THE MICRO- AND SMALL ENTERPRISES IN CREATIVE PROFESSIONAL SERVICES: A BUSINESS MODEL PERSPECTIVE

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Received: 23 June 2017; accepted: 9 March 2018

Abstract. Advertising, architecture and design are perceived as an important subset of the creative industries and as having an increasing role in innovations and competitiveness of economies. However, issues such as identifying the underlying business model of the micro- and small enterprises in these industries, the manner in which BMs evolve or the degree to which their evolution is innovative remains unresolved. In the context of creative professional services, an analysis of the six case studies involving microenterprises indicates a heterogeneity in designing business models. Talented professionals, sophisticated management of human resources and creativity processes as well as trustworthy partners are considered generic components of value creation, whereas personalized relationships with customers are a generic component of value delivery in advertising, architecture and design. In addition, the findings indicate that microenterprises in advertising, architecture and design have a capacity to differentiate themselves from the rest of the competition through creation of complex and radical changes in their business models.

Keywords: advertising, architecture, business model (BM) changes, business model (BM) design, design, value capture, value creation, value delivery, value proposition.

Introduction

Creative professional services (CPSs) are among the fastest growing and the most dynamic subsets of the creative industries. Creative advertising, attractive and functional design of products or services and sophisticated architectural solutions enable traditional industries to achieve better recognition of their brands, assure customer loyalty and increase operational efficiency. However, little is known as to how microenterprises shape their business models (BM) in CPSs and how their BMs evolve. The main purpose of the article is to provide empirical evidence on the generic BMs in CPSs and also assess the scope and magnitude of recent changes in designing BMs. The article contributes to a better understanding of the typical BMs in CPSs and strengthens the capacity of entrepreneurial management by pointing entrepreneur’s attention on potential changes in the particular components of the BM.

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The paper is organized into four sections. Firstly, the article briefly examines previous research on BM design or BM innovation and introduces a conceptual framework for the purpose of analysis. Secondly, it explains the research methodology. Thirdly, the article presents major findings and discusses the main insights. Finally, implications and limitations are outlined.

1. Business model in creative professional services

CPSs such as advertising, architecture and design are increasingly perceived as important for other sectors of an economy. The availability and sophistication of CPSs have a positive impact on the innovation of the other traditional industries (Müller, Rammer, & Trüby, 2009), their exports, turnover (Kamp & Alcalde, 2014) and competitive advantage (Vendrell-Herrero & Wilson, 2017). CPSs are market oriented, entrepreneurial in nature and dominated by microenterprises, professional partnerships or freelancers. It has been taken for granted that microenterprises operating in CPSs demonstrate fairly similar strategies. Due to their artistic orientation they rebel against being managed (Kačerauskas, 2016) or demonstrate limited management capabilities. Therefore, it is no surprise that BM perspective of microenterprises receives only a limited attention in the recent researches. However, fast changes in technology and customer expectation, dynamic competition, various forms of intellectual capital have placed pressure on microenterprises in CPSs to take a more business-centred approach as opposed to practice or lifestyle-centered approach.

A broad definition of a BM is that it is “a firm’s way of doing business” (Zott & Amit, 2002, p. 7), whereas a more specific definition is “the value creation, value delivery and value capturing system” a company employs (Chesbrough & Rosenbloom, 2002). The number of the structural elements of the BMs varies from three to nine (Chesbrough, 2010; Osterwalder & Pigneur, 2010; Taran, Boer, & Lindgren, 2015; Nogueira Cortimiglia, Ghezzi, & Frank, 2015) allowing the possibility of numerous business model designs. Previous research related to BMs in creative industries, although scarce, offers primarily conceptual suggestions for categorization of the BMs in CPSs. For example, the “solution shops” BM (Stabell & Fjeldstad, 1998), “trust” (Linder & Cantrell, 2000–2001), the “service” or “project” BMs (Puchta, Schneider, Haigner, Wakolbinger, & Jenewein, 2010) may be considered typical BMs for CPSs. On the other side, empirical evidence for business models in CPSs are markedly absent. However, the review of the literature focused on CPSs presented hereafter, provides preliminary insight on how typical BM in CPSs may look like.

