NGOs to create social value. Thus the NGOs are not the initial beneficiaries of the organization. A question then rises: How large percentage of the organization’s profit needs to be donated in order for it to be a SE? GodEl is donating 75 percent of its profit to charity. The remaining 25 percent of the profit is reinvested in the company to assure a long-term sustainability. If, for some reason, GodEl would need to quit its business, the reinvested money would be donated to charity as well. Thus you may argue that the company is a SE since it shows a primary commitment towards
CHAPTER 5 ANALYSIS

its social mission. However, what would happen if GodEl were about to donate 50 percent or less of its profit to charity, would it still be a SE? Perhaps not, but what if a higher investment rate meant a greater payback over time? For example, if an investment rate of 50 percent meant a 100 percent increase in revenue the donated 50 percent would obviously be more than the 75 percent donated at the current turnover. Which scenario is most true to the social mission? One involves a greater risk but has a greater pay off. As can be seen it is hard to judge who is a social enterprise and who is not and to judge the merit of the strategies at play.

It is important for GodEl to be transparent and open about its business activities to its customers, but also to other actors and industries. High levels of transparency is one characteristic of SEs according to Haigh and Hoffman (2014). GodEl strives to spread the message of the advantages of BMs based on that everybody is able to contribute to a better world by living an ordinary life. The idea is to utilize products and services that majority of the people consume in everyday use, and to combine that with NGO collaborations that address social issues. By doing so the mass of people help creating social value simply by ‘living an ordinary life’ without any added cost.

GodEl has lower salaries than industry standard in order to keep low costs. This goes in line with the research by Doherty et al. (2014) and Austin et al. (2006). More, the employees at GodEl do not have bonuses or specific employee benefits associated with money. However, GodEl is in collaboration with Mercuri that provides GodEl’s employees with free training programs whenever they want. It is a beneficial agreement for GodEl, since it helps increase the well-being of the employees and their personal development as well as motivation. Austin et al. (2006) state that SEs often rely upon volunteers to perform key functions as board members or providing professional services. In the GodEl case the board members are working voluntarily. Other examples of volunteering in GodEl is the wife of the founder who currently helps GodEl pro bono with the implementation of the customer segmentation due to her key competence in this area of expertise, or the lawyer firm Vinge who is ready to help GodEl pro bono if needed. Lars Åberg who designed the GodEl logotype and participated in GodEl’s TV commercials without compensation – he has also helped making the logotype for the other GoodCause enterprises as well.

One of the participants highlighted that even though an organization such as Postkodlotteriet is able to donate enormous amounts of money to charity it is only doing it since it is forced to. In order for Postkodlotteriet to be allowed to exist it needs to donate certain percentages of the money to charity objectives. In GodEl’s case it is different. GodEl exists solely to donate money to charity.

Some might argue that GodEl is not a SE by definition as GodEl does not generate direct social value. Others argue that there is no such demand in order to be a SE. A SE could create social value both direct and indirect. Battilana and Lee (2014) have named the category businesses indirect social value differentiated SEs. In GodEl’s case it donates its profit to certain NGOs to let them create the social value. When GodEl was created its BM was new. Connections between for-profits and non-profits were seldom made in the business environment at the time. However, this has changed throughout the past decade and GodEl’s lifetime. Today several of GodEl’s competitors are retailing renewable electricity certified by Bra Miljöval and several of them are also involved in collaborations with the aim to create social or environmental value. The trend of being environmental friendly has taken
over the electricity market. GodEl was in the beginning a driving actor of changing the electricity market, but today it is no longer using its full potential of utilizing its unique drive for creating social value. Thus, one might wonder what the next step of GodEl is. Even though none of the competitors are donating the majority of their profit to charity or is driven only by the social mission they have in several aspects caught up with GodEl.

