
10 Sustainable Business Model Innovation for Event Management

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Learning outcomes

At the end of this chapter the reader should be able to discuss the following:

- How sustainable business model innovation (SBMI) aka eco-innovation can provide competitive advantage in the context of the event industry.
- The complexity of non-linear processes such as the value cycle amid the complementarities and contradictions of a triple bottom line.
- SBMI requires the awareness and effective management of such complexity.
- How the strategies of SBMI for the event industry can explicate the relationship between individuals and organisations/non-human actors while considering their interactions and contexts.

Introduction

Indeed, the COVID-19 pandemic has seriously impacted many businesses with irredeemable consequences, while the rest are trying to keep rowing, believing that making business as usual will save them. Only a few embarked on what academics call the innovation of business models. And they are doing it at the speed of light because the world they knew is no longer the same. The event management domain is not different. There is an urgent need to consider the impact of the emerging trends and the unexpected turbulence on the event industry, in general, and event management in particular.

There is a common consensus that *business model innovation* can provide an effective path towards acquiring competitive advantage. Still, event management practice seems to be facing real challenges connecting related concepts like eco-innovation, stakeholder engagement, long-term sustainability (based on the triple bottom line) and impact of public and private governance from both the supply and demand sides. In short, there are very few examples in the industry that connect eco-innovation and the ways organisations create, deliver and capture value (the *value cycle*), and avoid leaving value uncaptured (Yang et al., 2017). The few examples of the value cycle connected to *eco-innovation* – i.e., connecting business models and sustainable innovation – concentrate on properly integrating the eco-innovated products, services, processes with working business models. The sort of linear thinking that advocates pursuing the sustainability of a business model by just producing greener or environmentally-conscious services seldom considers eco-innovation of business models as driven by valueholders' needs and interests. This chapter will discuss how business models in the event industry, while aiming to achieve the sustainability goals, balancing economic, social and environmental needs and requirements for better or greener products and extended value proposals, should realise that these are imposed by the valueholders affecting their value creation, delivery and capture cycle.

The chapter starts with an introduction, explaining the relevant basic concepts of business models (BM), business model innovation (BMI) and sustainable business models (SBM) while linking to the concept of eco-innovation. The remaining sections explicate the concept of valueholder from a SBM perspective and its impact on the development and implementation of the SBM. The discussion starts by looking at how the concept of (institutional) logic can help to implement business model eco-innovation, with emphasis on the behavioural aspects that influence the decisions made, which determine the effectiveness of the BM.

What is a business model?

The term business model has been present in scientific discussions for over fifty years now. The notion of a BM concept began with its conceptualization and first use by Bellman et al. (1957) (Osterwalder et al., 2005). Since then, key authors have contributed to the literature on the concept and on the processes of developing BMs. From there several differing perspectives have emerged (Bocken et al., 2013):

- 1 Osterwalder and Pigneur (2010) describe a BM as the ways an enterprise creates and delivers value to customers and others, and captures

value and “converts this into profit”. They describe nine elements of a BM: customer segments, customer relationships, channels, revenue streams, value proposition, key resources, key activities, cost structure and partnerships. In this chapter we adopt this perspective of BMs.

- 2 For Zott and Amit (2010), the BM is an activity system, more of a network, and describe its activities, its structure, and who performs the activities. They advocate developing BMs with a network-centric rather than a single firm-centric perspective (Bocken et al., 2013). Value seems no longer created by individual models acting autonomously, but by acting together with parties external and internal to the model through informal or formal commitments.
- 3 The BM can also be understood as a link between future planning, and the operative implementation. In this way, the BM is not a static entity, but a dynamic and evolving one. This dynamic nature calls for change and reinvention, in what is being known as BMI.

The Business Model Canvas

The Business Model Canvas was created by Alexander Osterwalder in 2005 who justified the origin of Business Models as follows:

“The roots of my assumption lie in Transaction Cost Economics (TCE). Because it became so cheap to process, store and share information across business units, companies and all the way to the customer, many new ways of doing business became possible: value chains were broken up and reconfigured; innovative information-rich or -enriched products and services appeared; new distribution channels emerged; more customers were reached. Ultimately this led to globalization, increased competition, but ... it also led to more ways of doing business. In other words today there is a larger variety of what companies do, how they do it and for whom they do it.”(Osterwalder, 2005)

Osterwalder defined a business model as a visual tool that can provide a simplified illustration of how a company does business without having to go into the complex details of all its strategy, processes, units, rules, hierarchies, workflows, and systems. There are nine building blocks that can describe a business model as shown in Figure 10.1, which explains the content of each. By providing detailed answers to the questions in each block, guided by the listed probes (bullet points), organisations can establish a comprehensive picture of how the business can be planned and managed. It is important to note that the Canvas is just one of the models out there.