Value proposition summarizes an effective offering in the form of products and services, as well as activities related to customer selection, segmentation and acquisition (Taran et al., 2015; Nogueira Cortimiglia et al., 2015). Micro- and small enterprises in architecture, advertising, or design mostly offer expertise. Their typical value proposition ranges from professional or artistic solutions tailored to a client's problem to a range of pre- or post-sale services (Canavan, Sharkey Scott, & Mangematin, 2013). As such, their true utility and value are virtually unknown prior to production. Therefore, value proposition is marked by higher risks, unpredictability and uncertainty (Caves, 2001). In addition, services are characterized by the simultaneity of production and consumption, hence, proximity of clients and service
providers is important. A majority of advertising, architecture or design enterprises are therefore focused on niche markets (Abecassis-Moedas, Mahmoud-Jouini, Dell’Era, Manceau, & Verganti, 2012).

The value creation dimension reflects key activities, resources, and partnerships (Osterwalder & Pigneur, 2010) that need to be utilised to provide a value for customers. Value creation of CPSs relies on intellectual rather than any other forms of capital (Eikhof & Warhurst, 2013). Key resources include human resources, professional knowledge, talent, and organizational capital (such as reputation, intellectual property rights, etc.). Key activities in advertising, architecture and design practices are focused on creative processes, knowledge and intellectual property brokering (Abecassis-Moedas et al., 2012). In addition, given the unpredictability of demand, production and workflows are unstructured and difficult to anticipate. Close collaboration with partners is essential for microenterprises to overcome the limitations of internal resources or to build their reputation. The collaborations can range from contracts to flexible and open networks. A majority of enterprises builds key partnerships on trust rather than contracts (Peltoniemi, 2015).

Value delivery describes the way an enterprise reaches customer segments, raises awareness concerning a product and services and the manner in which it sells, delivers or supports the product and service during or after a sale (Nogueira Cortimiglia et al., 2015). CPSs focused on creating solutions prefer human interaction with their clients. However, this personalized relationship is time consuming as it helps in developing a better understanding of customer needs (Dubois, Masson, Weil, & Cohended, 2014). Microenterprises in CPSs often experience tension in providing what a customer expects and adhering to standards of the profession. Assuring a customer that professional advice is in their own best interest requires a personalized approach. CPSs rely on direct sale channels and word-of-mouth from satisfied customers. Advertising, architecture and design services are highly customised. Therefore, a majority of the microenterprises develop frequent, intensive, personal interactions with customers.

Value capture derives from cost structure and the ability to charge customers for what they are willing to pay (Chesbrough, 2010). The important driver in cost structure of enterprises providing CPSs is human, reputational, intellectual capital costs. Oversupply of creative labour facilitates recruitment of potential employees and control over their wages (Peltoniemi, 2015). In contrast, retaining talented employees requires substantial financial and other rewards such as challenging assignments, opportunities for professional growth, creative acclaim and peer recognition. Internet and communication technology enables the majority of creative industries to process, extract, reproduce and transfer creative inputs at a very low cost. In addition, enterprises providing CPSs have access to economy of scope. For example, “tapping into a range of projects or solutions from the past, may help save time, effort and investments in learning” (Visnjic, Wiengarten, & Neely, 2016, p. 39). Microenterprises in CPSs are inclined to limit accumulation of the assets above a certain level to avoid over-committing themselves on fixed or variable costs.

The ability to capture value depends on how and for what the customers are willing to pay. Interestingly, there exists a range of revenue streams: possession and consumption of creative output, access to a product and service; customization, solution and expertise, pre- or after-sale services such as “consultation, planning, training, documenting, diagnosing,
coordinating, auditing, maintenance and commissioning” (Visnjic et al., 2016, p. 52). Customers are willing to pay for a single or bundle of services, and the size of the service portfolio may be decisive for the profit performance of the firm (Neely, 2008). Despite availability of multiple revenue streams, their flow is difficult to predict and control (Winch & Schneider, 1993). In addition, firms in CPSs have the ability to charge for intellectual property rights (Hogeschool voor de Kunsten Utrecht, 2010). However, in instances where adherence to intellectual property rights is weak, revenues may be mostly transactional and based on single sales of solutions and expertise. Price depends on a set of determinants such as billable hours, complexity and purpose of the service and the level of customization. The price is usually negotiated and dependent on the reputation of the provider (Visnjic et al., 2016).

2. Conceptual framework

In order to analyze BMs in the context of CPSs, we propose a conceptual framework relating BM configuration and the core logic of the BM changes (see Fig. 1).