5.7.4 REFLECTIONS ON TRANSFERABILITY

I have identified main events that have triggered changes in GodEl’s BM, and I have summarized how these events have developed over time, Figure 5-7. However, since this study is based on one single organization, this model needs to be further studied and verified in other contexts before drawing any general conclusions. Cavalcante (2014) highlights that all organizations are unique with “complex constructed systems” (p. 8) and that there is no single optimal BM design. He further points out that the central components and repeated core processes vary between organizations and depend on the business activity and on how each organization is doing business in its specific context. The findings of this study are confirmed by SE literature, but many of the findings are not unique to SEs. The differentiated SE has a clear business focus, which means that many attributes are shared with for-profit companies. Hence many traditional business logics apply. As seen in Figure 5-5 GodEl’s life cycle aligns with the firm development life cycle of for-profits. This should be verified on other SEs in order to draw general conclusions.

Globalization has led to increased business competition, which in turn has led to an increased attention of BMI as a tool to create and/or sustain competitive advantage. The performance of an organization is the result of its BM, which is why it is vital to develop the BM when it has reached obsolescence. Since BMI can be a key process in all industries it is relevant to understand BMI in order to manage it successfully and achieve a good result.
6 CONCLUSIONS

The purpose of my study has been to explore how BMI unfolds over time at GodEl. This has been done by: (1) looking at how the BM components have changed over time from the establishment of the firm until present, and (2) identifying main events that have triggered these changes. By fulfilling this purpose I complement contemporary literature regarding the BMI process in SEs.

This retrospective single case study has shed light on this matter in various ways. The value of my insights lies in the application of the process perspective of BMI. It can be concluded that BMI at GodEl between its establishment and present has been achieved by small incremental changes in the BM components one step at a time. It has been a continuous process of trial-and-error, which has been validated by Frankenberger et al. (2013) and Sosna et al. (2010) as a usable BMI process. The iterative nature of trial-and-error corresponds to the process perspective and exhibits a phase behavior as described by Frankenberger et al. (2013).

The study has shown that GodEl lacks a well-defined BMI process, which could be attributed to the low awareness of the BM. Findings show that the company has utilized a point and shoot mentality without deeper analysis during its growth phase. With the model created by Frankenberger et al. (2013) as reference we can see that GodEl tend to skip or simplify the Ideation phase. The other phases (Initiation, Integration, and Implementation) are well aligned with the BMI practices at GodEl.

This study shows that the BMC lacks some aspects when using it in SEs. It lacks a clear way of describing the social value, which is a central part of SEs. Given this, I suggest taking into consideration the characteristics that make SEs unique by making the social mission as an integrated driver of the BM. It further lacks the legal/governance structure, which is important for SEs since it can have an impact on their future direction.

This study has revealed a similar pattern of company development as for-profits despite being a SE, shown in Figure 5-5. It has shown innovativeness in the beginning during a period of growth. Which has slowed down as the pressure from the market has increased, which is in line with the findings of Waldner et al. (2015).

The risk of mission drift seems to be smaller when profit maximization and social value creation is achieved through the same mechanism. I could argue that differentiated SEs have mitigated the risk of mission drift through their business design. However, the risk aversion of spending money remains, which in turn might disorient the business from acting in new directions of social value creation. Similar to earlier studies on SEs this study can conclude that risk aversion is one hampering factor for the enterprise to be able to develop its business and to test new opportunities. Since the case company is aiming for high profit in order to donate it to charity it is associated negatively to risk that money on something that go bad.

6.1 MANAGERIAL IMPLICATIONS

The implications of this study are relevant for the managers at GodEl and other enterprises owned by the GoodCause foundation as well as managers who are about to innovate their BMs in a SE context. The life cycle model in Figure 5-5 indicates that the immediate future is vital for GodEl’s direction. Staying the course could lead to a decline at this point. Hence
BMI is the key to renewal. GodEl currently lacks a well-defined BM, which is reflected on the organization and customers. The employees are confused by the lack of focus, which is crucial in order to manage BMI successfully. Thus, the company should make an implementation plan of how to best integrate the BM in the organization, so that an overall understanding can be reached. In turn this will lead to a clearer message towards stakeholders and customers.

