

INNOVATIVE TRANSFORMATION OF THE BUSINESS MODELS OF THE ORGANIZATION: APPROACHES, STRATEGIES AND FACTORS

ИННОВАЦИОННАЯ ТРАНСФОРМАЦИЯ БИЗНЕС-МОДЕЛЕЙ ОРГАНИЗАЦИИ: ПОДХОДЫ, СТРАТЕГИИ И ФАКТОРЫ

Emelian Vitalie

*Doctoral Candidate, the Department of Management, e-mail: info1@md-int.com
The Academy of Economic Studies of Moldova, Chisinau, str. Banulescu-Bodoni 61, www.ase.md*

Abstract. *The relevance of the topic is dictated by the fact that the success of a company depends upon choosing the most appropriate business model for it. The need to address this topic is connected with the fact that creating and implementing business models on an innovative basis is also an important task for both start-up organizations and those seeking to rebuild their business and achieve better results. In this regard, it is necessary to understand what approaches, strategies, factors lie at the heart of the transformation of the company's business models and determine their choice.*

*There is an assumption that tomorrow's business advantage will be based less on innovative products and services than on innovative business models. **The problem** is that, as experts note, there is some underestimation of this statement. In this regard, **the goal and objectives** of the study within the framework of this publication, in our opinion, are to study the theoretical and methodological aspects of the innovative transformation of the organization's business models, contributing to the achievement of the company's competitiveness and ensuring its leadership in the industry (in the market).*

Research methods and results: *We used empirical methods of interviewing managers and employees of the studied organizations through questionnaires and oral interviews, which made it possible to obtain results related with their willingness and ability to create cross-functional leadership teams in order to develop optimal business models for companies.*

Keywords: *business model, components of a business model, innovative transformation of a business model, key factors, strategies for developing a business model.*

JEL Classification: M1, M12.

Introduction: The relevance of the topic. Current trends that determine the development of business and society are driven by the rapid changes in technology, manufacture, marketing, logistics, products, services. Innovations in various spheres and areas of business reduce distances, speed up the "flight" of time, providing business with new opportunities.

In order to benefit from them, manufacturing, product, technical and technological innovations are necessary, which in turn can be successful only in combination with organizational innovations that link all processes into a unified business model. These include various aspects and directions of the organization's management - strategies, management structures, business processes, functions and roles of managers. In turn, the ever-faster dynamics and risks of business conditions drastically change the role of interpersonal relations in companies. They are most often determined by the factors of leadership, team interaction, motivation, realization of potential, attitudes towards performance and talent.

These questions are widely presented in the literature and have a rich history of discussion and solutions. But nevertheless, in addition, there remains **a relevant problem:** which way it is best to use them in the context of the innovative transformation of the business models of organizations into a unified synergetic integrity. The issue remains relevant and is the subject of discussions both in the academic scientific community and among practical managers.

In this regard, we see the **aim** of this publication in the study of the key aspects of the innovative transformation of business models and in the rationale for the practical value of this concept in achieving better performance results. **Research objectives:** to study and systematically outline theoretical and conceptual issues of innovative transformation of business models; make

sure of the need for innovative transformation of the organization by creating business models for it that have additional potential to achieve higher performance compared to the one provided to the company only by its innovative product.

Theoretical aspects of the topic and research methodology

Recognizing the important role of innovative products and technologies, we nevertheless note that, according to world-renowned experts (J. Dyer, C. Christensen, N. Furr, M. Johnson, H. Kagermann), it is not enough for the company to provide the customer with a great product in order to be successful; it needs an innovative business model. In this regard, the following questions are pertinent: Is it possible to ensure the growth and performance of a business only on the basis of a key innovative product? Or does an organization need to update its business model to be competitive? Moreover, should the transformation of the business model be recognized and made a continuous innovation process?

In search of answers to these questions, let us first address the definition of the term "business model". There are various definitions in the literature. In the context of the tasks formulated in this study, we emphasize: many researchers focus their attention, first of all, on the elements that make up a business model and their connection; secondly, on the structure and sequence of processes taking place in the organization and its relationship with the external environment; thirdly, on the key resources of the company required for the functioning of the business model. Along with these definitions, in our opinion, it is important to recognize that the concept of a business model, both in theory and in the business community, is viewed as a way (method) for the company to make profit. It should be noted that the above definitions of the business model can be found in the studies of famous scientists A. Osterwalder and Yves Pigneur ("Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers") [Osterwalder A., Pigneur Yv., 2019]. It contains relevant and, undoubtedly, constructive approaches to answering the questions formulated above.

One of them, we believe, is the approach that contributes, in our opinion, to the solution of the tasks formulated in this study, which comes down to transforming the business models of an organization through creating model templates (canvas). Model templates (canvas) describe an organization as a system of interlinked elements, processes and key resources. Thus, various companies, from start-ups to multinationals, have the opportunity to choose the optimal model of functioning in a changing reality.

The template/canvas as a layout or a description of organizations in the categories of the business model includes the following nine clusters: customer segments; value proposition for customers; channels of interaction with the customer segment; customer relationship; financial sustainability (generating revenue streams from each customer segment); key resources required for the functioning of the business model; key activities required to implement the business model; key partners (a network of suppliers and partners, whereby the business model can function successfully); cost structure (the most significant costs required to successfully operate within a specific business model).

