



Journey and impact of business model innovation: The case of a social enterprise in the Scandinavian electricity retail market

Sandra Olofsson, Maya Hoveskog*, Fawzi Halila

School of Business, Engineering and Science, Halmstad University, Kristian IV:s Väg 3, 301 18 Halmstad, Sweden



ARTICLE INFO

Article history:

Received 30 September 2016

Received in revised form

10 October 2017

Accepted 11 November 2017

Available online 11 November 2017

Keywords:

Business model innovation

Sustainability

Process

Social enterprise

Electricity retail market

ABSTRACT

Organizations, such as social enterprises, engage in business model innovation when they wish to create, deliver, and capture value for their various stakeholders in ways that effect positive environmental and social change. Despite the increasing research attention paid to social enterprises, the literature on business model innovation in this context is still scarce. Therefore, the purpose of this paper is to explore business model innovation driven by sustainability issues at a social enterprise operating in the Scandinavian electricity retail market. A single case study research approach is taken, and data are collected from sixteen individual interviews and two focus groups with executives, managers, and directors. The study contributes to business model innovation as an organizational change process as well as an outcome of this process. The findings show that business model innovation over time at social enterprises reflects a shift in focus from novelty, via lock-in of customers, to efficiency in internal management routines. Additionally, the study concludes that social enterprises with innovative business models driven by sustainability issues can introduce novel practices that lead to changes in the dominant business model of their industry. The study also suggests how social entrepreneurs might innovate their business models as they focus on environmental and social sustainability.

© 2017 Elsevier Ltd. All rights reserved.

1. Introduction

Companies of various ages and sizes, in various industries and geographic locations, are increasingly changing their business logic in an effort to become providers of goods and services that reflect a commitment to environmental and social sustainability as well as economic viability (Zollo et al., 2013). This change means that many companies will need to create new business models (BM) using business model innovation (BMI).

Researchers frequently examine BMs and BMI (Chesbrough, 2010; Lambert and Davidson, 2013; Spieth et al., 2014). A BM presents an organization's operational plans, its revenue sources, its customers, and its products (Margretta, 2002). Traditionally, the BM concept, which is multifaceted at the systems level, takes a comprehensive approach in its description of how companies strive to be profitable. Every BM consists of a number of interrelated building blocks that form different configurations that can be used to evaluate change choices (Teece, 2010).

BMI refers to the process of changing an existing BM or creating a new one. In a recent literature review on BMI, Foss and Saebi (2017) distinguish among four partly overlapping streams of BMI research. The first stream deals with the BMI phenomenon itself and offers definitions and conceptualizations of BMI. The second stream relates BMI to organizational change processes. The third stream, which focuses on the BMI outcome (new and innovative BMs) as a result of the organizational change process, often addresses the emergence of new BMs in a specific industry. The fourth stream highlights the organizational performance implications of BMI. Within these streams, the need for greater sustainability (environmental, social, and economic) is identified as one of several important BMI driving forces. As researchers such as Abdelkafi and Täuscher (2016) emphasize, products, processes, and technological innovations cannot by themselves make organizations, industries, and societies more sustainable. The creation of positive, sustainable value by organizations requires BMI.

One organizational type that drives the creation of positive sustainable value is the social enterprise (SE). Unlike traditional enterprises, SEs must pursue and sustain their social and environmental missions in addition to their economic mission. Dacin et al. (2010) point out that the research on SEs tends to focus on industry

* Corresponding author.

E-mail address: maya.hoveskog@hh.se (M. Hoveskog).

sectors, processes and resources, primary missions, main achievements, and the social entrepreneurs themselves. These researchers find the most promising research avenues are the processes and resources. Therefore, they encourage other researchers to examine how SEs emerge and evolve over time.

Other researchers have made similar requests. Wilson and Post (2011) call for more research on BMI for SEs. Granados et al. (2011) call for more empirical research on SEs. Yet research in actual settings where BMI is sustainability-driven, particularly at SEs, is still relatively sparse (e.g., Aspara et al., 2011; Breuer et al., 2016; Geissdoerfer et al., 2016; Roome and Louche, 2016; Sosna et al., 2010).

Therefore, the purpose of this paper is to explore business model innovation driven by sustainability issues at a social enterprise operating in the Scandinavian electricity retail market. This paper explores the sequence of events that trigger BMI over time at a Scandinavian SE. This single case study (see Eisenhardt, 1989) adds to the current research with its use of empirical data to review an organization's history in the search for events that led to the creation and change of its BM over time.

This study contributes to the second and third research streams on BMI that Foss and Saebi (2017) identify. First, the study examines BMI as an organizational change process consisting of various stages (e.g., De Reuver et al., 2013; Frankenberger et al., 2013; Pynnönen et al., 2012). Second, the study examines BMI as an outcome of the organizational change process, specifically as new and innovative BMs emerge in a particular industry (e.g., Abdelkafi et al., 2013; Günzel and Holm, 2013; Karimi and Walter, 2016; Souto, 2015).

Section 2 reviews the research literature on BMI and explains the link between SEs and BMI. Section 3 presents the study's research design and method. Section 4 describes the Scandinavian electricity retail market and the case company. Section 5 presents the research findings. Section 6 is a discussion of the study's findings. Section 7 presents conclusions and managerial implications, and offers suggestions for future research.

2. Literature background

2.1. Business model innovation

Business models (BM) are essential contributors to companies' competitiveness, renewal, and growth (Chesbrough and Rosenbloom, 2002; Johnson, 2010; Teece, 2010). Often BMs are represented statically (e.g., as canvases) although their underlying structure is not necessarily an unchanging phenomenon. On the contrary, BMs should be seen as dynamic systems (Morris et al., 2005). As dynamic concepts, BMs must be managed and developed over time (Hedman and Kalling, 2003). Therefore, in this paper we envision the BM as a system of interdependent activities conducted by an organization and its partners (Amit and Zott, 2015; Zott and Amit, 2010). These systems of activities are in essence configurations that contribute to the creation and delivery of value to customers while still allowing the organization to capture some of the created value.

Building on the research that conceptualizes BMs as configurations, Bocken et al. (2014) list three main elements in their definition of a BM: value proposition, value creation and delivery, and value capture. Value proposition mainly refers to the customer offerings that generate financial profit. Value creation and delivery focus on new business areas and markets that generate additional revenue. Value capture deals with the return from selling products, services, or processes to customers.

BMs as configurations of interrelated activities have an important role as devices that can be used to achieve new insights

and to take new actions (Aversa et al., 2015). This continuing process of change in developing or modifying a BM is referred to as business model innovation (BMI). According to Björkdahl and Holmén (2013), BMI requires designing and implementing novel and feasible BMs by creating new configurations. In BMI, an organization revises its current BM to achieve a competitive advantage, for example, by improving customer service or by competing on different terms (Boons and Lüdeke-Freund, 2013). In this paper we use Santos et al. (2009, p. 14) definition of BMI as "a reconfiguration of activities in the existing business model of a firm that is new to the product service market in which the firm competes".

Researchers emphasize that BMI is an ongoing, complex, collective, cyclical, and interactive activity that involves active experimentation and learning. Thus, BMI is not a one-off event. BMI involves a long process of trial-and-error that often features iteration, failure, and learning (e.g., Demil and Lecocq, 2015; McGrath, 2010; Sosna et al., 2010). Berends et al. (2016) conclude that BMI is a complex process of joining action and cognition rather than a two-step, sequential process of conception and execution in which a new BM is developed as an idea and then implemented as a reality.

According to Zott and Amit (2010), BMI features novel configurations of three BM design elements and four BM design themes. The BM design elements are content, structure, and governance. Content refers to the activities selected. Structure refers to the linkage of the activities and their importance to the BM. Governance refers to how the activities are performed. The BM design themes are novelty, lock-in, complementarities, and efficiency. Novelty refers to the adoption of new activities (content), new ways to link those activities (structure), and new ways to exert control (governance). Lock-in refers to the power to retain third parties (e.g., partners and customers) as participants in activities. Complementarities exist when more value is derived from bundling activities than from using them separately. Efficiency refers to how organizations use their activity systems to eliminate certain positions or to reduce costs. Companies can use these BM design elements and design themes when they engage in BMI.

Typically, the BMI discussion emphasizes how companies achieve their "profit-normative" goals. This discussion usually focuses on companies' strategic choices that promote the creation, delivery, and capture of economic value (Upward and Jones, 2016). However, recent BMI research has begun to emphasize BMI driven by sustainability issues (Bocken et al., 2014; Geissdoerfer et al., 2016; Foss and Saebi, 2017). Rauter et al. (2017) found that BMI driven by sustainability issues produces BMs that are not radically different from traditional BMs. However, sustainable BMs must meet specific criteria related to environmental and social issues.

