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A NEW RELATIONAL BUSINESS MODEL FOR START-UPS. EVIDENCES FROM ITALIAN CONTEXT

ABSTRACT

The purpose of this paper is to investigate the main drivers of a start-up evolution in its development stages. In particular, our attention is focused on the role of relationships in the different evolutionary phases of a start-up and the impact of relationships on the business model.
The entrepreneur's perspective has been for long considered the critical success factor for the start-up genesis and business models. Differently from previous works focused on entrepreneur and entrepreneurial ability to manage social relationships, this paper investigates the perspective of business relationships in different stages of start-up life cycle.
The paper presents an in depth qualitative analysis based on two innovative Italian start-ups. The findings show the emergence of interconnected relationships that allow a start up to access to different kind of resources in order to develop its business. This process of evolution requires a network embedded business model that suggests start-ups to consider users' needs and preferences, as well as the relevant role of different business partners.

Keywords: start-up life cycle, network embedded business model, capabilities, network competence, business relationships, ARA model

COMPETITIVE PAPER

INTRODUCTION

For a long time, researchers have investigated the evolution of start-ups based on their traditional life cycle models. Among these, the Greiner's Model (1972) depicts the growth of the firm and its ability to develop, in different stages, the following consequential strategies: creativity, direction, delegation and co-operation. The growing number of start-ups and their rapid decline require to better investigate their evolution. As stated by some scholars (Bessant *et al*., 2005) the linear model needs some adjustments for start-ups.

In a different perspective, our aim is to investigate the main drivers of a start-up evolution in its stages of development. In particular, our attention is focused on the role of relationships in the different evolutionary phases of a start-up and the impact of relationships on the business model.

As discussed by scholars, the individual characteristics of the founder have been identified as the most important factor for the start-ups' evolution (Almus *et al*., 1999; Bates, 1990; Colombo and Grilli, 2005); the entrepreneur has been defined as a captain industry (Schumpeter, 1934). In particular, in a traditional perspective, the start-up's evolution has been analyzed based on the development of its own activities and its revenues production.

In a more in depth analysis, the development of a new venture depends on both internal and external variables: resources owned by the firm such as the technical skills of the founder, internal knowledge, patents (Goniadis and Varsakelis, 2012), but also the capacity of sensing and seizing new opportunities in dynamic environments (Teece *et al.*, 1997). Moreover, empirical research focused on how start-ups evolve and develop a value oriented business model using their capabilities is still lacking. Some authors found out that although competencies are of great interest within firms, there is a lack of understanding of the role of competencies in start up evolution (Bhamra *et al.*, 2011).

Focusing on the external variables, these latter are related to the habitat of entrepreneurship (Suzuki *et al.*, 2002) that mainly includes dynamic relationships between different organizations (Carter *et al.*, 1996) through which resources are shared. Available resources in the initial stage of a start-up are usually scarce, although entrepreneurs can decide to develop new resources configuration (Teece, 2007) through their network connections (Zaheer *et al.*, 2000). Therefore, as social network theories claim (Hoang and Antoncic, 2003), the entrepreneurs' knowledge acquired from network members can help the start-up to grow (Dubini and Aldrich, 1991).

Differently, focusing on business relationships, the boundaries of new business enterprises are redefined in a continuous motion (Snehota, 2011). In developing a new business, the combination of resources involves mutual adaptation and joint learning among actors (Bocconcelli and Hakansson, 2008).

The paper is structured as follows: the first paragraphs clarify the concepts of life cycle in a relational perspective, business models and the framework of analysis of these innovative companies. Next paragraph focuses on the analysis of network competences applied to start-ups context. In the final paragraph a two case study, start-ups are presented and discussed, according to the conceptual framework of the literature review

This research applies a qualitative (Dubois and Gadde, 2002) and a multiple case study approach (Harrison and Easton, 2004) and the paper investigates the entrepreneurship network founded on the combining of three theoretical frameworks: Actors Resources Activities Model (Håkansson *et al*., 2009), an adaptation of the life cycle model (Kuratko and Hornsby, 2009), the business model analysis (Bankvall *et al*., 2016).

This study is part of a larger research to explore start up development and evolution during years. In particular this first step is focused on the Italian context, analyzing two emblematic case studies of innovative start-ups. 10 semi structured interviews and secondary data collection were able to sustain authors in outlining the analysis. Results show that, in order to develop their activities and succeed in a new and unexplored market, the start-ups adopted a network embedded business model founded on interconnected relationships with different actors. Relationships enable the sharing of different competencies that support the birth and the growth of a new venture. Relationships allow also reputational effect that helps the start-up in finding resources for its survival, accessing to external knowledge and skills, and providing value solutions. In conclusion, a network business model based on relationships is proposed.

START-UP LIFE CYCLE: A RELATIONAL PERSPECTIVE

Researchers believed for too long that the activities leading to start-up was a linear process from a clear starting point (idea generation/opportunity identification) to an end, thanks to the first sales activity (Carter *et al.*, 1996).

Among the traditional contributions of organizational studies related to business life cycle, the Greiner's Model (Greiner, 1972) consists of periods of incremental growth (evolution) and crisis-based growth (revolution) (Beverland and Lockshin, 2001). The four-stage model includes conception, commercialization, growth, and stability (Kazanjian, 1988). At each stage, the organization undergoes management practices, style, organizational structure and strategy changes (Lewis and Churchill, 1983). Lester *et al.* (2003) identify a five stage empirical scale to explain new ventures life cycle: 1) existence, in which the venture is born and begins to identify a sufficient number of customers to support the existence of the organization; 2) survival, in which firms try to establish their own distinctive competencies and formulate goals to reach; 3) success, in which the organization structures in a bureaucratic way, where relationships become more formal; 4) renewal, where collaboration and teamwork foster innovation and creativity; 5) decline, where organizational members become more concerned with their personal goals and often the organization is unable to meet external demands.

A criticism to the traditional life cycle model by Bessant *et al.* (2005) is related to the limitations oversimplifying the possible periodic growth and decline of small firms, as opposed to continuous growth through successive life cycles. The authors state that these models detail significant inputs to provide important insights into the understanding of the organizational behavior; the models are mainly applied to small, new or rapidly growing firms.

Furthermore for a long time the analysis of start-up evolution has been mainly focused on internal dimensions of the enterprise. Some authors have outlined the key role of the entrepreneur (Stam *et al.*, 2014), while recently studies have tried to explain business through collaboration and network (Ciabuschi *et al.*, 2012). In a new venture development, the recipient firms combine the originating firm's knowledge with other knowledge to create their own unique innovations (Sorenson *et al.*, 2006).

Based on the collaborative entrepreneurship, the creation of something new emerges from the sharing of information and knowledge. Ties to distributors, suppliers, competitors, or customer organizations can be important as conduits of information and know-how.

On the base of collaborative approach, firms use different types of networks in different development phases. The network development model (Lechner and Dowling, 2003) is based on different network types: from social and reputational network to marketing information network. in the first phase, *firms seek to overcome liability of newness through the social network (family and friends) and reputational networks. In the second phase firms use marketing information and co-opetition networks with competitors to overcome the usual period of unstable sales growth* (Ritala *et al.*, 2014). *In phase 3, co-opetition remains a relevant issue but cooperative technology networks are most important* for the innovation creation (Lechner and Dowling, 2003). Finally, *in phase 4, firm growth is limited by path-dependent relational capability.* Going more in depth, the relationships analysis could be characterized by the shift from social network to business network.

ENTREPRENEURIAL RELATIONSHIPS IN INDUSTRIAL NETWORK APPROACH

A new firm has to build relationships, and relationships are continuously re-negotiated. Through the activities in the network, the firm develops those relationships that make it able to access to important resources and to the sale of its products and services (Hoang and Antoncic, 2003; Shane and Venkataraman, 2001).

Taking a network perspective, the entrepreneurs transform resources to carry out exchanges linked by strong or weak ties; the cumulative effect of these exchanges influences both the position of the entrepreneur and the existing network structure in which the entrepreneur is located (Håkansson *et al.*, 2009). The position in the surrounding business network enables the firm getting access to additional resources.

Being embedded in developing, producing and using settings can be considered as an indicator that a start-up has become an established company. This type of embedding is in turn also positively related to the network position, identity and trust of the firm (Perna *et al.*, 2012). New businesses have to evolve toward a more established network position in order to cope with their survival by setting and developing business relationships. The network position, defined by the number, type and strength of firm's business relationships, is an important dimension that can be analyzed for investigating "when" a new business is no longer in its start-up stage. The new business has to achieve a certain level of trust within the business network in order to become an established firm. The new company has to connect pre-existing resources and activities with those of other counterparts in order to be able to develop and evolve over time (Perna and Baraldi, 2014). Network activities reflect on a firm's strategy and its engagement with different actors and resources (Huemer, 2014). As stated by some scholars, firms engage in deliberate strategizing in networks to develop high performing portfolios of relationships to further advance their business (Butler and Batt, 2014). The environment is depicted by the interconnected relationships (Gadde *et al.*, 2003).

Since the beginning the Industrial Marketing and Purchasing (IMP) group has focused its attention on how businesses can and should be managed in a relational context characterized by continuing interaction, joint operations and resource flows among interdependent entities (Bizzi and Langley, 2012; Zaheer *et al.*, 2010). IMP researchers outline how in any business relationship, firms compete as well as cooperate (Håkansson *et al.*, 2009; Håkansson and Ford, 2002; Ford and Håkansson, 2013).