Sharing the views of the authors A. Osterwalder and Yves Pigneur, we emphasize that this approach to transforming business models by identifying their possible templates is being successfully developed by such famous scientists as O. Gassmann, K. Frankenberger, M. Csik ("The business model navigator: 55 models that will revolutionise your business") [Gassmann O., Frankenberger K., Csik M., 2017]. Let us give a schematic methodology of innovative transformation of the organization's business models through templates proposed by these scientists (see Figure 1) and explain it by means of questions that reveal the essence of this concept (see Table 1).

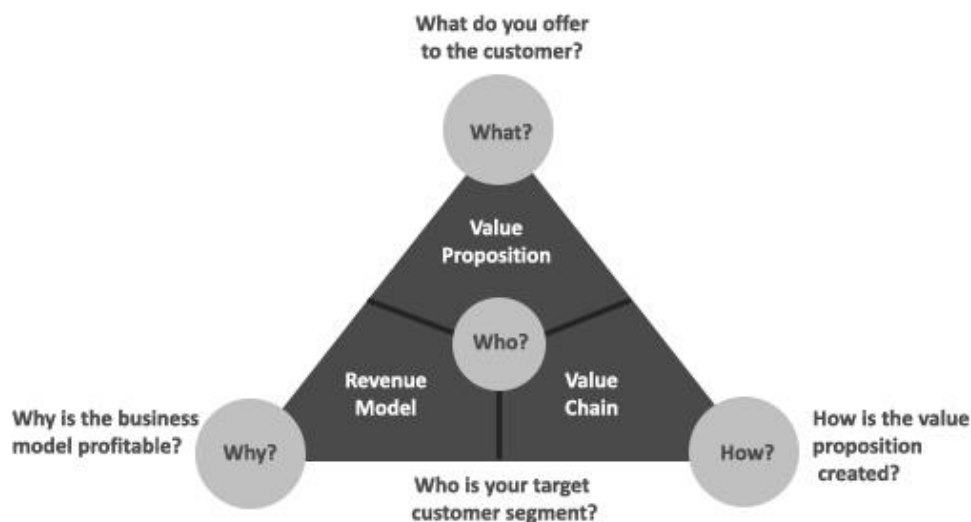


Figure 1. Innovative transformation of the business model.

Source: Gassmann O. «The Business Model Navigator: 55 Models That Will Revolutionise Your Business». M.: Alpina Publisher, 2017. ISBN 978-5-9614-5952-4, (p. 20.)

Table 1. The Who-What-How-Why Questions You Need To Ask

Who	Customers	Questions
	Stakeholders	<ul style="list-style-type: none"> ▪ Who do we produce added value for? ▪ Who are our key customers?
	Distribution Channels	<ul style="list-style-type: none"> ▪ What channels do we use to reach our customers? ▪ Are these channels integrated into our other economic activities? ▪ Are the channels meeting customer needs?
	Customer Segments	<ul style="list-style-type: none"> ▪ Have we segmented our customer base? ▪ What business relationships do you need to build for each customer segment?
What	Value Proposition	<ul style="list-style-type: none"> ▪ What customer problem are we trying to solve? ▪ What customer needs are we trying to meet? ▪ What products and services specific to a particular segment do we offer our clients? ▪ What value do we deliver to our customers? ▪ How does our value proposition differ from the ones of the competitors?
How	Internal Resources	<ul style="list-style-type: none"> ▪ What are the crucial resources for delivering value proposition? ▪ How can we effectively allocate resources?
	Activities and Strengths	<ul style="list-style-type: none"> ▪ What types of key activities does delivering our value proposition require? ▪ What types of activities are we able to carry out taking into account our specialization? ▪ What additional activities and specializations do we need?
	Partners	<ul style="list-style-type: none"> ▪ Who are our most important partners? ▪ Who are our main suppliers? ▪ What functions can our partners take on, and what is their specialization? ▪ What do our partners get from working with us, and how can we bind them?
Why	Sources of costs	<ul style="list-style-type: none"> ▪ What are the main costs of our business model?

		<ul style="list-style-type: none"> ▪ What are the financial risks? How do we plan to avoid them?
	Revenue stream	<ul style="list-style-type: none"> ▪ What are our sources of income? ▪ What are customers willing to pay for? ▪ How do customers currently pay? How will they be paying in the future? ▪ What percentage of the total turnover is each revenue stream?

Source: O. Gassmann, K. Frankenberger, M. Csik "The business model navigator: 55 models that will revolutionise your business" M.: Alpina Publisher, 2019. -- 432 p. ISBN 978-5-9614-5952-4, (p. 79.)

We emphasize that the theoretical aspect of the analyzed approach includes the study of the concept of the business model innovation and the need to answer the question: why precisely an innovative transformation of the business model is required. The answers can be summarized as follows. Firstly, experts believe that if any formerly successful company is losing ground after a long enough period of successful activity, then this has to do with it not being able to adapt its business model to the changing environment. It can avoid this situation with the help of the innovative transformation of the business model. In other words, long-term competitiveness of the organization is determined by its ability to create an innovative business model.