Given this new interest in the BMI research, it seems we need a better understanding of the overall process and output of the BMI journey driven by sustainability issues as well as its impact (e.g., Breuer et al., 2016; Geissdoerfer et al., 2016; Zollo et al., 2013). With this understanding, researchers can offer better advice to companies on how to prioritize various combinations of social, environmental, and economic satisficing¹ objectives that are aimed at achieving sustainable value for a wide range of stakeholders (Upward and Jones, 2016).

¹ Satisficing is a term introduced by Herbert Simon (1956) that describes the strategy decision-makers use when they select an option that meets most needs although that option may not be the optimal solution.

2.2. Linking the current debate on social enterprises with business model innovation

Arend (2013) and Markides (2015) identify the SE as an entity type that can promote positive value creation via BMI driven by sustainability issues. In a bibliometric analysis of the SE literature published in international journals from 1991 to 2010, Granados et al. (2011, p. 199) describe the intellectual structure and maturity of the research and theory in this field. For their analysis, they use the following definition of a SE:

an organizational form with primarily social drivers that undertakes innovative business operations in order to be auto-sustainable and guarantees the creation, sustainment, distribution and/or dissemination of social or environmental value.

Therefore, economic drivers are means to be a social end, not the end in itself.

SEs share some goals with for-profit entities and non-profit entities (e.g., Thompson and Doherty, 2006; Yunus et al., 2010). To examine these goals, it is pertinent to ask how SEs can pursue and sustain their social and environmental missions in addition to their economic mission (Battilana et al., 2014; Ebrahim et al., 2014; Wilson and Post, 2011). One approach is to study the key contributors to SE success. Sharir and Lerner (2006), for example, identified the following success factors for SEs: the social network; the team's composition and dedication; the managerial experience; the initial investment capital; and the public's approval of the SE concept.

Another approach is to study how SEs develop their BMs. According to Lee (2015), SEs have novel BMs and BMI that support both their social vision and their competitive advantage. For example, Battilana et al. (2012) explain that some SEs use sales revenues derived from the for-profit market to finance their social visions. In this way, a SE decreases its dependency on donations and grants. As Dacin et al. (2010) note, financial resources can provide a SE with the funds needed to achieve its social vision (Battilana and Lee, 2014). Thus, BMs and BMI are integral to the SE's long-term social mission as well as its financial success (Weber and Kratzer, 2013). Therefore, a study of how a SE creates and innovates its BM could provide important insights into its BMI processes and use of resources.

Some studies on SEs focus on the BM building blocks and configurations. Other studies focus on the iterative, deliberate, and experimental nature of the BMI process (e.g., Lee, 2015; Michelini and Fiorentino, 2012; Yunus et al., 2010). However, such studies typically lack in-depth investigations of how SEs innovate their BMs. According to Granados et al. (2011), most such research is conceptual and lacks empirical evidence. Additionally, the literature on BMs and BMI for SEs as agents of change is also limited (Lee, 2015; Michelini and Fiorentino, 2012; Rahdari et al., 2016; Wilson and Post, 2011). Therefore, the purpose of this paper is to explore business model innovation driven by sustainability issues at a social enterprise operating in the Scandinavian electricity retail market.

3. Research design and method

This study, which uses Van de Ven (2013) narrative process approach that describes how things develop and change, investigates the events that triggered BMI over time at the case company. As BMI is a continual change process, it is appropriate to adopt a study timeframe that includes multiple BMs. The reason is that the BM changes can then be identified, examined, and compared. According to Van de Ven and Huber (1990) and Hernes (2014), the examination of patterns in a series of events is essential

for sense-making because, studied retrospectively, events can be seen to form patterns. By studying the events related to the BM design elements and the BM design themes (Zott and Amit, 2010), it is possible to observe the BM patterns over time (Berends et al., 2016; Van de Ven, 2013). BMI, as a process of events-driven changes, reveals how observed or recorded events alter an existing BM or produce a new BM.

The setting for this research is the Scandinavian electricity retail market that experienced a major transformation in recent years – from a monopoly market with a few large actors to a much more competitive market with additional (and smaller) actors. The large actors once controlled 90% of the Scandinavian electricity retail market. Following deregulation in the industry, the small actors gained control of about 50% of the electricity retail market (OECD, 1996).

This paper is a single case study of a small company (fictitious name: AlphaEI) that operates in the Scandinavian electricity retail market. A retrospective research approach is taken in order to describe the 'big picture' of the company's activities and results. According to Van de Ven (2013, p. 208), "post hoc knowledge is helpful for interpreting events that unfolded, and for constructing a narrative of the process". An explorative research approach (Silverman, 2013) is also taken because the research on sustainability-driven BMI at SEs is still at an early stage. According to Eisenhardt and Graebner (2007), the single case study approach is appropriate for exploratory research when theory development is limited, empirical evidence is scarce, and specific issues are addressed. Eisenhardt et al. (2016) points that the global "grand challenges" represent one area particularly suitable for case study research.

Other researchers have taken these approaches in BM and BMI studies (e.g., Lambert and Davidson, 2013; Stubbs and Cocklin, 2008) and in the SE research (Granados et al., 2011). Furthermore, as Noda and Bower (1996) state, more use of qualitative data from explorative single case study research may lead to future studies.

3.1. Data collection

This research uses three complementary data sources: (i) retrospective interviews; (ii) focus groups; and (iii) archival data, including media publications and corporate material (e.g. websites and annual reports). The use of multiple data sources supports emerging research theory (Hallen and Eisenhardt, 2012; Yin, 2003).

Sixteen semi-structured interviews with executives, managers, and directors at AlphaEI were conducted. Two focus groups were also conducted. The four executives, who had supervisory responsibility and decision-making authority for the BMI, were AlphaEI's Founder and First Chief Executive Officer (CEO), the Second CEO, the Third CEO, and a Chief Financial Officer (CFO). Van de Ven (2013) argument for the importance of capturing change processes from managers' perspectives provided the motivation to conduct the individual interviews as well as the two focus groups. The managers and directors represented various functions (e.g., project management, marketing, customer relations, public relations, and business development). See Table A-1 and Table A-2 in Appendix A for listings of the interviewees and the focus group participants, respectively.

The goal in selecting the interviewees and participants was to obtain knowledge and opinions about the company from a diverse group of people. The use of open-ended questions encouraged spontaneous responses about AlphaEI: its founding, competitive position, core competences, and change activities and processes. Additionally, the focus groups sparked a discussion on the company's current BM. The transcribed data from the interviews and the focus groups were translated from Swedish to English.

Potential interview bias was addressed in four ways. First, data from multiple sources were used. Second, because AlphaEl was innovating its BM during the research period, the historical accounts from the individual interviews were compared to the contemporary accounts from the focus groups (Leonard-Barton, 1990). Third, only interviewees who were knowledgeable about change-related activities were selected for the study (Hallen and Eisenhardt, 2012). Fourth, all interviewees and focus group participants were assured of anonymity in the published research.

3.2. Data analysis

The data analysis began with the preparation of a chronological history of the case company (see Eisenhardt, 1989). The interview data and focus group data were then coded and sorted chronologically. The purpose of this step was to create a list of important events that showed how the company had developed its BM in the past. Several studies provided the inspiration for this data analysis: Van de Ven et al. (2000, p. xvii) recommendation that researchers “understand[ing] how and why innovations develop from concept to implementation”; Zott and Amit (2010) description of the BM design elements and BM design themes; and George and Bock (2011, p. 106) statement that BM “is not a process, but it is shaped by individual-, group-, organization-, and environmental-level processes and events”. Thus, the examination of events is relevant in the analysis. Furthermore, as Hernes (2014) argues, because events have temporal agency, sense-making is an activity that connects events. Thus, what happens at one time influences what happens at another time. According to Hernes, when an outcome reaches closure, it becomes an event, “thereby giving meaning to other events, while defining the encounter as well” (p. 93).