In the IMP perspective the concept of embeddedness is closely related to belonging to and sharing a context that has both interpersonal and inter-organizational business relationships at its base, thus developing relational and network embeddedness (Ford and Håkansson, 2013). In this last perspective the network, identified in "tangible and intangible investments that comprise the connected relationships between more than two businesses", evolves across time and space (Echols and Tsai 2005; Johanson, 2007; Audretsch and Lehmann, 2005). As stated by some scholars such as Furlan and Huemer (2008) "[…] business interaction at any point in time can only be understood as influenced by previous interactions and by actors' interpretations of these together with their intentions and expectations of future interactions" (Furlan and Huemer, 2008:1). The "connectivity" captures dynamic processes of interaction (Håkansson *et al.*, 2009) that also influences the entrepreneurial processes (Gadde *et al.*, 2003).

Through the activities in the network, the firm develops the relationships that allow the access to important resources. IMP views activity as taking place through co-ordination and interaction between firms in a network. The connection of activities is also related to entrepreneurs who start with very thin resource bundles and rely on others for resources or certain types of capabilities that they cannot access to directly. Thus the development of new venture could be analyzed through an interactive approach (Snehota, 2011). This analysis requires an innovative business model.

A DEFINITION OF BUSINESS MODEL: A REVIEW

Although the concept of business model is increasingly discussed, there is still confusion in terms of how it can be defined and used (Teece, 2010; Zott *et al.*, 2011). Various definitions of the concept exist, but none appears to be generally accepted. Furthermore, a single general definition of the concept of business model becomes too vague. One definition cannot cover everything and the

uniqueness of business models suffers as the business models need to cover fundamental and practical actions and choices in the company's everyday business. This may be due to the fact that the concept is in many cases context specific and it integrates many disciplines (Chesbrough and Rosenbloom, 2002; Shafer *et al.*, 2005).
According to the previous considerations, we try to contribute to a literature review offering and discussing various definitions of the business model concept. The analysis shows that emphasis on different aspects, elements, and manners of representation still remain. Table 1 reports the most common definitions of the business model concept, discussing and matching them to the basic elements a business model should have, as recognized in previous researches and literature, linking them to topic references.

Table 1 – A review on the business model concept

Although we can conceive generic business models, each firm has its own, unique model that recounts how it creates and captures value (appropriation mechanisms) (Kindstrom and Kowalkowski, 2014). Those mechanisms can be considered as frameworks able to understand start-ups and their components.
Due to the lack of a consistent framework (George and Bock, 2011), prior research on business models with an entrepreneurial lens has shown in fragmented research questions and findings. Some scholars have focused their attention on how business models should be formalised (Morris *et al.*, 2005; Tracey and Jarvis, 2007), while others conceived business models as a tool that represents entrepreneurial opportunities (Franke *et al.*, 2008; Markides, 2008). Perhaps the approach that has generated the greatest interest among academics is the one that considers the relationship between business model design and firm performance (Zott and Amit, 2007; 2008), although some authors suggest that business model evolution is inherently uncertain (Heirman and Clarysse, 2004) and should consider other variables such as relationships. In fact, the three key elements identified as cornerstones of modern business models can be summarized as: 1. Technology – or the technologies that make up the product/service offering, its delivery and management (product, process, core and infrastructure); 2. Market offering – that is what is actually offered to the customer and how; 3. Network architecture – that is the configuration of actors (buyers, suppliers, etc..) that make the market offering possible (capabilities, transactions, markets, standards and relationships) (for a review see Mason and Spring, 2011).
In this sense an important limitation of the business model literature is that it only creates a description of the firm at a single point in time and in so doing, fails to take account of the influence of the business network on the business model and vice versa (Bankvall *et al.*, 2016). What is consistent across the business model literature is the recognition that business models evolve through the interactions of individuals in social groups, both within the firm and within the wider business network. Schatzki (2005) argues that as individuals are embedded in the social lives of both firms and markets, we need multiple sites of analysis when trying to understand organisations and what they do.
In fact, descriptions of traditional type of business model seem to center on the firm and its offerings, focusing on how it creates value for its customers, or how they make their customers pay, etc. (see, e.g., Chesbrough and Rosenbloom, 2002; Magretta, 2002; Morris *et al.*, 2005). This can be considered as *firm-centric business models*. This type of business model makes sense when firms provide their customers with products or services that are subject to value creation contained in dyadic business relationships. In contrast, several of the suggested business model concepts seem to describe what can be considered as a *network-embedded type* (Bankvall *et al.*, 2016). While the notion of embeddedness has mostly been concerned with firms, relationships, resources and activities, part of the literature seems to suggest that business models may be subject to embeddedness. For instance, Zott and Amit (2010) and Zott *et al.* (2011) consider a business model as a system of interdependent activities that transcends the focal firm.

Concerning the studies on start-up, according to Teece (2010), the ideal business model rarely appears in the early stage of emerging businesses. Going one step further in this direction, Shirky (2008) argues that those start up that are more likely to succeed are those that do not have a perfect business model template but a flexible one that allows the entrepreneur to introduce change and readjustments.

Both internal and external actors have a significant influence on the emergent management practices of a start up. Furthermore, the process of management innovation does not always proceed as a linear sequence of activities from motivation through to theorization and labelling (also see, Pfeffer and Sutton, 2000). This is consistent with the descriptions of how start up business models are developed, presented and diffused to different stakeholders for different purposes (Doganova and Eyquem-Renault, 2009). In this way, the business modelling process can be understood to be both influencing and being influenced by not only internal actors within the start up developing the business model, but also by external actors within the business network – because of this complexity it seems unlikely that a linear sequence of activities could ever exist (Mason and Spring, 2011). By divulging different parts of the start up business model to investors, suppliers and customers, the business model becomes rooted in the business models of others. Business models are not first designed and then implemented, but are incrementally emergent and ever-changing.

"The focus within that perspective on the embeddedness of action and relationships across time also offers the potential to develop dynamic open-business models [for start up] that evolve over time and which are not fixed and static entities…" (Coombes and Nicholson, 2013: 663).

Clearly, designing a new business model requires intuition, creativity, and a deep understanding of user needs (Teece, 2010). Similarly, the work of Brettel *et al*. (2012) demonstrates that entrepreneurs should explicitly focus on the relationship with their key stakeholdes when designing business models of their ventures, putting emphasis to a network business model concept (Aaboen *et al*., 2016).

As new start-ups tend to have less routine in processing their transactions, they should design more than just one business model to handle their competitors. According to Andries and Debackere (2007), business models should be adjusted in parallel to the firm's life cycle evolution. In this sense, business models are opportunity facilitators for entrepreneurs, representing the cognitive link between the business appraisal of the opportunity and its exploitation (Fiet and Patel, 2008). Furthermore, maintaining a more open perspective about the business model concept and, in particular, placing relationships at the center of business model analysis draws attention to their embeddedness in wider technological and organizational contexts. Based on their resources, activities, and business exchange partners, start up see opportunities differently; thus, relationships enable start up to extend their scope of business opportunity. Involving multiple and varied actors may, therefore, reveal unimagined possibilities to develop current business models (Mason and Palo, 2012).

Among the main resources needed by a start-up to develop its activity a key role was recognized to capabilities and competences (Teece, 2010).

NETWORK COMPETENCE IN START-UPS

The term competence refers not only to resource, skills or knowledge necessary to perform in business networks but it is also a process and a set of tasks that allow to maintain network relationships (Human, 2009).

The Resource-based view (Penrose, 1995) states that firms competencies and capabilities are a set of rare, scarce and inimitable resources that enable to reach a competitive advantage. Based on this perspective, strategy can be seen as the use of available resources in order to maximize also organizational performance (Pablo *et al*. 2007). The evolution of the resource-based view led up to the dynamic capabilities framework (Teece *et al*., 1997), that considers competencies and resources as dynamic, adapting to changing environments.

New ventures capabilities have been analyzed under different perspectives: as necessary skills that help to reach a competitive advantage (Finkelstein, 2001); as capital financing and strategic alliances that affected their ability to acquire the necessary resources for survival (Chang, 2004); as managerial capabilities needed by the new venture (Boeker and Wiltbank, 2005). Little is known about which kind of network competence startups have to develop in order to survive and grow.

Ritter argued that a company's degree of network competence is “the degree of network management task execution and the degree of network management qualification possessed by the people handling a company's relationships" (Ritter, 1999: 471). Thus, the elements of network competence are relationship-specific, cross-relational, specialist and social. Network competence is the firm’s ability to manage relationships effectively (Ritter, 1999) and it “helps to improve its overall position in a network, and thus enables a firm to acquire significant resources from its partners. (Yu *et al*., 2014: 690).

Ritter, Wilkinson and Johnston (Ritter *et al*., 2002) developed a 22 items scale to measure network competence, with a 7-point Likert scale and asking respondents to rate “the extent to which their firm collaborated with four other types of organizations in order to improve and innovate products, services, or production facilities i.e. customers, suppliers, competitors, universities/research institutions, and consultants.” Network competence has been mostly analyzed in the field of innovation and new product development, to show the impact on performance; Ritter and Gemunden (2004) analyzed the impact of network competence for the development of innovation, showing that there is a positive correlation between the degree of network competence and the innovation success; Ting Helena Chiu (2008) demonstrated that not only network competence, but also network location centrality and coreness have a positive impact on firm’s innovation performance.

