

T.C.

ISTANBUL OKAN UNIVERSITY

INSTITUTE OF SOCIAL SCIENCES

Impact of Business Model Canvas on the Innovative Capacity of

The Companies

Adam BAH

**THESIS
FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION**

ADVISOR

Assoc. Prof. Muhterem Şebnem ENSARI (Dođuş Universitesi)

ISTANBUL, January 2021

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ABSTRACT

Nowadays whenever we hear about innovations, directly everyone thinks about the technology side due to a huge development in that area. The innovation affects mostly all the industries. Business is one of them; the Innovation brought a positive brightness in it. By comparing the business methods 20 years back to now, we can easily see the importance of the innovation. Innovation and Business are related somehow and the move the same way. By developing the business, the research lead us to the Business Model which has been a big impact to nowadays start-up business, it helps them to be more organized and have an ability to control their business. The important objective of the thesis is to develop the Impact of the business model on the innovative capacity of the companies. To reach the objective of the research it is essential to get the general concept of the Business Model. The following chapters will lead us to define the business model and the perspectives as well as a business model approach to innovations used by nowadays companies. The aim of the study on this topic is to find the relation between the Business Model Canvas (BMC) and the innovation. Within the result of the study, it is found that both goes along which is a positive point to consider for a person who wants to start a business or already is into a business and own a company. The business model canvas is recognized as an element participating to the communications about the business model with employees, partners and customers. One of the important is the fact of the competitiveness, the business canvas model external forces included competition and market forces which is a criterion for a firm to become innovative and have an ability to increase the innovative capacity. The research always leads to a strong relation between the BMC and the innovative capacity of the companies. By using this impact and applying the methods of canvas, the companies has more chance to be successful and innovative at the same time, and that cannot be done without a great management structure and strategies. Both topics have a big influence on companies nowadays. First, the BMC is a strategic management element that helps to define and express a business idea. The BMC is built with 9 different blocs as follows:

1. Customer segments
2. Value Propositions
3. Channels
4. Customers relationships
5. Revenue Streams
6. Key resources
7. Key activities
8. Key partnerships
9. Cost Structures

For a company to succeed and get great result, it is a must for that company to implement the business model in order to follow all the operations and activities. The BMC is a process of making connections between ideas and how to make it into a business, which is really related on the innovative capacity of the companies. For a company to take a decision to be innovative, they have at least a business models set up and well structured. It should start by being focus on the key blocks and saving time in order to succeed in every operation. Tracking the progress of every key elements of the whole business, understanding the business and shows all the operations that needs to turn customers' needs and difficulties into a profitable output. Also, the aim is to identify both positive and negative criticism about the impact of BMC on innovative capacity of companies. With the result of the analysis made, we can be able to find the relation between both subjects.



RESEARCH ABSTRACT

Aim of the Study: The study aims is to identify the impact of the Business Model Canvas on the innovative capacity of the companies. The Business model literature subject is a developed research idea. The idea of BMC for companies related to innovations is a developing subject of interest. The result of this research opens and adds perceptions to the cases about BMC elements.

Methodology: The study objective is to see the impact of the BMC on the Innovative capacity of the companies. To respond the question: 'What are the impacts of the Business Model Canvas on the innovative capacity of the companies?' a detailed exploratory is needed. Two different case studies are elaborated to evaluate different case study, and the output collected from the interviewee with the Business Model Canvas. The cases interviews are conducted with two companies' users of the BMC in different types of Industry to draw experience with the elements, and the innovations. During the interview the BMC, and its impact on the innovation on the companies is analyzed to experience in the interviewee's companies, especially the impact that makes the difference while using both Business Model Canvas and innovation.

Result: Based on the research method that has been done interesting impacts of Business Model Canvas on the Innovative capacity of the companies are explored. The studied cases companies are presented and the field in the Industry. The detailed gathered from each interviewee are mentioned within every element of the Business model Canvas, and their effect on the Innovation.

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ABBREVIATION

MBA: Master of Business Administration

BMC: Business Model Canvas

BMI: Business Model Innovation

TL: Turkish Lira

OECD: Organization for economic Cooperation and Development

PWC: Price Waterhouse and Coopers & Lybrand

1. INTRODUCTION

“The Current Business world is on its fourth stage of innovation, following the era of the lone inventor, company’s lab and the venture-backed startup” (Kanani, 2012). While technological improvements are the most important keys in the first three stages, fourth stage innovations are more include business model. The new research showed that half firms that was on the Fortune 500 before the 25th anniversary in the period between 1997 and 2007 were innovators of business model (Scott, 2012). The ability to innovate has become a major priority for most companies and organizations today, intense competition in a global market as well as technological development have made innovation a source of competitive advantage for many companies. Many authors as well as professors have attempted to define the term innovation, and one of the most prevalent definitions was given by (Schumpeter, 1934), defines innovation as the introduction or modification of a brand-new product, method market, and new supply of offer or changes within the organization. Another used definition of innovation is that of the OECD. The OECD defines as the application of a new product which can a good or service, or a strategic which help to promote new techniques and structured techniques. The innovation has a big impact in the business strategies and environment of the market. Based on the PwC's Innovation Benchmark Report in 2017, the author Volker Staack surveyed over 1200 managers in forty-four countries regarding their innovation strategy. Operating methods, cultures and a lot of to grasp however innovating corporations square measure seeking to form business worth and money on returns their efforts. With the result we clearly see that the majority believe that bringing more parties into the innovation sandbox is a smart idea. It can deliver significant benefits from improving innovation’s position with business strategy, to accessing new ideas and talent to falling faster and getting new innovations to market rapidly.

Businesses are really in a critical issue these days knowing that the world is falling apart due to the pandemic named Covid-19. Most companies are having difficulties to handle the situation. This situation has changed the business environment and every company has to change the flows and following the crises along. This will put the business to have a kind of restart which means to change the way of operating and even the business model. Although most companies have been dealing innovation during the last years. They need to be more innovative, change their way of executing. In the world most company suffered and some of the companies obviously saw they numbers increasing. Especially in Turkey some of the sectors has fall along with the crises, they even adopt the downsizing option or to stop the business for a while. The Turkish economy is mostly based on Export. The Turkish New paper publisher Daily Sabah provided the following info “Turkey’s exports and imports have both been negatively been affected by the coronavirus, with a serious decline observed over the course of April. Exports dropped by 41.38% year-on-year to \$9 billion over the month, according to preliminary Trade Ministry data released on April

2020. Imports also decreased from 28.31% to almost \$12.9 billion, as the same with the foreign trade deficit of \$3.4 billion and a 45.11% increased. The foreign trade of the country decreased from 34.31% year-on-year to \$21.9 billion in April". All around the world as well as the effect of the pandemic caused economically. In order to face this situation and try to survive, The Business Model Canvas need to be upgraded, many of the companies made some changes in their model and it helped them to stay in business. For example, here in Turkey, most companies change on the channels, value propositions and Key partners. Combining the Innovation with the Business Model Canvas will always have mostly stability and positive returns in the business especially when there is a change in the economy. Innovation has become a new essential strategic management for companies (Satell, 2013). Every company wants to be next Google, Amazon, and Apple and companies worldwide, large and start-ups, are investing resources into developing innovative business models in the industry. Companies have influences on the economy in general. Any companies cannot be successful without having a strong established business model. It starts with an implementation of strategies which are beneficial for the companies and it is a big responsibility for the management of any company. Management therefore is an important factor in shaping the development of a firms as well as the economy. Management decisions are supported managerial choices obtained from reference points such as firm's visions and techniques that form the business model and also the structure development of an organization. The strategies implemented by the management are thus of importance to the company development but also for successfully directing a company through a social, legal, political and economic requirement under conditions of market competition. The fact that the organizations are founded for economic purposes requires management to develop most of its societal involvement in the relation to the economic objectives of the companies.

Under the light of given knowledge about the current dynamics of the companies, the objective of this thesis is to show the importance of the business model in general, the impact that a business model have on a company knowing that there are several types of the Business models. The impact that the BMC has on the innovative capacity of the companies. Also with the help of the cases chosen, to show how the companies implements the tools of the Business Model Canvas in order to be innovative, gain profit and be competitive in the market. This thesis will be structured into five sections, with each chapter addressing specific research objectives. In the first section the Introduction of the thesis will be explained along with the objectives. In the second section of this thesis, Business Model Canvas will be explained, in the third section the Innovation and the different types of innovations will be explained. The fourth section is about the impact of the BMC on the innovative capacity of the companies, and the last section focuses on the analysis of the case study and the findings found from the Interviews.

2. BUSINESS MODEL CANVAS

In the section, the Business Model Canvas along with its advantages and its problems will be explained. Furthermore this section the literature review of the business model will be interpreted with the author's point of views and their ways of thinking regarding the business model

2.1. BUSINESS MODEL DEFINITIONS

“Business Model is a plan that describes the various aspects of business and shows how the business could relate to improve business activities” (Kagermann, 2008). (Osterwalder, 2005) describe a business model as “an abstract tool containing a bunch of objects, ideas and their relationships with the objectives to express the business logic of a specific firm”. Business models help the companies to know their customers, segmented the customers and decide on effective ways of reaching the customers (Teece, 2010). According to (Osterwalder, 2004), “a business model gives a template on how the business provides and unique services to customers to increase profit. A business model provides the logic, the data, and totally different proof that support value proposition for the customers and a viable structure of profits and costs for the enterprise delivering that value” (Osterwalder, 2004). The business model deal with summarizing the profits the firms provide to customers, how it will be organized to do so, how it will capture a portion of the value that it delivers. A good business model can offer goodly worth to the client and collect a usable part of this in profits. But developing a successful business model is insufficient in itself to assure competitive advantage. In general, the business model is complexes suggest which was interpreting by lot of writers and each of them has given different opinions and definitions about it. (Fielt, 2013) defines the Business Model as an illustration of worth logic of a corporation in terms of how it creates and understands client value. The conception of business model isn't unanimous authors as (Zott, 2011) affirms. However, points of convergence square measure determined between the assorted definitions found in books. The theorist perceives the business model as an idea associated with creation, delivery and capture useful (Osterwalder, 2010). As the way to facilitating the understanding concerning organizations (Petrovic, 2001) understand the business model as an outline of a posh business that permits finding out the plan, the connection between the structural components and the way these components respond within the real world. (Stahler, 2002) states that a business model is the simplification of a reality and helps to know the basics of a business or to arrange how a prying ought to behave within the future. (Margetta , 2002) understood the business model as a timeline that shows how a company is manage, also describes how each elements of a business are interconnected. To facilitate the understanding of a business, the perception of the business model with the assist of representation its tools, brought the likelihood to explain the business model in its structural perception, that is the structural plan of the company (Badden, 2010) For the exploration of the new business opportunities, showing the chances of generations value through a general analysis geared toward the innovation of organizations (Zoot, 2011). As it can be seen on the above perspectives, the Business Model has plenty of definitions which are share

among the Authors, writers and Professors. On the below table 1, the definitions of the Business Model are Interpreted by famous Authors on this subject.

Authors	Definitions
(Timmers ,1998)	“A business model: An design for the merchandise, service and data flows, as well as an outline of the assorted business actors and their roles; and an outline of the potential advantages for the assorted business actors; and an outline of the sources of revenues.”
(Mahadevan,2000)	“A business model may be a distinctive mix of 3 streams that square measure vital to the business. These embrace the worth stream for the business partners and therefore the buyers, the revenue stream, and therefore the supply stream.”
(Rappa ,2000)	“In the most simple sense, a business model is that the technique of doing business by that an organization will sustain itself that's, generate revenue. The business model spells-out how an organization makes cash by specifying where it's positioned within the worth chain.”
(Afuah, 2001)	“A business model is the method by which a company implements and uses its resources to offer the customers better proposition than its competitors and make profits. It shows how a company makes money and how it uses to do so in the long-term. The model is what helps a company to have a clean competitive advantage, to work better than its rivals in the long term.”
(Tapscott , 2001)	“A business model refers to the core architecture of a company, specifically how it deploys all relevant resources (not just those within its corporate boundaries) to create differentiated value for customers.”
(Amit, 2001)	“A business model represents the content, structure, and governance of transactions designed thus on produce price through the exploitation of business opportunities.”
(Chesbrough, 2006)	“A business model performs 2 necessary functions: price creation and price capture. First, it defines a series of activities which will yield a replacement product or service in such some way that there's net price created throughout the varied activities. Second, it captures price from a little of these activities for the firm developing the model.”
(Johnson, Christensen, and Kagermann ,	“A business model consists of 4 interlocking components that, taken along, produce and deliver price. The foremost vital to urge right out and away, is that the client value proposition. the other components square measure the profit formula, the key resources and

2008)	therefore the key processes.”
(Demil, 2010)	“Generally speaking, the concept refers to the description of the articulation between different BM components or ‘building blocks’ to produce a proposition that can generate value for consumers and thus for the organization.”
(Teece, 2010)	“A business model shows how the company creates and delivers value to customers, and then converts payments received to profits.”

TABLE 1: Business model definitions

2.1.2. DEFINITIONS AND EXPLANATION OF THE BUSINESS CANVAS MODEL

2.1.3. ELEMENTS OF BUSINESS MODEL CANVAS

BMC is the management strategic tool to help in coming up with a business model (Osterwalder, 2009). Its associate degree rising business tool used to change the development of a correct business model supported the prevailing models and therefore the various factors at intervals the business setting (Osterwalder, 2009). The BMC developed by Alexander Osterwalder is a representation of current or new business models, usually employed by strategic managers. The canvas provides a holistic read of the business as an entire and is particularly helpful in running a comparative analysis on the impact of a rise in investment might have on any of the causative factors. The issue to represent all business model components created, he tried and unified the ideas in elements of the business model, to represent the value creation ideas with a tool referred to as BMC. In order to do that, they used the prevailing literature as a basis to style the analysis elements that complete the set of components of the business model and their relations to specific the logic regarding however an organization makes profit. However, the BMC is seen as a visible illustration of the relationships between the business model components to make easy the understanding of the worth delivered to the customer segments, the structure design of the corporate and its network of partners. The business canvas model is additionally seen because the method of creating connections between concepts and the way to form it into a business. It helps to check all the parts and operations required to show customers' desires or issues into a profitable company.