Using Poole et al. (2000) classification scheme of organizational change, the identified events that shaped AlphaEl's BM were grouped and then listed in chronological order. Table B-1 and Table B-2 in Appendix B, respectively, present an example of events related to changes in the BM and an example of the categorization of the events in sequence. These events were then linked to Zott and Amit (2010) BM design elements (content, structure, and governance). See Table 1 for the linkage between event types and

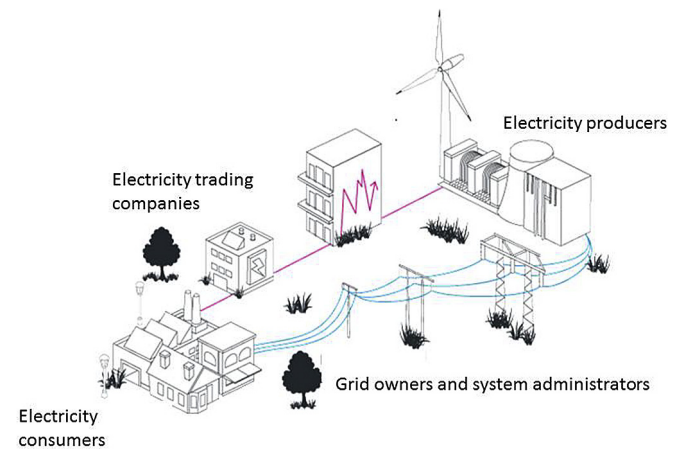


Fig. 1. Main actors in the Swedish electricity retail market. Source: Svenska Kraftnät (2016).

the BM design elements.

AlphaEl's chronological history was divided into four time periods. Using Zott and Amit (2010) BM design themes (novelty, lock-in, complementarities, and efficiency), each time period was individually examined from the perspective of BMI at AlphaEl.

4. The industry and the case company

4.1. The Scandinavian electricity retail market

The world's electricity retail markets are in transition from monopolies to open, competitive markets (e.g., OECD, 1996). The Nordic countries have led this transition. Electricity retail market reforms have taken place in Norway (1991), Sweden (1996), Finland (1998), and Denmark (2000). These countries have also created a common electricity retail market (Nord Pool) that allows free trade of electricity. The agreement is considered highly successful (Amundsen and Bergman, 2006).

Energimyndigheten [the Swedish Energy Agency] (2016), for

Table 1
Linkage between type of events (Poole et al., 2000, pp.106–109) and BM design elements (Zott and Amit, 2010).

Type of events (Poole et al., 2000)	BM design elements (Zott and Amit, 2010)
<p>People When there is a change in the staffing (turnover) or assignments (roles) of people with key positions in the innovation (as suggested by the innovators). In addition, key individuals responsible for the management of the innovation environment are also included.</p>	Related to activity system governance (changes in the staff/responsibility for the BM activities)
<p>Idea When there is a change in the ideas that are 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 make 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.</p>	Related to activity system content (ideas for change in the BM activities)
<p>Transaction 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.</p>	Related to the activity system structure (change in how the BM activities are linked as well as their importance to the BM)
<p>Context An external incident that is related to the innovation but occurred beyond the control of the innovation team.</p>	Related to all BM design elements – content, structure, and governance
<p>Outcome When a change occurs in the 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 success and failure).</p>	Related to all BM design elements –content, structure, and governance.

example, identifies and defines four main actors in the electricity retail market. See Fig. 1. “Electricity consumers” sign contracts with electricity retailers for electricity and with grid owners for electricity transport. “Electricity producers”, which usually own the power plants, transmit electricity to the grid where it is sold to Nord Pool or to consumers. “Grid owners and system administrators” transmit electricity from the power plants to consumers. The state-owned system administrator, Svenska Kraftnät [Swedish Power Network] monitors the safety and the environmental effects of the electricity transmission system. “Electricity trading companies” purchase electricity from the Electricity producers and/or from Nord Pool for sale to consumers. These Electricity trading companies can also produce electricity.

With deregulation of the electricity retail market, residential consumers in Scandinavia had a larger choice of electricity retailers. The larger Scandinavian electricity retailers (Vattenfall, E.ON, and Fortum) at first opposed the idea of retailer choice. To discourage customers from switching between electricity retailers, initially consumers were required to purchase expensive meters when they switched retailers. However, this cost was gradually reduced and eventually eliminated.

According to Littlechild (2006), the larger electricity retailers charged more for electricity than the smaller electricity retailers. After the media published numerous articles on customer dissatisfaction with the larger retailers’ high cost and poor service, the smaller retailers introduced marketing campaigns that promoted their lower cost and better service. In response, the larger retailers began to improve their service and to lower prices. They also promoted themselves as supporters of environmental sustainability. Competition steadily increased in the Scandinavian electricity retail market.

4.2. The case company

AlphaEl is an electricity retailer that provides 100% renewable and environmentally certified electricity to its customers. As a not-for-profit entity, AlphaEl donates its profits to non-governmental organizations (NGOs). The company’s philosophy is that its customers contribute to a better world each day through the consumption of the electricity it sells. Operating costs, including employee salaries, are held at comparatively low levels. Over the years, AlphaEl has donated significant sums to NGOs.

5. Findings

AlphaEl’s history related to sustainability-driven BMI is presented in four time periods: Creation (2001–2004), Growth (2005–2008), Challenge (2009–2010), and Treading Water (2011–March of 2015). AlphaEl had three CEOs in the years when this research was conducted: Founder/First CEO (2001–2008); Second CEO (2008–2011); and Third CEO (2011–March 2015). A fourth CEO was employed after the research concluded.

5.1. Creation period (2001–2004)

The Founder (and First CEO) of AlphaEl formed the company in 2001. His ambition was to start a company that would contribute to a better world.

The Founder and two colleagues developed web-based business solutions specifically designed for electricity providers. The Founder stated: “Simply put, success in this industry requires good system solutions, and these two guys offered that. I called them and asked if they were interested in collaborating with an electricity retail company with a charitable mission. They thought it was an exciting idea, and that’s the way it all started.”

A well-known multimedia artist and graphic designer created the AlphaEl logo at no cost. Initially, most of AlphaEl’s customers were the Founder’s friends, family members, and business contacts. However, the company was unsuccessful in enrolling any NGOs as customers. The Founder stated: “The business concept was seen as strange at that time, and people thought it was too good to be true.”

The Founder then tried a different marketing strategy called “active sales”. In active sales, sales people promote their goods and services to potential customers in various public forums. The Founder hired two sales people who began work on a remote island in Stockholm’s archipelago, which was the only location permitted. The Marketing Director stated: “We told the people about the involvement of the Founder and the investors and that *if* we were profitable, we would donate the profits to charity. We were basically selling an idea.” When the Founder learned that 22 customers had signed contracts with AlphaEl on the first day, he shouted: “It is possible!”

AlphaEl’s two value propositions were the following: ‘Sell affordable electricity to households and donate the (possible) profit to charity’ and ‘Contribute to a better world by producing and consuming electricity from renewable sources’.

5.2. Growth period (2005–2008)

Although some industry actors doubted the likelihood of AlphaEl’s success, the company persisted. The Marketing Director stated: “The corporate culture was characterized by fists in the pocket just to show everybody that doubted us that it *was* possible. There was tremendous determination to succeed among everyone.” The Founder’s positive attitude spread throughout the company. He was very receptive to new ideas. The Third CEO recalled: “It was simple for all employees in the organization to test and implement their ideas.”

Most electricity customers in this period had signed fixed price electricity contracts² with other retailers. However, AlphaEl offered only dynamic price contracts³ that priced electricity more cheaply. The Business Development Manager described AlphaEl as “price worthy.” He stated: “It is the *combination* of the price and the ‘Why’ that is our key. If we did not have the ‘Why’, we would just be seen as a small newcomer with just an OK price.”

AlphaEl also introduced a system in which customers gave the company their personal identification numbers, names, and postal addresses. Customers also gave AlphaEl power of attorney, which allowed the company to change the customers’ electricity retailers. This idea, which AlphaEl originated, became the industry standard in a few years.

During this period, AlphaEl grew from two employees to 180 employees with a presence in several cities. Departments for customer service, administration, and finance were created. Most sales people were ambitious students who accepted rather low salaries. In 2007, the company made its first charitable donation from annual profits in this period.

The main focus at AlphaEl was customer acquisition. The Second CEO recalled: “Sell, sell, sell, that was all we did – and it worked extremely well.” In a retailer collaboration, AlphaEl gained access to many more potential customers. AlphaEl also signed a six-month television advertising contract. The Marketing Director described

² A fixed price electricity contract is a contract in which the customer pays for electricity use in advance. The price is fixed for each payment period, regardless of the electricity cost in the spot market.

³ A dynamic price electricity contract is a contract in which the customer pays a variable price for electricity use. The price varies according to the electricity cost in the spot market.

these outreach campaigns: “We went from 150 to 1800 new customers on the webpage each month and from 300 to 1200 calls to customer service”.

Customer satisfaction remained a high priority at AlphaEI. The company added a computer systems department with several employees. The Customer Service Manager stated: “You should *not* treat the customers like you want to be treated; you should treat the customers like *they* want to be treated.”