Secondly, the next statement, which has almost become a credo in the innovative transformation of business models, narrows down to the following: the future competitive success of an organization, we emphasize, is based not so much on innovative products, services or processes as on innovative business models. Thirdly, the essence and relevance of the concept is dictated by the fact that the company's success depends on its choice of the most appropriate business model.

Experts note, moreover, that the creation, selection and implementation of innovative business models are also important for both start-up companies and those who plan to rebuild their business and achieve radically greater results.

And fourthly, all the essential reasoning presented above allows us to acknowledge that experts include the following questions as part of pertinent issues of transforming business models: how can a company become a role model for other organizations in its industry (market, business)? How to update the business model in this context and shift from the old to a more advanced and efficient one?

The scientists note that in the past disruptive technologies and introduction of an unconventional product were enough for success ("Meeting the Challenge of Disruptive Change" In the book: "Business Management") [Christensen C., Overdorf M., 1997, pp. 7-30].

As a result, that kind of company with a breakthrough competitive asset "crashed" the market, introducing a lot of products with innovative features into the market. In the context of a rapidly changing reality, scientists believe, it is impossible to be limited to an innovative product.

There are many factors that undermine the leading positions of companies with only an innovative product. Experts state that there is a bigger potential in the business model - the ability to change market rules, established standards and profit mechanisms in the industry - than there is in an innovative product. For this reason, the leading companies in the market, which set a new logic for the operation of the industry (market), are able and do update their business model twice as often as other companies that follow the leaders [Gassmann O., Frankenberger K., Csik M., p. 17].

The next approach, which focuses on the transformation of business models, in our opinion, is connected with the way one should assess the relevance and benefit of a business model. Experts have proposed and are successfully using various theories that allow to assess the current business model in the company and determine the best option for its transformation. According to J. Magretta ("Why Business Models Matter." In the book: "On Business Model Innovation") [Magretta J., 2002, pp. 7-20], a business model contributes to the fact that the company is now capable to offer more significant value to customers, replace an outdated way of doing business

and become the standard, the rule for other companies. J. Magretta validates two tests (approaches) that business models must pass in terms of market leadership, efficiency, competitiveness and effectiveness. The first, the expert believes, is the narrative test. If the story of the company does not make sense (mission, values, vision), then the business model is unlikely to be meaningful and won't be able to benefit the company and customers. The second test is numbers test. If there is no profit, then it is problematic to classify the model as useful, which, in fact, is obvious and does not require proof. A model that has passed this test remains important for every company, be it a new venture, or a competitive company with a renowned reputation.

In our opinion, constructive and relevant approach to innovating business models that creates a reliable platform for their practical usability and significance in achieving market leadership is a strategic approach. It is developed by the famous scientist Ph. Kotler ("The Quintessence of Strategic Management: What You Really Need to Know to Survive in Business"). [Kotler Ph., 2016, pp. 59-61]. The scientist defines a business model as an integrative strategy description system. The strategic approach, according to the scientist, allows you to more accurately determine the "path" from "old" business models to "new" ones (see Figure 2).

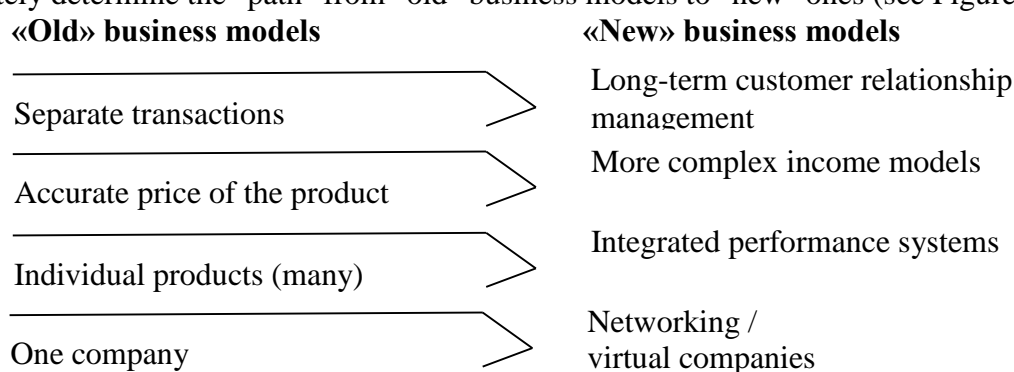


Figure 2. Shifting from old business models to new ones

Source: Ph. Kotler. "The Quintessence of Strategic Management: What You Really Need to Know to Survive in Business". - M.: Alpina Publisher, 2016. -- 132 p. ISBN 978-5-9614-5582-3 (p. 61).

The scientist points out that the business model is a recent attempt to set out a simplified definition of the firm's strategy, based on the tools and analytical methods of strategic management. A method of building a business model, as the scientist believes, appeared as a response to the phenomena taking place in and around the networked economy - the technological progress, brought about by the Internet, and the globalization of companies and economic processes.

These phenomena have transformed economic activity, which has moved from bidirectional processes to multidirectional interrelated exchange relationships. The concept of a business model, according to the scientist, was developed to deal with this situation. It permits to develop a business model for the company to run a business (in other words, to profit), actively involving into the orbit of its activities, understanding it "without borders", large groups of representatives of the organizational environment on the principle of a network, while creating a strong competitive edge. [Kotler Ph., 2016, pp. 59-61].