The Business Model Canvas can be described through nine basic Building blocks that shows the logic of how a company intends to make money and operates with the movement that occur

1. Customer segments
2. Value Propositions
3. Channels
4. Customer Relationships
5. Revenue Streams
6. Key resources
7. Key Activities
8. Key Partners
9. Cost Structure

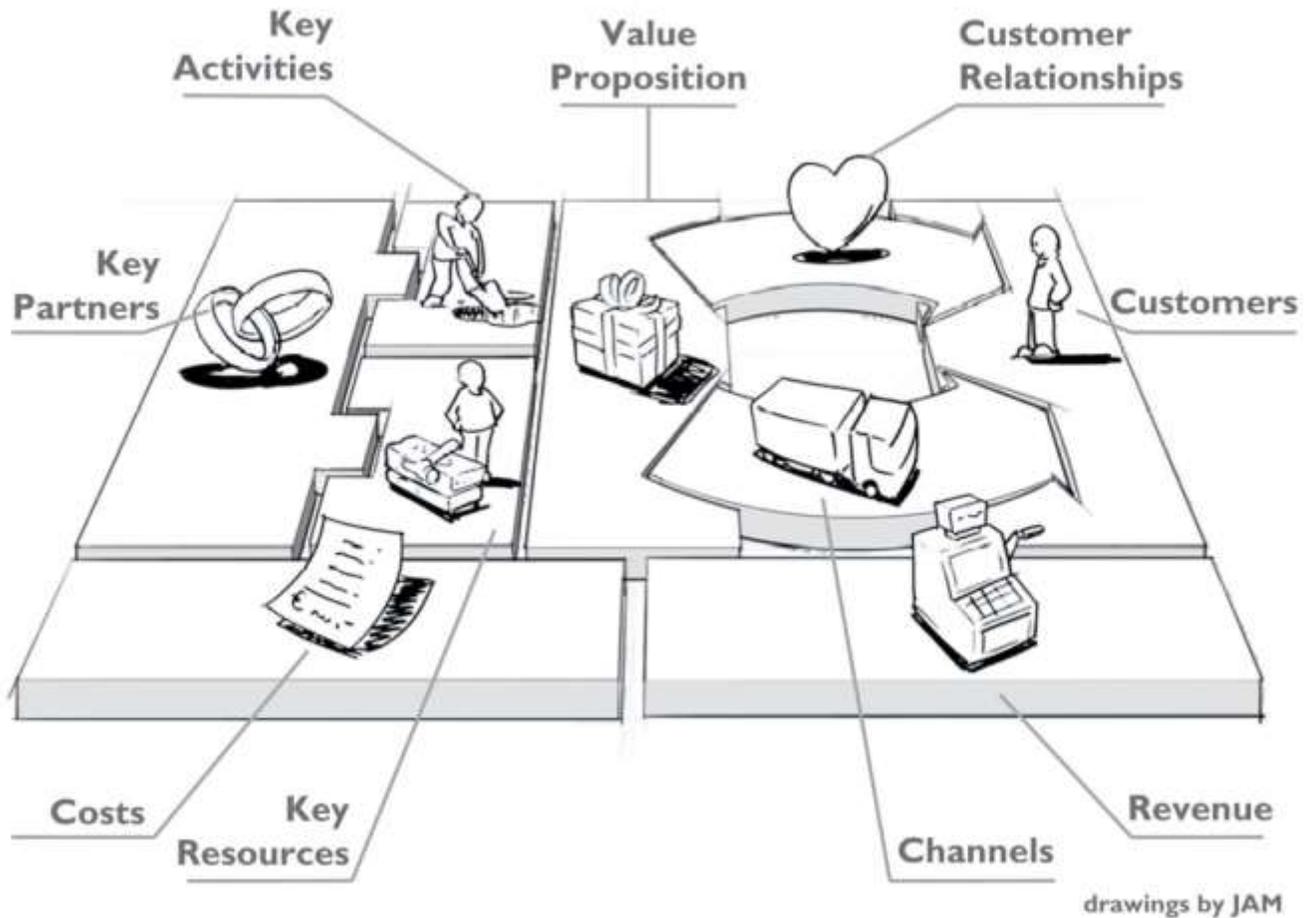


FIGURE 1: Business model canvas by (alexander Osterwalder and Pigneur 2010).

Resources: Osterwalder, A., & Pigneur, Y. (2010). Business model generation

2.1.3.1. CUSTOMER SEGMENTS

The customer segments building block defines the different groups of people or organizations an enterprise aims to reach as serve (Alexander Osterwalder and Yves Pigneur 2010). The priority instruction to get the customer segments is to get to know your customers. What area unit their wants and what they need for future? Creating a list of potential customers is important to take the first step and differentiate the customers by their strength and weaknesses in order to realize what is good for the company (Cleverism, 2015). The customers are the most important players in a business. Without the customers nothing can be achieve and the operation cannot be succeeded. Customers compromise the heart of any business model. Without

customers, no company will survive for long. So as to higher satisfy customers, a corporation could cluster them into distinct segments while not common wants. client segmentation has many benefits: it allows the company to match between the client and a proposal of comparable products; it changes the manner we tend to communicate with the client supported client data; it identifies the most profitable customers; and it enables us to update the products and services to meet customer needs (American scientific publisher adv. Sc. Letter, 2011). The type of segmentation is made as follow along with examples:

- Mass Market: This type of market is the one we can see a huge mass of group who is related with consumer. All of them have the same issues and needs; the mass market is used by company because while making the implementation of the template of BMC it does not make any difference between layers and value propositions.
- Niche Market: With this type of market, the perfect example can be the automobile manufacturers. The customer needs can be unify and make it as they request.
- Segmented Market: This type of market is basely used in order to differentiate customers. Mostly banks uses it, they can segmented the customer according to their bank account level.
- Diversified Market: This type of market is about offering different product or service two or more different type of customers. The different customers do not have to be related in needs.
- Multisided Markets: These types of market are related with companies that has two or more different type of customers. Segments are depending on each other. Such as newspaper Companies.

In the other way, the Customer segment is the type of people the company wants to provide value to. It is the people the company builds the products for. And there are tons other way the customers can be segmented such as:

- Demographics
- Psychographics
- Age
- Gender
- Profession
- Behaviors
- Interest
- Intrinsic & Extrinsic motivations.

The customer segments are one of the most important elements of the business model and represent groups of people and organizations the firm aim to reach and wants to provide services for (Osterwalder & Pigneur 2010).

2.1.3.2. VALUE PROPOSITIONS

The element value proposition in BMC includes all the product and services that make value for customer section. The value proposition is important for companies because it they key element that attracts customers to make purchases. Its goal is to unravel client issues and satisfy the desires of customers. Value Propositions is innovative and provide new ideas for companies in order to be competitive (Osterwalder, 2010). A value proposition is that the key purpose of product promoting. It brings along client understanding, fight awareness, and products appreciation. The value proposition shows however the management of an organization perceives the targeted customer's product perspective (Hudadoff, 2009). The value proposition may be a combine value key building which may be qualitative or quantitative. The following parts contribute to the value proposition creation for companies:

- **Newness:** Companies that provides new product or services in the market are the one which are most likely to use. The technology business is the perfect example for it.
- **Performance:** Mostly based on creating value which has a primary goal to create or developed the products. The same product can add a value and attract customers.
- **Customization:** Creating products or services area unit in which the customer is able to get a customized product with special prices. This approach can cash in of the economic scale with custom-made merchandise and services.
- **Getting this Job done:** serving to the purchasers to induce specific work done may be associate conjointly price proposition.
- **Design:** tough component to live however may be stand out feature. Style may be a necessary a part of some industries.
- **Brand Status:** Customers might notice price from the whole by comparing it to others.
- **Price:** Giving identical price than others however with a lower value in order to satisfy value familiarized customers. Low value concept can influence all the remainder business model decisions.
- **Cost Reduction:** Companies get acquire new customer by using this method and create value.

- Risk Reduction: Reducing the risks once buying merchandise and services may be an affordable price proposition.
- Accessibility: Giving access to products and services that were inaccessible for a few customers.
- Convenience: Build the products additional accessible and might produce important price for purchasers.

As studies shows, Delivering and capturing price is crucial and one amongst the challenges for productive business model innovation. Johnson et Al. (2008) confirm that value propositions area unit one among all the necessary four interlocking parts in a business model. These days Business model may be evaluated and redesigned by four interlocking parts and then corporations will perceive however the Business model meets specific price propositions employing a specific Key resource and key processes, whereas earning profit. The keys parts area unit are shown on the below figure two.

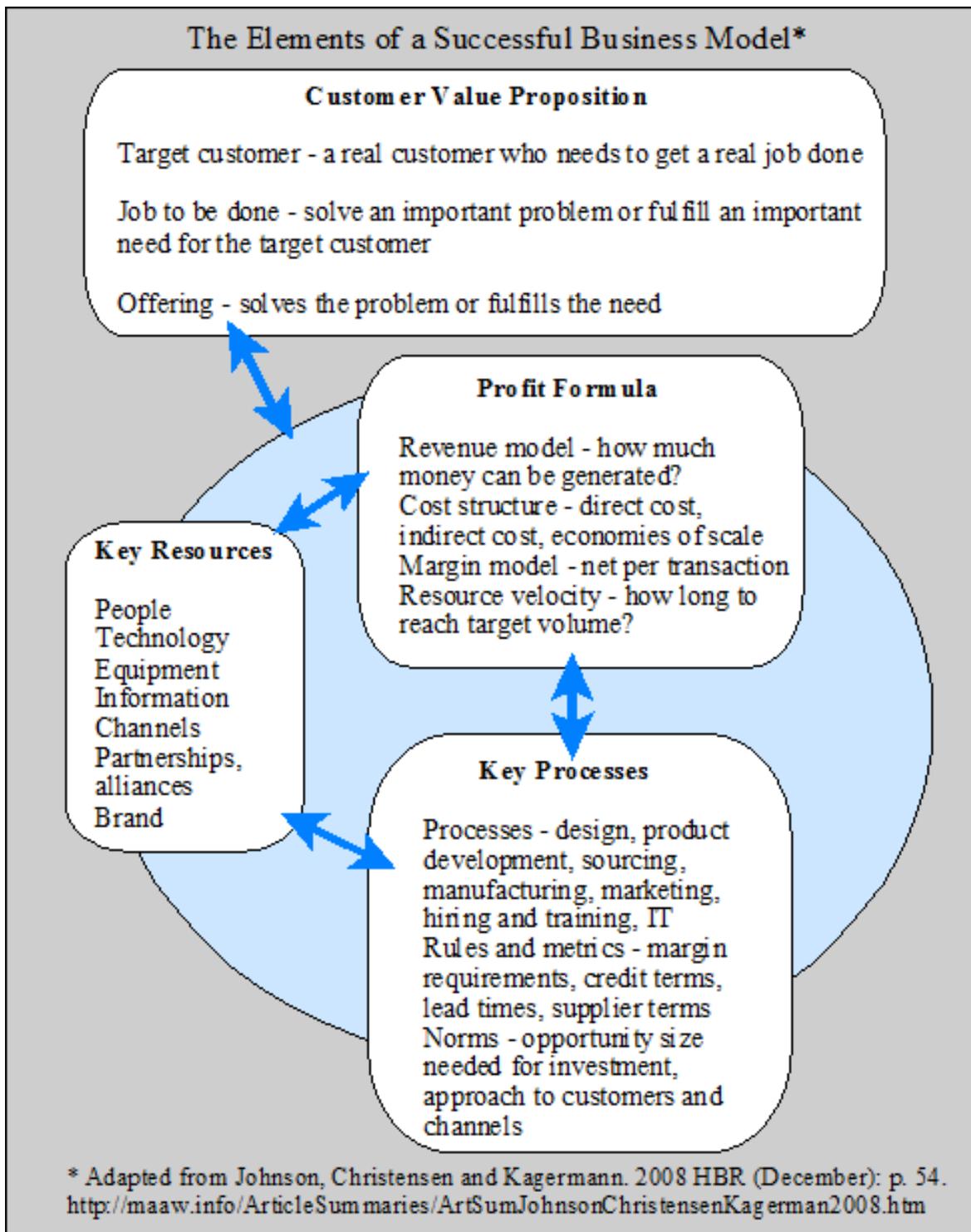


FIGURE 2: The element of the successful business

Source: Reinventing Your Business model, Johnson, Christensen and Kagermann (2008)

2.1.3.3. CHANNELS

Before introducing a new product to customers, it is essential to figure out first the type of distribution channel that need to be used (Raatikainen, 2008). The channel block shows how a corporation communicates, reaches its customers and how deliver its value proposition (Osterwalder, 2010). Having a simple channel for a compay invariably is usually a bonus and can always build operations quicker. Is is very important to know that channel is best for the corporate to achieve the customers. So as to induce begin introducing the product, the functions of the channels got to be identified an studies.

Channels Functions:

1. Strengthen awareness between customers with the product and services provided by the company.
2. Serving the customers the value proposition of the company
3. Allowing customers to purchase products or services.
4. Delivering the established value propositions to customers
5. Providing post-purchase client support

Channels and customers relationships building blocks shows how the corporate get in contact with their client section. As an example International firms tends to own standart channels that is usually on-line sales and straight from the search. Let take associate example on Apple. They need three ways of channels which is from their own web site, apple store and also the third party resailers. The success of this building block will delineated with a corporation like Apple, it's unfold all round the world and build it simple for the client to achieve them. There are fives phases of channels,

1. Awareness : How to strengthen awareness between customers with the product and services provided by the company.
2. Analysis : How the corporate facilitate customers to judge the value propositions.
3. Purchase: how firms allow customers to buy specific product and services.
4. Delivery: how firms deliver a value Proposition to customers.
5. once sales : however do firms give post-purchase client support.

There firms desires a link between them and also the customers to induce these phases to figure. The companies got to understand the Channel type so as to achieve the goal. Channel can be divided into two which is own channels and partner channels. Own channels is the right away link with the customer. As an example company own sales division or from web site. With this sort the corporate square measure directly in reality with the client and have a lot of vital profits. Channels are principally indirect which suggests that there's associate intermediaire between the corporate and also the customers, the intermediaire square measure the wholesalers or partners stores. During this kind the businesses has lower margins however they'll get their product quicker to the markets and that they would like fewer investment to make up infrastructure (Cleversim, 2015).

2.1.3.4. CUSTOMERS RELATIONSHIPS

The customer relationships element tool describes the type of relationships an organization creates with the customer segments (Osterwalder,2010). If an organization really want to remain constant on the sales, the customers relationships area unit one the vital factors to admit. An organization ought to clarify the sort of relation he has with every customer segments. Customer relationships is outlined as how a business get it touch with its customers (Mike Ebinium, 2016). An honest relationship drives the corporate into the customer acquisition, customer retention and conjointly boosting in sales. As this building block describe the kinds of relationship the corporate establishes with the client segments, before implementing it within the businesses. There some queries the businesses ought to be asking themselves as follows :

- What type of relationships every of the customers segments expect to maintain with the company?
- Which type of relationships that need to be established ?
- How are they integrated with the remainder of the business model ?

Based on the (Strategyzer support article), it will distinguish between couple varieties of customer relationships, that exist in an exceedingly company's relationship with the customer segment.

Transaction: The companies interacts with the customer on a transactional basis. Banks ATM is an example, there is no extreme established relationship with the customers.