Companies are more involved in networks of social and exchange relationships, especially in the high tech sector were they are forced to cooperate to shorten products life cycles and reduce costs for R&D (Ritter and Gemunden, 2004; Ting Helena Chiu, 2008).

Yu *et al*. (2014) find that network competence and technological capabilities are two types of critical capabilities that allow entrepreneurs to cope with a turbulent environment . In a similar perspective, international new ventures evolve in dynamic markets and technological uncertainty that increase the degree of environmental hostility; thus, the development of relationships can help to adapt to change more easily (Torkkeli *et al*., 2012).

In addition, the nature of start ups requires to be involved in network relationships to develop new products and innovative solutions.

Although the topic of network competences has been deeply developed, there is still a lack of research regarding the network competencies necessary to startups to survive and develop a relational business model.

RESEARCH APPROACH AND METHODOLOGY

This study is part of a larger research to explore start-ups development and evolution during years.

The aim of this first step of the analysis is to investigate the main drivers of start-up evolution and its stages of development. In particular, our attention is focused on the role of relationships in the different evolutionary phases of a start-up and their impact on the business model.

This paper applies a qualitative analysis (La Rocca *et al*., 2013); Dubois and Gadde, 2002) and a case study approach (Harrison and Easton, 2004; Barrat *et al*., 2011).

This method was chosen as the paper aims at better exploring the start-ups’ evolutionary phenomenon. An abduction process analysis enables data-driven theory generation (Järvensivu and Törnroos, 2010). These choices related to the theoretical framework thus influenced the empirical investigation (Dubois and Araujo, 2004; Piekkari *et al*., 2010).

The research is based on two stages. In the first stage, we collected secondary data, documentation, reports, financial indicators of both organizations and we processed them to build their story and understand their background. In the second stage, we conducted 10 semi-structured interviews; including face-to face interviews, phone interviews, and videoconferences. The topics investigated concerned the strategic evolution of the start-ups: What kind of market analysis did you do? What market ideas did you cope with? What gap did you wanted to cover? What were the market's needs? What was your target?

Other topics involved the actors, the resources shared and combined and the activities as output of the interaction: What are the key stakeholders that helped you in developing the business idea? Why are they important? What kinds of resources have been provided by different actors?

In addition we investigated the business model adopted by start-ups: What are the main features of your business model?

Interviews were realized over a period of six months and lasted from 60 to 120 minutes. Additional information was collected by participating in several conferences and workshops.

In a traditional perspective, literature has mainly focused on financial or commercial issues connected to each stage of start-up life cycle. From this perspective, the main aspects related to start-up life cycle involved profit, productivity and revenues in different stages (McCline and Bhat, 2012). Indeed, entrepreneurial start-ups fail because they do not have the required capabilities. However, the link among the start-ups life cycle, relationships and resources (in particular network competences) is still unexplored.

In order to answer our research questions, we referred to different models as to shape our combined framework of analysis.

- The first one is an adapted and revised version of the Lyfe Cycle Model (Kuratko and Hornsby, 2009) to start ups evolution, signalling a 4 step model passing from a business dream phase to a commercialization phase. Going more in depth, the venture's typical life cycle is founded on the main strategies that each stage involves (Kuratko and Hornsby, 2009): 1) new venture development: the activities are associated with the initial formulation of the venture.; 2) start-up activities: formal business plan; 3) venture growth: this requires changes in entrepreneurial strategy; 4) business stabilization; 5) innovation or decline: firms work on new products/services.
- The second one is the model of Ramos *et al*. (2013), who investigates the network formation and the process of relationships' reconfiguration founded on a re-elaboration of the Actors Resources Activities (ARA) model (Hakansson *et al*., 2009).
- The third one is related to business model analysis considering different levels of analysis from a firm centric perspective to a network embedded one (Bankvall *et. al*., 2016)

Figure 1 - The framework of analysis

According to the main topics analyzed in the literature review, Figure 1 presents the conceptual framework of analysis of our case studies: we consider that a start-up evolves in different phases involving different actors, resources, activities, changing its business model.

In a traditional linear perspective (Kuratko and Hornsby, 2009) start-up life cycles could be synthesized in new venture development, start-up activities, start-up growth, business stabilization, innovation or decline. Differently, our attention has been focused on the managerial approach adopted by the start-up in order to reach specific goals and thus on the management of the relationships.

RESEARCH CONTEXT

We developed the analysis of two emblematic innovative start ups, according to the definition of the Italian Legislation (L. 221/2012).,

In the Italian context, a start-up to be recognized as innovative must respect the following requirements: be born no more than 60 months from the date of submission of the application;

already be doing business; headquarter be based in Italy. Moreover, the start-up cannot deploy profits; the total amount of revenues per year cannot exceed five million euro; its aim should be the production and development of innovative products and services with high technological value; it should not be founded by sale, merger or division of a business unit of an existing firm; R&D should be over 15% of revenues or graduated employees should be over 2/3 of the total amount of employees, or it should own a patent for a technological and industrial invention.
In 2016, there exist over five thousands Italian innovative start-ups and the main benefits of being innovative comes from financial support for their activity or the participation in European tenders.
Table 2 shows that, although both start ups were founded in 2013 they are characterized by different core activities backgrounds, business ideas, market gap and needs. *Foodscovery* was born as a service start-up to deliver a tangible product, such as food or beverage, whereas *MarioWay* was born as a product start-up to deliver an intangible solution such as a better life condition..

Table 2 - Start-ups overview

Start-up	**FOODSCOVERY**	**MARIOWAY**
Year of foundation	2013	2013
Sector	Food and beverage	Social – health device
Business idea	Marketplace	Innovative wheelchair
Phase of development	Commercialization	Testing/Commercialization
Market GAP	No marketplaces for authentic Italian food products	No customized wheelchair Breaking away from the seating position of traditional wheelchairs
Needs	Consuming Italian high quality and authentic products wherever in 24/48 hours	New social and professional activities for people suffering from disabilities
Covered Market	Italy – going to England	Italy – going to France

CASE STUDY 1: FOODSCOVERY

The business idea and the foundation of the start-up
In 2011, the two future founders of Foodscovery had the opportunity to work for one of the largest European investment funds, Rocket Internet, moving to Thailand, where they participated in the development of a large e-commerce for the Southeast Asia.
Traveling around the world and being both interested in gastronomy, they realized that when they were in a specific place or city and tasted an authentic local product, there was a lack in buying those products through a marketplace once back home, especially for Italian products.
Thus, they decided to create a platform where on one hand consumers could have an immediate access to all the Italian artisans' products, and on the other hand, producers and small artisans could easily send and sell online products without the traditional efforts of off line trade logics.
Hence, Foodscovery was born in October 2013 as an innovative marketplace service. It is a web and mobile platform that allows customers to order products from the most representative Italian food workshops of the local tradition, such as bakeries, pastry shops, butchers, dairies and many others.
It gives the opportunity, even 2000 km far, to buy an authentic Italian product. As the founders declared, "We insist on the concept of authenticity and craftsmanship because a product has its own tradition, a history, and a particular know-how".
Authenticity is traditionally linked to fashion, design, or otherwise manufacturing, whereas in the food industry it is still an unexplored topic.

The innovation lies in the creation and development of an automated system for the withdrawal and delivery products in 24 or 48 hours, which makes possible to enjoy more than 1,500 delicacies of Italy.

The business model: strategy, culture and value proposition

The start-up's aim is to obtain a differentiation competitive advantage, offering products (food and beverage) to a niche of customers that are passionate and willing to pay for high quality.

The business model is that of a marketplace of artisans products in which producers can sell and customers can easily buy; the registration is free of charge for both sides but the organization takes a fee on sold goods. The selection of the best products comes through the key role of the "ambassadors of taste", who are nationally recognized as the main influencers for the food industry.

The platform is easy and intuitive to use because as the consumer joins the community and searches for needed products he can decide according to a particular taste or price range. The website works through "windows", which are interfaces where the products are displayed and sponsored. The consumer can have immediate access to products and to the history of the manufacturer he selected. After the order, he can pay online via credit card or PayPal (one of Foodscovery partners), the platform connects both producers and affiliate vectors to deliver the product to customers in 24/48 hours.

Foodscovery is not a traditional e-commerce platform or food and beverage distributor; it is an online delivery infrastructure. It empowers local food and beverage makers and it provides an alternative distribution channel. The mission is to unveil "the best artisanal treasures that have been preserved through centuries thanks to a mastery handed down from generation to generation".

The brand Foodscovery was created to let consumers discovering a territory and its gastronomic and culinary tradition. The team built the brand on two concepts: food and beverage products and authenticity discovering.

The platform started in Italy, a country well known for the Made in Italy brand and with many excellent manufactures.

From October 2014 (when they came online) to December 2015, the founders and the whole organization worked to validate the business model that is now ready to be scaled up in other countries, with some tricks and adjustments.

During this first year on the market, they built very carefully their relationships with customers and producers, considering the ongoing contact between supply and demand as an essential asset for the firm's survival and for the business model replication.

About results, in the first year of activity (2014-2015), the company reached more than 500.000 subscribed users with 2.2 million visits on the website. The 9% of the registered users became customer doing at least one order with a repurchase rate of 52%. In 2015 the start-up reached 7.510 net orders (excluding 92 cancelled orders) and a total traded amount of 360.369 € net. The average fee collected by Foodscovery among all the year was of about 16%, giving the company an amount of 58k € of fees. User's net average basket order has been 48€, with a high growth during the Q4 2015 (+35% vs previous 2 quarters).