It is also important to understand that from a strategic point of view, business models innovation is translated for the company into a strategy of entering a free from competition market space, which is the blue ocean strategy. This strategy, developed by internationally recognized scientists W. Chan Kim and Renée Mauborgne ("Blue Ocean Strategy"), becomes attainable and feasible if the value proposition as a set of benefits that the organization can offer customers, is focused on meeting their entirely new needs which do not really exist on the market. Comparative characteristics of fundamentally different positions of the strategies of the red and blue oceans are presented in Table 2.

Table 2. Strategies of red and blue oceans: comparative characteristics

Red ocean strategy	Blue ocean strategy
1. Competition in the existing market space	1. Creation of a market space free from competition
2. Victory over competitors	2. Avoiding competition
3. Exploitation of market demand	3. Creation of new demand
4. Compromise: customer value - cost price	4. Refusal to compromise: customer value - cost price
5. Building the entire system of the organization's activities depending on the strategic choice, focused on creating a unique product or at low costs.	5. Building the entire system of the company's activities according to the task of creating a unique product and simultaneously cutting costs.

Source: W. Chan Kim, Renée Mauborgne. Blue ocean strategy. In the Book: Strategy. - M. Alpina Publisher, 2016. -288 p. ISBN 978-5-9614-5861-9. (p. 157)

While studying the issues of business models innovation, it is also necessary, in our opinion, to consider the question on updating the existing business model in the company. When, at what time does it become clear that the business model should be updated? What is the best way or method to do this? What factors determine this process? An explanation of these issues, it seems to us, can be found in the studies of scientists M. Johnson, C. Christensen, H. Kagermann ("Reinventing Your Business Model"). [Johnson M., Christensen C., Kagermann H., 2008, pp. 21-44]. The experts name the challenges involved in this process and formulate the following recommendations on how to meet them [referenced above, pp. 23-24].

First of all, the problems are caused, in the authors' view, by the fact that there are often no clear definitions regarding the dynamics and process of developing a business model. The company requires in-depth research in the context of strategic management in order to meet this challenge.

Secondly, many managers of companies, according to these scientists, do not fully understand the existing business model in their companies, the principles and dynamics of its development, the interrelationship of all its components, their pros and cons.

For this reason, it is difficult for managers and employees in companies to define when a new business model is needed. Thirdly, updating the business model is also hampered by the fact that CEOs (top managers) fairly see innovative business models as complex structures and processes, and thus find it difficult to compare them with the existing model. For this reason, they cannot always assess the potential of the latter. As a result, it becomes a challenge to judge when changes are required and when a company should completely change its current business model.

In the research process, we confirmed the credibility and relevance of the recommendations of these experts on when the change of the existing business model in the organization is needed. The following is required:

- Determine: what factors make the current model successful? Hence, it is important to clarify: what customer's need does the model in the organization meet? How does the company profit using this model?
- Consistently monitor possible appearing of new successful competitors, realizing that this is a key factor and that the current model (models) need to be changed.
- Systematically figure out if updating the business model is worth the effort and money spent on it? The answer is yes, in case the new model changes the rules and standards in the industry (or market).

The authors of this studied concept, M. Johnson, C. Christensen, H. Kagermann [Johnson M., Christensen C., Kagermann H., 2008, p. 29], acknowledge that every successful company operates according to its own effective business model. A systematic review of all its components gives leaders, CEOs and employees of the company the opportunity to understand how the model contributes to the creation of a value proposition (CVP), generating profit for the company and efficiently using key resources and processes (internal and external) in the context of the network economy. Understanding this, scientists believe, the company's management can assess how

effectively the same model can be used for better delivery of the value proposition to the customer and what has to be done to develop a new value proposition, be it needed.

Firstly, building business models requires leaders, managers, and employees to consider thoroughly all aspects of the business, including strategy, structure of the organization, resources, organizational culture. Renowned experts in this field see the business model as a strategic planning tool that allows you to focus on how the elements of the system fit together. A business model describes how the elements of a business interact to form a single system to resist competition. Secondly, for example, the famous scientist Tim O'Reilly ("WTF? What's the Future and Why It's Up to Us") [O'Reilly T., 2019], explaining the instruments for building models from Amazon, Google, Uber, Apple, Facebook, IBM, believes: "What is up to us - the leaders of these companies, the author writes, - is not to replace people, but to expand their capabilities through the development of leadership, teamwork and motivation"[O'Reilly T., 2019, pp. 396-401]. An important step towards a breakthrough in the area of additional opportunities is training and the transition to self-organizing, in fact, self-learning organizations and teams of talented people. In our opinion, these crucial key factors should be taken into account when building and implementing business models.

We should keep in mind that the business model of any company has its own story. Let's illustrate this using Walmart as an example. When Sam Walton ("Made in America. My Story") [Walton S., 2018] opened his first Walmart back in 1962, the retail discount business model was already in place. Sam Walton's idea was to cut costs and offer lower prices than convenience stores. The result is a retail discount business model. The business model was based on the following decisions and actions:

- décor elements of the store, such as carpeting and chandeliers, were removed.
- fewer sellers were left to serve more customers, and customers were allowed to serve themselves.

