

Analysis on the Innovation Path of Enterprise Business Model

Xiansheng Liu¹

¹ Xi'an International University, Xi'an, Shaanxi, 710077

Keywords: enterprise; innovation path; business model

Abstract: With the rapid development of the network economy, research on business models has become the focus of both entrepreneurs and scholars. In particular, business model innovation has attracted unprecedented attention in the global business community. As a representative of high-growth SMEs, it has obvious characteristics in terms of business model innovation. At the same time, the innovation in business model has also become the basis and guarantee for SMEs to maintain high growth.

1. Introduction

Since the 1990s, with the rapid development of the Internet economy, research on business models has become the focus of entrepreneurs and scholars. Business model innovation has attracted unprecedented attention in the global business community. Former Time Warner CEO Michael Dunn believes that “in the process of operating a business, the business model is more important than high-tech, because the former is a precondition for companies to be able to establish a foothold.” In 2006, 765 companies around the world for entrepreneurial issues against IBM Surveys with department managers indicate that nearly one-third of them have placed business model innovation at the top of their priorities. By the end of 2008, a total of 9.7 million small and medium-sized enterprises were registered in China. The GDP created accounted for 60% of the country's total, tax revenue accounted for 50%, invention patents accounted for 66%, and employment provided 80%, which was a stable and rapid national economy. The important foundation for development. However, financing difficulties have been the most prominent issue in the development of SMEs. The successful launch of the GEM in 2009 has expanded the financing chain for high-growth, highly innovative SMEs, and has also made many high-growth SMEs the object of public concern. Of the 28 companies listed on the first batch of GEM, high-tech companies (such as Shenzhou Taiyue and Yiwei Lithium, etc.) with technological innovation and product innovation as their main features, as well as traditional companies that maintain high growth (such as Risig Chen, Aier Eye, etc.). As an outstanding representative of high-growth SMEs, many companies listed on the GEM have unique features such as unique market positioning, unique value creation, unique market operations, and unique profit models. In combination, the business model is innovative. The innovation of business model has become the basis and guarantee for SMEs to maintain high growth.

2. The Connotation of Business Model

Timmers is one of the earliest foreign scholars on business models, believes that the business model can be seen as a systematic process consisting of product flow, service flow, and information flow. This is one of the earliest definitions of the business model. Weill and Vitale (2001) based on the study of Paul Timmers, considered the status of market participants and put forward: The business model is the description of the roles and relationships of the company's customers, suppliers and other relevant stakeholders. Scott M. Shafer, H. Jeff Smith, and Jane C. Linder (2005) believe that the model is to create value and to reap the rewards from this value. They define the business model as the potential core of creating and acquiring value in a value network. Logical and strategic choices. At home, Accenture's Wang Bo and Peng Yali believe that the business model has two kinds of understanding: one is the operational business model, that is, the operational

mechanism of the company; the second is the strategic business model, which refers to how an enterprise changes itself in a dynamic environment to achieve continuous The purpose of profit. Luo Yu believes that the business model of an enterprise refers to those basic assumptions and business behavior measures and measures that an enterprise establishes and operates.

3. Analysis Framework of Business Model Innovation Path

All of the company's value activities are centered around satisfying customer needs. Only when the customer is satisfied can the value of the company be realized. Therefore, the analysis of target customers' needs is the center of business model innovation. Only by understanding the needs of customers, can we better adapt to customer needs and design corresponding services and products so that we can innovate business models accordingly. With the development of economy, the progress of society, and the continuous change of customer demands, it becomes increasingly difficult for enterprises to understand and grasp customer needs. This requires the company to continue to conduct more in-depth and extensive analysis of the target customer's needs, stand in the customer's perspective, to understand and understand the customer's needs, constantly tap the customer's deep needs, discover new needs, and here's new The demand includes new requirements and the breakdown of existing requirements. These continuously discovered needs have become the basis for innovative business model innovation.

No enterprise can develop statically. It is all developed in a competitive market environment. Although the existence of competitors poses a certain threat to the company, it can enhance the market activity and promote the in-depth development of the industry. The analysis of the market competition conditions here is mainly based on customer needs as the starting point, and is an analysis of the value positioning of the main competitors in the industry. The main purpose is to find out what the main competitor has satisfied with the target customer's existing demand, so as to eliminate these already-satisfied requirements and define those unmet needs and requirements to be found. Then, these unmet and undiscovered needs become the direction of enterprise innovation.

Porter believes that these value activities can be divided into two categories: basic activities and supporting activities. There are five basic types of basic activities, including internal logistics, production and management, external logistics, marketing, and services; there are four basic types of auxiliary activities, including procurement, technology development, human resources management, and corporate infrastructure. Each type of value activity can be divided into a number of activities, all of which play a role in the company's competitive advantage, but the importance of the role played is different. And, in a company's numerous "value activities", not every link creates value. The value created by an enterprise actually comes from certain specific value activities in the enterprise value chain. These strategic activities that really create value are the "strategic links" of the enterprise value chain. Through the analysis of the value chain, these "strategic links" that play a key role can be identified, and the enterprise resources can be optimally combined and utilized so as to exert the unique characteristics of the enterprise and lay a foundation for the innovation of the business model of the enterprise.

The essence of the business model innovation is to create more value, which is obtained by optimizing the allocation of internal and external resources. Through the analysis of the internal value chain, the internal resources are allocated; then, through the analysis of the supply chain, the external resources of the company can be more in-depth understanding, and the interaction between various members of the supply chain and various resources can be promoted. The connected value network can enable the resources in the network to be optimally configured so that the enterprise can effectively adapt to changes in the external dynamic environment and provide guarantees for the continuous innovation of business models.