We assume that the BM serves as a frame of reference that directs the attention of scholars or the entrepreneur towards a set of the core components. The core components are aggregated in the four main dimensions of the BM as presented in Figure 1. In line with the aforementioned previous research, our proposal of a typical BM in CPSs comprises customized or bundled services offered to a niche or local market, delivered through direct channels using a personalized customer relationship and word-of-mouth referrals. Value creation relies on talented employees, trustworthy networks of partners and creative management of human resources. Enterprises in CPSs tend to remain small in order to retain artistic freedom. Hence, they achieve cost control by avoiding commitments over the ceiling of own resources. In addition, experience gained in previous projects enable them to tap into the economy of scope. Their revenue streams are highly unpredictable, but are based on fixed prices and single transactions.

Successful BMs tend to be highly situational and adapted to a set of internal and external triggers. In addition, the BMs evolve and improve “from very basic (and not very valuable) models to far more advanced (and very valuable) models” (Chesbrough, 2007, p. 12). Moreover,
a successful BMs tend to be replicated among competitors. Hence, a generic BM or a genesis of the BM may emerge from the same enterprise, industry or across various industries.

Research on the creative industries in Croatia is currently in a nascent stage (Rašić Bakarić, Bačić, & Božić, 2015; Stojčić, Bačić, & Aralica, 2016), and research focused on BMs of microenterprises operating in CPSs is virtually absent. Hence, the main aims of this study are twofold. Firstly, the purpose of this paper is to explore the BMs implemented by CPSs providers in Croatia. Secondly, the paper aims to assess the scope and magnitude of the recent changes in designing BMs.

3. Methodology

The research design comes from a multiple-case deductive study (Dul & Hak, 2008). A comparison of BM components across different cases may indicate common or divergent patterns (Yin, 2013). We applied the case study method to analyse structural elements of BMs in design, architecture and advertising. These three sectors belong to a cluster of creative service providers (Hogeschool voor de Kunsten Utrecht, 2010), are characterized by a predominance of SMEs and microenterprises, direct interaction with users demands, and are strongly influenced by technology and digitisation. Furthermore, all three sectors exhibit an explicit profit orientation (offering their time and intellectual property to other organizations) and are inclined to experiment with new and innovative BMs (Hogeschool voor de Kunsten Utrecht, 2010).

A group of six micro and small businesses was selected as typical cases in CPSs. General information about the surveyed companies is given in Table 1.

<table>
<thead>
<tr>
<th>Case</th>
<th>Industry</th>
<th>Established</th>
<th>Size</th>
<th>Revenues in 2015 (EUR)</th>
<th>CAGR (2009-2015)</th>
<th>Location</th>
<th>Principal services</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Design (web)</td>
<td>2003</td>
<td>7</td>
<td>649,570</td>
<td>38%</td>
<td>Osijek</td>
<td>Web design and analytics</td>
</tr>
<tr>
<td>B</td>
<td>Advertising</td>
<td>2008</td>
<td>1</td>
<td>43,615</td>
<td>8%</td>
<td>Zagreb</td>
<td>Digital-advertising strategy, media buying, native advertising</td>
</tr>
<tr>
<td>C</td>
<td>Advertising</td>
<td>1993</td>
<td>1</td>
<td>41,886</td>
<td>-9%</td>
<td>Osijek</td>
<td>Voice and audio production, event moderation and public relations services</td>
</tr>
<tr>
<td>D</td>
<td>Architecture</td>
<td>2006</td>
<td>8</td>
<td>106,365</td>
<td>32%</td>
<td>Zagreb</td>
<td>Architectural services</td>
</tr>
<tr>
<td>E</td>
<td>Architecture</td>
<td>2008</td>
<td>4</td>
<td>114,891</td>
<td>5%</td>
<td>Osijek</td>
<td>Architectural services</td>
</tr>
<tr>
<td>F</td>
<td>Design (interior)</td>
<td>2012</td>
<td>1</td>
<td>14,669</td>
<td>23%</td>
<td>Zagreb</td>
<td>Interior design services</td>
</tr>
</tbody>
</table>

Notes: a Converted from Croatian kunas (HRK) to Euros (EUR) using middle exchange rate 1 EUR = 7.635047 HRK (exchange rate valid on 31.12.2015).

b Compounded annual growth rate
3.1. Data collection and analysis

The primary data was collected through semi-structured interviews. The structure of interview questions follows Alexander Osterwalder’s and Yves Pigneur’s (2010) framework and includes questions such as “What services do you provide?”, “How are they different from services offered by your main competitors?”, “Which customers are your main targets?”. In addition, entrepreneurs were asked to comment on recent regulatory, economic, social or technological changes, their impact on the industry and changes in their business operations. Interviews were conducted between May and November 2016, then transcribed and analysed. Each interview lasted between 90 and 120 minutes and provided case notes totalling 20–30 pages.