After these actions, the business model of low prices still allowed to earn a profit. Walmart offered a range of products carefully selected for customers at a low price. Let's emphasize the importance of the business model, that is in the fact that the model changes the rules and the economy in the industry and it (business model) is difficult to copy. The business model is designed to create a strong competitive advantage for the company. At the same time, we note that the business model is one of the most loosely interpreted terms in business. But this concept has great practical value. "Apple", for instance. The company applied the following solution: Apple took good "technology and packed" it into a great business model. Thus, the company created a disruptive business model that combined efficient and progressive provision and service. ("Inside Apple: How America's Most Admired—And Secretive—Company Really Works") [Lashinsky A., 2012]; ("WTF? What's the Future and Why It's Up to Us") [O'Reilly T., 2019]. A key component and driver of an effective business model for Netflix, for example, is characterized by: first of all, a new approach to working with people. It is about promoting freedom and responsibility. Secondly, human resource management in this company is built as innovation management ("Powerful: Building a Culture of Freedom and Responsibility") [McCord P., 2019, pp. 12, 15, 17]. The business model, IKEA, for example, is assessed by experts as a unique company that has managed to achieve a combination of affordable prices, excellent functional design and thoughtful store arrangement ("Leading by Design. The IKEA story") [Kamprad I., 2018].

It can be summarized from the examples above that success doesn't start with thinking about a business model. It all starts with thinking about how to meet the needs of a real customer, create the best value proposition by developing a scheme (sequence) of internal and external business processes, which will present how the company is going to meet the needs of customers at a profit for them and for itself.

The concepts and approaches of world-famous authors to the innovative transformation of business models, in our opinion, are also relevant for companies operating in various areas of business in Moldova. At the same time, we take into account the important fact that the concepts,

strategies and approaches to business modeling put forth by scientists have the potential of practical value, since they are successfully used in such thriving global companies as Google, IBM, Ericsson, Netflix, Apple, Amazon. But we are also attentive to the recommendations of experts A. Osterwalder, Yves Peigner, C. Christensen, O. Gassmann and other scientists, whose works formed the theoretical and methodological basis of this study (see References). Let us point out that their recommendations are connected with such factors of successful transformation and implementation of innovative models as leadership development, team building and motivation. To launch a business model, scientists emphasize, it is necessary to assemble a team. This important recommendation - the creation of teams of talented and highly motivated leaders - leadership teams, was taken into account and analyzed within the framework of this **empirical research** conducted by us in the context of key factors in developing innovative business models. We came to the conclusion that it is necessary to build up and implement in the process of business models innovation the potential of leadership, teamwork on the principle of self-organizing teams with a focus on talent, performance and absolute motivation. Here are some practical aspects of the research on these factors, substantiated through interviewing employees of the company "Kamoto", SRL (Ltd.) and its partners. The sample consisted of 57 people. The methodology of the research was based on the fundamental theories of I. Adizes ("Leading The Leaders: How To Enrich Your Style of Management and Handle People Whose Style Is Different From Yours") [Adizes I., 2016]; S. Campbell, E. Samiec ("5-D Leadership: Key Dimensions for Leading in the Real World") [Campbell S., Samiec E., 2013]; M. Buckingham, D. Clifton ("Now, Discover Your Strengths") [Buckingham M., Clifton D., 2010]; D. Pink ("Drive. The Surprising Truth About What Motivates Us") [Pink D., 2019].

This research confirmed the assumption about the importance of team leadership for company employees in the context of their participation in various processes connected with the transformation of the organization's business models.