CASE STUDY 2: MARIOWAY

The business idea and the foundation of the start-up

MarioWay was founded in 2013 and it came from the idea that people with disabilities had few opportunities to realize their full potential. In particular, people with disabilities could not move and use their hands, or stand up, because the wheelchair squanders their freedom, quality of life and relationships with others.

In order to improve the people's quality of life, MarioWay has created an innovative and hands free mobility device granting the freedom of movement. The compact and hands free design solves daily problems caused by architectural and urban design such as getting in and out of doors without assistance allowing greater autonomy and raising people's self-esteem.

MarioWay drew its origins from the custom-made motorcycle industry. Motorbikes are one of the main causes for road fatalities. To make it more adapt to a mass-market usage, MarioWay is moving to a more affordable, gender-neutral standard design. In the short-medium term, market segment will be represented by medical use. In the end, alongside a medical use, MarioWay can be used by able-bodied.

The business model: Strategies, culture and value proposition

The business model of MarioWay, and thus the creation of value, is founded on: an innovative solution for special needs and a relevant attention in the relationships management with potential users and business/social partners.

MarioWay is targeting people with walking impairments (especially those left with physical disabilities after a vehicle accident), but also able-bodied, i.e. people suffering from temporary disabilities.

MarioWay business proposition is to create a revolutionary mobility device with unique features hands-free, two-wheeled, self-balancing, ergonomic, verticalizing, electric-propelled wheelchair with a unique design and smartphone integration.

The creative and innovative work of MarioWay, with a strong value and social impact, is founded on a shared ethical code. The founder wants to turn a medical aid in an emotional object. The high quality of the offering system is also founded on "Made in Italy".

In order to reach a wider range of customers, MarioWay will produce two different solutions: the first one will have a Segway base and the second one will have a X-robot base, the retail price will be of about 14/17 thousands euro.

MarioWay can be considered as a promoter of human dignity and well-being. The social innovative star up sustains a new way of work for people characterized by special needs. Breaking away from the seating position of traditional wheelchairs, MarioWay improves communication and interpersonal relationships of users who are at a standing height.

Moreover, the main benefits provided by MarioWay are founded on relationships. The goal of MarioWay is to create a community through a future App that will foster communication and meet-up between MarioWay's users. The application will provide opportunities to share stories and experiences. For example, users will be able to use an App to undertake fitness therapy programs with targeted objectives and exercises according to personal trainer's suggestions.

DISCUSSION

The start-ups analyzed are characterized by a different core activity but they showed similarities in the process of development and in its main drivers.

Both start-ups are *founded on a market approach and a solution orientation***.** The business idea and the solutions provided have been depicted on a market analysis and on the discovery of new customers' preferences. The founders of both start-ups and the entrepreneurial team investigated users and customers' needs in order to create value.

With reference *to MarioWay*, the analysis of the needs of disabled people suggested the founder to launch a new customized tool. MarioWay can be used by ordinary people and by people with disabilities without seeing the difference between the users while riding it.

MarioWay is characterized by advanced manufacturing of an ergonomic, verticalizing, hands-free and electric-propelled wheelchair with researched design for disabled and able-bodied persons.

The gap was the lack of such a wheelchair that allowed a paraplegic user to: ride an electric and 100% hands-free mobility device through a combination of upper body movements. Nowadays the solution allows interacting with the external world from a natural upright body height, gaining psychological (symmetrical relationship) and physical benefits (avoiding architectural barriers).

MarioWay focused its attention not only on a device but on the integration between the device and additional value services. The start up acts responsibly for people and communities' welfare. The innovative solution is related to a new device that, combined with additional services, can generate new social benefits. The added services concern social events, a website and a community characterized by peer-to-peer relationships.

Considering *Foodscovery*, the idea was to make accessible to anyone and anywhere some specialties and authentic products of the food and beverage industry. As one of the founders declared, "We think that our consumers have a high cultural level, a spending power; they are curious, passionate, they love food and they like premium products. For the first period we thought about men consumers and most of our users have been men from northern and center Italy." The gap was the absence of a particular marketplace for Italian high quality products and the innovation was in the approach: to make easy for small producers to sell their product around the world.

Focusing on the drivers similarities that characterized the two start-ups, their development has been founded on the interconnections with different actors that provided specific resources to their activities (Table 3.1, Table 3.2 - Appendix).

Table 3.1 - Resources in the 4 stages model
Table 3.2 - Activities in the 4 stages model

According to the previous literature review, an adapted version of the Life Cycle Model is here proposed and discussed through the four following stages: from business dream to business idea; from business idea to business plan; from business plan to prototype; from prototype to commercialization.

First phase: from business dream to business idea
MarioWay thanks to the founder's professional e**x**perience, outlined a new business idea focused on a special wheelchair in order to improve the quality of life of people with disabilities. In fact the founder was specialized in education in social context with young peoples and people with special needs and thus he provided educational competences and empathy capabilities. The main actors involved have been the founder and his potential partner (Figure 1, Table 3.1, 3.2 - Appendix). In 2012, the founder attended Vulcanicamente, the start-up competition. The founder found a social angel. They worked together and they discovered the key role not only of financial capital but also of social capital. The social angel provided relevant managerial competences. The activities developed by the founder involved the social angel that participated to the creation of guidelines for a new tool able to satisfy special needs (activity).

Figure 1 – First Phase main actors: MarioWay

In a similar perspective, *Foodscovery* was drawn in 2011, while the two founders were working in Rocket Internet, one of the biggest investment funds in the world. Travelling and being passionate with food, they soon realized that once they came back from a new country, they did not have the possibility to buy typical and local products from Italy and vice versa. Thus, they had their stroke of genius: create a marketplace that on one hand could allow a customer (in Italy or abroad) to have an immediate access to many small artisans all around Italy and on the other hand to allow artisans to send and easily sell online their products without any problems. In this first phase, there were the two founders with their knowledge and competencies working on a project to realize (Figure 2, Table 3.1, 3.2 - Appendix). They graduated in finance and management so they had competencies in market analysis, financial trends to develop a business plan and try to realize their idea.

Figure 2 – First Phase main actors: Foodscovery

Second phase: from business idea to business plan

In this phase the founder of *MarioWay* looked for special capabilities. He involved other actors in the entrepreneurial team such as a R&D manager who provided technical competencies in aluminum industry for the start-up project. The founder had a brilliant intuition and involved in the realization of the prototype Abnormal Cycles, artist's craftsmanship internationally recognized. Abnormal Cycles provided the basis for the innovative design (design capabilities) (Figure 3, Table 3.1, 3.2 - Appendix). In addition to this, the founder developed relationships with a manager of Punto di Fuga (Harley Davidson association) who became the key referent for human resources and laboratory of the start-up (social events organization capabilities). To better outline the business plan, the founder interacted with a legal office.

Figure 3 – Second Phase main actors: MarioWay

In *Foodscovery*, the two founders started doing market researches with the help of a consultant (market knowledge capabilities) to discover if it was possible to create a marketplace for the food industry and if there were any strong or potential competitors; they found out that in Italy, the food online penetration rate was very low and that their idea was still unexplored. Around the world, there were many different direct or indirect competitors for the e-commerce market, and among them, there were Eataly, Dolce&Gourmando, Lorenzo Vinci; however, they were just retailers. Analyzing their competitors, they found a gap between the technological and structured online world for many sectors and the traditional distribution processes in the food industry. There existed a very high fragmentation level for food products in the online market and the penetration rate was of about 0.2% (for instance in the fashion industry in 2012 it was of about 7.9% or in the travel industry was of over 40%). Thus they started working on the development of the platform hiring a specialized programmer (technical competences). In this phase, they also thought about the name: Foodscovery was chosen because it mixed the two words food and discover, that make their identity clear. A local legal studio supported the founders to identify the challenges to face to create their new business (Figure 4, Table 3.1, 3.2 - Appendix).

Figure 4 – Second Phase main actors: Foodscovery

Third phase: from business plan to prototype

In this phase the entrepreneurial team of *MarioWay* tested the product and depicted the guidelines for the market. The entrepreneurial team worked with suppliers, universities and laboratories in order to outline and test the prototype (Figure 5, Table 3.1, 3.2 - Appendix). The start-up has developed relationships with Politecnico University of Turin due to a specific certification. Universities provided consultancy capabilities related to control and certification effectiveness (research capabilities and test capabilities). In 2014, MarioWay completed the version 2.3 by working with an excellent network of experienced suppliers in the mechanical, automotive, and oleo-dynamic and electronics. The version 3.0 involved CE marking and observational tests in a hospital setting. MarioWay managed relationships with the health organizations that could be considered intermediaries in order to reach the end users. The entrepreneurial team tested the prototype 2.0 at the Motorcycle Exhibition in Milan and the SMAU Exhibition. In 2015 MarioWay was highly commended at the Award Ceremony of the 2nd European Award for Social Entrepreneurship and Disability (reputation resources). The aim of this Award is to identify and promote social entrepreneurship projects and to contribute to giving people with disabilities a leading role in the European model for sustainable economic growth. MarioWay cooperated also with Milan Impact Hub, the first center in Italy dedicated to innovation and social entrepreneurship (innovation development capabilities). In addition to this, MarioWay interacted with Telecom Italia that welcomed the start-up into their business acceleration program Working Capital Accelerator (accelerator capabilities). MarioWay interacted with the Local Chamber of Commerce and the Rotary Club to obtain financial support (financial resources) also. The founder supported the growing of internal team and thus the coaching was adopted to sustain internal collaboration (coaching capabilities). The coach provided relevant information collected in a handbook to facilitate the managers-employees relationship.

