Business Model

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Business model and innovation analysis

The argument of the statement implies that in the modern business environment, there is no single business model that all firms can adopt to that is effective and efficient across all sectors and all countries. As a result, companies are testing new business models for organization and governance to improve their operations and performance in the business environment. The lack of a single business model system is because of the diversity of the modern business environment, in which factors such as innovation and creativity influences. In addition, the business model system varies based on the advancement of innovative concepts and creativity. Therefore, business entities test new business models based on innovation and creativity to better improve their services and generate high profits by minimizing costs.

Business Model and Fordism

A business model is simply a plan implemented in an organization to generate revenues and make a profit from operations (Howcrofta & Bergvall-Kåreborn, 2013). A business model incorporates a company's business components and functions. In addition, veracious aspects such as a company's revenues and expenses the company occurs is also a vital part of the business model. The basis of the business model concepts is on a company’s objectives and goals in the business industry. A company's business model is a major factor in the success of businesses, and therefore, companies with poorly thought out business models are bound to fail. For example, websites business model is to provide free services to customers and sell advertisings to other companies (Osterwalder & Pigneur, 2013).

Fordism is manufacturing philosophy and economic model that aims to achieve high productivity through standardization of output, using assembly conveyor lines and supporting mass production by lowering product prices and increasing wages. The focus of Fordism is to eliminate the method of craft production where a single worker was involved in many stages of manufacturing process. Fordism associates with notions of mass production, where utilization of machines are used in one aspect of the manufacturing process while deskilled workers are involved in the last part of the manufacturing process, and the notion of mass consumption, where prices of products reduce and employees' wages are raising.

Silicon Valley Business Model

The Silicon Valley business model focuses on the concept of innovation and creativity in order to achieve consumer satisfaction for the purpose of generating revenues and making profits for their companies. The Silicon Valley business model changed how the business environment operates by hammering down cost, outsourcing inefficient processes, and spinning out real businesses and selling bad out businesses. These aspects of the silicon business models are aiming at improving business operations and focusing on minimizing cost rather just making a profit. Because of these business principles of the Silicon Valley business model, companies are fixated on changing their business designs and operations.

The silicon business model aims at creating new wealth rather than operating the businesses based on the conservation principles of old business ideas and models. The modern economy today is seeking on integrating innovative and creative business ideas within in order to achieve high revenues and make huge profits. As a result of the silicon business model, companies are deviating from the old business model of stewardship were brands, skills, assets and customers that under pin today's success are safeguarded to the more fundamental entrepreneurial models that focus on creativity and innovation. These are due to the modern world where strategy life cycle is increasingly measured in months rather than decades, and even the best-skilled stewardship business firms are unable to sustain themselves in order to survive. Therefore, the current business designs and operations are aiming towards incorporating creative and innovation as their basis of their business model. Similar to the Silicon Valley business model, these focuses the companies on focusing on minimizing cost rather than maximizing profits.

Elements of a successful Silicon Valley business model

See differently

The Silicon Valley business model aims at encouraging people to see things differently based on the concepts of business opportunities and threat response. The Silicon Valley model aims at facing challenges such as the status quo and the endless such for innovation. Despite the limits on benefits in winning within the conventional example, a leader who operates within the scope the principles of the Silicon Valley model is bound to take advantage of an enormous competitive advantage upon discovery of news ways to create, produce and consume products or services to the business environment. The Silicon Valley business model establishes the success of a business leader based on an entity with an open mind to challenges, views the world with a different perspective, create cultures and assume behaviors. The model is also characterless an efficient business leader as the one who is permissive to trial and error, has constant strive for innovation and creativity, study the consumer's behavior and also promote the integration of different concepts from a different line of disciplines such as the integration of different knowledge and science.

Change the world

The Silicon Valley business model characterizes a successful business leader as an entity with an ambition to transform the society through venture capital investment that focuses on ideas that address fundamental needs such as social and political issues and generates a substantial amount of revenues. In this case, the successful business has the idea that is considered impossible to achieve based on the current economic rationality. However, if the notion becomes practical and it works, the enormous competitive advantage is achieved that alters the business model of an entity or even an industry. In this case, business successes that are based on Silicon Valley business model take to create a culture that promotes the passion for innovation, risk taking, achievable dreams, and love. In this element, a business success story is based on ambitious vision and implementation plan incorporated within its business operations.