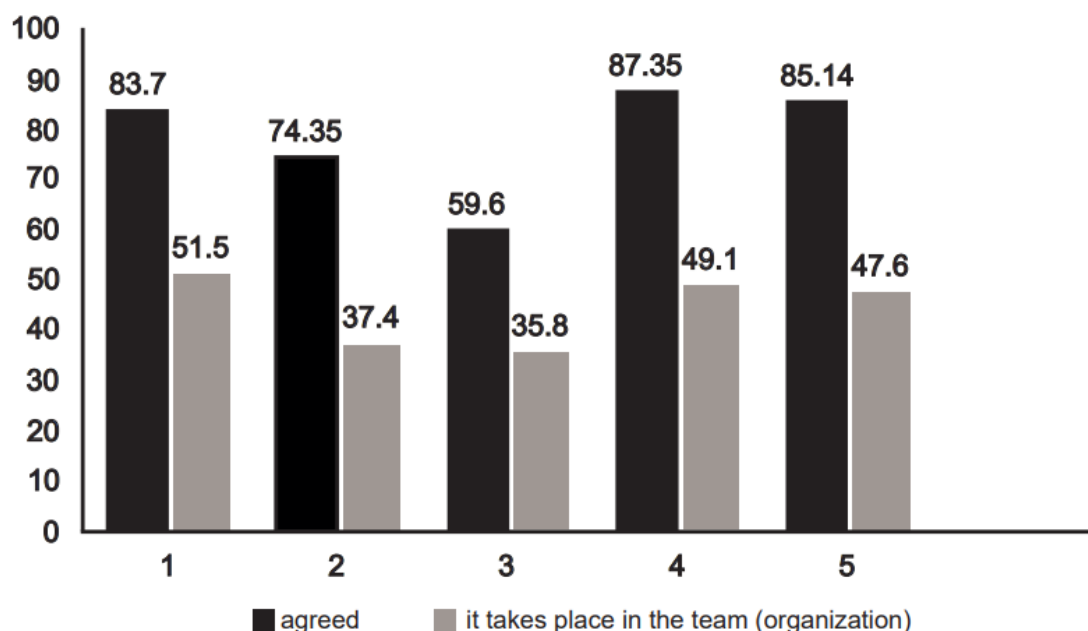


Figure 3. Employees' understanding of the team leader's role (in % of the number of respondents, 57 people)

The manager as a leader in the process of business models transformation

- 1 - understands his/her strengths and more often strives to achieve his/her potential for the benefit of the team
- 2 - is well aware of the mission, goals and values of the team (organization, department) he/she heads up and communicates them to the employees
- 3 - often pre-empt the events
- 4 - sees his/her actual role in the development (training) of employees and helps them to achieve their full potential

5 - builds up communication in the team (organization) in the context of cooperation and trust on the "win-win" principle

When asked, whether employees believe that the advantages of a team organization are associated with the fact that teams are more involved in the work process, and thus, are more interested in achieving greater efficiency, taking into account the needs of customers (internal and external), a significant number (73,50-75.0%) of employees gave a positive response. The teamwork, in their opinion, helps focusing the efforts of team members on meeting the needs of customers on time and on budget.

At the same time, more than half of employees and 69.7% of managers believe that: in order to put into practice the named benefits of the teamwork within the context of innovations and updating the business model, it is advisable to include in the teams, in participation of various sorts the employees, who are representatives of different functional areas of management (marketing, finance, accounting, production, etc.). Such teams, built on a cross-functional basis, are quite in demand in organizations, and in many ways, determine the success of building (transforming) the business model of an organization.

A topical issue for managers and specialists of the studied enterprises, connected with the need to overcome resistance to innovations, was the question of their knowledge and understanding of strategic initiatives. The chart shows the results of respondents' answers to these questions.

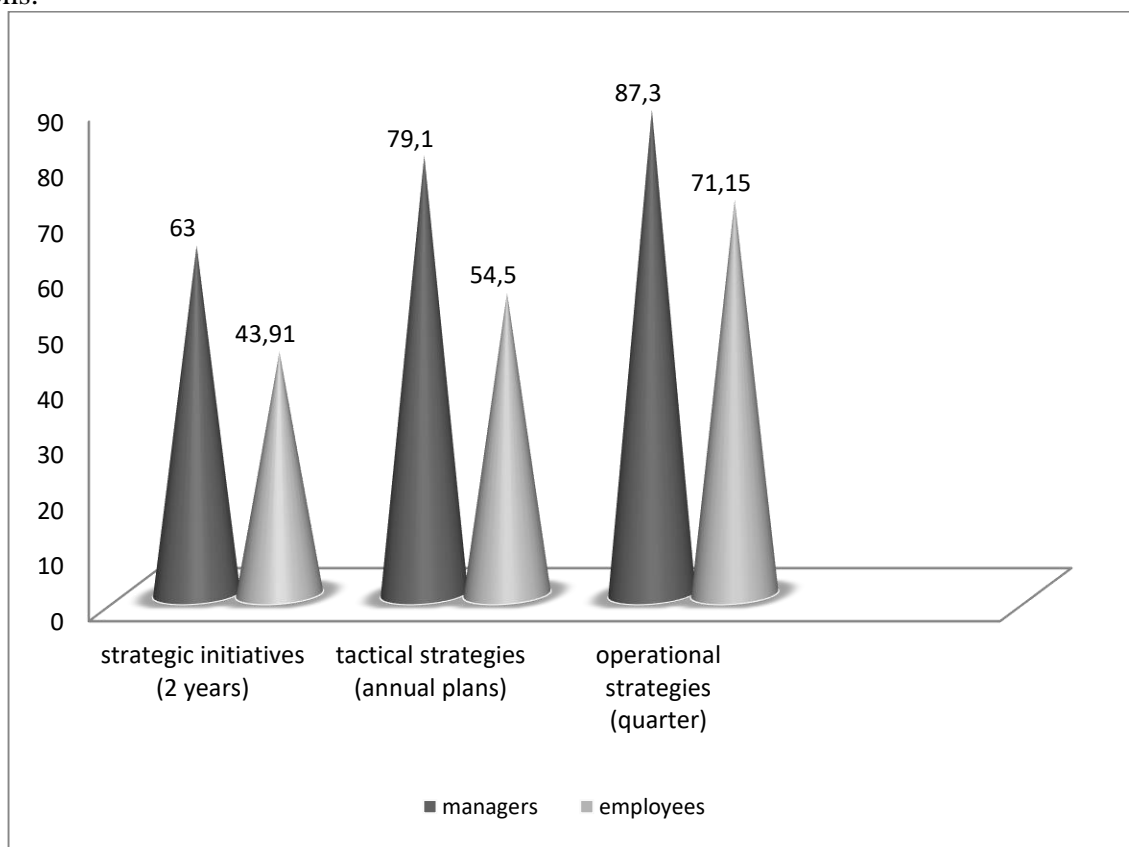
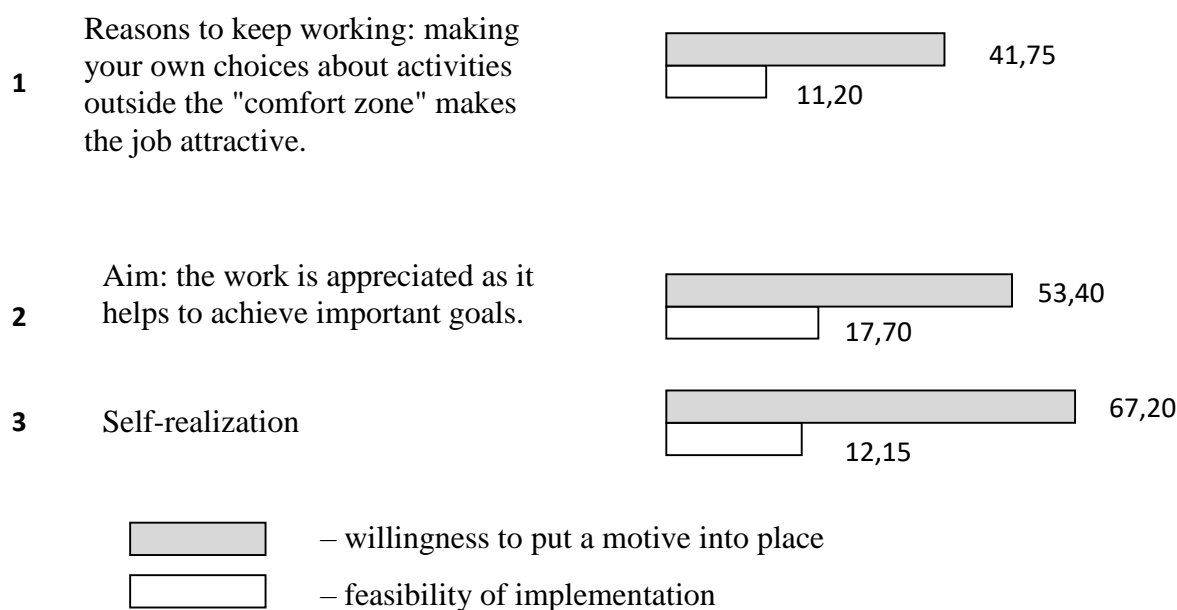