Long-Term: A term and even deep relationship established between the company and its customers, The company get in touch with the customers but not in a regular basis.

Personal Assistance: it is a relationship that relies on human interaction. The communication will be meet up between the clients and also the real client illustration to induce facilitate throughout

the sales method or when the acquisition is complete. The interaction happens onsite at the purpose of selling through decision bases, by web or through different ways that shows personal assistance. It represents the most intimate form of relationship and unremarkable develops over long amount of time.

Self-Serve: This relationship happens once an organization keeps no direct relationship with customers. It provides all the required ways that for customers to make themselves comfortable and make their own purchases.

Automated Services: It is a relationship that mixes a lots of refined variety of clients self-service with machine-driven processes. This kind of relationship will acknowledge individual customers and provide information associated with orders. Machine-driven services will stimulate a private relationship like picture recommendations or providing books.

Communities: With this relationship, corporations area unit victimization user communities to be a lot of attached customerspropects and to facilitate connections between community members. Communities may also facilitate corporations higher perceive their customers.

Co-Creation: Most corporations' going beyond the standard customer-vendor relationship to co-create value with customers. Corporations have interaction customers to help with the planning of recent and innovative product.

Switching Costs: switch prices indicate however troublesome or, however, straightforward it's for the client to modify to a distinct various. As an example, a client of a knowledge storage give is attempting to store all his data in an exceedingly proprietary format. It'd be troublesome for that client to modify to an alternate supplier.

2.1.3.5. REVENUE STREAMS

The revenue streams tool represents the liquidity a firm generates from customer segment (Osterwalder, 2010). “Revenue streams are seen as the method by which a business turns the value proposition or solution to the customers problem into financial gain.” (Ebinium, 2016). It is important to know the pain and gain of the customers before establishing the revenue streams. The revenue streams is composed by couple pricing system such as bargaining, fixed prices, auctioning, market dependent, volume dependent and yield management (Osterwalder,2010).

As the customers are considered as the heart of the BMC, the revenue streams can be also considered as the keys beneficial elemets of the BMC. There are several ways that companies uses in order to make revenue streams:

- Asset sale
- Usage fee
- Subscription fees
- Lending/Renting/Leasing
- Licensing
- Brokerage fees
- Advertising

2.1.3.6. KEY RESOURCES

The key resources tool is the most important assets needed in order to make a business model successful (Osterwalder, 2010). Key resources are the inputs that a firm uses to implement the value proposition, customer segment and deliver the product to the customers. The key resources are essential for a company, businesses are based on intangible and tangible resources. These are the assets that a corporation specifically needs to form the end product and these are sometimes differentiated from the key resources being utilised by its competitors. Physical, financial, intellectual or human are the resources that allow the companies to create a value proposition. Different resources are needed depending on the type of business model, and key resources can be owned or leased by the company from a key partner (Osterwalder, 2010). Key resources are heavy for the budget to own and because of that companies try to have less functions to key partners (Jeffries, 2017).

2.1.3.7. KEY ACTIVITIES

The key activities tool are things a company must do in order to have a successful business model (Osterwalder, 2010). The company uses these activities in order to operate successfully, these are important actions for a company as well. These activities might be learning more about the customers, new techniques to improve the product quality or creating a new product line. Every business requires key activities and they differ according to the type of business model. Key activities depend on the business model type. Companies can manage activities into different categories. First the Production which involves designing, producing and delivering products. The second category is problem-solving in which companies create recent output for different customer problems. The third is a platform or network activities. In this Business model, main activities are management decisions, service provisioning, platform and promotion (Osterwalder, 2010). All of the activities are major for the company and contribute,

sometimes used behind the scenes. In case a company is willing to growth, all the activities has to be running. Key activities must be done at the design in order to get the idea about how to deal with the coming tasks. It is necessary to creat a suitable activities that can generate value and make the relationships with customer stronger (Epperhart, 2015).

2.1.3.8. KEY PARTNERSHIPS

The Key partnerships building block describes the networks of suppliers and partners to make the business model work (Osterwalder, 2010). The key partnership can be define as the relationships that the company has with other business, governmental, or non customer entities that help the business model work. Generally companies have a tendency to work with supplier in order to reduce the risk. It has several reasons as well which is also create alliances in order to optimisze their business model and also acquires ressources. It can be distinguish between four different types of partnerships.

- Strategic alliances between non competiores
- Coopetition strategic partnerhips between competitors
- Joint ventures to develop new businesses
- Buyer-supplier relationships to assure reliable supplies.

Key partnerships are the main suppliers that the companies uses. Once things is going well and getting deeper those supplier becomes the keys partners of the compamy. It is a plus to verify the current suppliers and determine the benefit that the company need to get from the supplier (Epperhart, 2015). Suppliers, stakeholders include employees, resellers, end-users and other partners in the company are considered as key partners. The interest of the customer, investors is important for the company. (Kotler, 2011)

2.1.3.9. COST STRUCTURE

The Cost Structure tool shows all the cost incurred to operate the business model (Osterwalder & Pigneur 2010). This tool is all about the most important cost that has been incurred while operating under a particular business model. Producing and suppling value, maintaining customer relationships and making revenue all incur costs. This last step in the process is really important, because it help the company mangement to decide wether to proceed with the rotate operations. The cost structures are definetly design by the management or owner of the company. You can go with low cost structures or high cost strutures, It depend on the type of business. The last element of the BMC is the Cost Structure, it is the part in which the

companies get to know about what to do or to perform in accordance with the operations, channels and relationships. The cost structure lead the companies to know how much they will be able to make profit and how many deals are allows to break even, this is the reason the cost structure is important (Jeffries, 2017). There are seven types of Cost Structure that Companies tend to use:

- Cost-Driven
- Value-Driven
- Cost Structure Attributes
- Economies of Scale
- Economies of Scope
- Fixed Cost
- Variable Cost



2.2. THE ADVANTAGES OF THE BUSINESS CANVAS MODEL

The Business Model Canvas is a long-term planning strategic (Alexandros, 2014). The BMC is considered as one of the key elements that are important for the development of the business model. As Osterwalder mentioned, “Interminable Business plans often increase the risk of failure”. The concept of Business Model Canvas is all about improving the efficiency of the company management and making changes in the market environment. The BMC is used by all type and level of companies. Among the main goal of the BMC, it determines the evolution of the business model and also it help to enhance the businesses. According to the Las Cruces Sun News articles, “the BMC is an entrepreneurial tool that enables you to visualize, design and renew your business model”. For many beginners, using the BMC is a bonus, and helps them to develop a transparent point of view of their value proposition, operations. As a little business owner, implementing the BMC is always a plus because it will make the outcome ahead compared to the competitors. The BMC isn't only designed to gain profit for companies; however it helps to investigate the companies that have robust non-financial missions based on ecology, social causes and public services (Osterwalder, 2010). The BMC is viewed as one of the biggest and important tools of the competitive advantages of industries. For example, In the Industrial Agriculture, the Business canvas model is used in order to have the competitive advantage. As the agribusiness is an important sector that generate a lot and has an impact on the country economic, based on the articles research published by Bioscience Biotechnology research Asia written by (Mikhail, 2015). The research led us to know the importance of the BMC,

- a) Companies management with the agribusiness are the fragile within the fact of maintaining competition and the ability to develop due to the activities set within the oversized of internal and external environmental factors. The BMC is helpful during this case to assist the upkeep and keep all the operations on target.
- b) The management concept of the BMC is to manage the property strategic and to be competitive in development of the company's structures within the context of the turbulent and unpredictable changes.
- c) Using the BMC brings a specific application in making the competitive advantages for company structures within the industrial agricultures. In conclusion, the concept BMC is an effective management tool for industrial agriculture.

The Business Model Canvas brings a positives impact to the companies (Small and Big Companies). The American company TESLA is one of the great examples that can be used to show the advantages of the BMC, as it can be seen in the below Figure 3. It is a company that is based in the automotive sector and has a big competitive market. TESLA adopted a special

Business Model which led them to be different from the others, the question that can be ask is what makes Tesla's Business Model different?

The first undeniable fact that created TESLA business model interesting and totally different was the corporate Mission. The chief operating officer Elon Musk made the subsequent comments regarding the mission of the company, "If we tend to may have mass marketed our initial product, we tend to may have, however that was simply not possible to realize for a startup company that had never designed an automotive and had one technology iteration and no economies of scale. Our initial product was reaching to be high-ticket in spite of what it gave the look of, therefore we tend to set to create a sport automotive, as that gave the look of it had the most effective likelihood of being competitive with its fuel alternatives ". This comment virtually shows that they need a strong value proposition. Tesla established a strong idea which is based on automotive industry and also established a whole production and delivered its ideas in automotive market, this idea has strengthened its business model. The business model of Tesla is based on three approaches such as sales, servicing and charging.

Direct sales: not like alternative automotive makers who sell from the franchised concern, tesla adopted the direct sales. It's created a global network of company-owned showrooms and galleries, largely in distinguished urban centers round the world. By owning the sales channel, Tesla believes it will acquire a plus within the speed of its development. However additional significantly, it conjointly creates a higher customer buying experience. Not like automotive dealerships, Tesla showrooms haven't any conflict of interest. Also, customers solely influence Tesla-employed sales and services employees. As well as the showrooms, service and centers and services facilities, Tesla has 429 locations round the world as of finish of 2019. Tesla has also created use of web sales-customers will customize and buy a Tesla on-line.

Service: Tesla has combined several sales centers with services centers. They believe that gap a service center in an exceedingly new space corresponds with inflated client demand Customers will charge or service their cars at the service centers or the service and locations. Also, in some areas, Tesla employs what it calls Tesla Rangers-mobile technicians who will service vehicles from your house. Sometimes, no onsite technician is needed in any respect. They even brought a service during which your automotive will fix wirelessly by uploading information and technician's area unit ready to fix issues on-line while not having physically bit.

Supercharger network: Tesla has created its own network of compressor stations, places wherever drivers will absolutely charge their Tesla vehicles in regarding half-hour for free of charge. The premise behind building and owning these stations is to hurry up the speed of adoption for electrical cars. While not the power to charge on the go, electrical cars face a large obstacle to mass adoption. Tesla can continue adding to the network of compressor stations within the USA, Europe, and Asia.

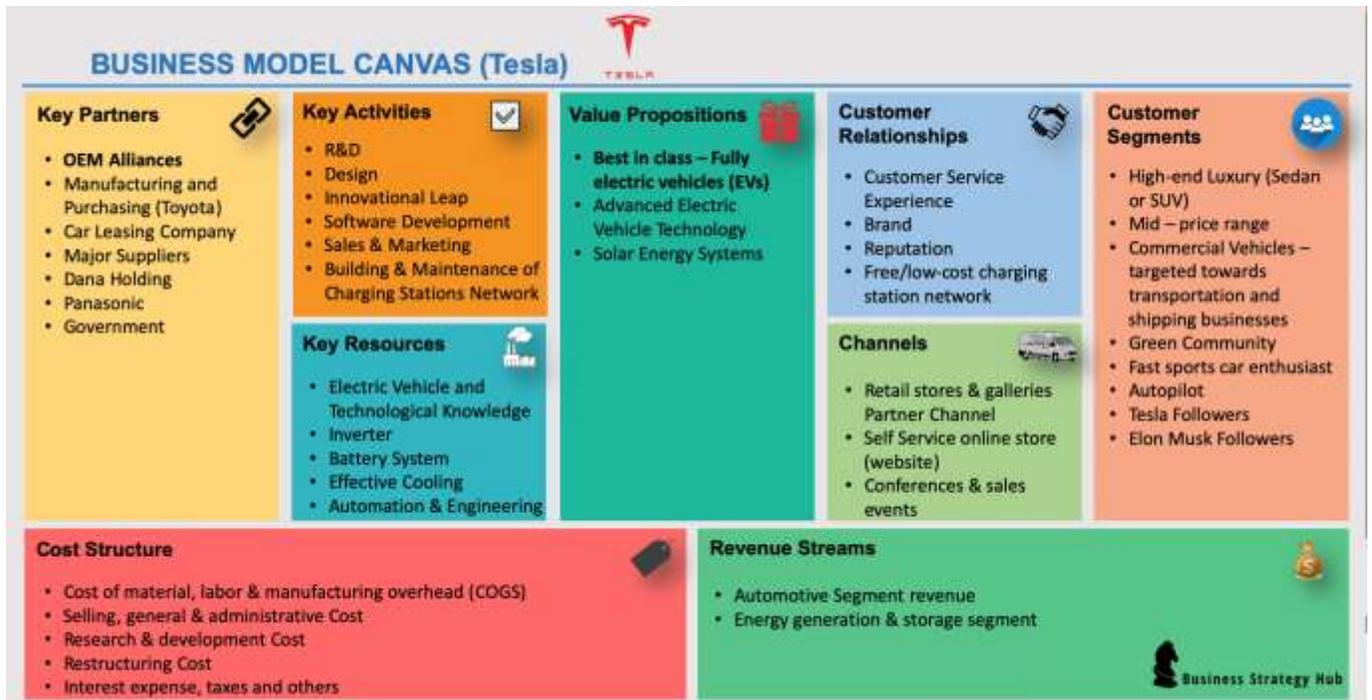


FIGURE 3: TESLA BUSINESS MODEL CANVAS

Resource: <https://bstrategyhub.com/tesla-business-model-tesla-business-model-canvas/>

Focus: The Business Model Canvas is a tool that helps the companies to focus on every operation done. The BMC allows the companies to be able to track all the activities, each tools of the canvas lead the companies to have a better impact on the profit.

Speed and Agility: The BMC is a tool that always considers the quality instead of quantity. Based on the key blocks, the companies are able to build a stable and gain profit.

Common Language: The Business model canvas created a language and standard reference which articulate, share and acquired positive feedbacks on every key element.

2.3. THE LACKS/THE PROBLEMS OF THE BUSINESS MODEL CANVAS

“The business model expires like a yogurt in a fridge” Osterwalder. The Business Model canvas is a system which is sensitive and helps a lot the star-up companies. Although the business model helps the companies to be more organize and allow follow all operations, it has also problems that can change everything is a negative way. The idea of the business model brought a change for startups; it replaced the business set up. A business set up looks to have the refined assumption that all the uncertainties are found out which is basically a matter of execution. The business model, in effect, queries the assumptions you would possibly be creating and asks the question, "What would happen if you thought otherwise concerning these variables?" (Bruce, 2004). Within the nine variables it has, the idea is to analyze each of them and think about changing them in some way to improve the way business works. The framework provided by the BMC wouldn't stimulate one to appear at the matter differently enough to disrupt the normal work structure. This suggests that we should not get fixed on a single tool, but instead assembly a collection of tools to draw upon to whether we can produce new insights about the possibilities of our business. The Business Model Canvas is characterized as stable because it does not make changes in strategy or the evolution of the model. Some limits of the template are its focus on organizations and its consequent conceptual from its environment, whether this is related to the industry structure or the stakeholders such as society and natural environments. The BMC has couple lacks which lead to a failure. Mostly Companies tend to fail without respecting or apply suitable Business Model. There are four facts that lead the failure of the BMC.