The deductive logic of this study implies several steps. First, each case was analysed by applying Osterwalder and Pigneur’s framework to gain a better understanding of the BM design. Second, we compared the differences and similarities (Yin, 2013) across cases and in relation to the literature. To reduce the influence of personal bias, the authors conducted data analysis independently. Initial individual assessments of the main attributes of the key construct in the BM were aggregated and discussed. In total, two additional rounds of discussions were necessary until a satisfactory level of refinement and key construct saturation was achieved. Finally, an agreed-upon evaluation was used for a comparison of the BM components across microenterprises in the creative services.

The classification framework for assessing BMs is described in Table 2.

The suggested framework includes a scale of characteristics which we used to classify the type of the BM configuration as well as the scope and degree of changes in the BMs. Firstly, responses of entrepreneurs to the BM components were assessed. Secondly, the changes in the BM components were graded into two dimensions: scope and magnitude. The scope of changes is counted on a scale from very simple to complex. The magnitude of changes is measured as the extent or a degree to which a change departs from the baseline BM. We used a typical BM as the baseline for assessing the magnitude of changes in the model. A single model component that departs from the typical model was graded as incremental change. The multiple components that depart from the typical model were graded as substantial BM innovation (Taran et al., 2015). The number of the case studies did not allow assessment of the reach of the changes in respect to the market, or industry or world, hence all changes were considered as primarily new to the enterprise.

Table 2. Framework for characterization of the business model (BM) in creative professional services (CPSs) (source: created by authors)

<table>
<thead>
<tr>
<th>Classification criteria (Reference)</th>
<th>Characterization scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in the BM components (Taran et al., 2015)</td>
<td>Complexity of the changes</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Radicality of the changes</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. Results and discussion

4.1. Business models core components

Although only two of our respondents explicitly mentioned the term “business model”, all respondents were able to describe their offers, identify customers, the manner in which they deliver services, the method of communicating with clients, the manner in which they create services or the degree to which they rely on partners. As expected, variety of differences exists in the core elements of BMs. Despite the fact that advertising, architecture and design have a distinctive market and industry structures, BMs in these industries are somewhat similar in regard to value proposition, creation, delivery or capture. Table 3 summarizes the main features of the BMs in our study.

Table 3. Key dimensions and core components in business model (BM) design (source: created by authors)

<table>
<thead>
<tr>
<th>Case</th>
<th>Value propositiona</th>
<th>Value creationb</th>
<th>Value deliveryc</th>
<th>Value capturedd</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Semi-customized service International and national markets</td>
<td>Human resources Cloud technology Education and training Certified and formalized partnership agreements with a few key partners, including Google</td>
<td>Direct sales, referrals and peer channels (peers outsource deals for which they do not have time or interest) Semi-personal and personalized customer relationships</td>
<td>Lump-sum per project, advance payments Monthly fixed prices + pay per performance Ad hoc charges for premium services Predictable revenues Economy of scope</td>
</tr>
<tr>
<td>B</td>
<td>Semi-customized services National market (and branches of global companies in Croatia)</td>
<td>Technology Human resources Partnership management Large network of partners</td>
<td>Two or more intermediaries Personalized customer relationships</td>
<td>Lump-sum per project ad hoc (pay per use) Value-sharing bonus from the intermediaries Economies of scope</td>
</tr>
<tr>
<td>C</td>
<td>Professional expertise/solutions Regional and national market</td>
<td>Reputation of the owner Technology IPR Negotiation and sales skills Long-term contractor peer help</td>
<td>Direct sale and referrals Personalized customer relationships</td>
<td>Fee per services Employee lending scheme Economies of scope</td>
</tr>
<tr>
<td>D</td>
<td>Customized full-service portfolio National market</td>
<td>Team of 4 owners Project management Open and flexible network of partners</td>
<td>Direct sale and customer referral Dedicated personalized customer relationship</td>
<td>Pay per project Pro bono services in anticipation of the referrals and future collaborations Economies of scope</td>
</tr>
<tr>
<td>E</td>
<td>Customized full service portfolio Local, regional market</td>
<td>Human, intellectual, financial resources Equipment Project management Partnerships based on trust</td>
<td>Direct sale and referrals personalized customer relationship</td>
<td>Pay per project Economies of scope</td>
</tr>
</tbody>
</table>
Case | Value proposition$^a$ | Value creation$^b$ | Value delivery$^c$ | Value capture$^d$
--- | --- | --- | --- | ---
F | Branded interior design expertise Regional market | Reputation Intellectual property rights Artistic design processes Flexible network of contractors | Direct sale and referrals. Dedicated personalized customer relationship | Pay per service Pay per use