Figure 4. Strategic initiatives defining the transformation of the business model: they know and understand, and are prepared to put into place (linear distributions, in % of the number of respondents).
Compiled by the authors based on research data, (sample - 57 managers and employees).

The survey shows that tactical and operational strategies are clearer for managers and employees. Strategic goals and planned changes turn out to be less clear due to the high degree of uncertainty in the external environment and, in particular, increased competition.

In addition, the data may also indicate that respondents tend to link the outcome with tactical and current goals. The strategic effect remains inactive for a significant part of managers (36.80%), and even bigger number of employees (56.81%) do not have the opportunity to participate in the strategic process of organizational transformation of the business model (changes) due to the fact that they do not know the relevant strategies. As you know, the lack of information about the upcoming changes in the organization increases tension, anxiety and fear and manifests itself in resistance to them. This definitely affects motivation.

Thus, the comparison of the factors of absolute motivation (three factors in Figure 5.) based on the concept of N. Doshi and A. McGregor ("Primed to Perform: How to Build the Highest Performing Cultures Through the Science of Total Motivation") [Doshi N., McGregor A., 2017] according to the answers of the respondents was as follows:



*Figure 5. The value of factors of absolute motivation (1,2,3).
 Linear distributions of respondents' answers (in % of the total number of respondents (57 people).
 Compiled by the author basing on the research results.*

Of course, it is important to link the factor of the increasing value of motivation with the attitude towards talents, which allows to handle constructively the transformation of the organization's business models and make this process continuous, implementing it on an innovative basis.

In the context of the analyzed concepts and models, the topical questions based on the results of our research are the following, requiring further study: How to get employees to maximize their abilities (potential)? What conditions do they need to enjoy their work? What is the best way to monitor performance both by an individual employee and by teams? What approaches and methods can best link individual and team performance? What should managers and leaders do to avoid turning the performance assessment system into a bureaucratic procedure? We believe that the answers to these questions can help managers get rid of one important question, that is: "Why aren't they working?"

The study allowed us to draw conclusions and formulate the following recommendations

- The rapidly changing business environment, continuous innovations, that characterize modern reality, define the relevance of the tasks of the well-balanced development of all internal factors and processes in the organization's activities in tandem with external factors. In these conditions, it becomes problematic for companies to ensure their growth and well-being only on the basis of an innovative product.

- In order to achieve long-term competitiveness, it is not enough for the organization to provide the customer with an excellent innovative product, it needs an innovative business model.

- There is a strong assumption in the business and scientific community (literature, research) that new technologies, product and other innovations certainly play a key role in achieving efficiencies in any organization, but only in tandem with a business model.