Solving customer job: The Business model is based on the value propositions. Companies should be able to solve the problems that customers are facing.

Flawed Business Model: A company is guaranteed to fail when the cost required customers so called Customer acquisition costs are higher than what you can earn from them directly or indirectly over time which is call customer lifetime value. For Example, we see the company KODAK fail on the matter by deciding to hire 4500 workers at their peak; now they had normal cameras in order to produce advertisement and movies. Unfortunately, they failed due to the Digital camera apparition who was requiring fewer workers and they end up spending more than they earn. The new business was flawed. The company NOKIA and Blackberry also faced the same issue.

External Threats: The threats are emerging from the business Model Environment. Let say your competitor might offer a similar value propositions as substantially lower price because they have business model with different economics. Your customer might be interested in your value proposition, but they might think you are not sufficiently environmentally friendly. The

other threats can be caused with a new coming technology, also the stock market crash with will lead on drying your funding.

Poor execution: You can screw up even the best Business Model if you are incapable of building the required infrastructure. Also, if you assembly the wrong team with the wrong skills or if you lack the leadership to turn the concept into reality.

Companies are most likely to fail from the beginning. Many reasons are causing these failures and as well know the most basic issue to carry about is the business Model. Once a company has a stable Business Model, it has less chance to fail. This is the mistake most of them make companies tend to focus on the amount they are investing without even having look on the Business Model. As mentioned on the below Figure 4 the reason on failures, the Business Model has 51 % which is really high, and this statistic is showing us its importance. This was one of the main reasons that pushed Alexander Osterwalder to bring the idea of the BMC. The Business Model Canvas can be used as simulation before even starting a business. Beside the Business there are of course other reason that led the companies to failure, 80 % of these reasons are all related to the Business Model Canvas.

Reasons founders cited for their startups' failure

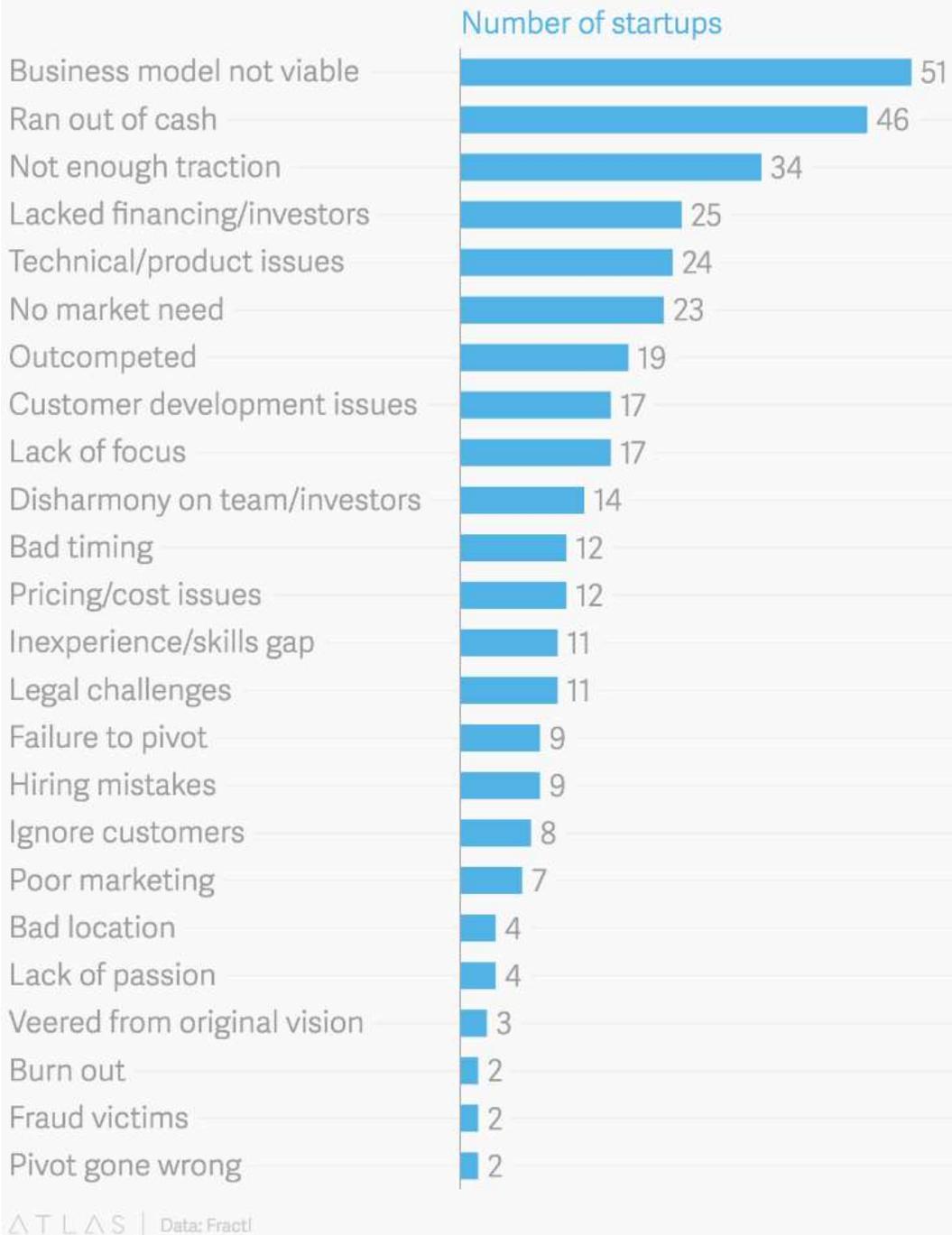


FIGURE 4: Startups' failure

Resources: <https://www.strategyzer.com/blog/posts/2016/6/20/why-companies-fail-how-to-prevent-it>

Based on the studies, the companies have some difficulties with the business models. In order to stop failure, there is a business prototype that need to be applied as Osterwalder presented in the below figure 5. The assumptions include the adaptability, feasibility and desirability.

Feasibility: Is the assumptions that help the company to choose the best infrastructure to establish a better business model.

Desirability: Is the assumptions that help the company to be able to build a customer value.

Viability: Is the assumptions related with the finance and help the owner to earn more than he spends.

Adaptability: Is the assumptions that help to settle a stable business model at the same time be aware of the competition, technology changes, we can say everything related with external factors.

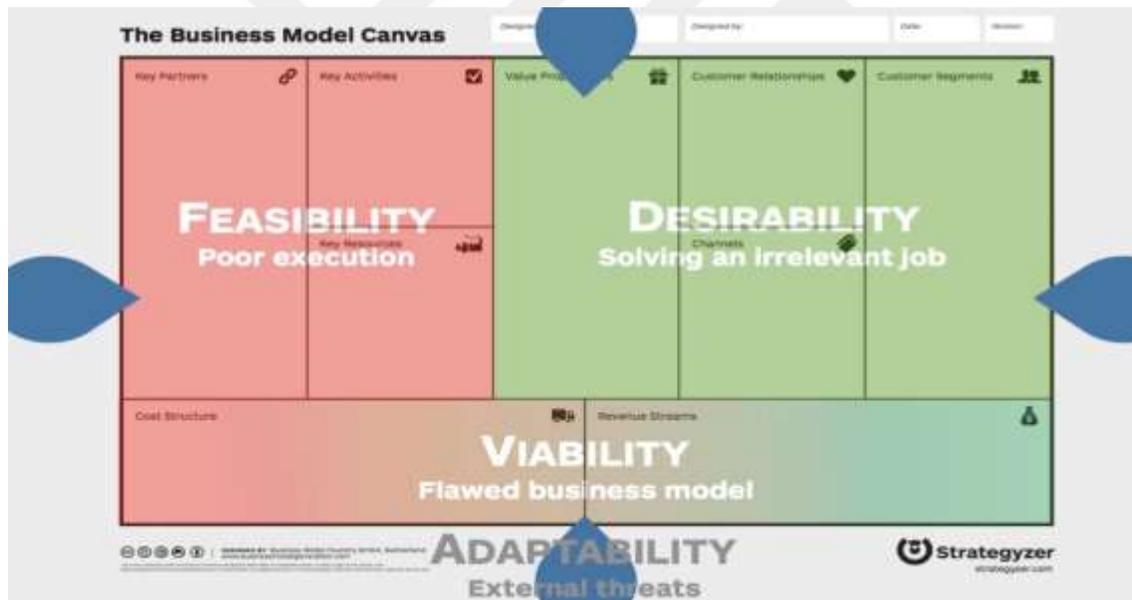


FIGURE 5: Framework to avoid failure by Osterwalder

Resource: <https://www.strategyzer.com/blog/posts/2016/6/20/why-companies-fail-how-to-prevent-it>

3. INNOVATION

In the section, The Innovation along with its advantages and its problems will be explaining. Later on the literature review of the Innovation will be interpreted with the author's point of views and their ways of thinking regarding the Innovation.

3.1. DEFINITION OF INNOVATION

“Innovation (lat. Innovatio – renewal, alteration) may be a complex term considering its wide used across many sciences and social aspects” (Latdict, 2014). Innovation is considered as one of two major features which are novelty and utility (Mayle, 2006). “This implies that innovation needs to have some novelty aspects inside, although it doesn't need to be original within the absolute sense, and it has to be utilized and success- fully delivered to market. Thereby, innovation is also defined as the successful exploitation of latest ideas” (Swann, 2009). Innovation is term which has thousands of definitions, every writers or professors attempt to define it with they own words. All of them include the common point which is creating something new like a concept. Etymologically, the term innovation comes from the Latin word “Innovare”, which implies to form something new. The innovation is defined as production, assimilation and exploitation of a value in economic and social fields; renewal and expansion of products, services, and markets; development of recent methods of production; and also, the establishment of latest management systems. It's both a process and an outcome; the amount of innovation differs from different sector. In business, the innovation is defined because the process of translating a plan or invention into an honest or service that makes value or that customer pays. Also, we are able to say that it's a thought that has got to be replicable at a cost-effective cost and must satisfy a particular need innovation involves deliberate application of data and initiative in deriving bigger or different outcome from resources and includes all processes by which new thoughts are generated and converted into useful products. In business, Innovation often results when ideas are applied by the corporate so as to further satisfy the wants and expectations of the purchasers. In other terms, “innovation involves the exploitation of recent ideas. Innovations are often confusing with invention” (Freeman, 1982), however makes clear the excellence, when he notes “an invention is an inspiration, a sketch or model for a brand new improved device, product, process or system, whereas “an innovation within the economic point of view is perfect only with a commercial transaction including the new product or process“. Defining innovation is an especially important management and leadership activity.

3.2. INNOVATIVE CAPACITY

Introduced by the Professor the Suarez, “the concept of innovative capacity measures the extent of the invention and therefore the potential for innovation in any nation, geographical region or economic activity. Invention here refers to ideas that are qualified, when those ideas are used for a few economics or social purpose, they become innovations. Innovations also are often the source of recent ideas. Innovations are the source of recent technologies” (Suarez, 1990). This innovation capacity is that the reason plenty of facts are considered while ranking the countries, with a possible of being innovation countries always tend to be developed and have the flexibility to differ among the others. With the well created innovative capacity, we can observe an importance results on the economical, national, and geographical dynamics of inventions.

On the national level, the innovative capacity shows how the activities are taking care over time, comparing with the principal activities of invention such as educations or laws enforcement. On the economical level, the innovative capacity shows the level of the invention within different areas. It provides also the comparison with other activities in order to see the technological advantages used for different ideas. On the geographical level, the innovative capacity shows important factors along with the sources of inventions. The innovative areas are more likely the ones that develop economically and increase the incomes and commerce.

3.3. TYPES OF INNOVATION

“The execution of a new or important developed product like goods or services, or process, a new marketing way, or a new management method in a business practices, workplace companies or external relations. Innovations should be a new to the enterprises concerned for product innovations, they do not necessarily have to be new to the market and, for process innovations and the firms does not need to have the obligation to be the first introducing any process”.(Eurostat, 2014)

“Product innovation is the market implementation of a new or significantly improved good or service with respect to its characteristics or intended uses. This involved major improvements in technical specifications, elements and materials, software, or other functional characteristics”. (Eurostat, 2014)

“Process Innovation is the execution of a new or major improved production process, distribution way or support activity for goods or services. This involves changes on technique, equipment and/or software”. (Eurostat, 2014)

“Marketing Innovation is the execution of a new marketing method involving major changes in product design, packaging, product introduction, product marketing or pricing. These are targeted at addressing customer needs, opening new markets or newly positioning a firm’s product on the market with the objective of increasing the firm’s profit. The different features are the implementation of a marketing method not previously used by the firm” (Eurostat, 2014).

“Organizational Innovation is the execution of a new management method in the company way of working, workplace management or external relations. These can be planned to increase a company’s performance by decrease costs, improving workplace needs or obtaining access to non-tradable assets. The difference feature is the implementation of an organizational method not previously used by the firm and that is the result of decision taken by management” (Eurostat, 2014).