Figure 5 – Third Phase main actors: MarioWay

After a first period of research and analysis to find out how interesting their idea was, *Foodscovery* hired two professional programmers who had to make and create the whole platform (technical capabilities). In the same period, while programmers were working on the infrastructure, the founders were trying to better develop the business idea. It was necessary to understand which kind of manufactures and artisans they wanted to involve. Thus they enrolled seven ambassadors of taste, recognized as professional figures of the national panorama who helped the start-up in developing their network of producers and products and in charge of recruiting manufacturers around Italy (reputation, market knowledge capabilities). At the same time, they were involved in a development program provided by an Italian incubator, Digital Magics and by a German Accelerator, Axel Springer (financial resources). After this process, the website was ready to be tested on the market (Figure 6, Table 3.1, 3.2 - Appendix).

Figure 6 – Third Phase main actors: Foodscovery

Fourth phase: from prototype to commercialization

In this phase, the entrepreneurial team of *MarioWay* is going to commercialize the innovative product and innovative solution in Italy. France will be the next market together with Swiss and US (2019). The new business application will be related to innovative health services. MarioWay developed a new cooperative economic model to manufacture its solution. It gives preference to suppliers owned by women or individuals from underrepresented populations. These organizations provide professional services such as cleaning and prototype services (Figure 7, Table 3.1, 3.2 - Appendix). MarioWay cooperated with universities, such as Bocconi, to measure the social impact of its own activity, and thus the outcome of its own product. In addition to this, MarioWay developed relationships with international actors, such as MassChallange that is the Boston accelerator. This cooperation has been very fruitful to improve the innovation development and the managerial approach adopted to launch the new solution.

Figure 7 – Fourth Phase main actors: MarioWay

While entering the market, *Foodscovery* team identified the typical customer: high cultural and spending power level, curious and passionate with high quality and premium products, mainly men, coming from central and northern Italy. They are monitored in their preferences, needs and repurchase rate. The website was with a software related to vectors and producers; once a customer made an order, it directly came to the producer who had to accept and prepare the packaging. The software worked using mobile phone number because the founders found out that many manufacturers did not have their own PC, tablet, or even smartphone. They made a strong effort to establish a long lasting and profitable relationship with the manufacturers, because they are necessary for the survival of the platform. This bilateral relationship is built through the sharing of competencies (industry specific competences) and the offering of unique services to the producers in order to maximize their proactive attendance on the website. After receiving the order by the customer, the producer called the customer service, accepted the order by defining the date of withdrawal of products and starting from that moment, had no more to do because Foodscovery had become the intermediary. In this phase the startup enrolled two photographers to make pictures of manufacturer's products and one video-maker (technical and creative capabilities) to record short videos of interesting Italian regions, two national vectors (logistic capabilities) for delivery services that managed the pickup (DHL and SDA). The vectors are directly and in real time connected with the customer service in withdrawing the packaging from the producer to the customer. In 2014 they won a national public tender called by an Italian association, ConfCommercio (financial resources), in order to obtain funds for the startup growth; in the same year they began a successful relationship with Il Fatto Quotidiano (financial resources), an Italian newspaper, that bought a share of the startup. In addition to this, Foodscovery cooperated with Coldiretti, a national association specialized in the food industry and with SlowFood to select producers and to sponsor their platform (Figure 8, Table 3.1, 3.2 - Appendix).

Figure 8 – Fourth Phase main actors: Foodscovery

Based on the previous analysis, the following propositions can be outlined:
P1: A collaborative approach is required since the beginning of start-ups life cycle.
P2: Start-ups shifted their orientation: from an entrepreneur centric to a network centric orientation.
P3: The shift from the business idea to the business plan depends on relationships, mainly based on connected actors and resources shared and combined. This consideration can be extended to all the other life cycle's stages.
P4: The shift from business plan to prototype (testing) is supported by similar actors categories (entrepreneurial team, universities and laboratories, market consultants and R&D specialist, legal studies, suppliers and potential users) and resources (technical, marketing competencies, human resources, relational capabilities, and product components).

The two start-ups have been characterized by an open culture. In particular as stated by Ritter (1999: 472) corporate culture is defined as "the pattern of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems". In addition to this the start-ups have been characterized by networking ability (Hakansson, 1987).
The open culture of MarioWay and Foodscovery concerns the adoption of an open managerial approach related to new solutions. The start-ups involved heterogeneous stakeholders in order to improve the value of their solutions. The relationships with several actors allowed MarioWay to develop the business idea, the guidelines for the prototype, the prototype itself and the strategies for its commercialization. In addition to this, MarioWay attended exhibitions and events to test the prototype. Thanks to previous relationships, the start-up has developed the web site and the preliminary social community for potential users. MarioWay acts responsibly for the well-being of people and communities. The start-up creates reciprocity and inter-dependency between all stakeholders: inventors, people with disabilities, suppliers, and local authorities.

Based on the previous analysis, the following proposition can be outlined:
P5: The evolution of start-up involves the shift from the centrality of entrepreneur's competencies to the centrality of network competencies and networking ability.
P6: In a network perspective, start-up develops network competencies to manage relationships in an effective way overcoming the limits of small size.
Focusing on the Business Model, a relational perspective is emerging together with a network embedded business model. A network embedded business model relies on network level value creation process and business exchange patterns that are not clearly aligned (Bankvall *et al*., 2016).

In contrast with firm centric business models, network embedded business models relate to value creation processes and to the business exchange structures in different way. This relational business models outline how the firms and their relationships are components of the wider network in term of the value creation.
With reference to *MarioWay*, the business model is founded on open perspective.
To better customize the solution, MarioWay tested its prototype with potential users in several social events. The business model is founded on a direct relationship between the firm and the users. In addition to this MarioWay believes in the engagement of stakeholders ("We believe in the products we make, in the services we offer and in the quality of the relationships with our stakeholders"). In a policy perspective, the product can be considered as a tool of inclusion. The innovative start-up also supports a sustainable social and local welfare. The start-up with social vocation combines business goals and social goals. The value creation in MarioWay is based on the interconnected relationships with heterogeneous business partners.
As depicted by *Foodscovery* "Our business model is a marketplace that has on one hand producers and on the other hand consumers". The start-up takes a transaction fee from the producers if they sell products using the platform. In the first year of learning and trying, the business model has been tested and validated in Italy and it worked and now it is ready to be scaled up abroad. The founders will start with the business model validation in foreign countries (such as UK and Northern Europe) and something will change: they will manage the pricing politics with a fixed fee approach. The development of the start-up roots on the strength of the relationships with different business partners as well as with the consumers. In particular, the main actors have been: producers, vectors, financial partners, specialists and the ambassadors. Each of them provided specific resources allowing the start up to provide a value solution for customers.

Table 4 – The emerging of a new relational business model

According to the main topics presented in the literature review, Table 4 presents how the conceptual framework can be implemented to our case studies. In particular we can see that the two start-ups evolve according to the 4 step model underlined. During those phases the start up is able to join and attract new actors over the founder. Those new actors entering in the business model definition, provide new resources and generate new perspectives also in terms of new possible activities (see Table 4). It is thanks to these relationships that the start-ups are able to modify their business model passing from a traditional literature stated firm centric approach based on the entrepreneur figure (inside-out orientation), to a more empirically evidence based open business model (relational orientation). This leads to the configuration of a network embedded business model (outside-in orientation).
Based on the previous analysis, the following propositions can be outlined:
P7: The evolution of a start-up business model depends on the evolution of interconnected relationships. In addition to this, the start up business model evolves in connection with the business models of the business partners.

CONCLUSION AND MANAGERIAL IMPLICATIONS

The growing number of start-ups and their crisis require going more in depth in the stages of the life cycle model and in the new managerial approach that can sustain the evolution of new ventures.
In a traditional perspective, the start-up life cycle depends on activities, financial resources and revenues. In a different perspective, as depicted in our analysis the evolution of start-up depends on relationships. In particular, relationships are founded on connected actors to share resources and to develop activities.
As depicted in the two case studies, since the beginning the start ups evolution presents a relational approach. In fact, the shift from business dream to business idea already (first phase) involved the

interconnections between the founders and other actors. Moreover the next phases of evolution (from business idea to commercialization) required start-ups to access to different resources and in particular different capabilities and competences (R&D capabilities, design capabilities, financial resources, legal capabilities, coaching capabilities, potential users capabilities, managerial capabilities and accelerator capabilities, market knowledge, etc.). The development of the start-up is founded on relationships that allow start-up to overcome the limits of its dimension. The management of business relationship requires to a start up to adopt a new network embedded business model. Start-ups obviously need funds, but the specific capabilities and competencies provide support to the scalability of the business model. Going one-step further in this direction, start-ups that are more likely to evolve are those that manage in an open perspective the interconnected relationships and their evolution.

The need of a new model has been signaled also by previous researches. Some scholars have focused on how business models should be formalised, while others conceived business models as a tool that represents entrepreneurial opportunities but these definitions required a wider perspective of analysis.

In our research, the emerging of open and relational business model allows start-ups in transforming the business dream into business idea, the business idea into business plan, the business plan into prototype and prototype into commercialization.