4. The Basic Path of Business Model Innovation

The value space of business model innovation can be looked for from three major aspects: First, from the perspective of customers, how to innovate customer value; Second, from the perspective of

enterprises, how to optimize the integration of internal resources to reduce costs; Third, look at the entire industry from the perspective of how to optimize the integration of resources and maximize their value. Through these three aspects of innovation, the various types of available resources inside and outside the company form an optimal combination, allowing enterprises and various stakeholders to obtain maximum benefits. Based on this, the basic path of business model innovation has three types: one is customer value innovation; the other is value chain innovation; third is supply chain system innovation.

The essence of customer value innovation is that the company has achieved a new market positioning by searching for a new customer value and adjusting its own mission, expanding the focus radius of the value space, and thus entering a new profit zone. To sum up, there are three innovative approaches: First, redefine customer and customer needs. There are two aspects here. One is to discover potential customers and the other is to discover potential customer needs. With the rapid development of the economy, customer demands are constantly changing, and personalization and experiential demand trends are increasingly evident. So, how to adapt to these changes in demand, makes the company invincible in the increasingly homogeneous market competition. Second, redefine the realization of the function or value of a product or service. This kind of innovation is about the innovation of products or services around new market demands. However, the function of redefining products or services mentioned here does not refer to the improvement based on the original products or services, but based on new customers. Demand, to redefine the realization of the function or value of a product or service, reflects the enhancement of the value of the existing customer, changes the function value of the existing product or service and the way in which the customer value is realized, is the product function, structure and Formal innovations, not just changes in the locality of products and services or styles. Third, provide new service methods and approaches. The purpose of this innovation is to increase customer value by reducing the added value added in the distribution process. The company can not only reasonably control costs, improve the efficiency of distribution channels, but also reduce the distribution links, adjust the cooperation with distributors, and even provide new distribution channels to establish new information transmission and communication channels with customers. Products and services can more easily reach customers, create more value for customers, and can also better maintain the value of the relationship between companies and customers, help to directly and timely understand the needs of customers.

The essence of the value chain innovation is to optimize the internal resource allocation of the enterprise by focusing on the customer's needs, so as to maximize the utilization of resources and at the same time exert cost advantages. There are two specific innovative approaches: First, the value chain portfolio adjustment. The key idea is to center on the important parts of the customer's needs, and adjust the non-important parts to suit this center. That is to say, the key role of the key link in the value chain of the enterprise is strengthened, and the supporting role of non-critical links is used to reconfigure the allocation of resources on the value chain. The specific approach is to use a certain point or points on the "strategic link" of the enterprise value chain as the starting point, and adjust other links on the value chain accordingly to adapt to this change. Second, the optimization and integration of the value chain. The key idea is to take advantage of weaknesses, increase efficiency, optimize resources, and reduce overall costs. Not every company has every advantage in the value chain. Generally speaking, an enterprise has only one or more advantages in the value chain. However, enterprises need to invest a large amount of tangible and intangible resources to create value. This will inevitably bring about high costs. Therefore, the advantage links can make full use of resources, and some weak links occupy more resources but create less value. Based on this, it is possible to select companies with advantages to outsource the weak links, reduce their own costs, and optimize and integrate a new value chain with high efficiency.

The essence of the supply chain system innovation is to optimize the allocation of internal and external resources to form a collaborative innovation across the entire supply chain and to ensure the dynamic development of enterprises in a rapidly changing market environment. Can be achieved through the following two ways: First, reconstruct the supply chain structure. The key idea is to

optimize supply chain resources, strengthen collaborative relationships, and increase the flexibility of the supply chain to respond to market changes. This innovation revolves around customer needs, simplifies the supply chain, improves the relationship between companies and the supply chain members, establishes key partnerships in the alliance, flexibility in other links, and guarantees the stability of the supply chain. Has a strong flexibility, can quickly adjust to market changes. Second, form a value network centered on customer value. This value network is centered on customer value. Companies consider the links of profit generation and their own strengths, select appropriate partners, suppliers, and distributors, and establish mutual partnerships and isolation mechanisms to achieve synergy. It also brings incomprehensible competitive advantages. Through this value network, we can optimize the allocation of various resource elements inside and outside the enterprise to provide more value for customers.

5. Conclusion

With the ever-changing market environment and increasingly fierce competition, the imitation of successful business models has brought about convergence, and new business models have emerged in an endless stream. Therefore, no business model is immutable, and the innovation of business models will always be the focus of the company. The purpose of business management is ultimately to create more value for customers and gain profits in order to survive and continue to develop. Therefore, enterprise business model innovation should be customer-centered, to adjust, optimize the allocation of various resources, establish a variety of connections based on the concept of cooperation and win-win, and constantly reflect on its own business model, adopt appropriate innovations. Ways to adjust business models in order to gain a sustainable competitive advantage.

References

- [1] Gao Yan, Guan Xin. The realization mode and evolution process of enterprise business model innovation-a theoretical explanation based on value chain innovation [J]. *China Industrial Economy*, 2006 (11): 83 - 90.
- [2] Luo Yi, Zeng Tao, Zhou Siwei. Enterprise business model innovation: Based on the rent theory interpretation [J]. *China Industrial Economy*, 2005 (7): 73 - 81.
- [3] Yuan Lei. Business model system reconstruction [J]. *China Industrial Economy*, 2007 (6): 70-79.
- [4] Shan Suo. The path of innovation in business models of Chinese companies under the boom of overseas mergers and acquisitions-Take Lenovo Group as an example [J]. *Science of Science*, 2010, 28 (4): 619 - 625.