In order to be competitive in the market, the business must involve the innovation: introducing the technologies and manufacture products and services increases the business process and marketing activities (Teece, 2010). “The definition of innovations varies across fields of innovation research; industrial Innovation contains the technical, design, manufacturing, management and commercial activities involved within the marketing of a brand-new product or the primary commercial use of a brand new process or equipment” (Freeman, 1982). Innovation is the important tool for the entrepreneurs; they use it as an opportunity for a different business or services (Drucker,1985). Innovation is the successful production of new ideas and decisions (UK DTI, 2004). “Successful innovation is the development and implementation of new processes, products, services and ways of delivery which result in significant improvements in profits, efficiency, effectiveness or quality” (Albury, 2005). Innovation is something new being realized with added value (Jacobs, 2008). “The study of innovation needs justification as scholars, practitioners and policy makers maintain that innovation could be a primary source of competitive advantage, industrial change and economic process” (Boyne, 2006). Innovation is the key element for the economic development, it has the potentially effect in productivity and competitive gains (Abrunhosa, 2008). “Innovation is the commercial or industrial implementation of something new-a-new product, process or method of production, a brand-new market or sources of supply, a replacement kind of commercial business or institution” (Schumpeter, 1983). “Innovation as the renewal and enlargement of the range of products and services and also the associated markets, the establishment of latest methods of production, supply and distribution, the introduction of changes in management, work organizations, and therefore the working conditions and skills of the hands”(CEC, 1995). In other term, Innovation is considered as the exploitation of new ideas. Innovation may be a term which will check with process, an attribute, or a consequence. There is a difference between innovation and invention. Innovation must not be seen the identical as invention, an invention might not necessarily lead on to innovation. This difference is created clear by (Freeman,1982) when he said that “an invention

is an inspiration a sketch or model for a brand new or improved device, product, process or system” whereas an innovation within the economic sense is accomplished only with the primary commercial transaction involving the new product, process, system, or device. The definitions of innovation involve with the literature. “Innovation has been consistently defined as the adoption of idea or behavior that's new the organization” (Mustafa, 2013). However, innovation doesn't directly result from R&D; it's a multi dimension process, with multiple sources, most of the time coming from complex interactions among individuals, organization and also the institutional setting. “Innovation is vital because in this knowledge era, many companies see it as a powerful contributor and means for generating business and profitable growth that may improve an organization’s performance and competitiveness” (Potters, 2009). Sustainable and profitable growth during a company requires sustainable innovations activities (Gupta, 2007). From certain point of view, innovation is management discipline: it concentrate on the mission of companies, searches for opportunities, determines whether or not it fit the strategic decisions of companies, defines the measures for achievement, and continually reassesses opportunities (Gaynor, 2002). Innovation subject is interpreted differently because there are lots of different type of innovations out there and everybody seems to use the term differently. Although we tend to hear about innovation in terms of technology and that we can say it's true that technological innovation has been and can likely still be the foremost obvious type of innovation, it comes in kind of other forms too. When the innovation is mentioned, it is needed to explain and compare it within plenty of industries and facts. Every industry has its different type of innovations or to be innovative. In order to figure out about its type, let break down Innovation into two dimensions which is Technology and Market, and it will give us the following 4 types of Innovations. Below In the figure 6, it can be distinguished according to its timing.

- 1- Architectural Innovation
- 2- Radical Innovation
- 3- Incremental Innovation
- 4- Disruptive Innovation

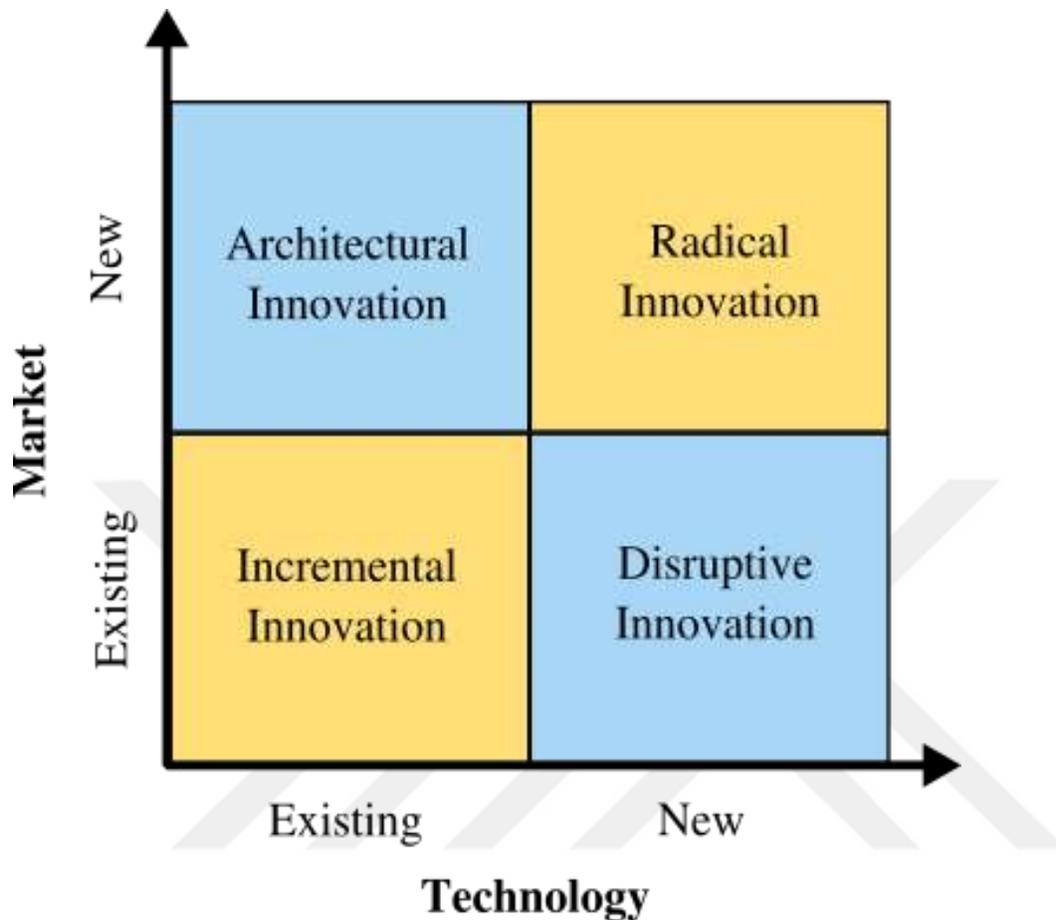


FIGURE 6: Types of innovations

Resource: <https://techblog.constantcontact.com/software-development/types-of-innovation/>

Architectural Innovation: Is all about the new technologies and skills that are applied in different market. The architectural innovation is an important fact that helps to increase the number of customers.

Radical Innovation: is the type of innovations that offers new industries the prediction considering the innovation. For example, the plane was not the primary way of transportation, with this type of innovation it allowed to develop it and commercialize.

Incremental Innovation: Is that the most typical type of innovation. It uses existing technology and increase value to the client inside your existing market. Most companies have interaction in progressive innovations in one kind or another. Most innovations are progressive, gradual, and continuous enhancements within the existing ideas, product or services within the existing market.

Disruptive Innovation: Also called rolling innovation, includes applying new technology or processes to a company's current market. It's skulking in nature since newer school can typically be inferior to existing market technology.

3.4. THE ADVANTAGES OF THE INNOVATION

Innovation is one of the foremost used content within the current business literature. "Innovate or die" is the used adage and it is the best way to explain the importance of innovation nowadays (Forbes, 2011). Innovation has the ability to change the principles of the game, however in today's dynamic and fast-changing business atmosphere, it appears that innovations area unit required to "stay within the game". Innovation will deliver vital advantages. It's one the crucial skills for achieving success in several businesses. It will facilitate to resolve issues, generates profit and increase a market share and edge out competitors. We've got seen however innovation modified the globe in each facet and with the innovation we have a tendency to we see new figures of each facts and trade. As mentioned on top of the innovations have lots differing types, in all types the benefits continually brought lightweight in it. one in every of the Innovations that we actually had huge impact within the world, and that is common to any or all the categories of innovations is that the Digital transformation. In a corporation, the digital info has a lot of positive aspect than Negative aspects. With a corporation with a completely digital things and capacities, those corporations have advanced conjointly the } chance to boost and also increase its production. In spite of what trade, you're connected. The aim of the organizations is to maximize the profit of the shareholders and also the company well-being. The rationale is that with the digital aspects, work become easier to regulate and to manage. It makes the task of the management simple to handle with the smallest amount efforts and disposition. The increasing diffusion of digital technologies throughout industries and aspects of life is reworking businesses even in areas that continually are obsessed with physical materiality. For example, I am working as International Sales specialist in Industrial Company, in that industry we really know the importance of the digital transformation and also, we can observe how the digital transformation makes the changes in everything, all the department. Let talk about my domain which is sales, when you compare to 15-20 years ago the task and the way of working is different. Nowadays we have all in our hands such as program that help us to prepare offers, preparing Packing list Commercial invoice etc... If you compare it previous year, the time consume was less. With the digital transformation the time is well consumed and organized. That is one the best and important fact of the digital transformation in an organization. We can also add the fact of having fastest computers and smart phones. That is only in sales department, imagine how it makes accountant and finance department life and task easier. There is one of section that really benefit from the digital transformation. Everything is set up for them as the programs that they use, they only need to type that data, the program itself calculates and provide the right output. One of the advantages of the digital transformation can be the fact of reducing the mistakes and the fact of

working efficiently. With the digital transformation, the organization can rely on maximum security on the data of the company and on the organization as well. The Higher you have enough innovation of the digital form, the higher you can have a chance to beat your competitors. The digital transformation has also affect on the modern organization structure; it brings flexibility in an organization. The management nowadays is just based on implementing strategies and goal, but with the help of the digital aspect things get easy to handle. As the modern structure of the organization is dealing with less people due to the innovation and the development of the technologies. This issue can be considered has a big improvement on the organizations structure bases. Almost all the Business or organizations are investing in In Digital Transformation nowadays. The banks have to be full digitally in order to be successful and also the bank will be able to manage more customers and investors. One of the best examples we can give is the Tesla Company, at the beginning the companies suffered a lot before have a straight or convenient way of selling, reach and getting in touch with the Customer's needs.

4. THE RELATION BETWEEN THE BUSINESS MODEL CANVAS AND INNOVATION

In this section, the relationship between the BMC and the Innovation will be explained. With the examples and cases that made these two subjects, the relationship will be understood and at the end how the companies are dealing with both BMC and innovation will be explained.

Beside the important role of business models, the technological innovations need to be used in order to capture and deliver value from innovations, it may also initiate by itself (Teece, 2010). There's growing agreement that innovations of business models are important think about the performance of a firm (Zott, 2011). "Business models may be innovated through reorganizing completely different quite processes and assets, or may be innovated through collaboration with different organizations to enrich services or product" (Zott, 2011). The innovation allow the companies to focus on the competitors and in commercially way open new concepts or resources for companies with their own resources, this idea is named "open innovation" (Chesbrough, 2005). Companies are focused at developing new technology, than in innovating business models (Chesbrough, 2010). companies has difficulties while dealing with the innovation business model, as a result they need to balance both of them in order to have a reason to compete in the market or industry. This creates conflict with existent business model that's answerable for the value generation of the running business as a result of managers usually won't support experiments with the business models since it's going to threaten their current business (Chesbrough, 2010). "The business model experimentation is projected to deal with the requirement of business model innovation", this provides businesses the chance to experiment with business models. However, it's not the answer for the resistance against new business models. Exploit could be a method where actors without through data from their atmosphere, will generate new data by taking actions and experimenting that causes potentialities which could be latent initially sight (Sarasvathy, 2009). "Next to exploit, leadership is an important model innovation as mentioned before, CEO'S or managers could be biased towards the recent business models, and thus middle managers are of high importance to the current kind of innovations" (Chesbrough, 2010). "Next to business model innovation, technological innovation has to be captured during a business model. 'Great technological achievements ordinarily fail commercially as a result of very little attentions has been given to planning a business model to require them to the market properly" (Teece, 2010). There are many examples given in (Chesbrough, 2002) of discovery- directed technological innovations that appears to possess terribly value to the client. "One answer is to use business models to capture the value and also the business mechanisms of a technological innovation. By using Business model, the captured value may be delivered to the customers" (Rosenbloom, 2002). the business model is capturing value and is explaining the business mechanics. "A business model is design of a firm that is constructed round the firm's revenues, costs, resources, price proposition and also the price

capturing mechanisms Teece, 2010). However, with the technology innovations there is a restricted data regarding potential customers, competitors, substitutes and different environmental factors. Simply as a result it's new and not introduced to the market and even because it's unknown if the technology can complete the desires in different words, if there's a marketplace for this technology. However, to create thriving new business model it's vital that it's supported well understood intelligence and data regarding the market, suppliers and customers. Together with creative thinking and entrepreneurial spirit it will cause new and innovation models that meet client desires (Teece, 2010). The Business Model Canvas is a concept which was established by the writer Osterwalder recently during the 21st century. Meaning it is something new; mostly people consider it as an Innovation in the Business. Both subjects have a positive and negative relation, but the positive side is much higher because nowadays every industry or businesses are moving along with the innovations and we see lots of success with the companies that decide to innovate. When we take the nine elements of the Business Canvas Model, each of them represents a major benefit of success and reaching goals for the companies or organizations. Those elements are also compatible with the innovation, all the businesses that are dealing with the BMC has to include the Innovation part in order to differentiate themselves and be competitive in the market. This is for all the Industries, lots of studies was focus on the relation between the Business model and the innovation and it always turn with the result as the improvement of the business performance. Lots of facts show that the successful of a business is based on the innovation. Companies that are healthy, they all lean on the innovation parts 95 % of them. There have been some examples that prove that such as heating and cooling Industry. With the help of the innovation, they could manage to work really fast and have an ability to progress. Comparing this industry 15 years ago, it was completely difficult to operate and be able to achieve their targets. Knowing that it was an Industry which is really needed nowadays especially in a construction and dairy sectors. The demand was increasing day by day. The owners of these companies have to come up with new business model strategies in order to be productive and satisfy the needs of the customers. The new strategies implemented were to focus on the innovation parts knowing that they already have work force. The innovation brought was to establish programs that would make the calculations of the formulas and capacity of each heat exchanger. This new program really has an impact of this industry, for example 15 years ago, in order to make the calculations for 1 products, the company needed to spend at least 2-3 hours on it. But with the program by only filling with the data's, you can get the results of the calculations in one minute. Once a company owner has an opportunity to implement this strategy in his business, He has more chances to get the projects and achieve his goals which will always lead to be more competitive in the market. In Turkey we have couple examples such as a company name Ekin Endustriyel, it was a company that has been built in 2005 and directly they adopted the above strategy, now they are really competitive in the market and being in competition with companies that has been built 10-15 years earlier than

them. This relationship between the Innovation and the business mode canvas is really huge. There are plenty of cases that will always bring the positive side of it. Management of the companies nowadays should be adaptive, innovative and oriented to the future this allows not only to apply a long-term development way, but also to solve a set of short term functional aspect of the management. Along with the main functional decisions that require attention, leading are aspects of cash management of the companies. Using the concept of management Business Model Canvas allows the company to plan their activities and its main financials results depending on the variability of the influence of the external and internal factors, system that will made the enterprises to be increase their innovative capacities, system modeling strength and direction of the effect of these factors as part of this management concept. The concept of Business Model Canvas allows the company not only to increase the level of revenue and profits but also to ensure the proper innovation and to maintain the competitiveness and sustainability of the business. “The creation and development of any business demands not only to take decisions, but also the Business Model Canvas with its tools to determine growth of an economic entity” (Sabanti, 1998). “The sustained growth of economic entities, including the financial aspect should be considered as their ability to innovate their business models when accumulated positive qualities and development characteristics remain and evolve. Which means environmental facts and conditions explain the sustained growth of companies” (Dudin, 2013). The BMC is a tool for strategic management for companies; they implement it in order to optimize their financial aspect, innovative capacities run by an economic entity. Knowing that the BMC is a financial management which contains value offered to customers, relationship with suppliers, key resources ensuring company’s work and development, key business processes ensuring the transformation of resources into the result which determines value, costs to create a value, targets customers distribution channels for value offered to customer, relation with customer and income from consumed value. This description is the basic idea of the creation of the Business Model Canvas. Companies use these elements in order to expand their ideas and be more innovate. The correlation between both Innovation and BMC is naturally positive and moves along. In the system of effective budgeting for economic entities, the implementation of the BMC is considered as the effective tools for a company to increase the activities and be innovative, which means increasing the innovative capacity and help the companies to be financial stable and structured. (See Figure 7)