Note: $a,b,c,d$ The italicised text refers to business model (BM) components that depart from a typical BM for creative professional services (CPSs). Text in regular font refers to typical components of BMs in CPSs.

A large number of elements that constitute the BMs indicate a variety of choices in a BM design. An overview of the main elements and components in the selected case studies provides two main insights. Firstly, choices by entrepreneurs relating to customer relationships and human resources show a marginal variation and confirm that human resources, expertise and reputation, as well as direct and personalized or semi-personalized relationships with clients are the basic preconditions for competitiveness in the CPSs. Secondly, choices by entrepreneurs relating to value proposition, customer segmentation, delivery channels, organization of key activities, partnership arrangements and revenue streams indicate a wide range of opportunities for a BM differentiation.

Entrepreneurs, despite the different industry affiliations, emphasize the importance of trust, tailored solutions, project-based offerings. For example, case C (advertising agency) and F (interior designer) seem to adhere to the “trust” or “service” BM, whereas other cases (advertising, architectural and design microenterprises) experiment with “project” or “solution shops” BMs, which is in line with the literature review.

Given the digitalization and increasing convergence of technology, traditional categorization of industries has become blurred. Similarly, the BM typical for one particular industry tends to blend with the BMs typical for other converging industries. Our finding tentatively confirms this insight given that our respondents reported a variety of elements that are not typical for the CPSs. For example, an interior designer (case F) instead of charging her clients on a per solution basis introduced a more dynamic pricing system and charge per hour of consultation. The case C has adopted the job lending scheme to improve cost structure. Recently he has started to lend his employees to the local radio station for a few hours per week, which is a new revenue stream for his advertising agency. Cases A and B are a part of larger “mothership – flotilla” value ecosystem and their main services are highly digitalized. As “digital natives”, they have numerous sources of revenue streams and highest number of components that are mainly adopted from the e-BMs and hence not typical for CPSs.

Another interesting point is emergence of the opposing trends in the configuration of the BMs in CPSs. On the one hand, microenterprises shift their core offerings such as tailored solutions and expertise towards monetization and standardization of services. Unbundled services and pre- or after-sales services are traded like a commodity. This “commoditization” of original “tailored services” affects experimentation with key resources, key partnerships, intermediation of the delivery channel, cost structure and revenue streams. On the other
hand, tangible offers such as schematic representation of a building in architectural practice, or visual identity in advertising have been increasingly complemented with new services such as maintenance, or exclusive access, which is similar to the servitization trend in the traditional industries. In either case, the microenterprises in the CPSs have plenty of opportunities to differentiate themselves by changing core components in their BMs.

4.2. Scope and degree of changes to business models

To assess how complex and radical are changes to BMs, respondents were asked about recent changes to their BMs. Their responses and an assessment of the complexity and departure from typical BM components are given in Table 4.

