I. General Objectives

The decision of which business models to operate is the company’s highest level strategic choice. An airline can be full-service or low-cost, a retailer can focus on a brick and mortar business model and/or an online platform, an e-commerce operator can specialize in selling the products bought from suppliers (merchant) or it can open its platform to facilitate the direct interaction between suppliers and consumers (marketplace), whereas a streaming service can broadcast content produced by third parties or concentrate in producing and showing its own content. Each of the options available to the company involves a substantially different "architecture" for the business and, as such, involves different business models.

Additionally, companies are increasingly operating more than one business model at the same time. An airline can participate in the low cost and in the full service business, an hotel conglomerate can have very different hotels chains (each, operating with a different business model) and supermarkets can have different formats to serve different types of clients. With high probability, it is not far the day in which UBER could combine the operations of a business model based on external drivers (such as it is now) with the offering of rides in autonomous cars, in which drivers are not needed. A combination of business models may have different objectives and how companies organize them makes a distinction (for example, the business models can be organized as separate units or, alternatively, with high degrees of interdependencies).

A major objective of this course is to discuss how to design, operate and evaluate business models. The tools to be learned should help students understand how to think about business model innovation, how to respond to the entry of disruptive business models and how to decide whether the company should operate a single or multiple business models.

As shown by surveys done by organizations such as IBM and The Economist, the discussion about how to design, operate and innovate business models is at the forefront of the challenged facing senior managers and CEOs around the world. The importance given to the business model concept is because high rank executives increasingly see the business model as the enabler of the firms’ competitive advantage. Moreover, an advantage based on a business model is substantially more difficult to imitate than an advantage based on a product or certain individual firm’s choices.

The ultimate goal of a business model must be to create and capture value. The advent of new technological tools, among other factors, has led to the fact that there are now
countless sets of elections, and interrelations between them, that allow participating in an industry with a different business model.

**II. Course Content and Organization**

**The first part** of the course addresses the following questions: What is a business model? What features should a good business model possess? What are the building blocks of a successful business model?

**The second part** of the course analyzes business model innovation, with special focus on multiple side platforms. We will also analyze other types of innovations at the business model level, including business model innovation at the industry and at the revenue levels.

**The third part** of the course discusses the management of multiple business models for the same organization, and how the organization of these different business models depends on the firm’s goals. In this part, we also analyze business model transformation, including the discussion of the conditions required to transform the business model of an established organization.

In each of the sections we will review several examples of real life situations and discuss a group of cases. Thus, we will combine conceptual and practical discussions.

**In going through the different parts of the course we will also** address various key questions relevant to corporate strategy. For example, what business models to operate? How should be the relationship between the central administration of the firm and the different business models? How can the company transform its business model? How should we think about innovation at the business model level? How should we configure a set of internally consistent set of choices to obtain and sustain a competitive advantage?

**III. Brief Instructor’s CV**

Jorge Tarzijan is a Full Professor at the School of Management, Universidad Catolica de Chile. He has been a Visiting Scholar at Harvard University and has taught the courses “Corporate Strategy” and “Strategic Management” in the Summer Program at Harvard. Professor Tarzijan’s research has been published in leading journals. He is also the co-author of several cases of the Harvard Business School collection and the books Organizacion Industrial para la Estrategia (Industrial Organization for Strategy) (Third edition); and Fundamentos de Estrategia Empresarial (Fundamentals of Entrepreneurial Strategy) (Fifth edition). He holds a Ph.D. in Managerial Economics and Strategy from the Kellogg Graduate School of Management, Northwestern University, a Master degree from Katholieke Universiteit Leuven, Belgium, and an undergraduate degree in Economics from Universidad Catolica de Chile.