The birth and the evolution of start-up requires a market orientation, the focus on customer/user's needs and the management of several stakeholders that can provide relevant competencies allowing the growth of new ventures. The market orientation is founded on the analysis of market/user's needs and preferences. This analysis enables start-ups to depict the right solution for users improving the customer satisfaction and customer loyalty. The market orientation sustains start-ups in overcoming the marketing myopia ideating and commercializing a new solution.

This study presents some limitations: although our case study approach enabled us to gain detailed and in-depth information about the start-ups evolution until the commercialization stage, we were not able to evaluate the performance outcomes. Future studies would benefit from a large-scale questionnaire among start-ups and their main business partners to provide insights about the drivers of innovative start-up's evolution and to measure the impact of relationships on start-ups performance. New researches could investigate the subsequent steps of the start-up evolution overcoming the commercialization stage. In particular, it could be interesting to identify number, types and strength of new ventures' business relationships as important dimensions for investigating when a new business is no longer in its start-up stage. In addition, focusing on relationships and resources shared in, the future step could be an in-depth analysis of the start-ups network competences, their features and relevance.

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APPENDIX

Here below we try to contribute to a literature review offering and discussing various definitions of the business model concept, showing how still remain emphasis on different aspects, elements, and manners of representation (table 1). Table 1 reports the business model concept definitions, discussing and matching them to the basic elements a business model should have, as recognized in previous researches and literature, linking them to topic references.

Table 1 – A review on business model concept

The central element and characteristic of these definitions is that they are focused on flows, dynamics, and a general representation context-specific	Elements characterizing a business model	References
- The concept of business model generally describes the key components of a given business: 1) customers, 2) competitors, 3) offering, 4) activities and organisation, 5) resources, 6) supply of factor and production inputs and 7) a longitudinal process component to cover the dynamics of the business model as well as the cognitive and cultural constraints that management has to take into account. - Business model is a structural template that describes the organization of a focal firm's transactions with all of its external constituents in factor and product markets. - Business model provides a framework which considers the technological characteristics and potentials as inputs and converts them through customers and markets into economic outputs. - Business model are a blueprint for the way a business creates and captures value from new services or products. As such, it describes how a company or network of companies intends to make money and create consumer value. - A business model is a representation of management thinking and practice, which helps the decision-makers to see, understand and run their activities in a distinct and specific way. - Business models are cognitive structures providing a theory of how to set firm boundaries, create value and organize its internal structure and governance. - The business model has been referred to as a dynamic concept, which allows trial-and-error learning, adaptation and renewal as the external environment changes.	*Business logic and strategic issues component* – The business model needs to describe both the business logic and strategic choices, considering both operational levels, strategic decisions and their implementation. *Environment component* – Seen as a very central element of business models, as the changes in the environment, such as the market, culture, regulations and legislation, and technology have to be taken into account in developing and adjusting the business model	Chesbrough, Rosenbloom, 2002; Delmar, Shane 2003; Hedman, Kalling, 2003; Chararbaghi *et al*., 2003; MacInnes, 2005; Zott, Amit, 2008; Doz, Kosonen, 2010; Sosna *et al*., 2010; Chesbrough, 2010;
The central element and characteristic of these definitions is that they are focused on value creation, competitive advantage, and performance and adopt a single firm's perspective.	Elements characterizing a business model	References
- Business models can be defined as stories that explain how enterprises work. Consequently, firm performance can be operationalized as a function of specific business model characteristics, symbolising the fit with the strategy.	[Environment component] *Financial component* - a description of the way in	Magretta 2002; Zott, Amit 2007; 2008 Garnsey *et al*., 2008;

- A business model describes how things have to be done to deliver value to customers, where to put the money for the sustainability of the firm, and how to manage the organization. - Business models reflect management's hypothesis about what customers want, how they want it and what they will pay, and how an enterprise can organize to best meet customer needs, and get paid well for doing so. - The terms "business model", "business strategy" or even "economic model" are often used interchangeably. The strategy of a firm outlines the way the organisation will pursue its goals given the threats and opportunities in the environment and the constraints of its resources and capabilities. Business models are much broader than strategy in that they establish how firms can potentially create value. - Business models represent the sources of new value creation and potential competitive advantage, deliver and capture the mechanisms employed, and act as drivers of firm performance. - Business model are the design by which an organization converts a given set of strategic choices into value, and uses a particular organizational architecture in order to create and capture that value.	which the business model intends to generate revenues from a particular service offering and of the way the risks, investments and revenues involved are divided among the various actors (considering also the network).	Palo, 2009; Teece, 2010; Lin *et al*., 2010; Smith *et al*., 2010; Casadesús-Masanell, Ricart 2010; Chilton, Bloodgood 2010; Andersén 2011; Cegarra-Navarro *et al*. 2011;
The central element and characteristic of these definitions is that they are focused on innovation and business process	Elements characterizing a business model	References
- Business models are the way in which a firm generates innovation, they are important vehicles for business transformation and renewal that is managed separately, but in accordance with the value innovation process. - Business model represents an important locus of innovation and a crucial source of value creation for the firm and its suppliers, partners and customers. Each business model is centred on a particular firm. - Business models can represent a form of innovation, by introducing new methodologies or modifying the internal operations of the firm improved efficiency, but without altering the essence of the product/service delivered. Firms develop business models as a strategic guide to include the offering of secondary products or adapting the existing products to other contexts. This may encompass little changes in the business model, and can be the key to the renewal of the business and business models reformulation to fulfil new customer needs and business environments.	*Services and products component* - The service or product is in a central place in a business model, and it includes e.g. innovations and technology aspects.	Christensen, 1997; Amit, Zott, 2001; Brown, Gioia, 2002; Mitchell, Coles, 2003; Komulainen *et al*., 2006; Johnson *et al*., 2008; Palo, 2009; Sosna *et al*., 2010; Demil, Lecocq 2010; Teece, 2010; Zott *et al*., 2011; Anthony, 2012;
The central element and characteristic of these definitions is that they are focused on knowledge management and resources and adopt and entrepreneurial perspective	Elements characterizing a business model	References
- Business models is the way in which entrepreneur anticipates problems, rapidly corrects potential deviations from the targeted objectives, and projects the natural evolution of technology and society. - The business model develops in parallel with the entrepreneur's knowledge and a resource base as the organizational structure is developed that will	*Value exchanges component* – Refer to the value creation logic of the net, such as the flows of competencies, resources and benefits between the actors.	Hamel, 2000; Mahadevan 2000; Amit & Zott, 2001; Morris *et al*., 2005; Komulainen *et al*., 2006;

ultimately create value by exploiting the underlying opportunity. Thus, the business model is both an enabling and limiting structure for the firm's accumulation and consumption of resources.		Garnsey *et al*., 2008; Palo, 2009; Trimi, Berbegal-Mirabent, 2012; George, Bock, 2011;
The central element and characteristic of these definition is that they are focused on actors and roles, and a relationship perspective	Elements characterizing a business model	References
- Business models represent a core building block of the entrepreneurial enactment process. Business models become an extremely useful instrument for finding partners and investors, as they contain all the information related to how the firm is planning to create value that can generate the revenues that will guarantee sustainability survival of the firm - Business model represents the roles and relations among the firm's customers, allies and suppliers identifying the major flows of product, information and money and the major benefits for the actors. - Although a business model is typically described from the viewpoint of an individual firm, the concept is not restricted within the company's boundaries; on the contrary, it describes how the organization is linked to external stakeholders, and how it coordinates and manages its economic exchanges with them to create value to customers and other partners. Thus, the focus of organization has shifted from the administrative structure of the firm to the coordination of its exchanges with external stakeholders and value creation.	*Actors component and their roles* – The actors represent different business actors such as suppliers, partners and other players as well as customers and competitors, each of them having a precise role for the business model. In particular a specific actor assumes a relevant role: the entrepreneur and its characteristics as a player affecting with his background and ambitions the success of a business model. [*Value net component*]	Weill, Vitale, 2001; Ruokolainen, 2005; Komulainen *et al*., 2006; Zott and Amit, 2007; Zott and Amit, 2008; Palo, 2009; Teece, 2010; George, Bock, 2011;
The central element and characteristic of these definition is that they are focused on interconnectedness of business models, business actors and roles, value-creating exchanges, and network perspective.	Elements characterizing a business model	References
- A business model tells the firm's "story" for how to make money, who customers are, and what customer value that is most important to address. Its plot should also include revenue model(s), structures, activities, processes, customer relationships, and the firm's position within the value network (or ecosystem). Finally, the story describes activities performed by a firm, as an activity system. - Business model is defined as a representation of a firm's underlying core logic and strategic choices for creating and capturing value within a value network. - Business models of the companies must be linked to the business models of the other companies involved in the network. - The business model of a firm describes the way the company creates revenue by specifying the relationships with other actors as well as the firm's position in the value network creating in this way a network business model. There can be identified three core elements of a network business model: the product/service, the business actors and their roles, and value-creating exchanges among the actors. - Business models are a process of experimentation. This reinforces the idea that	*Value net component* – According to the previous review, more and more business models are based on a network perspective, then the importance of a value net including the actors of the net and, as an essential factor in the analysis of a business model, the level of cooperation as well as the changes in the net. Furthermore a business model should be based on concepts such as needs, benefits, money and revenue flows. *Dynamism component* – Business model changes over time as there are many dynamic factors in the surrounding environment, which affect the development of business models: relationships, knowledge, flexibility, time resources, networking and new technology availability.	Magretta, 2002; Shafer, Smith, Linder, 2005; Helander, Rissanen, 2005; Komulainen *et al*., 2006; Chesbrough, 2007; Möller, Rajala, 2007; Westerlund *et al*., , 2008; Palo, 2009; Zott, Amit, 2010; Baden-Fuller, Morgan 2010; McGrath, 2010

a company does not necessarily confine itself to one business model but can have several simultaneously.		
The central element and characteristic of these definition is that they are focused on path dependence, embeddedness and network perspective.	Elements characterizing a business model	References
- Interaction between technology (development), market offering (development) and network architecture (development) shapes what a business model becomes. - The business model is a new unit of analysis that is distinct from the product, the firm, industry, or network; it is centered on a focal firm, but its boundaries are wider than those of the firm. - Business models as emergent, network-embedded phenomena. They are the emergent outcomes of preconceived network structures built through the development of routines that guide problem solving. - Business model is an open configuration that examines the creation of value between stakeholders, rather than simply considering the value created within the boundaries of a single firm. - A business model is not a static model of the net, but it needs to be constantly adjusted and developed according to the changes in the environment as well as the net, generating a networked business model.	*Openness and embeddedness in network* - Defining a business model implies the importance of considering the embeddedness nature of business models and consequently that individual firms cannot change business models without considering the consequences for their business partners	Mason, Leek 2008 Mason, Spring, 2011 Freytag, Clarke, 2012 Palo, Tähtinen, 2013 Bankvall *et al*., 2016