Table 4. Assessment of changes to business models (BM) (source: created by authors)

<table>
<thead>
<tr>
<th>Case</th>
<th>Excerpts from the interviews</th>
<th>Scope of change</th>
<th>Magnitude - Departure from typical BM</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>“We are servicing a new niche - public administration companies […] new markets in Serbia, Slovenia, the UK, Germany and Israel” (value proposition). “We tested the platform before we had even imagined that a market for it. Our key processes are now more formalized and structured” (value creation). “We have embraced digital advertising and changed our revenue model, which is now more predictive. The client pays in advance, and we have assured his lock-in by extensive input of time from our and his side” (value capture).</td>
<td>Multiple components = complex change</td>
<td>Standardization of value creation and predictable revenue streams for a bundle of offerings = Substantial departure</td>
</tr>
<tr>
<td>B</td>
<td>“We have acquired a new segment of the market, our clients now come from the fast–food and telecommunication sector” (value proposition). “Our offer now includes native advertising” (value proposition).</td>
<td>Single component = simple change</td>
<td>Addition of new customer target segment, addition of new service = Incremental departure</td>
</tr>
<tr>
<td>C</td>
<td>“I have designed a new format for a service I will offer to radio stations” (value proposition). “At the present moment, I need to nurture my reputation, since it is my key asset” (value creation). “I had no other options to pay unrecovered accounts receivables than to downsize the number of employees and streamline internal processes” (value capture – cost structure).</td>
<td>Multiple components = complex change</td>
<td>Streamlining of value propositions and cost structure = Substantial departure</td>
</tr>
<tr>
<td>D</td>
<td>“We have developed a network of partners in Istria and Dalmatia” (value creation), “and these partners are developing a new market for us” (value delivery). “We (the owners) are architects; however, each of us has to perform a specialized management role, such as sales, procurement, technical support, etc. We have employed two previous apprentices and engaged two more trainees” (value creation).</td>
<td>Multiple components = complex change</td>
<td>Adding resources, partnerships and enlarging trade area = Incremental departure</td>
</tr>
</tbody>
</table>
Case Excerpts from the interviews | Scope of change | Magnitude - Departure from typical BM
---|---|---
E | “Our offer has changed. Instead of being completely different, we are now playing on the safe side” (value proposition). “The sustainability of our business is our first concern” (value capture – cost structure). “We noticed unsatisfied demand for interior design, and it has become added value added for us. We founded a separate company for furniture production. It is a completely new business in a new industry” (value capture). | Multiple components = complex change | Standardization of the offerings and costs, new venture creation = Substantial departure
F | “The market here is virtually unaware of the importance and benefits of interior design. Hence, to obtain the attention of clients and build my reputation, I have started to offer low-price one hour consultations in interior design” (value capture). | Single component = simple change | “Low priced one hour of consultation” = Substantial departure

The analysis indicates that our respondents adjust to external pressures by changing single or multiple components of their BMs. Adjusting multiple components of a model is viewed as a complex change, whereas extending or streamlining a single core component of a BM is considered a simple change. In addition, the extent of changes varies from incremental improvements to substantial (radical) changes. Tailored, customized, unique solutions or expertise, based on unstructured production, are typical for CPSs. Hence, the effort to standardize, bundle and unbundle offerings into more appealing lots has been evaluated as a substantial departure from the typical BM and therefore assessed as a radical change. Figure 2 summarizes the assessment of changes to BMs based on the criteria of complexity and departure from the typical core components for six cases.

Our findings suggest that three of the selected microenterprises in CPSs have been implementing complex and substantial changes in order to seize opportunities in the external environment.
environment or avoid external threats (cases A, C, E). The BMs of case A, C and E illustrate the innovation of the BM at least from the perspective of single microenterprise or local market. Case B introduced incremental changes in a single component of the BM. Despite the addition of new segments of clients or broadened offerings, the BM remained undifferentiated and hence less innovative. Case F implemented a radically new pricing system, i.e. value capture was shifted from solutions to the commoditization of proprietary expertise. A radical change in a single component resulted in the partial differentiation of the respective BM. Case D, made changes in the multiple components. For example, human resources were increased by internships and apprenticeships; new partnership agreements were initiated and these new partners enabled penetration into the new markets. However, the value proposition, revenue streams and cost structure remained the same and hence the BM changed only incrementally.

Conclusions

The advertising, architecture and design industries have been traditionally populated by undercapitalized, fragile microenterprises, seemingly less differentiated. The BMs of these microenterprises are considered implicit and similar. While there is no intention to generalize, our preliminary empirical evidence on the configuration of BMs indicates a design heterogeneity in the context of CPSs. So far, understanding generic BMs in CPSs, their development and innovativeness has been mostly conceptual.