As AlphaEI's value propositions evolved to ‘Facilitate the transfer of electricity to the customer’, and ‘Offer environmentally certified electricity’, the company aimed to become a leader in environmental sustainability. However, given the stringent requirements for electricity certification, AlphaEI had to increase its prices.

5.3. Challenge period (2009–2010)

The Founder of AlphaEI resigned from the company in 2008. The Second CEO described the new period as “very challenging.” Although sales remained strong, competition increased as other electricity retailers began to use the practice of active sales. AlphaEI questioned whether to continue the practice. The Second CEO stated: “The hypothesis we had then was that we did not have many other alternatives to what we already were doing ... We put most of our focus on active sales. The search for a Plan B did not receive that much attention.”

It was clear that AlphaEI needed to review its operational policies. The Business Analyst stated: “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 which meant satisfying customers and re-signing customers. The focus was only on signing new customers.” Although he created a customer database and updated the company's use of statistics, he admitted that AlphaEI was somewhat slow to use this new information, especially in its communication with customers. More focus was needed on customer retention.

5.4. Treading Water period (2011 to March 2015)

In January of 2011, AlphaEI employed its Third CEO. His focus was customer growth and increased revenues. He stated: “When growing quickly, as we did, the focus was mostly on problem-solving for the moment, or finding good-enough solutions. But these are not always the most cost efficient solutions. My first task as CEO was to increase profitability, and thus the donations to charity.” He also wanted to create structures and systems that would lay the foundation for long-term internal processes. He stated: “I wanted to create something like a well-oiled machine.”

In 2015, AlphaEI began to work more actively with departmental key ratios. Some participants said that AlphaEI had become too bureaucratic while others thought that the increase in bureaucracy led to more employee participation in the decision-making.

AlphaEI's employees were frustrated by the lack of business growth even though they worked harder than ever to improve their efficiency. Many employees complained that AlphaEI was too timid and did not use its full potential. The Development Manager stated: “We didn't dare to take chances because we wanted to be very sure of what we were about to do before we did it.” The CFO stated: “I believe we need to be a bit more aggressive and stick our neck out. We have a totally unique business idea, and yet we are positioned as a ‘typical’ company. If we look at our competitors, no one is really gaining any market share. Many companies are spending money, I don't know how much, on campaigns and commercials. But as I said, it is tough.”

Because of the stagnation in customer growth, increased competition, and changes in invoicing rules, AlphaEI experienced

financial problems in this period. When the electricity regulations changed and advance invoices were no longer allowed, AlphaEI's had cash flow problems. As its competitors began offering the dynamic price contracts that had contributed significantly to AlphaEI's success, it was difficult for AlphaEI to attract new customers. Therefore, in 2014 the company hired a consulting firm to create a system that segmented the customer base into four groups.

In August of 2014, AlphaEI created a Public Relations (PR) Department staffed largely with externally recruited employees. The Third CEO stated: “I have chosen to work much more actively with PR [...] we thought that this increased visibility is the kind of visibility we are going to work with. It is connected to digital sales and to Facebook as communication channels. Previously we declined to use social media, but it is something that we have caught up with during my time as CEO.” Between 2014 and 2015, AlphaEI finally ended its active sales marketing strategy. The Third CEO said: “It was inevitable.” AlphaEI's much-delayed substitute marketing strategy now featured customer ambassadors and partnerships.

In March of 2015, the Third CEO resigned. He stated: “My mission is completed, and it is time for someone new to take over.” A Fourth CEO was then hired. Expectations were high that he would make the necessary changes needed to help AlphaEI achieve its various goals.

6. Discussion

This section discusses the four time periods in AlphaEI's existence. The focus is on the company's important events, its BM trajectory, and the effect of its BMI in the electricity sector. The various terms for events, the BM design elements, and the BM design themes referred to in this section derive from [Poole et al. \(2000\)](#) and [Zott and Amit \(2010\)](#). See Section 2 and Table 1.

6.1. The four periods

6.1.1. Creation period (2001–2004)

In this period AlphaEI developed its initial BM. Novel activities were created (content), new ways were developed to link those activities (structure), and new methods were adopted to manage those activities (governance) The events in this period showed that the Founder's ideas were crucial in the development and implementation of this initial BM. The *idea* events related to the BM design element of content were important because they were fundamental to the company's sustainability-driven BMI.

The *people* events were the events that AlphaEI's Founder and others controlled. These events related to the BM design element of governance. AlphaEI's Founder influenced the company's organizational culture from its beginning ([Doherty et al., 2014](#)). Further, the Founder's business experience and extensive social network contributed to AlphaEI's success ([Dacin et al., 2010](#)). The Founder worked actively to combine all actors and resources in an effort to create a BM based on SE principles and goals ([Sharir and Lerner, 2006](#)).

The *transactional* events were the events linked to the Founder's business partnerships and social relationships. These events related to the BM design element of structure. Such collaborations ([Austin et al., 2006](#); [Battilana and Lee, 2014](#); [Lee, 2015](#); [Lee and Battilana, 2013](#)) are critical to the success of SEs ([Sharir and Lerner, 2006](#)). Other transactional events were the investors' financial support and the partners' contributions of knowledge, technical support, television advertising, and brand support. [Yunus et al. \(2010\)](#) emphasize the importance of collaborative partnerships and investor relationships to SEs.

The *context* events appeared at AlphaEI when the electricity

retail industry was deregulated. These events opened the electricity retail market to greater competition, leading to more customer choice and more operating efficiencies.

Two *outcome* events were identified in this period. The first outcome event— customer invitations mailed to NGO members — related to the BM design element of content. This event did not result in new customers. The second outcome event — active sales — related to the BM design elements of content and governance. This event increased customer enrollment.

6.1.2. Growth period (2005–2008)

In this period, AlphaEI developed its BM by focusing on the BM design theme of customer lock-in. Although the Founder's social vision again drove events in these years, the company's strategic goal was to enroll as many customers as possible.

The *people* events (which still relate to the BM design element of governance) slightly decreased in importance. With a governance system in place, the Founder and the customer service representatives were more focused on building up the sales force and on improving customer service. AlphaEI solved a main challenge that most SEs face — the struggle to find competent, dedicated employees who will accept below-market salaries (Doherty et al., 2014; Sharir and Lerner, 2006).

The *idea* events related to the BM design element of content that linked to the Founder's social vision. AlphaEI introduced several new marketing ideas that aimed at attracting customers. These ideas were new in the industry. The Founder also promoted the idea of environmentally certified electricity, supported by superior customer service.

The *transactional* events related to the BM design element of structure. These events triggered changes in AlphaEI's BM as the company tried to secure its position in the electricity retail market. AlphaEI worked with various partners to popularize its value propositions and to attract more customers.

Some of the *context* and *outcome* events relate to all three BM design elements. With deregulation, the larger firms in the electricity retail market allowed the smaller firms to take the lead in introducing new marketing ideas and innovative pricing structures.

6.1.3. Challenge period (2009–2010)

In this period, AlphaEI's BM strengthened its focus on the customer lock-in BM design theme. As other electricity retailers adopted the active sales approach and as the electricity retail market matured, competition increased.

The *people* events related to the BM design element of governance that increasingly linked to the change in CEO, the external hiring practice, and, in particular, the resignation of the Founder. When the Founder resigned, AlphaEI experienced something of an identity crisis (Doherty et al., 2014). As the original social entrepreneur, the Founder was AlphaEI's key driving force. Although the Second CEO was soon employed, the Founder's departure was worrisome as far as the achievement of the company's social vision and its commercial goals.

The *idea* events related to the BM design element of content were fewer. As the media attention on the company's innovative marketing strategies decreased, these strategies appeared less attractive to customers. AlphaEI continued to focus on active sales and did not innovate its BM. As Waldner et al. (2015) conclude, industry competition sometimes hinders BMI.

The *transactional* events related to the BM design element of structure did not change. AlphaEI continued to work with its various partners.

The *context* and *outcome* events related to the three BM design elements (content, structure, and governance). The unforeseen increase in the electricity spot market price, which resulted in a

'near-bankruptcy' situation for AlphaEI, destabilized the company's value propositions and increased its business risk. Stagnation in customer growth exacerbated the problem. AlphaEI was not especially well-prepared for these events; the Founder's business philosophy of 'keep it simple' no longer seemed as appealing. To meet this challenge, after borrowing funds on a short-term basis, AlphaEI continued to operate in a business-as-usual manner.

6.1.4. Treading Water period (2011 to March 2015)

In this period AlphaEI's BM focused on the BM design theme of efficiency. The deepening internal crises at AlphaEI, combined with fierce price competition and customer stagnation, required the company to reduce costs and to work more productively.