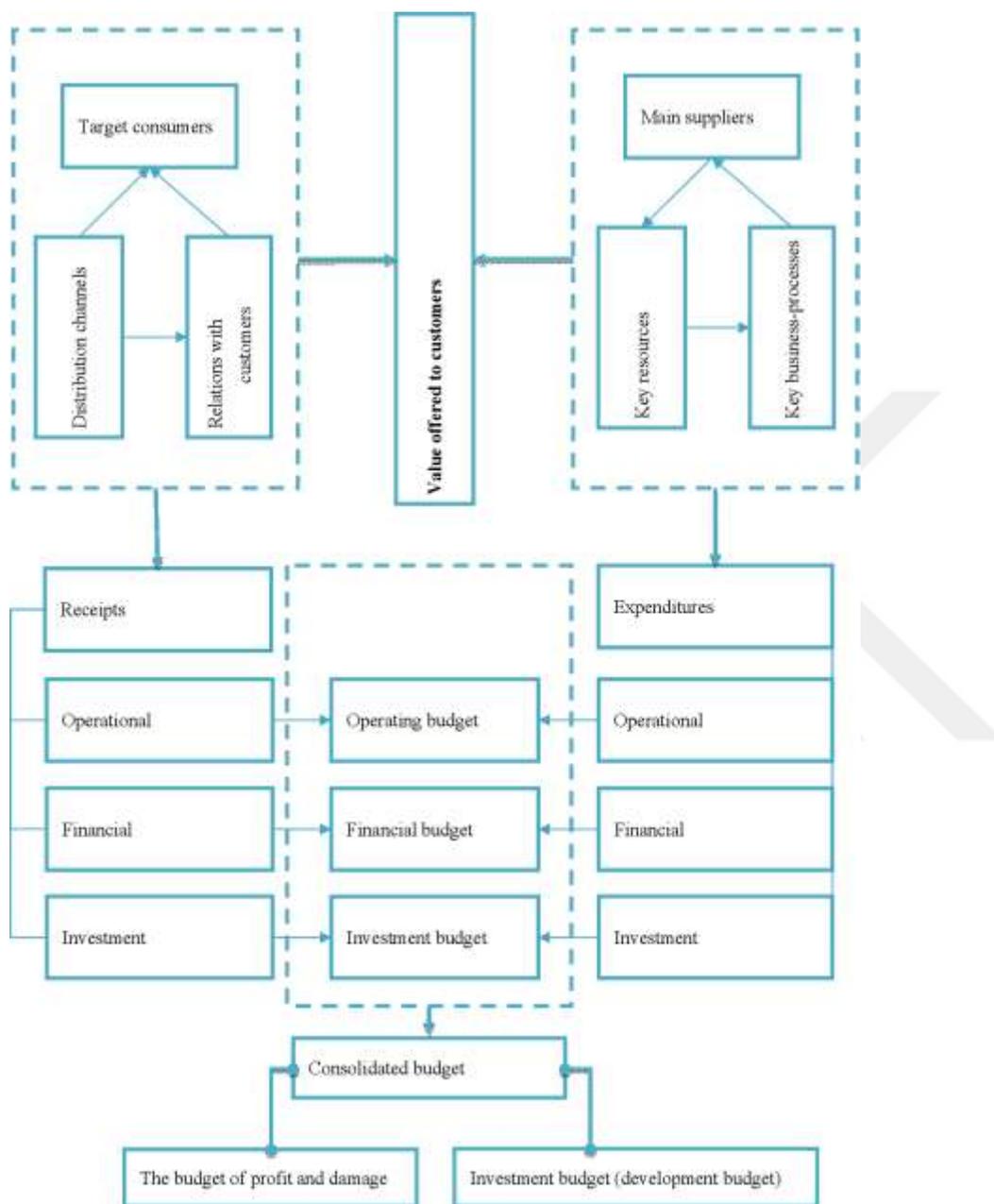


FIGURE 7: The business model canvas in the system of effective budgeting for economic entities

Resource: M. Dudin. Georgi Nikolaevich Kucuri, Irina Federova. S. Dzusosa. A. Namitulina
Published 2015.

5. METHODOLOGY

In this section, the thesis subject will be explained by using the chosen case study. At first the research method will be explained along with the method of the selection of the case study companies. The objective of this case study is to be able to answer the question ‘Is the Business Model Canvas has an impact on the innovative capacity of the companies?’ The general information of the companies will be given, followed by the interview protocol. In the last part by using the result found from the interviews, the impact of the BMC on the innovative capacity of the companies will be explained.

5.1. RESEARCH METHOD

The research used on this case study is based on the impact on the BMC on the innovative capacity of the companies. The basic information of the BMC is needed in order to have a better understanding on the subject. In order to have a better understanding the chosen companies has the ability to explain the case study. Within the result collected from couple interview made, the interviewees offer their experiences regarding the subject. The research provides us the general overview of the two important terms which is Business Model Canvas and the Innovation.

5.2. CASE STUDY

Known has one of the most important sections of a thesis; the case study helps to understand better the thesis subject. The main goal of the case study is to use the selected companies and try to get all the information which might help to make the BMC and the innovation understandable. The case study is conducted by the questions asked to the each of the interview regarding the relation of both terms. It is important to use the opinions of the people that have experiences on this matter. The more we have case studies in a thesis, the easier it is understandable (Dyer, 1991). Both companies that are chosen have a different industry which helps to have a better idea about the Business Model and the Innovation. The Idea is to find the positive and negative impact of both subjects.

5.3. CASE SELECTION

The case selection is the heart of the methodology section; each case study must be in accordance with the chosen subject. As mentioned above, the main goal is to elaborate the relationship between the Business Model Canvas and the Innovative capacity of the companies. Regarding the case study two different industries is proposed, the clothing industry and the heating and cooling industry. Industries are well known and occupied in the market, the competition exists, and the importance of these industries is developing day by day. In accordance with our subject which is the Impact of the BMC on the Innovative capacity of the companies, the Clothing Industry is one the best case to choose in order to show the impact of

both subjects. The Clothing industry occupies a big part of the economic for several countries such as Turkey, Pakistan, India, Bangladesh, China etc... Most of these countries are into this industry for lots of reasons such as they produce cotton, export it and also the working labor level is low. “In 2016, the largest exporting nations were china (161 billion dollar), Bangladesh (28 billion dollar), Vietnam (25 billion dollar), Hong Kong (16 billion dollars), Turkey (15 billion dollar) and Indonesia (7 billion dollar)” (Daily start, 2017). These data show how big and strongly competitive due to the mass volume of the customers and the need to the clothes all around the world. Due to the competition, more companies tries to implements business models such as Business Model Canvas in order to be differentiate them and increase the Innovative capacity. The competitiveness exists all around the world no matter the size of the companies or the economics of the countries. In this case the company chosen is based in Bamako, Mali named Fama-Dem, a small sized company created in 2011 with 11 employees. Mali has a socially stable and has initiate couple economic reforms to liberalize commerce and trade. After the mining sector, the Clothing Industry plays a big role on the economy due to the large importation of the cloths coming from China and Turkey. The industry is very competitive and has a large opportunity with the partners and the mass of the customers. These definitely need the implementation of the Business Models in order to be in top and increase the innovative capacities.

The Heating and Cooling Industry is one the ongoing innovative sector. It is a industry based on provide heating and cooling system to couple of sectors such as construction companies, maintenance and designer of industrial companies. This heating and cooling industry is among the most innovative Industry and competitive especially in the Western world. The market of this industry is very competitive, so in order to be ahead the BMC is one of the tools that can used in order to stay on the market. The company chosen is a medium sized company with 84 employees in total, named Ekin Endustriyel. The company was creating in 2005 based in Istanbul Turkey. “The Turkish heating and cooling sector have been rapidly developing both production and capacity and the market growing. In fact, the increase in population results the need to produce more heating and cooling products. The actual market started in the late 80’s. The number of companies and the type of equipment available on the Turkish markets increased rapidly in the 00’s. This brought positive developments in the economy of the country and also on the Heating and cooling Industry” (Tarhan, 2006). Since then, the number of companies in this Industry is keep increasing and the competition is getting bigger. According to the South-East European Industrial- Market article, “Turkey is the fifth largest Heating and Cooling market in Europe. The percentage of domestic used of these products is assumed to be around 7 % of the total population of 80 million people”. The reason of choosing Ekin Endustriyel is that they are among the top 3 in these sectors and has large customers in the markets. The implementation of the Business Model Canvas is primordial for them due to the strong competition and it help to increase the innovative capacity. See attached on appendix 1 the company information and

registration. These two industries are far different from each other, which help to have different perception of our thesis subject.

5.4. INTERVIEW PLAN

The information gathered from the couple interviews are based on the thesis subject. The outlined questions of the interview are chosen in according with type of industry, the questions are valid for both companies. During the interviews, some notes are taken, and all the interviews are recorded. Thankfully, we could make couple interviews in a different timing. As the case is based on two different company and industry, the interviews were done separately. The clothing company interviews were done twice, and 3 months separate both interviews with the owner of the company. The first interview was done face to face and it took two hours, the second was on Skype call and it took one hour. Meanwhile for the heating and cooling companies, four interviewees were done. The first three were done in a row each month, the last one was done six months later. The average timing of the interviewees was two hours. To structure the interviews, two different plans are proposed as we can see below; the well explained plan is available on the appendix 2 and appendix 3. The appendix 2 is related with the first chapter, and the appendix 3 is based on the evolution of the business model and its impact on the innovative capacity of different companies. Within this case study we could interviewed five different person. The data collected is confidential.

Interview Plan
Presentation of Adam BAH and the introduction of the thesis
Questions regarding the education level of the interviewee and the Company
Business Model Canvas based on your company
Question regarding the BMC building blocks in the company
Comments and summary of the thesis
Ending of the Interview

TABLE 2: First interview plan

Interview Plan
Presentation of Adam BAH and the introduction of the thesis
Questions regarding the education level of the interviewee and the Company
Summary of the previous interviews
Questions on the impact of the Business Model Canvas on the innovative capacity of the respective companies
Comments and summary of the thesis
Ending of the Interview

TABLE 3: Second interview plan

5.5. INTRODUCTION OF COMPANIES

The Introduction of companies leads us to know more about the case we are studying. Companies have different methods of management but all of them as the same goal which is to be successful and gain profit. To have a better understanding, the chosen companies has to be briefly explained, this helps the readers.

5.6. INTRODUCTION OF THE CLOTHING COMPANY

The clothing company is based in Mali named by FAMA-DEM, created in 2011 with 11 employees and small sized company. The Business idea is focusing on the clothing Industry, the company has the purpose to provide the country young generation clothes and shoes represented by a Malian. The interviewee is the owner and also the management director of the company. This makes him the right person to provide us the information related to the BMC. The BMC has been one of the tools that help the companies to have new opportunities and open new doors. The point of the interviewee is that the tools of the business model canvas are necessary in order to run a company. These tools can be used from different perspectives and open new opportunities, or to have a clear mind of the weak parts of the company. For example, the keys partner's parts which are one of the important tools which can make the company bigger and worldwide, as mentioned by the interviewee the goods are exported. The other tools as well has the impact on the management. More customer-oriented departments of the company will start at the building block Customer Segment, more innovations and future plan will start at the Key activities or at

the Value proposition. The importance of the BMC is major for the management on this industry, the elements of the Business Model Canvas leads to the Innovative parts. As the result collected from the interviewee, the focus on the tools has provided them the opportunity to be more innovative and dream big and have long term plan for the company which is opening more shops in different countries that are close to Mali.

5.7. INTRODUCTION OF HEATING AND COOLING SYSTEM COMPANY

Ekin Endustriyel is a Turkish company based in Istanbul, Turkey. Created in 2005 with 84 employees, medium sized company. Ekin Endustriyel is an expert company which has large heating and cooling products such as heat exchanger, tanks, and water heater tanks. Within the last ten years, the companies expanded the produced products. With the brand name MIT which stand for Made in Turkey, they could sell their products all around the world approximately in 45 countries. Ekin Endustriyel became a reference in the heating and cooling sectors. According to the interviewees, the BMC is an important tool for development and also for the management. The company is using the management method for long time, knowing that they have a competitive market.

5.8. BUSINESS MODEL CANVAS BASED ON COMPANIES

In this section, the finding and data collected from the interview are presented. The questionnaire is related with the given interview plan. Every of the nine blocks of the Business Model Canvas is mentioned.

Customer Segments

Company Name	Result
Clothing Company	<p>The company decided to apply with the customers segment based in ages. So they decided to split it into two segments.</p> <ul style="list-style-type: none"> • From 17 to 23 years old: This includes high school and university students. • From 23 to 40 years old: It has large activities members such as workers and students that are doing internships.
Heating and Cooling Company (Ekin Endustriyel)	<p>Based on the industry, the company has a really large opportunities, knowing that their products is used basically everywhere such as Building, hospitals, hotels, factories. At the end they do not have specific types of customer segment.</p>

TABLE 4: Customer segments

The Customer Segment is one the most important Business Model Canvas tool. The way it is use differs from company to companies, it can be specified as it cannot be. For example, the clothing company made a really nice segmentation about the customers which is helpful for them and makes the activities easier. The company was really specific about the selection. As the interviewee mentioned, they made lots of research in order to have a strong and trustfully customers. Here is below the how they proceeded with the segmentation:

1st segment: Customers from 23 to 40 years.

Customer's job: Customers are more likely depend on themselves, and they spend money as they want. Customers are more comfortable while wearing elegant clothes. The needs will be about being more responsible, looking good and it will show its maturity.

Pains of the customers: The fact of depending on themselves, it might affect their savings. Ability to do not be able to wear some clothes everywhere. Time that will take to bring the clothes in Mali can affect their performance.

Gains of the customers: Availability of the products will encourage the target customers to save more money in order to be more fashioned. The shop will create special product just for those who are 23 to 40 years for example "slim suits". Products are good quality, and it will make them comfortable and push the customer to buy more.

Products and services: Tee-shirts, Sweet-shirts, shirts, suits and shoes for all generations. Guarantee will be given to customers in case of doing mistake. The goods can be return in case the customers have chosen the wrong size and the return of the money is made immediately.

Pains relievers: With the quality of products the company is providing it will increase the expectations of customers as soon as we bring new arrivals. The company is able to provide the clothes according to the culture of the country, by making special order and design.

Gain Creators: The fact of following the fashion with the Western world, the customer will be satisfied will have the satisfaction to spend more. The quality of innovation will improve the expectations of the customers. With the strength the company has, the customers will be positive according to the standard price.