The current absence of a functioning sales channel has started a decline in profit as indicated at the crossroads in Figure 5-5. This means that GodEl has to find a different way to gain and maintain customers. Increased marketing could be a viable option to sustain the company until a new channel is found or developed. An increased visibility is crucial to GodEl in order to gain new customers. It seems as if the risk aversion in the company is hampering a prosperous BMI. It might be worth considering that GodEl have more rights than ‘regular’ companies to make investments in actions for higher purposes.

### 6.2 LIMITATIONS AND FUTURE RESEARCH

Despite my attempt to develop a thorough study, I can acknowledge following limitations to this study. First, there is a limited amount of literature regarding BMs and BMI in SEs. Hence, the possibilities to find support in earlier studies and literature have therefore been limited. Second, the BMC that is being used as a BM tool in this study lacks applicability to the context of SEs, which may have hampered the research process as well as the findings. Third, the findings of this study are based on one single case. Even though some findings might be transferrable and open for further research in other SEs or context, the findings from this study are not enough in order to make findings generalizable. Future research on BMs in SEs should seek to overcome these limitations. The reader should also be aware of the fact that I have been employed at GodEl before the initiation of this study, which could color my reasoning. It should also be mentioned that this connection has provided a unique opportunity of direct access to all levels of the organization, which other studies might lack.

BMI has gained increased attention, and some researchers argue that it will become the key tool of creating competitive advantage in the future (Casadesus-Masanell & Ricart, 2011). However, much is yet to know about the BMI process. It would be interesting to further explore the BMI process in successful and unsuccessful companies. One outcome of this study is a pattern of events that have triggered changes in the BM components over time. No clear connection can be seen to SEs in specific. Linking this to the similarities between GodEl and the firm development life cycle it might be worth considering if there are other similarities between SEs and other business forms as well.

This study has shown missing aspects in the BMC in the context of SEs. Further research is needed in order to better identify missing aspects and dynamics to modify the BMC to be more adaptable to SEs. More, having reviewed the SE literature to meet these missing aspects I have seen potential for the SE BM designed by Lee (2015), two-level six components. Hence it would be interesting to further investigate and empirically study the usability of his BM in SEs.

The case of BMI at GodEl has shown similarities with teleological process theory. I would hence recommend researching this relationship further in order to cement this connection between BMI and the teleological process theory. Teleological process theory could be used
CHAPTER 6 CONCLUSIONS

to gain a micro level understanding of the BMI process if this connection could be generalized.

In order to see further connections more research is needed. For instance it would be interesting to see how SEs and for-profits differ in their BMI process, and also if it differs in various geographical locations.
REFERENCES


Euchner, J., & Ganguly, A. (2014, November-December). Business Model Innovation in Practice: A systematic approach to business model innovation can help capture value


APPENDIX 1: Interview Guide

Hur länge har du arbetat på GodEl?
Kan du berätta lite om din nuvarande roll och vad den innebär?
Har du haft andra roller innan det? Vilka?
Berätta lite om din tid på företaget och hur det har förändrats.
  - Svagheter/styrkor
  - Strategiska beslut
  - Förändringar
  - GodEls huvudsyfte
  - Företagsstruktur
  - Signifikanta händelser som du kommer ihåg? Varför?
Hur har din avdelning/position sett ut historiskt sett?
  - Utvecklats över tid
  - Utmaningar/möjligheter
Hur tycker du att helhetsförståelsen för organisationen ser ut?
Hur anser du att GodEl arbetar med förändringar inom företaget?
Vad skulle du säga är GodEls nyckelresurs?
Berätta hur du ser på GodEls framtid?
  - Vad beror det på?

Founder only:
Kan du berätta lite om hur GodEl grundades och historien bakom detta?
  - Utmaningar
  - Möjligheter
  - Vem/vad gjorde det möjligt?
Varför just el?
Hur initierades partnerskapen i början?
Hur kom du på affärsidén?
Sandra Olofsson is a master student at Halmstad University following the master program in Management of Innovation and Business Development. She received a Bachelor Degree in Mathematics from Uppsala University (Uppsala, Sweden) in 2013.