Table 2 - The framework of analysis

LEVEL OF ANALYSIS	**LIFE CYCLE**			
	PHASE 1	**PHASE 2**	**PHASE 3**	**PHASE 4**
FIRM LEVEL	Actor Resources Activities	Actor Resources Activities	Actor Resources Activities	Actor Resources Activities
RELATIONSHIP LEVEL	Actor Resources Activities	Actor Resources Activities	Actor Resources Activities	Actor Resources Activities
NETWORK LEVEL	Actor Resources Activities	Actor Resources Activities	Actor Resources Activities	Actor Resources Activities
TYPE OF BUSINESS MODEL	Model 1	Model 2	Model 3	Model 4

Table 3.1 – Resources in the 4 stages model

MARIOWAY	From dream to business idea	From business idea to business plan	From business plan to prototype /testing	From testing to commercialization
Resources	- Founder's education capabilities - Founder's work experience - Founder's values - Social angel social innovation perspective	- Founder's education capabilities - Founder's work experience - Founder's values - Social angel social innovation perspective - Rotary Club financial resources - Chamber of Commerce financial resources - Abnormalcycle capabilities (Innovative and customized motorcycle capabilities) - Punto di Fuga capabilities (design capabilities)	- Entrepreneurial team values and expertise - Rotary Club financial resources - Chamber of Commerce financial resources - Legal studies capabilities (legal capabilities) - Coaching expert capabilities (coaching capabilities) - Politecnico University capabilities (research capabilities, test capabilities) - SMAU Exhibition infrastructure - Potential user capabilities - Social Entrepreneurship and Disability (Award) - Milan Impact Hub (social entrepreneurship capabilities) - Working Capital Accelerator (accelerator resources)	- Entrepreneurial team and expertise - Rotary Club financial resources - Chamber of Commerce financial resources - Legal studies capabilities (legal capabilities) - Coaching expert capabilities (coaching capabilities) - Politecnico University capabilities (research capabilities, test capabilities) - SMAU Exhibition infrastructure - Potential user capabilities - Social Entrepreneurship and Disability (Award) - Milan Impact Hub (social entrepreneurship capabilities) - Working Capital Accelerator (accelerator resources) - social association (social organization capabilities) - Bocconi University capabilities (managerial capabilities; consultancy capabilities) - Mass Challenge capabilities (accelerator capabilities)

FOODSCOVERY	From dream to business idea	From business idea to business plan	From business plan to prototype /testing	From testing to commercialization
Resources	- Founders' financial capabilities - Founders' work experience in the sector - Founders' passion for food and gastronomy - Rocket Internet's knowledge	- Founders' financial capabilities - Founders' work experience in the sector - Founders' passion for food and gastronomy - Rocket Internet's knowledge - Legal studio's capabilities - Italian Chamber of Commerce resources for market research - Programmer's skills and technical knowledge - Competitors knowledge (Eataly, Dolce&Gourmando, Lorenzo Vinci) - Consultant market knowledge and technical capabilities	- Entrepreneurial team values and expertise - Legal studio's capabilities - Two rogrammers' skills and technical knowledge - Consultant market knowledge and technical capabilities - Axel Springer's financial resources - Ambassadors of taste knowledge of market and food industry - Content writer's competencies - ConfCommercio financial resources - Producers craftsmanship competencies - Potential consumers passion for food	- Entrepreneurial team values and expertise - Legal studio's capabilities - Two rogrammers' skills and technical knowledge - Consultant market knowledge and technical capabilities - Axel Springer's financial resources - Ambassadors of taste knowledge of market and food industry - Content writer's competencies - ConfCommercio financial resources - Producers craftsmanship competencies - Digital Magics incubator hub - Coldiretti knowledge - Slowfood market and consumers knowledge - Il Fatto Quotidiano financial resources - Vector's technical competencies and knowledge - Marketing director experience - Freelance photographers' competencies and skills - Consumers feedback and knowledge - Manufacturers' feedback and knowledge

Table 3.2 – Activities in the 4 stages model

MARIOWAY	**From dream to business idea**	**From business idea to business plan**	**From business plan to prototype /testing**	**From testing to commercialization**
Activities (what start-ups do)	- Think of possibilities - Think of necessary competencies - Create and develop the business idea	- Market research - Legal consulting - Searching for partners - Looking for new competencies	- Looking for customers - Looking for new partners - Consolidating old partners and other relationships - Looking for errors and mistakes - Remove mistakes	- Commercialization - Analysis of new markets
FOODSCOVERY	**From dream to business idea**	**From business idea to business plan**	**From business plan to prototype /testing**	**From testing to commercialization**
	- Travels across countries - Think of possibilities - Think of necessary competencies and resources - Indirect competitors analysis - Direct competitors analysis (Eataly, Dolce&Gourmando, Lorenzo Vinci)	- Infrastructure's building and development - Potential consumers analysis - Marketing research	- Contact producers to sell their products - Send requests to producers - Search for partners - Search for producers - Buying deliver process design - Search for sponsors - Think of customized services for producers - Social media marketing	- Show products on the website (platform) - Delivery activities - Communicate products - Promote products - Receive requests by consumers - Send requests to new producers - Deal with the vectors - Provide packaging and stuff to deliver the goods - Take charge of requests and send to producers - Send goods - Monitor feedbacks - Customer service - Search of new partners - Search of new sponsors - Search of new investors - Building trust and loyalty of customers - Consulting to producers - Social media marketing

Table 4 – The emerging of a new relational business model

LEVEL OF ANALYSIS	**LIFE CYCLE**			
	PHASE 1 From business dream to business idea	**PHASE 2** From business idea to business plan	**PHASE 3** From business plan to prototype	**PHASE 4** From prototype to commercialization
FIRM LEVEL	*Actors*: Founders, potential partner *Resources*: Founders' competencies; supporters' idea and opinion *Activities*: create and develop business idea	---------------	---------------	---------------
RELATIONSHIP LEVEL	---------------	*New Actors*: Entrepreneurial team; technological experts, legal consultants, design experts *New Resources*: technical and technological capabilities, marketing capabilities, legal capabilities, consulting capabilities *New Activities*: market research, legal consultancy, searching for partner; looking for new partners, product/service design project	---------------	---------------
NETWORK LEVEL	---------------	---------------	*New Actors*: local accelerators, ambassadors, marketing specialists, financial providers, consultants, product/service suppliers, coach, university, potential users, associations, exhibition coordinators *New Resources*: financial resources, feedback of potential users involved in test activity, new specialist competencies, new contacts *New Activities*: Looking for customers, consolidating existing partners, looking for new partners, business plan validation, commercial analysis	*New Actors*: consumers, users, vectors, incubators, international accelerators, category associations, media, universities *New Resources*: strategic competencies, financial resources, technical capabilities, users' feedback, human capital, strong relational capabilities *New Activities*: commercialization, monitoring of users' needs, analysis of new markets
TYPE OF BUSINESS MODEL	ENTREPRENEURIAL BUSINESS MODEL	OPEN BUSINESS MODEL		NETWORK EMBEDDED BUSINESS MODEL