2nd segment: From 17 to 23 years old

Customer's job: From the age of 17 to 23 years old, customers are more likely to pay any amount offer by the products, because the money is not coming from their pocket. The needs that are to feel comfortable look good in order to be more attractive toward their friends.

Pains of the customers: With not having what they want according to the size while hanging out with their friends, they might feel uncomfortable and that can reduce the performance of the customers. As it is Muslim country, some customers will not be able to wear their preferred clothes due to the culture. According to the customers, it can be costly to parents due to economic situation and the purchasing power of the country.

Gains of the customers: The expectation might be positive for students, as the company will be able to provide products with an average price, helping them to afford it. Wearing the clothes for

example for a boy, girls might want to get closer to him because of the way he his dressing with our products.

Products and services: Tee-shirts, Sweet-shirts, shirts, suits and shoes for all generations. Guarantee will be given to customers in case of doing mistake. The goods can be return in case the customers has chosen the wrong size and the return of the money is made immediately.

Pains relievers: With the quality of products that the company will provide. It will increase the expectations of customers every time when the new stocks will come. The company will be able to provide the clothes according to the culture of the country.

Gain creators: With the high quality of clothes the customers will decide to spend more and more and it will make them saving money that parents are giving them in a day.

Value Propositions

Company Name	Result:
Clothing Company (FAMA DEM)	FAMA-DEM put the Value proposition in top of the Building Blocks because it is the only point that differs them from the other competitors. The company implements the value as providing the customer goods quality products and the averages prices based on the purchasing power of the country.
Heating and Cooling Company (Ekin Endustriyel)	The value proposition provided by the Ekin Endustriyel is that the Selection program which is MIT SELECTION available for everyone, the company is willing to share it with the entire customer. The after sales Services as well.

TABLE 5: Value propositions

The Value Propositions tool has the same importance as the Customer segment building block. Both are related to each other; it is the tools that bring attention to customers. A company that has a great value proposition tends to have more customers. For example, for the company Ekin Endustriyel as the Export manager comments says “In our Industry, not everyone can share the selection program; most of the competitors uses uncertified program with any conformity “In the local Market, Ekin is one of the most used brand of Heat exchangers. The value propositions chosen by Ekin also opened lots of opportunities all around the world. The company has

distributor in couple European countries such as France, Georgia, Croatia and Russia. The clothing Company used the economic situation of the country in order to choose the Value proposition. Which is a great tool; the less the prices more people are attracted and spend more.

Channels

Company Name	Result:
Clothing Company (FAMA DEM)	The channel Building Block is seen as the communication lines between the company and the customer, The company has only two channels which is the Store itself and the online selling by using social media platform such as Instagram and Facebook.
Heating and Cooling Company (Ekin Endustriyel)	As the company has a big factory, the first point of customers to get in touch with the customers is the Factory. Mostly the customer reaches the company via mail. Ekin has lots of platform in which the customers can reach such: Direct Industry, the company website, HepsiBurada. The company uses the distributor agent as the channels according to the areas.

TABLE 6: Channels

The Building block Channels creates the communication lines between the company and the customer. The implementation of the Channels tools is related to the type of industry or organizations; it is related also with the type customer segments. For example, the clothing company decided to go with the social media channels due to the ages chosen the young generation are more likely to use those platforms a lot, which is a plus for the company to reach the targeted customers.

Customer Relationships

Company Name	Result:
Clothing Company (FAMA DEM)	The customer relationships are important, depending on the complexity between the company and the customers. This building block can be seen as the ‘network’ building block. The phone and social media are the tools used to keep the relationship tight with the customers.
Heating and Cooling Company (Ekin Endustriyel)	Customer relationships are all about the transfer of the value proposition and it is one of the keys important parts of the Business Model Canvas. With the comment of the interviewee “ Ekin has a string relationship with its customers, In the company there is an employee who take care of it and from the websites there is a hot line 24 hours for the customers.

TABLE 7: Customer relationships

The Customer relationships are one of the important tools. This tool is directly related with the value propositions and the impact is positive between both BMC tools. The Clothing Company uses the direct relationship with the customers; the customer has the right to return the goods as he wishes unless he did not use it. Ekin interact with the customers often every week by calls made from the person in charge. Once any company settle a great relationship with customers, the company has a ability to make the value propositions well established.

Revenue Streams

Company Name	Result:
Clothing Company (FAMA DEM)	The revenue stream implemented by FAMA DEM is the Direct sales from the Store and the Online sales.
Heating and Cooling Company (Ekin Endustriyel)	Ekin is a manufacturing company which gives them lots of opportunities on the Revenue stream building blocks. The company has the revenue streams such the Products sales, Services and Maintenance, Startup of the machines and the Training about the selection program.

TABLE 8: Revenue streams

The revenue stream is the way the company control its cash inlet. It is important as well because it help the companies to be in control of the sales and the financial part. Fama-Dem has the standard revenue streams along with its competitors; in this industry the revenue streams do not have a big effect. Meanwhile Ekin has multiple ways to generating the cash inlet, as mention on the above table 8.

Key resources

Company Name	Result :
Clothing Company (FAMA DEM)	The key resources are needed in the company. Key resources are the contributions that a company has in order to create a rich value proposition. FAMA DEM implemented staff and the creators of the online payment establisher.
Heating and Cooling Company (Ekin Endustriyel)	According to the Interviewee “Ekin Has 31 engineers which is an important point for the resources” The Human Resource is strong. The programmer and the Import and Export department as well.

TABLE 9: Key resources

The key resources are essential for a company, businesses are based on intangible and tangible resources. These are the assets that a corporation specifically needs to form the end product and these are sometimes differentiated from the key resources being utilised by its competitors. Physical, financial, intellectual or human are the resources that allow the companies to create a value proposition. Fama-Dem focused on the online payment establisher and Ekin has an unbelievable engineers team which provides a plus to the company.

Keys Activities

Company Name	Result:
Clothing Company (FAMA DEM)	Keys activities of the Clothing Industry are mostly the same for all the companies which is Sales, Management and Customer services.
Heating and Cooling Company (Ekin Endustriyel)	Keys Activities is basically something the company does. The main activities are the selection of the program with the help of the selection program, giving offers, following the offers, Logistics Operations, Customer services, getting orders, and following payments

TABLE 10: Keys activities

Keys Activities are is tool that is necessary for the company and it is important. The activities that the company does in order to satisfy the needs of the customers are included. From the beginning to the end users all the activities must be completed. The company uses this activities in order to operate successfully. These activities might be learning more about the customers, new techniques to improve the product quality or creating new product line. Every business requires key activities and they differ according to the type of business model.

Key Partners

Company Name	Result:
Clothing Company (FAMA DEM)	The Key Partners is the most important tool for Ekin. Knowing That FAMA DEM import the goods from Turkey and sale it In Mali. They have lots of partners; the important ones are the Suppliers in Turkey, Logistics companies.
Heating and Cooling Company (Ekin Endustriyel)	The partners are the heart of the Ekin. As Ekin is a manufacturer company, the partners plays a big role in the production “Our main partners is the raw material producers (Stainless Steel, Carbon steel, gaskets mold)” says the Production Managers. In the local market in order to send the goods or documents across the cities the company has a partnership with couple shipment companies as well.

TABLE 11: Key partners

The key partnership is about the relationships between the company and the other side of the entities that help the company to generate and work in order to increase the profit. Generally companies have a tendency to work with supplier in order to reduce the risk. It has several reasons as well which is also create alliances in order to optimisze their business model and also acquires ressources. The clothing company operation is based on importing goods from Turkey, which makes them dependent on the partners. Therefore they consider the keys partners as one the most important element and the same goes with the Ekin Company.

Cost Structure

Company ID	Result based on Interview:
Clothing Company (FAMA DEM)	In order to operate with the Cost Structures, FAMA do not have specific details. The labor and Management, Logistics cost, Customs including Taxes and the cost Materials.
Heating and Cooling Company (Ekin Endustriyel)	The cost structure of Ekin is resumed on the taxes including other expenses. Cost of material and administrative, manufacturing and labor.

TABLE 12: Cost structure

The Cost Structure is all about the cost that has been spend or sustain while operating. Creating and delivering value, maintaining customer relationships and generating revenue all includes the costs. This last step in the process is really important, because it help the company mangement to decide whether to proceed to rotate the operations. The cost structures are definetly design by the management or owner of the company.

5.9. BUSINESS MODEL CANVAS TEMPLATES BASED ON THE INTERVIEWS

In this section, the details collected from the interview and information given by the interviewees will be presented as a table format.

FAMA DEM Template

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITION	CUSTOMER RELATIONSHIP	CUSTOMER SEGMENTS
Supplier In Turkey Logistic Companies	Sales Management Customer Services	High Quality of Product Average Pricing	Phone Social Media	17 to 23 years Old (Students) 23 to 40 years (Workers)
	KEY RESOURCES The Staff Online Payment Creators		CHANNELS From the shop Online Platform (Instagram, Facebook)	
COST STRUCTURE Labour Management Logistics Taxes Material cost			REVENUE STREAM(S) Store Sales Online Sales	

TABLE 13: Fama dem BMC template

Ekin Endustriyel Business Model Canvas Template

KEY PARTNERS Raw Material Producer Logistic Companies	KEY ACTIVITIES Product Selection Giving Offers Following offers Getting order Following Offer Customer services Logistics operations	VALUE PROPOSITION Heat exchanger selection Program After sales Services	CUSTOMER RELATIONSHIP Phone Social Media	CUSTOMER SEGMENTS Constructions Companies Hospitals Project Companies Industry resellers Milk Producers Induction companies
	KEY RESOURCES Well trained engineers Programmers Import and Export Department		CHANNELS Factory Distributor s Online Platform (Direct Industry, HepsiBurada)	
COST STRUCTURE Cost of Material, Labor Manufacturing Administrative Cost Research and Development Cost			REVENUE STREAM(S) Products sales, Services and Maintenance, Start-up of the machines Training about the selection program	

TABLE 14: Ekin Endustriyel BMC template

5.10. IMPACT OF THE BUSINESS MODEL CANVAS ON THE INNOVATIVE CAPACITY OF THE COMPANIES

The Innovation is a concept that brings new ideas and help to improve. Companies tend to use it in order to increase their profitability. The BMC has a big impact on the innovative capacity of the companies, no matter what the size of the company is. The impact has a positive and negative side, as conclude by all the interviewees the positive effects are much higher and important for the companies. A company which started by establishing a well and detailed business model canvas template is more likely to have a structured management. The Business Model Canvas will help to bring new ideas while processing with the current decisions taken. The Business Model Canvas has continuity, and it is a concept that can be updated every time depends on economic situation of the country, the company itself or depending by other facts that are related with the improvement of the company. The BMC leads the management of the companies to exploit new ideas in order to improve its processes, to bring new and improved products and services to the market or the industry. The BMC increase the company efficiency and increase the profit.

The questions of BMC impact on the innovative capacities of companies were asked to the Export Manager of Ekin Endustriyel, he confirmed as follow “The implementation of the Business Model Canvas explained is one of the best decisions that the company took. The company was able follow each building blocks of the BMC in order to find a way to increase the customer numbers, sales and profit of the company. The company focused on the value proposition which was important. The fact of focusing on the selection program was a boost for the company, we could easily attract customer in the national market and abroad as well. Once the right value proposition was found, we were able to focus on another block related to it such as the customer segment. Knowing that the products manufactured are used everywhere; the management has an idea to broaden the customer segments. We had turn their marketing towards the companies that deals with engineers such as constructions companies and inductions companies because these are the type of companies that are more likely to be interested with the selection program “According to the Export manager, they succeeded with this strategy. The board of directors decided to open a new department which will be responsible to follow the Business Model Canvas, the main task is to innovate the template and find new solutions for each of the nine blocks. Since the company started to focus on the BMC, lots of changes happened and the company was seeing the numbers increasing. Every blocks of the Canvas template brought a surplus for the company. For example, the number of the customers increased a lot within a short time, especially when they updated the Value proposition. The Value proposition was about sharing the selection program to the customer in order to make them feel conformation and provide them some training. The company gained the trust of the customers; the number of offers increased which leads to an increase of the orders. Before updating the

value proposition, the average order amount per month was **95,000 euro**, and now the average order amount is **165,000 euro** per month. The Business model Canvas pushed the management to innovate the program by adding the online training section, thanks to that the number of customers increased. The after-sale services became one the important value proposition as well. The changes on the value propositions leads to a change in the revenue streams because the company is gaining money from each training given to the customers. The ability of the company to generate all activities is getting larger, the company started to focus on the offers and order the most. Thanks to the BMC, the company could reduce the time spent on the marketing. The management is well structured and mostly customers are contacting the company via the social media and website created by the company, the customer relationship became stronger. With the increasing number of the demands from the customers since the implementation of the BMC, the company had to rent another warehouse. At the beginning the company had only one which was in Istanbul, now the company has another and bigger warehouse which is located in Kirklareli which is not far from the main factory. Since the application of the BMC by the management, the net worth increased. According to the owner of the company, “in 2017 the net worth of the company was seventy **million TL** and in 2019 the company is generating **90 millions TL** per year”. Basically, with the evolution, the company had the ability to work with partners that can transport the goods to the customer inside Turkey within less delivery time. Before the BMC implementation, the company was only dealing with one logistic company, but now the company has at least five different logistic companies on their hands by signing contract with them. With these comments, we can conclude that the impact of the BMC on the innovative capacities of the companies exist and help to growth the companies.

The clothing company faced a really big impact of the Business Model Canvas. Their innovation result was not fast like the other companies in the Industry. The Owner confirms that “without the Business Model Canvas, my Business would not survive until now “. The owner of the company could implement the Template of the BMC with the help of the financial advisors. After having a well structure BMC, the profitability of the company started to increase as well as the innovative aspect. The owner could focus on innovative capacity, the most important block such as the key resources and the revenue streams. He could digitalize the payments in order to follow every step and to be secured. The BMC made the company realized that by using the economic situation of the company, they could have card to play in the market. Knowing that the Purchasing power in Mali is very low, the company decided to bring the quality of the products accessible for the population. With this decision they could increase the number of the customers, to make it easier they could separate the customer by two segments as we can see in the above table 13. According to the owner, the company was not organized at the beginning. Since he adopted to implement the BMC, everything was clear to him and he was able to follow all the steps or operations done. The company started to see the changes within 5 months after implementing the BMC. For example, the channels and customer relationships key blocks, they

used to struggle reaching the customers and the daily sales was only based on the in store sales. The daily number of customer's average was **10-15 people** per day. After opening a channel such as reaching them via social media and, the number of customers started to growth and the company customer's increased from **15 to 50 visitors** per day. The BMC could also bring the opportunity to the company to increase the net worth of the company, the owner saw the opportunity was getting interesting and he decided to take loan from the bank. The company decided to negotiate with the partners in order to expand the business, the partners could provide them the agreement and distributor relationship. The second partner is the logistic companies; the company had to proceed with them in order to deliver the products to the customers at the right time which makes the company reliable and competitive in the market. At the beginning the net worth of the company was **seventy thousand dollar**. After the implementation of the BMC the company is generating **thirty-five thousand dollar**, The company opened another shop in a different location, as the owner confirmed "every time he update the canvas template, the result is always positive". With these comments, we can conclude that the impact of the BMC on the innovative capacities of the companies exist and help to growth the companies.