Several generic core components of the BMs were identified. Talented employees, human resources management and trusted partnerships are emphasized as the most important generic assets in value creation across analysed cases, despite different industry affiliation (namely, advertising, architecture or design). In addition, close contacts with clients seems to be another converging component related to value delivery dimensions of the respective BMs. Surprisingly, a wide range of strategic and management decisions on other core components of value propositions, value delivery or value capture, indicates that microenterprises in advertising, architecture, or design have the capacity to experiment. For example, bundling or unbundling services in value proposition, extending market reach from local to international, extending value capture through commodization and monetization of pre- or after-sales services, streamlining costs through job lending schemes, apprenticeships and traineeships are a few of the changes that characterize BMs of microenterprises operating in CPSs.

The contribution of the paper is threefold. Firstly, it provides a better understanding of the underlying logic in BMs for CPSs. Business performance and growth in dynamic industries depends on the ability to understand the generic BM of the respective industry or market. In addition, the ability to depart from a generic model and innovate beyond a single component that constitutes a BM becomes increasingly important for sustainability and success. Although our analysis does not classify BMs into generic types, it provides some preliminary insights into the key dimensions and typical core components of BMs in CPSs.

Secondly, this study provides a better understanding of the BM analytical framework. The ability to deconstruct the fundamental model driving the business is particularly valuable to entrepreneurs who are interested in enhancing the business-centred perspective of their professional or creative practices. Entrepreneurs eager to enhance their management capabilities
often do not know how to explain their current BM, or even less so, understand the possibilities for innovating their BMs. However, in order to seize the full potential of their enterprises, BM framework presented in this study may provide worthy insights.

Thirdly, our paper endeavours to better understand BM innovations. Once established, BMs are under constant pressure to best respond to the external environment. Empirical evidence as to reasoning and extent to which enterprises alter BMs is in the early stages, at best. This paper provides an example as to the manner in which enterprises respond to volatility of the market, industry or general external environment and which is assessed based on the criteria of complexity and innovativeness of changes to BMs. Identification of the key dimensions and key criteria for assessing the scope and degree of changes may further facilitate research and enhance assessment of BM or making comparisons of cases or across other industries.

The methodological approach of the paper has its limitations. The qualitative research design and case study approach was appropriate because research of BM is in the early stages. However, the selected cases, although typical, do not allow a generalization of the findings. In addition, interpretation of the data in the qualitative research design is limited to a retrospective nature and potential bias of respondents. Further research on the basis of this model would necessitate a larger sample size, the surveying and quantitative analysis of the main types of BMs within creative CPSs, as well as the impact of the BM design and innovations on the success and growth of microenterprises.

Note

Funding information: this work is supported by the Croatian Scientific Agency under Grant 3933.

References


**MIKRO- IR MAŽOSIOS ĮMONĖS KŪRYBOS PROFESIONALŲ PASLAUGŲ ATVEJU: VERSLO MODELIO PERSPEKTYVA**

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**Santrauka**

Reklama, architektūra ir dizainas suvokiami kaip svarbus kūrybinių industrijų pogrupis, kurio vaidmuo auga inovacijų ir ekonominio konkurencingumo srityse. Vis dėlto tokie klausimai, kaip šių industrijų mikro- ir mažųjų įmonių pagrindinio verslo modelio nustatymas, būdas, kuriuo plėtojamas verslo modelio ar laipsnis, ties kuriuo jų evoliucija yra inovatyvi, lieka neišspręsti. Kūrybos profesionalų paslaugų kontekste pateikta šešių atvejo studijų tyrimas, apimantis mikroįmones, reiškia heterogeniškumą projektuojant verslo modelius. Talentingi profesionalai, iškreipta žmogiškųjų išteklių vadyba ir kūrybiškumo procesai, taip pat patikimi partneriai laikomi bendraisiais vertės kūrimo komponentais, o sujعامنت santykiai su vartotojais yra bendras vertės suteikimo komponentas reklamoje, architektūroje ir dizaine. Be to, tyrimas atskleidžia, kad reklamos, architektūros ir dizaino sričių mikroįmonės gali atsiskirti nuo likusios konkurencijos, darydamos sudėtingus ir radikalius jų verslo modelių pokyčius.

**Reikšminiai žodziai:** reklama, architektūra, verslo modelio pokyčiai, verslo modelio projekavimas, dizainas, vertės laimėjimas, vertės sukūrimas, vertės suteikimas.