The *people* events related to the BM design element of governance were critical in this period. As AlphaEI's practice of external hiring increased, the company acquired new competences, skills, and knowledge.

The *idea* events related to the BM design element of content increased when internal processes improved and profitability increased.

The *transactional* events related to the BM design element of structure because the company's partnerships and other relationships were well-established.

The *context* events were increasingly important as the deregulated industry matured and became more competitive.

6.2. Trajectory of AlphaEI's BM

AlphaEI's BM trajectory was characterized by small, incremental changes. Thus, the trajectory, with its trial-and-error, discovery-driven experimentation, was more action-based than analysis-based (Demil and Lecocq, 2015; McGrath, 2010; Sosna et al., 2010). Since the company's founding, a powerful social vision, coupled with reliable partnerships and social networks, guided its BMI. The Founder's social networks, as key contributors to company success (Dacin et al., 2010; Sharir and Lerner, 2006), were very important for enrolling the initial customers and for acquiring start-up capital. The immature, deregulated market when AlphaEI was founded allowed the company to gain a competitive advantage as it experimented with novel sales and pricing strategies. As AlphaEI's innovative BM attracted customers, the company's experienced rapid growth in its early years.

Between 2001 and 2015, AlphaEI's BM evolved from an initial novelty focus to a customer lock-in focus and then to an efficiency focus (Zott and Amit, 2010). This finding is consistent with Christensen et al. (2016) ideas about the three stages of BMI:

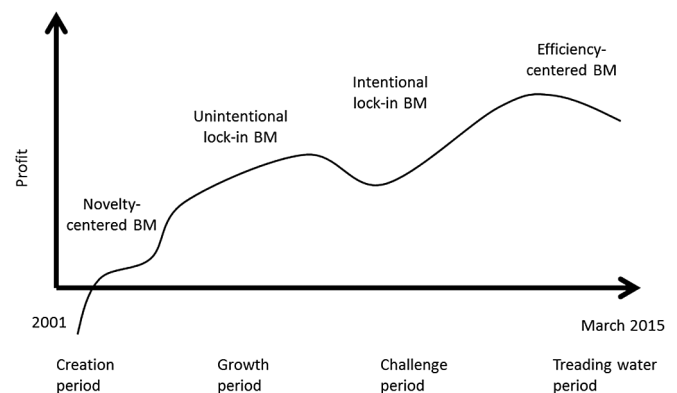


Fig. 2. The trajectory of AlphaEI's BM (authors' visualization).

creation, sustaining innovation, and efficiency. Fig. 2 depicts AlphaEI's BM trajectory from its founding in 2001 to March of 2015, when the research period concluded.

AlphaEI had a novel BM for its industry when it was founded. Although the company did not create the electricity retail market, it introduced innovations when the market deregulated. Because competition was not yet intense when the company was founded, it was easier then for AlphaEI to introduce market innovations than it would have been at a later time (Waldner et al., 2015; Zott and Amit, 2007). For AlphaEI, BMI was a process of generating “actionable ideas for value creation” (Snihur et al., 2017, p. 1).

The Founder used creative measures in the Creation period to challenge the status quo in the industry. As Dacin et al. (2010, p. 48) state, “social entrepreneurs rarely allow the external environment to determine whether or not they will launch an enterprise”. As a social entrepreneur, the Founder was the main driver of the measures that underpinned AlphaEI's initial BM and aspects of its subsequent BMI (see Hahn and Ince, 2016). These measures included the web-based business solution for the electricity retail market, new sales strategies (active sales), and collaboration with key partners. The Founder also spent considerable time and effort in “teaching” his partners and customers the benefits that could be expected from his novel BM. He also worked hard to attract and retain customers as the competition increased. These activities are consistent with the opportunity development literature that emphasizes the importance of investors, customers, partners, etc. in new ventures. Such actors can provide knowledge and feedback (Dimov, 2007; Snihur et al., 2017). Thus, a SE requires social support for a novel BM that is sustainability-driven (Wry and York, 2017).

In the Growth period, when AlphaEI shifted its focus (unintentionally) to customer lock-in, more customers enrolled and profits increased. AlphaEI was able to make its first charitable donation.

In the Challenge period, the customer lock-in focus intentionally strengthened because of the stagnation in customer growth. Owing to its ‘near-bankruptcy’, AlphaEI had to make changes in its BM (Osterwalder and Pigneur, 2010).

In the Treading Water period, efficiency was a key theme of AlphaEI's BM as the company reduced operating costs, decreased customer transaction costs, and improved customer communications. The results, measured in terms of new partners and new customers, were favorable.

During the 15-year period that this research covers, AlphaEI experienced several changes in leadership. With each change, managerial flexibility increased, managerial inertia decreased, and more traditional managerial control appeared. These changes facilitated the transition from a novelty-centered BM to an efficiency-centered BM (Domínguez-CC and Barroso-Castro, 2017; Zott and Amit, 2010). Yet, paradoxically, after the Founder-First CEO resigned, AlphaEI entered a period of financial crisis. The company had not yet fully recovered from this crisis when the field research ended.

The findings from this case study of a SE are of interest when compared to some findings related to traditional companies. Previous research on SEs has mostly demonstrated that SEs have much greater difficulty in scaling up their business than other entities (Bacq et al., 2011; Bocken et al., 2016). As Bohnsack et al. (2014) emphasize, new entrants to an industry must rely on new sources of value creation in order to attract new customers. This requires modifications to a company's BM, which explains AlphaEI's initial success. Yet AlphaEI's continuing success is, at least in part, attributable to its adoption of traditional business practices. As the market matured and competition increased,

AlphaEI became less innovative (Bacq et al., 2011) and its BMs became less flexible (Christensen et al., 2016). AlphaEI focused on cost reductions and increased efficiency in its operations and with its partnerships.

Although many traditional enterprises foster an image of social responsibility, typically their main focus is the increase in owner/shareholder value. SEs may share this focus, but their primary focus is social responsibility. Economic activities for SEs are the profit-making means to a social value end (Bacq et al., 2011; Granados et al., 2011; Hlady-Rispal and Servantie, 2016). Despite some similarity to traditional enterprises, a SE with both a social vision and a financial goal has a high level of complexity that may endanger its growth and even its survival (Bacq et al., 2011; Zahra et al., 2009).

6.3. Impact of AlphaEI's new BM on the industry

AlphaEI introduced several novel activities to the electricity retail market. First, AlphaEI used a new (active) sales approach to attract customers. Second, AlphaEI focused exclusively on innovative dynamic pricing contracts that reduced consumers' electricity costs. Third, AlphaEI used a legal instrument, the power of attorney, with its new customers that simplified provider exchanges. Other companies in the electricity retail market imitated these practices that are now standard in the industry. This finding is consistent with Wilson and Post (2011) observation that SEs motivate traditional actors in the market to change their activities and approaches, even if, as in AlphaEI's case, the SEs eventually exhaust their initial competitive advantage.

This finding also shows that SEs, as new entrants in a market, may even enjoy greater success with their novel practices than existing companies that eventually adopt those practices (Bohnsack et al., 2014). As McGrath (2010) and Prahalad (2004) point out, the dominant company (and industry) logic may deter existing companies from changing their BMs.

However, as Teece (2010) explains, competitors may eventually adopt these novel and successful BM elements. When this occurs, the dominant logic of an industry changes. In the area of social value creation, SEs may motivate sustainability-driven changes (Rahdari et al., 2016). This finding is consistent with Gordon (2016) conclusion that the SE is a purposed system that can, like new technologies, disrupt the broader system of which it is a part.

Although, AlphaEI, as a SE, is a small electricity retailer, it is a member of a monopolistic industry dominated by large companies. Yet the AlphaEI history reveals that it is possible for smaller companies to operate and innovate in such industries. When small companies with innovative BMs enter rather closed markets, they may cause larger companies to adopt new business strategies and tactics (Bohnsack et al., 2014; Wilson and Post, 2011). It may be argued that AlphaEI created a value proposition that changed the industry. Its socially and environmentally friendly solutions for electricity customers resulted in lower electricity cost, better customer service, and the increased availability of environmentally certified electricity. These are results consistent with the social goals described in the SE literature (Battilana and Lee, 2014; Doherty et al., 2014; Haigh and Hoffman, 2014).

7. Conclusions

The purpose of this paper is to explore business model innovation driven by sustainability issues at a SE operating in the Scandinavian electricity retail market. The paper uses empirical evidence from a case study of a SE as it developed its BM over a period of nearly fifteen years. Thus, the paper adds to the research on BMI with a specific focus on the SE context. This paper identifies

various key events in the case company's BM trajectory and relates them to three BM design elements and four BM design themes. This section summarizes the main conclusions from this research and offer comments on its managerial implications. This section also describes the research limitations of the study and proposes suggestions for future research.