- The concept of the business model, actively implemented by high-performing companies, allows managers to better understand the elements of the model and get clear and constructive answers to classic questions: target customer (who?); value proposition (what?); value proposition creation (how?); profit-making mechanism (why does the business model generate profit?).

- We point out that a business model, being built on the basis of innovation the right way, allows managers to find the correct answers to the fundamental questions of doing successful business: what, who, how and why?

- The practical value of a well-designed innovation model is that it embodies the ability to offer greater value to the customer and thereby completely replace the old way of doing business and become the standard (rule) of doing business for other companies in the industry. When a new business model changes the economy of an industry, it is difficult to copy. It creates a powerful competitive advantage for the company.

- An effective business model is recognized as a relevant instrument for every successful organization, be it a new venture or a company with an established successful reputation for high-performing business.

- The strength of the business model, which distinguishes it from other approaches, is that it focuses the attention of managers and employees on all elements of the system that fit together into a single functioning entity.

Therefore, in the process of innovative transformation of the business model, managers are advised to thoroughly think through all aspects of the business, their interaction and transformation into synergetic integrity. In other words, it is required to rally the company around the value the organization is planning to create.

- The implementation of the named competence assumes that for a manager in the context of business model innovation, a cornerstone of its viability will be the following factors: leadership development, the creation of leadership teams, the realization of the potential and motivation of talented employees with the ability to achieve high performance.

Since the business model describes how all the components of the business interact, turning into a single system, insofar as clarity on innovative business modeling allows to realize the potential of leadership and teamwork on a motivational basis.

- Should managers' key expertise include business model testing skills to determine when the business model needs to be transformed? In the first case, if it does not pass the narrative test, the business story of the company (mission, vision, values) does not make sense. In the second case, if the company fails the following numbers test (no profit). Referring to the concept of business models and understanding the essence and value of their innovative transformation as an ongoing process excludes negative scores on these two tests.

REFERENCES:

1. Адисес И. Развития лидеров: понять свой стиль управления и эффективно общаться с носителями иных стилей. – М.: Альпина Бизнес-Букс, 2016. – 259 с. ISBN 978-5-9614-4718-7.
2. Бакингер М., Клифтон Д. Добейся максимума: Сильные стороны сотрудников на службе бизнеса. – М.: Альпина Паблишер, 2010. – 240 с. ISBN 978-5-9614-1258-1.
3. Гассман О., Франкенбергер К. Бизнес-модели: 55 лучших шаблонов. – М.: Альпина Паблишер, 2017. ISBN 978-5-9614-5952-4.
4. Доши Н., Макгрегор Л. Заряженные на результат. Культура высокой эффективности на практике. – М.: Манн, Иванов и Фербер, 2017. – 320 с. ISBN 978-5-00100-484-7
5. Управление бизнесом. – М.: Альпина Паблишер, 2017. – 290 с. (Серия «Harvard Business Review: 10 лучших статей»). ISBN 978-5-9614-6011-7.
7. Кэмпбелл С., Самиек Э. 5 граней лидерства. – М.: Манн, Иванов и Фербер, «Эксмо», 2013. – 304 с. ISBN 978-5-91657-425-8.

8. Котлер Ф. Стратегический менеджер по Котлеру: Лучшие приемы и методы. – М.: Альпина Паблишер, 2016. – 132 с. ISBN 978-5-9614-5-582-3.
9. Лашински А. Внутри Apple: Как работает одна из самых успешных и закрытых компаний мира. – М.: Калибра, Азбуки-Аттикус, 2012. – 304 с. ISBN 978-5-389-03423-5.
10. О'Рейли, Тим. WTF?: Гид по бизнес-моделям будущего. – М.: «Эксмо», 2019. – 512 с. ISBN 978-5-04-091164-6.
11. Остервальдер А., Ив Пенье. Построение бизнес-моделей: Книга для стратега и новатора. – М.: Альпина Паблишер, 2019. – 288 с. (Серия «Сколково»). ISBN 978-04-4708-76411.
12. Пинк Д. Что на самом деле нас мотивирует. – М.: Альпина Паблишер, 2019. – 267 с. ISBN 978-5-9614-2696-0.
13. Уолтон С. Как я создал Walmart. – М.: Альпина Паблишер, 2018. – 222 с. ISBN 978-5-9614-6956-1.
14. Ферр, Н. Даер, Дж. Кристенсен, К. Создавая инновации. – М.: «Эксмо», 2017. – 304 с. ISBN 978-5-699-79329-7.
15. Чан В. Ким, Моборн Рене. Стратегия голубого океана. М.: Альпина Паблишер, 2016. – 288 с. ISBN 978-5-9614-5861-9.
16. Трансформация бизнес-моделей. – М.: Альпина Паблишер, 2021. – 170 с. (Серия «Harvard Business Review: 10 лучших статей»). ISBN 978-5-9614-3999-1.
17. МакКорд П. Сильнейшие. Бизнес по правилам Netflix. М.: «Эксмо», 2019. – 192 с. ISBN 978-5-04-045557-2.
18. Кампрад И. Есть идея! История ИКЕА. М.: Альпина Паблишер, 2018. – 293 с. ISBN 978-5-9614-6822-9.