Figure 1 – First Phase main actors: MarioWay

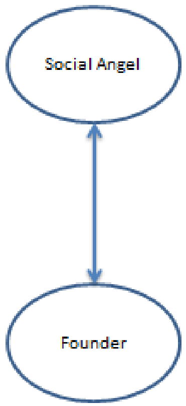

Figure 2 – First Phase main actors: Foodscovery

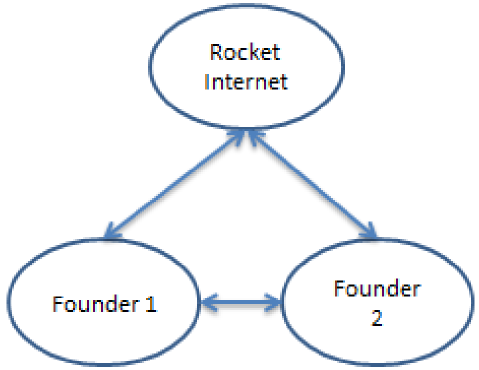

Figure 3 – Second Phase main actors: MarioWay

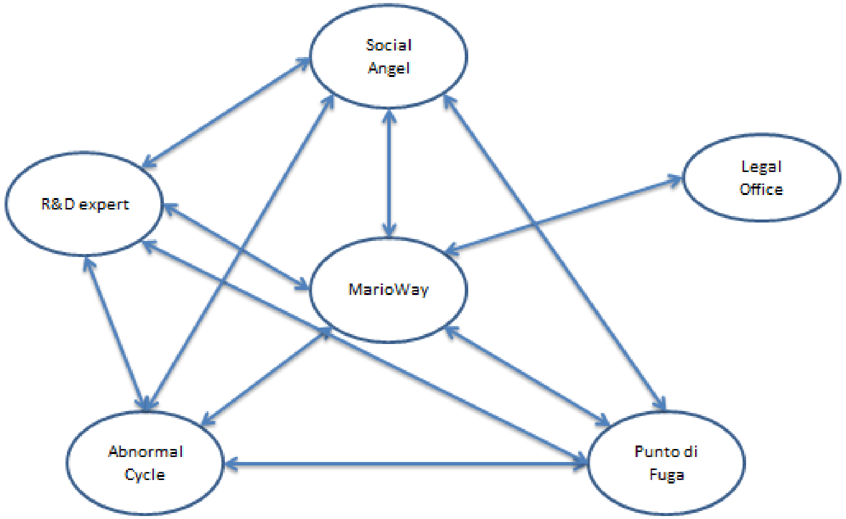

Figure 4 – Second Phase main actors: Foodscovery

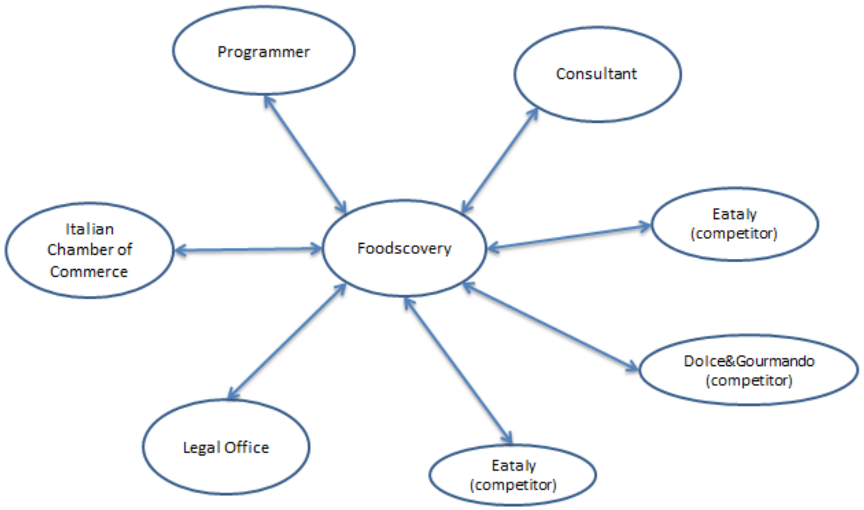

Figure 5 – Third Phase main actors: MarioWay

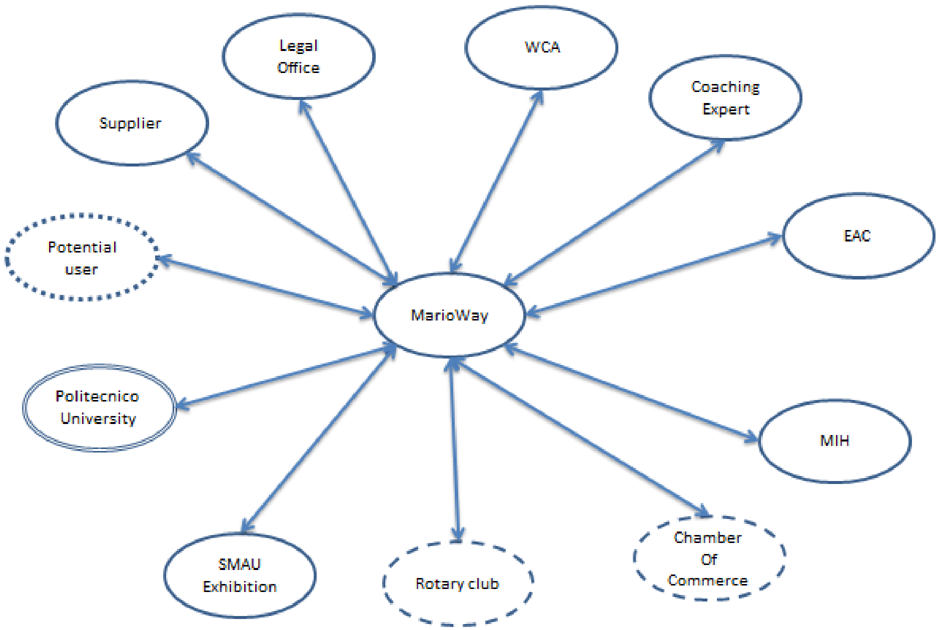

Figure 6 – Third Phase main actors: Foodscovery

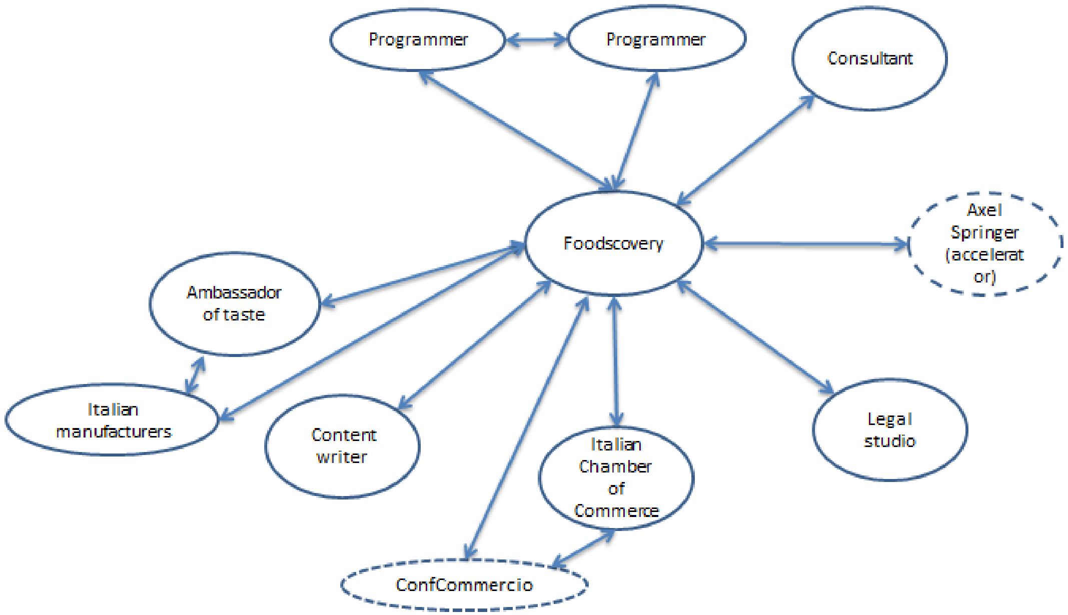

Figure 7 – Fourth Phase main actors: MarioWay

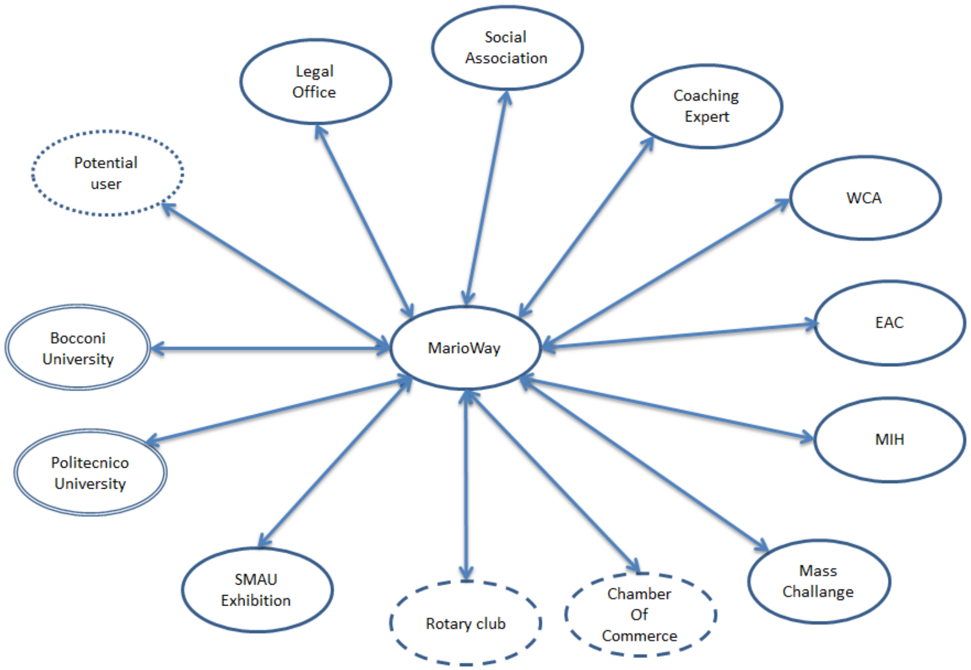

Figure 8 – Fourth Phase main actors: Foodscovery