This study contributes to the research on BMI as an organizational change process. The conclusions are consistent with findings by Christensen et al. (2016) and Frankenberger et al. (2013). The study shows that for SEs, driven by a strong vision as they scale up the business activities, over time the focus of BMI shifts from novelty, via lock-in of customers, to efficiency of the internal management routines. Additionally, the customer lock-in focus is essential during the period of market penetration and development.

The study also shows that success for SEs in specific industries

Foundation (Grant No. 20120315). The authors thank the anonymous reviewers for their helpful advice and comments. The authors also thank the case company and the interviewees for their participation in the study.

Appendix A

Appendix A presents general details of the primary data collected in the 16 interviews and the two focus groups.

Fifteen of the interviews were conducted face-to-face at the AlphaEI office. The interview with the founder was conducted at another location. Some interviewees also participated in the focus groups. The length of the interviews varied between 30 and 90 min. All interviews were conducted in Swedish and were recorded and transcribed. See Table A-1.

Table A-1
Interview details.

Participant	Interviewee position	Contribution to study
1	Founder/1st CEO	Foundation, start-up, early years
2	3rd CEO	Strategic choices 2009–2015
3	2nd CEO	Sales development, strategic choices
4	Marketing Director	Marketing and sales developments 2005–2015
5	Chief Operations Officer	Business development, organizational change
6	Service Manager	Customer relations, employees as a key resource
7	Project Office Manager	Innovation, change project on working processes
8	Business Analyst	Analysis developments
9	Chief Financial Officer	Financial developments
10	IT Manager	IT developments, communication and organizational changes
11	Customer Service Manager	Customer relationships
12	PR Manager	PR, communication, value propositions
13	Social Media Communicator	Social media, communication, value propositions
14	Business Development Manager	Business development, decision processes
15	Telemarketing Manager	Sales channels, customer behavior
16	Communication Manager	Customer relations, channels, value propositions, communication

(e.g., the competitive electricity retail market) may depend on companies' ability to create new and innovative BMs (e.g., Souto, 2015). The study shows that the success of BMI for SEs in a specific industry, in this case the energy sector in a Scandinavian country (Sweden), occurs when companies consider both customer needs and industry issues related to sustainability. Furthermore, SEs with innovative, sustainability-driven value proposition and BMs, as new entrants on the market, can introduce novel practices that eventually may spread throughout the industry. These new practices may lead to changes in the dominant industry BM as well as in the dominant logic of the companies in that industry.

For SE managers, the study suggests how social entrepreneurs can shift their BM focus when they need to increase their customer base, scale-up their productivity, and improve their efficiency. In particular, social entrepreneurs should consider a focus on novel innovations, customer lock-in, and efficiency when their industry changes and the competition increases.

This research derives from a single case study. Therefore, the conclusions of this study are tentative. Additional research on BMI at SEs in other industries are needed that might test the findings of this study. Such research may confirm, complement, or even discount our conclusions. Future research may use different theoretical approaches and other case studies to compare successful and unsuccessful SEs as they engage in BMI over time.

Acknowledgements

This study was partly funded by the Swedish Knowledge

The purposes of the focus groups were to complement other data and to map AlphaEI's current BM. The focus groups, which were held at the company office, lasted 90 min each. Small groups were assembled so that all participants could participate actively. The discussions, which were in Swedish, were audio-recorded and transcribed. See Table A-2.

Table A-2
Focus groups.

Session	Participants codes from Table A-1	Contribution to study
Focus Group 1	2, 4, 9	Mapping and discussing current BM
Focus Group 2	6, 7, 9, 14	Mapping and discussing current BM

Appendix B

Appendix B gives an excerpt of the two-step data analysis. Both Table B-1 and Table B-2 relate to AlphaEI's Creation period (2001–2004).

The types of events were used to create a blueprint for the analysis. The framework types for the main and secondary events, presented in Table B-1, are the following: P (People), I (Idea), T (Transaction).

Table B-1 illustrates an excerpt of the initial analytical procedure. Although the main events might not trigger a BM change, they might generate secondary events that trigger a change in the BM.

Table B-1

Main and secondary events in the Creation period (P = People, I = Idea, T = Transaction).

Event types	Main event		Secondary event	
	Label	Description	Appellation	Description
P	1.1	The founder laid off employees	1.1.1	The Founder resigned from his company because he was unhappy. He began to look for future projects.
I	1.2	Vision: Contribute to a better world	1.2.1	The Founder looked at existing businesses. He only found NGOs, but he did not want to work at such organizations. His main passion is entrepreneurship. However, at this time, entrepreneurship was really only associated with making money for oneself and not for sharing it with others.
I	1.3	The founder read <i>Happiness!</i> by the Dalai Lama	1.3.1	The Founder realized he could use his passion for entrepreneurship in order to contribute to a better world. As a result, the foundation that owns AlphaEI was formed.
T	1.4	The founder presented two friends with a business idea on web-based business solutions	1.4.1	This meeting led to a long-lasting collaboration in which AlphaEI received web-based business solutions that have created stability. The customer data are maintained in a single system.

Table B-2 illustrates the next analytical step in the categorization of the main events as a time sequence. This categorization was useful for developing an overview that facilitated structuring the data.

Table B-2

Categorization of main events as a sequence in the Creation period.

Event category	Event label									
People	1.1									
Idea		1.2	1.3							
Transaction				1.4	1.5	1.6	1.7	1.8	1.9	
Context										
Outcome										1.10