The impact of the Business Model Canvas on the innovative capacities of the companies has also couple negative side, both companies conclude that the implementation of the template cost lots of energy and also financially it cost a lot. The Business Model Canvas cannot guarantee at 100 % that the business will be successful or innovative; it is only of the strategic that help a company to be well structured.

5.11. RESULTS

Within the findings collected from the interviews made with the workers and owner of the cases companies. First of all, the importance of the implementation of the Business Model in a company is shown and put at the top of the first thing to think about when a person wants to start a Business. The Business Model explain us how much impact it brings for the well-being of the company, as (Afuah , 2001) mentioned “A business model is the technique by which a firm builds and uses its resources to supply its customers higher value than its competitors and build money doing so”. It details how a firm makes money currently and the way it plans to try and do so in the long-run. The model is what allows a firm to possess a property competitive advantage, to perform higher than its rivals within the future.” Knowing that the business model has a lot of types and one in all the foremost innovative and necessary is the Business Model Canvas that could be a system that management will use so as to be competitive within the market. In our case study both companies knew how to deal with it, and created a Business Model Canvas template according to the value they have in order to maximize their profit, as (Osterwalder, 2010) mentioned “ The Business Model Canvas is a strategic management template that helps businesses to describe, design and analyze their business models”. The Canvas Template is formed by nine building blocks, and covers all the operations that a company must do for running the businesses and stay safe economically. There is a strong relationship between the Business Model Canvas and the Innovative capacity of the companies, within the interviews I could understand how the companies invest on the key blocks. For example, Ekin Endustriyel has hired employees who take care of each block, and the more they focus on it they could find the value that made them in advance toward the competitors, with the value propositions proposed the company attracted many customers and gain their trust. As (Hudadoff, 2009) mentioned “A value proposition is the cornerstone of product marketing. It brings together customer understanding, competitiveness awareness, and product appreciation. It is used to produce a short feasible line of products and services. A value proposition provides an approach to understanding the target customer’s product perspective”. The business model canvas pushes the company to be innovative as long as the competition is getting tight and operations are increasing. When a company uses this strategic of Canvas, it has advantages and more likely to be structured and follow every step of the operations done, which makes the output expectations higher. We could also figure out that the BMC needs to be updated according to the situation, such as inflation, crisis, or country economic situation. As (Osterwalder, 2010) mentioned “The business model expires like a yogurt in a fridge”. In addition, the BMC is a strategic that every management must implement in their company. This Business Model help the company to grow and reduce somehow the risk of failures, it helps to control all the operations, to stay competitive and opens new doors for the company.

The Business Model Canvas is a tool that contributes to the communication about the business model with employee, partners, and customers. Following all the findings from this thesis, mostly the positive side takes advantage. However, the Business Model Canvas has some positives and negatives effect on the company's management. We listed above plenty of its advantages such as

- Helping to on the important blocks in order to save time
- Tracking the development of the elements of the business.
- Helping to structure ideas.
- Helping to see all the elements that needed to turn the customer needs or problems into a profitable company.

The above advantages are mostly the issues that any management of the companies has difficulties to handle. With the help of the BMC, the management can have at least time to focus on other decisions for the company.

The BMC is a good tool for all companies, and it is a plus for a management as well. But there are couple assumptions that make it less affective than it can be. First the Business Model Canvas starts at the point where we have a product in mind and have an idea how the product is going to be produced. So, it is more like a sales and marketing tool than a general business model tool. Second, the Business Model Canvas does not give equality in pricing. Third, we tend to see a business as three separates but connected activities, products and production, sales, marketing and customer retention, and making profit and operations. These activities are not well settled. The cons of the BMC are definitely the risks of using it in the wrong context such as:

- When it is considered as checklist.
- Leaves out the important business model factors such as competitors, liquidity.
- When the BMC is not updated.
- When it is used without comparing it with corresponding methods.

The disadvantages occur when a company applies the canvas in a wrong way. The BMC is not to cover the whole business model planning. It is a draft of a business model that is supposed to help the company to draft multiple options quickly. Another disadvantage is that many companies tend to forget about the other aspects of a business model which are not the canvas. If a company skips the competitor analysis, regulatory environment, social trend or liquidity planning, the company is definitely heading for trouble. This will lead a company to a bad direction. The BMC is all about increasing the substitute of the business model elements. Also, we can add that the BMC do not offer space for describing the competitive advantage of a company. It do not distinguish between product and value proposition, it do not offer space for a growth strategy and it do not allow a company to describe value networks. However, there are

also critical points in developing a Business Model Canvas that it lacks. 3 critical areas that are listed as below:

- Brand: it fails to take into consideration the importance of the brand in driving business value and connection with the customer. For example, the BMC for a designer t-shirt could look identical to the BMC for a low cost t-shirt.
- The ability to know what is a good Business Model? The BMC is exactly saying, a canvas. is a blank page with some headlines. There is no way to tell if a business model is well structured. Preferably to use a model that tests the quality of a business model.
- Competition: as mentioned above it is possible to lay out a business model that looks good but will fail because it doesn't pay attention to the competition in the market.

This study is beneficial for a business starter as well for a person who is willing to increase the profitability of his company. The contribution of the Business model canvas has definitely an impact within all the decision making of a company. Even if it has disadvantages, it worth trying it and at least it can prevent the company from doing several management mistakes. As (Amit, 2001) interpreted, "business model depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities". Below the table 15 is showing the finding and results made after the research on the thesis subject.

<p>Advantages</p>	<ul style="list-style-type: none"> • The importance of the implementation of the Business Model in a company is shown and put at the top of the first thing to think about when a person wants to start a Business. • The Business model is what allows a firm to possess a property competitive advantage, to perform higher than its rivals within the future • There is a strong relationship between the Business Model Canvas and the Innovative capacity of the companies • The business model canvas pushes the company to be innovative as long as the competition is getting tight and operations are increasing. • This Business Model help the company to grow and reduce somehow the risk of failures, it helps to control all the operations, to stay competitive and opens new doors for the company. • A business model is the technique by which a firm builds and uses its resources to supply its customers higher value than its competitors and build money doing so • In our case study both companies knew how to deal with it, and created a Business Model Canvas template according to the value they have in order to maximize their profit. •
<p>Disadvantages</p>	<ul style="list-style-type: none"> • The BMC is not to cover the whole business model planning. It is a draft of a business model that is supposed to help the company to draft multiple options quickly. • Many companies tend to forget about the other aspects of a business model which are not the canvas. • The BMC is all about increasing the substitute of the business model elements. • The BMC do not offer space for describing the competitive advantage of a company. It do not distinguish between product and value proposition, it do not offer space for a growth strategy and it do not allow a company to describe value networks. • There are also critical points in developing a Business Model Canvas that it lacks such as : Brand, ability to recognize a good business model and the competition.

Table 15 : Findings

6. FUTURE RECOMMENDATIONS AND LIMITATIONS OF THE STUDY

In this section limitations about our thesis subject are addressed, future research is proposed and how the findings of this case are helpful for business professionals and related literature.

The first important limitation faced was regarding the language problem here in Turkey, after trying to reach couple of companies that can be able to provide details regarding the thesis subject. For this reason, it was difficult to generalize the results of the findings. Furthermore, the fact that some of the interviewees could not express themselves in English languages may have affected the information they could give us. Other limitation comes along with the first, few of interviewers was found, which lead to make result of finding a bit shorted.

The future research must be based on trying to improve the Business model Canvas elements. The improvement is about making stronger the tools of the BMC and its limitations. In order to have better ideas regarding the business model and its elements, further research must be done and also case studies research must be done as well. The future research should be focus on each tools of the business model canvas, as each of them is considered important and contribute to the success of a company. In order to conclude it with better understand the question “What are the important tools of the business model and what kind of impact do the tools participate on the successful of the business model?” it can be a source of new research. As the business model is considered as the strategic management of a company, another suggestion of the future research can be based on the success of the business strategic in accordance with the BMC over time. The BMC tools are decided at a certain point of time and need to be updated over time. In according with this fact, the research question can be: “What can be improved in the business model strategic in order to adapt on the internal and external changes?”

The findings result how important the company is able to increase its innovative capacity and profitability while using the BMC. The two companies in this case are from different Industry but the results are the same, which means that the BMC is applicable for all types of Industry. The way Ekin Endustriyel used the BMC is really productive but focusing on the value propositions and attracts most customers from the competitors. FAMA-DEM used Customer segment and Channel as strength in order to increase the sales and capacity. The decisions took from both companies can be helpful for someone who decide to start a Business in any kind of Industry.

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APPENDIX 1: EKIN ENDUSTRIYEL REGISTRATION CERTIFICATE

İSTANBUL
TİCARET ODASI
FAALİYET BELGESİ
(SİCİL KAYIT SURETİ)

TARİH: 20/11/2019

SİCİL NO : 892608 - 0 **MERSİS** : - - -null

FİRMA : EKİN ENDÜSTRİYEL ISITMA SOĞUTMA SANAYİ VE TİCARET LİMİTED
ŞİRKETİ

ADRES : DUDULLU OSB.MH.DES SANAYİ SİT. B14 BLOK 107.SOK.N.2-4-6-8
ÜMRANİYE

MEŞGALE : Konusu ile ilgili olarak her türlü endüstriyel
malzeme alımı satımı imalatı ithalatı ve ihracatını yapar ve
27.10.2005 tarihinde tescil edilen ana sözleşme tadil
metninde yazılı olan diğer işler,

DERECESİ : FEVKALADE

SERMAYE : *****2.500.000,00 TL' dir

**İŞE BAŞLAMA
TARİHİ** : 27/10/2005

MESLEK GR. : 50 MEKANİK TESİSAT VE DOĞALGAZ TESİSATI

NACE KODU :

28.25.04 Isı değiştirici birimlerin (eşanjörler), hava veya diğer gazların sıvılaştırılmasında kullanılan makinelerin ve hava/gazların filtrelenmesi ve arıtılması için kullanılan makine ve cihazların imalatı
NACE Rev.02

BU BELGE ODA KAYDI FAAL OLAN YUKARIDA ÜNVANI YAZILI ÜYENİN TALEBİ ÜZERİNE VERİLMİŞTİR. ÜZERİNDE TAHRİFAT YAPILAN BELGELER GEÇERSİZDİR.

Bu belge 30 (otuz) gün süreyle geçerlidir.

5070 Sayılı Elektronik İmza Kanununa göre Güvenli Elektronik İmza ile İmzalanmıştır. Elektronik olarak imzalanan belgeye aşağıdaki URL adresinden ulaşılabilir.

İSTANBUL
TİCARET
ODASI

BİLAL OSMAN ULUDAĞ

ÜYE SİCİL MÜDÜRLÜĞÜ

e-imza

Genel Sekreter y.

http://www.ito.org.tr/EIMZA_YENI/1474312/f/1099098/faaliyet-1099098_s.pdf

Sayfa 1/1

APPENDIX 3: INTERVIEW PROTOCOL

Interviewer: Adam Bah

School: Istanbul Okan University

Duration: 2 Hours

Recording: phone recorder and notebook

Objective of the Interview:

The aim of this interview is analyze the Business Model Canvas tools of the companies, and to find out the impact of the BMC on the Innovative Capacities of the companies. What are the experiences and the management implementations of the companies in accordance with the Business Models?

Interview Plan:

- Presentation of Adam BAH and the introduction of the thesis
- Questions regarding the education level of the interviewee and the Company
- Business Model Canvas based on your company
- Question regarding the BMC building blocks in the company
- Comments and summary of the thesis
- Ending of Interview.

Presentation of Adam BAH and the introduction of the thesis

- a) I appreciate your kindness and time to participate on this interview
- b) Presentation of the study and the thesis.

Questions regarding the education level of the interviewee and the Company

- a) Could you kindly introduce yourself
- b) What do you do as job?
- c) How long have you been working in here?
- d) What is your department of study?
- e) What is your highest educational degree?

- f) How is the structure of the company?
- g) How does the company see its future?

The Business Model Canvas based on the company.

- a) Do you ever heard about the BMC?
- b) Could you explain a bit the BMC?
- c) Could you fill in the BMC Template based on your company
- d) How is the BMC improving the company

Question regarding the BMC building blocks in the company

- a) Do you have any idea about the Business Model Canvas tools
- b) What do you think about the perception of your company BMC?
- c) What do you think about the efficacy of the BMC tools?
- d) How do you proceed with the BMC coordination?
- e) In which way did the Business Model Canvas building blocks help your company its continuity?
- f) Does all the nine building block are affective on the company efficiency?
- g) How helped the building block to make your company successful?

Comments and summary of the thesis

- a) Any comments or critics?
- b) The questions asked were clear to you?
- c) Which questions you did not understand during the interview?

Ending of Interview

APPENDIX 4: SECOND INTERVIEW PROTOCOL

Interviewer: Adam Bah

School: Istanbul Okan University

Duration: 2 Hours

Recording: Skype and Paper

Interview Plan:

- Presentation of Adam BAH and the introduction of the thesis.
- Questions regarding the education level of the interviewee and the Company
- Summary of the previous Interviews.
- Questions on the impact of the Business Model Canvas on the innovative capacity of the respective companies
- Comments and summary of the thesis
- Ending of Interview.

Presentation of Adam BAH and the introduction of the thesis.

- a) Thank you for your time to participate in the interview
- b) Brief introduction about the study and the thesis.

Introduction of interviewee background and company

- a) Could you kindly introduce yourself
- b) What do you do as job?
- c) How long have you been working in here?
- d) What is your department of study?
- e) What is your highest educational degree?
- f) How is the structure of the company?
- g) How does the company see its future?

Summary of the previous interviews

- a) The Business Model Canvas building blocks

- b) Resume of each tools noted from the previous interview

Questions regarding the impact of the Business Model Canvas on the innovative capacity

- a) Do you think all the nine blocks are helping the company to be innovative?
- b) What are the most important tools that create an increase on the Innovative capacity?
- c) Do you think the selected tools can lead the company in a higher position and why?
- d) Can you list the positive impact caused due the Business Model Canvas

Comments and summary of the thesis

- a) Any comments or critics?
- b) The questions asked were clear to you?
- c) Which questions you did not understand during the interview?

Ending of Interview