Be a change

Another important factor of a successful business leader based on the concept of the Silicon Valley business model is leadership by example and collaboration. In this case, the company aims towards creating ideas and work on making it happen through commitment and innovation. In this case, the business model emphasizes consumer satisfaction, quality product or service delivery and adequate utilization of the scarce resources within its scope of operations. At this point, the business is able to run at the lowest cost possible, achieve consumer satisfaction and provide quality product or service delivery throughout its life of activities cycle. There is positive relationship between the company's stakeholders because of maximization of the shareholder's wealth. The relationship between the employees and employers is at its highest and management process such as planning, organizing and staffing are achieved. The business also creates a positive relationship with employees through motivation, adequate compensation, and recognition.

Apple’s Business Model

Apple Corporation is a company that its business model exhibits the elements of a successful Silicon Valley business model. Apple’s business success stories all meet the three elements in various ways within the communication industry. Apple is one of the best innovative company in the world. Apple's innovative business strategy enable the company to envision the mobile industry differently by discovering new ways of creating a stylish product, producing the result at a reasonable cost and improving on features of their product for easier use by their customers.

In addition, apple's innovative business model that aims to create, deliver and capture value have changed how the world operates. The development of smartphones by Apple changed how the world communicated with one another. At this point, apple's ambition in the technological advancement industry delivered an idea that was on the border of madness regarding the prevailing economic rationality at that time. The company also changed itself by creating many stylish products that propelled the company to the top of the industry.

Apple's ability to modify the world through its venture on innovative products, made the company have the capacity to master various parts of hardware, software, entertainment and logistics industries. This is evidently through its apps store features which host some applications software is that is compatible with various smart gadgets such as iPod and iPhone. Apple also benefits from the Silicon Valley business model through the adoption of Apple products for business use, which contributed to its financial success.

The objective of apple's brand policy aims at improving consumer lifestyle by minimizing frustration and saving time devoted to improving customer satisfaction. As a result, apple's market share has increased significantly and built customer loyalty within various parts of the entertainment industry. Apple’s combination of product innovation and business model innovation led to expansion of the company's share of computer market. There is a close relationship between Apple and its consumers as customer were attached to its iPod products. This encouraged Apple to expand its market segment to the development of apple's computer.

Significance to the future Business model

The business environment is changing from time to time and the type of activity models companies adopt in the future will play a significant role in the global economy. The significance of viewing the world in a different perspective based on creative ideas and innovative product or service delivery process will help improve societal problems and make life easier. The central of business environment is to make profit and at the same time ensure consumer satisfaction. Therefore, by using the Silicon Valley business model one is able to meet challenges with an open mind and incorporate behaviors that stimulate creativity within their teams. As a result, the business environment improves as new discoveries as an achievement, which enhances the life of the consumer and thereby satisfying customers.

Understanding the value of changing the world can help to improve how the business operates. Ideas that are beyond the border of madness based on the current economic rationality can contribute to improving future business models of either business or industry. Such plans also encourage significant factors such as competition within a particular industry. Competitive industries are beneficial in the future business model because it leads to quality products and services with the market. Business models that focus on changing the world will help create cultures that focus on improving how business operates and take on behaviors that promote passion within the business environment. Changing the world based on the concept of innovation and creativity encourages risk-taking situations, which generates massive amounts of revenue at the highest risk possible. When a company undertakes business model ideas that are too risky, it shares the liability of the risk with the economy, which makes it convenient for consumers to conduct their activities and improves standard of living.

The world’s interconnected nature means local disruptions can have significant global repercussion and other societies are affected. For example, interconnected nature of the world such as financial crisis, social calamities, and extreme weather conditions can have a significant impact on the business models of many companies on a global scale. The change in competition for infinite resources, inflation of prices in the market and climate change proves that businesses will have to do business differently in the future. Therefore, adopting business models that seek to modify the world from a positive perspective can help improve business operations in the future. However, it is important for companies to understand that to change the business model of the future to make profit; they must turn their business concepts. Ideas that tend to focus on addressing issues such as depletion of the environment because of business activities such as manufacturing activities are one factor that threatens the future of business models.

There must be an increasingly urgent need for companies to do things differently and responsibly to ensure their survival in the future. Businesses can take a position by evaluating their future business model that seek to embrace the aspect of value to achieve a sustainable business model. Operating businesses based on the concept of change can help reduce the negative environmental impact of business activities for the majority of the world today and improve future business models. Future business models should aim towards improving life rather than just making profits.

In order to ensure a sustainable future business models, companies can engage in research and business practices that are aiming at improving the future business model, which focuses on innovations that can support industrial sustainability in the future. Engaging in business based on a business model that is focused on changing themselves can help companies predict how their actions can affect the value they create. These means they will have to know how to manage the information they obtained from their complex network they operate. Understanding their future through predictions will improve business operation, which is focused on minimizing cost and improving relationships with their consumers.

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