Time →

References

- Abdelkafi, N., Makhotin, S., Posselt, T., 2013. Business model innovations for electric mobility—what can be learned from existing business model patterns? *Int. J. Innov. Manage.* 17 (01) <https://doi.org/10.1142/S1363919613400033>.
- Abdelkafi, N., Täuscher, K., 2016. Business models for sustainability from a system dynamics perspective. *Org. Environ.* 29 (1), 74–96. <https://doi.org/10.1177/1086026615592930>.
- Amit, R., Zott, C., 2015. Crafting business architecture: the antecedents of business model design. *Strat. Entrepreneursh. J.* 9 (4), 331–350. <https://doi.org/10.1002/sej.1200>.
- Amundsen, E., Bergman, L., 2006. Why has the Nordic electricity retail market worked so well? *Util. Policy* 14, 148–157. <https://doi.org/10.1016/j.jjup.2006.01.001>.
- Arend, R.J., 2013. The business model: present and future—beyond a skeumorph. *Strateg. Organ.* 11 (4), 390–402. <https://doi.org/10.1177/1476127013499636>.
- Aspara, J., Lamberg, J.-A., Laukia, A., Tikkanen, H., 2011. Strategic management of business model transformation: lessons from Nokia. *Manag. Decis.* 49 (4), 622–647. <https://doi.org/10.1108/00251741111126521>.
- Austin, J., Stevenson, H., Wei-Skillern, J., 2006. Social and commercial entrepreneurship: same, different, or both? *Entrep. Theory Pract.* 30 (1), 1–22. <https://doi.org/10.1111/j.1540-6520.2006.00107.x>.
- Aversa, P., Haefliger, S., Rossi, A., Baden-Fuller, C., 2015. From business models to business modelling: modularity and manipulation. In: Baden-Fuller, C., Mangematin, V. (Eds.), *Business Models and Modelling*. Emerald Group Publishing Limited, pp. 151–186.
- Bacq, S., Hartog, C., Hoogendoorn, B., Lepoutre, J., 2011. Social and Commercial Entrepreneurship: Exploring Individual and Organizational Characteristics. Scales Research Reports. EIM Business and Policy Research.
- Battilana, J., Lee, M., 2014. Advancing research on hybrid organizing: insights from the study of social enterprises. *Acad. Manage. J.* 8 (1), 397–441. <https://doi.org/10.1080/19416520.2014.893615>.
- Battilana, J., Lee, M., Walker, J., Dorsey, C., 2012. In search of the hybrid ideal. *Stanf. Soc. Innov. Rev.* 10, 51–55.
- Battilana, J., Sengul, M., Pache, A.-C., Model, J., 2014. Harnessing productive tensions in hybrid organizations: the case of work integration social enterprises. *Acad. Manage. J.* 58 (6), 1658–1685. <https://doi.org/10.5465/amj.2013.0903>.
- Berends, H., Smits, A., Reymen, I., Podoyynitsyna, K., 2016. Learning while (re) configuring: business model innovation processes in established firms. *Strateg. Organ.* 14 (3), 181–219. <https://doi.org/10.1177/1476127016632758>.
- Björkdahl, J., Holmén, M., 2013. Innovation audits by means of formulating problems. *R&D Manage.* <https://doi.org/10.1111/radm.12133>.
- Bocken, N.M.P., Fil, A., Prabhu, J., 2016. Scaling up social businesses in developing markets. *J. Clean. Prod.* 139, 295–308. <https://doi.org/10.1016/j.jclepro.2016.08.045>.
- Bocken, N.M.P., Short, S.W., Rana, P., Evans, S., 2014. A literature and practice review to develop sustainable business model archetypes. *J. Clean. Prod.* 65, 42–56. <https://doi.org/10.1016/j.jclepro.2013.11.039>.
- Bohnsack, R., Pinkse, J., Kolk, A., 2014. Business models for sustainable technologies: exploring business model evolution in the case of electric vehicles. *Res. Policy* 43 (2), 284–300. <https://doi.org/10.1016/j.respol.2013.10.014>.
- Boons, F., Lüdeke-Freund, F., 2013. Business models for sustainable innovation: state-of-the-art and steps towards a research agenda. *J. Clean. Prod.* 45, 9–19. <https://doi.org/10.1016/j.jclepro.2012.07.007>.
- Breuer, H., Fichter, K., Lüdeke-Freund, F., Tiemann, I., 2016. Requirements for sustainability-oriented business model development. In: Paper Presented at the 6th International Leuphana Conference on Entrepreneurship, 14–15th January, Lüneburg, Germany.
- Chesbrough, H., 2010. Business model innovation: opportunities and barriers. *Long. Range Plann.* 43, 354–363. <https://doi.org/10.1016/j.lrp.2009.07.010>.
- Chesbrough, H., Rosenbloom, R.S., 2002. The role of the business model in capturing value from innovation: evidence from Xerox Corporation's technology spin-off companies. *Ind. Corp. Change* 11 (3), 529–555. <https://doi.org/10.1093/icc/11.3.529>.
- Christensen, C.M., Bartman, T., Van Bever, D., 2016. The hard truth about business model innovation. *MIT Sloan Manag. Rev.* 58 (1), 31 (Circulate. Circular Collaboration. Amersfoort, The Netherlands. Available at).
- Dacin, P.A., Dacin, M.T., Matear, M., 2010. Social entrepreneurship: why we don't need a new theory and how we move forward from here. *Acad. Manag. Perspect.* 24 (3), 37–57.
- Demil, B., Lecocq, X., 2015. Crafting an innovative business model in an established company: the role of artifacts. In: Baden-Fuller, C., Mangematin, V. (Eds.), *Business Models and Modelling*. Emerald Group Publishing Limited, pp. 31–58.
- De Reuver, M., Bouwman, H., Haaker, T., 2013. Business model roadmapping: a practical approach to come from an existing to a desired business model. *Int. J. Innov. Manage.* 17 (01) <https://doi.org/10.1142/S1363919613400069>.
- Dimov, D., 2007. Beyond the single-person, single-insight attribution in understanding entrepreneurial opportunities. *Entrepreneursh. Theory Pract.* 31 (5), 713–731. <https://doi.org/10.1111/j.1540-6520.2007.00196.x>.
- Doherty, B., Haugh, H., Lyon, F., 2014. Social enterprises as hybrid organizations: a review and research agenda. *Int. J. Manage. Rev.* 16, 417–436. <https://doi.org/10.1111/ijmr.12028>.
- Dominguez-CC, M., Barroso-Castro, C., 2017. Managerial change and strategic change: the temporal sequence. *J. Manag. Organ.* 23 (1), 46–73. <https://doi.org/>

- 10.1017/jmo.2016.49.
- Ebrahim, A., Battilana, J., Mair, J., 2014. The governance of social enterprises: mission drift and accountability challenges in hybrid organizations. *Res. Organ. Behav.* 34, 81–100. <https://doi.org/10.1016/j.riob.2014.09.001>.
- Eisenhardt, K.M., 1989. Building theories from case study research. *Acad. Manage. Rev.* 14, 532–550.
- Eisenhardt, K.M., Graebner, M.E., 2007. Theory building from cases: opportunities and challenges. *Acad. Manage. J.* 50 (1), 25–32.
- Eisenhardt, K.M., Graebner, M.E., Sonenshein, S., 2016. Grand challenges and inductive methods: rigor without rigor mortis. *Acad. Manage. J.* 59 (4), 1113–1123.
- Energimyndigheten, 2016. *Elmarkndens Aktörer (Website)*.
- Foss, N.J., Saebi, T., 2017. Fifteen years of research on business model innovation: how far have we come, and where should we go? *J. Manag.* 43 (1), 200–227. <https://doi.org/10.1177/0149206316675927>.
- Frankenberger, K., Weiblen, T., Csik, M., Gassman, O., 2013. The 4I-framework of business model innovation: a structured view on process phases and challenges. *Int. J. Prod. Dev.* 18 (3/4), 249–273.
- Geissdoerfer, M., Bocken, N.M., Hultink, E.J., 2016. Design thinking to enhance the sustainable business modelling process—A workshop based on a value mapping process. *J. Clean. Prod.* 135, 1218–1232. <https://doi.org/10.1016/j.jclepro.2016.07.020>.
- George, G., Bock, A.J., 2011. The business model in practice and its implications for entrepreneurship research. *Entrepreneursh. Theory Pract.* 35 (1), 83–111. <https://doi.org/10.1111/j.1540-6520.2010.00424.x>.
- Gordon, M., 2016. How social enterprises change: the perspective of the evolution of technology. *J. Soc. Entrepreneursh.* 7 (2), 189–210. <https://doi.org/10.1080/19420676.2015.1086410>.
- Granados, M.L., Hlupic, V., Coakes, E., Mohamed, S., 2011. Social enterprise and social entrepreneurship research and theory: a bibliometric analysis from 1991 to 2010. *Soc. Enterp. J.* 7 (3), 198–218. <https://doi.org/10.1108/17508611111182368>.
- Günzel, F., Holm, A.B., 2013. One size does not fit all—understanding the front-end and back-end of business model innovation. *Int. J. Innov. Manag.* 17 (01) <https://doi.org/10.1142/S1363919613400021>.
- Hahn, R., Ince, I., 2016. Constituents and characteristics of hybrid businesses: a qualitative, empirical framework. *J. Small Bus. Manage.* 54, 33–52. <https://doi.org/10.1111/jsbm.12295>.
- Haigh, N., Hoffman, A.J., 2014. The new heretics: hybrid organizations and the challenges they present to corporate sustainability. *Org. Environ.* 16 (4), 417–436. <https://doi.org/10.1177/1086026614545345>.
- Hallen, B.L., Eisenhardt, K.M., 2012. Catalyzing strategies and efficient tie formation: how entrepreneurial firms obtain investment ties. *Acad. Manag. J.* 55 (1), 35–70.
- Hedman, J., Kalling, T., 2003. The business model concept: theoretical underpinnings and empirical illustrations. *Eur. J. Inf. Syst.* 12 (1), 49–59. <https://doi.org/10.1057/palgrave.ejis.3000446>.
- Hernes, T., 2014. *A Process Theory of Organization*. Oxford University Press, Oxford, UK.
- Hlady-Rispal, M., Servantie, V., 2016. Deconstructing the way in which value is created in the context of social entrepreneurship. *Int. J. Manage. Rev.* <https://doi.org/10.1111/ijmr.12113>.
- Johnson, M.W., 2010. *Seizing the White Space: Business Model Innovation through Growth and Renewal*. Harvard Business School Publishing, Cambridge, MA.
- Karimi, J., Walter, Z., 2016. Corporate entrepreneurship, disruptive business model innovation adoption, and its performance: the case of the newspaper industry. *Long. Range Plann.* 49 (3), 342–360. <https://doi.org/10.1016/j.lrp.2015.09.004>.
- Lambert, S.C., Davidson, R.A., 2013. Applications of the business model in studies of enterprise success, innovation and classification: an analysis of empirical research from 1996 to 2010. *Eur. Manage. J.* 31, 668–681. <https://doi.org/10.1016/j.emj.2012.07.007>.
- Lee, I., 2015. A social enterprise business model for social entrepreneurs: theoretical foundations and model development. *Soc. Entrep. Innov.* 3 (4), 269–301. <https://doi.org/10.1504/IJSEI.2015.069351>.
- Lee, M., Battilana, J., 2013. How the zebra got its stripes: imprinting of individuals and hybrid social ventures. In: *Harvard Business School Organizational Behavior Unit Working Paper*, (14–005).
- Leonard-Barton, D., 1990. A dual methodology for case studies: synergistic use of a longitudinal single site with replicated multiple sites. *Organ. Sci.* 1, 248. <https://doi.org/10.1287/orsc.1.3.248>.
- Littlechild, S., 2006. Competition and contracts in the Nordic residential electricity retail markets. *Util. Policy* 14 (3), 135–147. <https://doi.org/10.1016/j.jup.2006.03.003>.
- Margretta, J., 2002. *Why Business Models Matter*. Harvard Business Online (January).
- Markides, C., 2015. Research on business models: challenges and opportunities. In: *Baden-Fuller, C., Mangematin, V. (Eds.), Business Models and Modelling*. Emerald Group Publishing Limited, pp. 133–150.
- McGrath, R.G., 2010. Business models: a discovery driven approach. *Long. Range Plann.* 43, 247–261. <https://doi.org/10.1016/j.lrp.2009.07.005>.
- Michelini, L., Fiorentino, D., 2012. New business models for creating shared value. *Soc. Respons* 8 (4), 561–577. <https://doi.org/10.1108/17471111211272129>.
- Morris, M., Schindehutte, M., Allen, J., 2005. The entrepreneur's business model: toward a unified perspective. *J. Bus. Res.* 58 (6), 726–735.
- Noda, T., Bower, J., 1996. Strategy making as iterated processes of resource location. *Strat. Manag. J.* 17, 159–192. <https://doi.org/10.1016/j.jbusres.2003.11.001>.
- OECD, 1996. *Competition Policy in the Electricity Sector*. OECD Policy Roundtables Series. Website: <http://www.oecd.org/regreform/sectors/1919993.pdf> (Accessed 26 12 10).
- Osterwalder, A., Pigneur, Y., 2010. *Business Model Generation*. John Wiley & Sons, Inc, New Hoboken, NJ.
- Poole, M.S., Van de Ven, A.H., Dooley, K., Holmes, M.E., 2000. *Organizational Change and Innovation Processes: Theory and Methods for Research*. Oxford University Press, Oxford, UK.
- Prahalad, C.K., 2004. The blinders of dominant logic. *Long. Range Plann.* 37 (2), 171–179. <https://doi.org/10.1016/j.lrp.2004.01.010>.
- Pynnönen, M., Hallikas, J., Ritala, P., 2012. Managing customer-driven business model innovation. *Int. J. Innov. Manag.* 16 (04), 1–13. <https://doi.org/10.1142/S1363919612003836>.
- Rahdari, A., Sepasi, S., Moradi, M., 2016. Achieving sustainability through Schumpeterian social entrepreneurship: the role of social enterprises. *J. Clean. Prod.* 137, 347–360. <https://doi.org/10.1016/j.jclepro.2016.06.159>.
- Rauter, R., Jonker, J., Baumgartner, R.J., 2017. Going one's own way: drivers in developing business models for sustainability. *J. Clean. Prod.* 140, 144–154. <https://doi.org/10.1016/j.jclepro.2015.04.104>.
- Roome, N., Louche, C., 2016. Journeying toward business models for sustainability: a conceptual model found inside the black box of organisational transformation. *Organ. Environ.* 29 (1), 11–35. <https://doi.org/10.1177/1086026615595084>.
- Santos, J., Spector, B., Van der Heyden, L., 2009. *Toward a Theory of Business Model Innovation within Incumbent Firms*. INSEAD, Fontainebleau, France.
- Sharir, M., Lerner, M., 2006. Gauging the success of social ventures initiated by individual social entrepreneurs. *J. World Bus.* 41 (1), 6–20. <https://doi.org/10.1016/j.jwb.2005.09.004>.
- Silverman, D., 2013. *Doing Qualitative Research: a Practical Handbook*. Sage, London.
- Simon, H., 1956. Rational choice and the structure of the environment. *Psychol. Rev.* 63 (2), 129–138. <https://doi.org/10.1037/h0042769>.
- Snihur, Y., Reiche, B.S., Quintane, E., 2017. Sustaining actor engagement during the opportunity development process. *Strat. Entrepreneursh. J.* 11 (1), 1–17. <https://doi.org/10.1002/sej.1233>.
- Sosna, M., Treviño-Rodríguez, R.N., Velamuri, S.R., 2010. Business model innovation through trial-and-error learning: the Naturhouse case. *Long. Range Plann.* 43 (2), 383–407. <https://doi.org/10.1016/j.lrp.2010.02.003>.
- Souto, J.E., 2015. Business model innovation and business concept innovation as the context of incremental innovation and radical innovation. *Tour. Manag.* 51, 142–155. <https://doi.org/10.1016/j.tourman.2015.05.017>.
- Spieth, P., Schneckenberg, D., Ricart, J.E., 2014. Business model innovation - state of the art and future challenges for the field. *R&D Manage.* 44 (3), 237–247. <https://doi.org/10.1111/radm.12071>.
- Stubbs, W., Cocklin, C., 2008. Conceptualizing a “sustainability business model”. *Org. Environ.* 21 (2), 103–127. <https://doi.org/10.1177/1086026608318042>.
- Svenska Kraftnät, 2016. *Elens Vågar*. Website: <http://www.svk.se/stammatet/driftoch->
- Teece, D.J., 2010. Business models, business strategy and innovation. *Long. Range Plann.* 43, 172–194. <https://doi.org/10.1016/j.lrp.2009.07.003>.
- Thompson, J., Doherty, B., 2006. The diverse world of social enterprise: a collection of social enterprise stories. *Int. J. Soc. Econ.* 33 (5/6), 361–375. <https://doi.org/10.1108/03068290610660643>.
- Upward, A., Jones, P.H., 2016. An ontology for strongly sustainable business models: defining an enterprise framework compatible with natural and social science. *Organ. Environ.* 29-Special Issue Bus. Models Sustain. Entrepreneursh. Innov., Transform. 1, 97–123. <https://doi.org/10.1177/1086026615592933>.
- Van de Ven, A.H., 2013. *Engaged Scholarship: a Guide for Organizational and Social Research*. Oxford University Press, Oxford, UK.
- Van de Ven, A.H., Angle, H.L., Poole, M.S., 2000. *Research on the Management of Innovation: the Minnesota Studies*. Oxford University Press, Oxford, UK.
- Van de Ven, A.H., Huber, G.P., 1990. Longitudinal field research methods for studying processes of organizational change. *Org. Sci.* 1, 213–219. <https://doi.org/10.1287/orsc.1.3.213>.
- Waldner, F., Poetz, M.K., Grimpe, C., Eurich, M., 2015. Antecedents and consequences of business model innovation: the role of industry structure. In: *Baden-Fuller, C., Mangematin, V. (Eds.), Business Models and Modelling*. Emerald Group Publishing Limited, pp. 347–386.
- Weber, C., Kratzer, J., 2013. Social entrepreneurship, social networks and social value creation: a quantitative analysis among social entrepreneurs. *Int. J. Entrepreneurial Ventur.* 5 (3), 217–239. <https://doi.org/10.1504/IJEV.2013.055291>.
- Wilson, F., Post, J.E., 2011. Business models for people, planet (& profits): exploring the phenomena of social business: a market-based approach to social value creation. *Small Bus. Econ.* 40 (3), 715–737. <https://doi.org/10.1007/s11187-011-9401-0>.
- Wry, T., York, J.G., 2017. An identity-based approach to social enterprise. *Acad. Manag. Rev.* 42 (3), 437–460. <https://doi.org/10.5465/amr.2013.0506>.
- Yin, R.K., 2003. *Case Study Research: Design and Methods*, third ed. Sage, Thousand Oaks, CA.
- Yunus, M., Moingeon, B., Lehmann-Ortega, L., 2010. Building social business models: lessons from the Grameen experience. *Long. Range Plann.* 43 (2–3), 308–325. <https://doi.org/10.1016/j.lrp.2009.12.005>.
- Zahra, S.A., Gedajlovic, E., Neubaum, D.O., Shulman, J.M., 2009. A typology of social entrepreneurs: motives, search processes and ethical challenges. *J. Bus. Ventur.*

- 24 (5), 519–532. <https://doi.org/10.1016/j.jbusvent.2008.04.007>.
- Zollo, M., Cennamo, C., Neumann, K., 2013. Beyond what and why: understanding organizational evolution towards sustainable enterprise models. *Organ. Environ.* 26 (3), 241–259. <https://doi.org/10.1177/1086026613496433>.
- Zott, C., Amit, R., 2007. Business model design and the performance of entrepreneurial firms. *Organ. Sci.* 18 (2), 181–199. <https://doi.org/10.1287/orsc.1060.0232>.
- Zott, C., Amit, R., 2010. Business model design: an activity system perspective. *Long Range Plann.* 43 (2), 216–226. <https://doi.org/10.1016/j.lrp.2009.07.004>.