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DECODING THE BUSINESS MODEL: A COMPARATIVE ANALYSIS WITH STRATEGY AND PLANNING, AND A NEW SEVEN-KEYS FRAMEWORK TO FORMULATE A BUSINESS IDEA

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The article studies business models and their essence, comparing them to business plans and strategies. Various definitions and characteristics of business models are examined to be better understood and applied, both from a theoretical and a practical point of view. The aim is not to deny existing theoretical positions regarding business models but to suggest a new perspective where it is permissible, adapt existing knowledge to new business realities and opportunities and present an effective process for developing a business model. Through an in-depth content analysis of articles and reports published in renowned journals and conferences, multiple definitions of different researchers are given, and weaknesses in the interpretations are sought, but without challenging the existing paradigms. The systematic literature review found that the business model is applied with a much higher priority in practice than the business plan and strategy and enjoys significant interest from researchers. A major credit for this is its comprehensiveness in describing the design, structure and management of creating value by exploiting business opportunities. Our findings show that in academic and business circles, there is no clear enough distinction between business model, business plan and business strategy. Based on these findings, we present theoretical and applied guidelines and an innovative seven-keys framework for elaborating a business model.

Keywords: Business model, Plan, Strategy, Business model framework

JEL Classification: L20, M13

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1. Introduction

The realities facing every organization today are changing intensively. An unprecedentedly high range of possibilities predetermines how companies operate and develop in the 21st century, and the term business model accompanies this evolution.

Many authors offer different interpretations of a business model – each with a specific motivation and purpose. Some are widely recognized and applied in innovation, entrepreneurship, and finance contexts (Cathmhaoil et al., 2021). Due to new challenges, such as sustainability, faced by enterprises and emerging new ways of producing and delivering value, such as the sharing economy, new and enriched business models are naturally occurring (Romero et al., 2021). With each passing day, the existing business models are losing the necessary expressiveness to accurately describe and analyze the emerging phenomena, challenges and opportunities and turn them into workable and replicable models.

Nevertheless, if the reality changes drastically, it is uncertain if the business theory is upgraded in sync with it (Drucker, 1994). In a situation of insufficient practical knowledge of the content of the term, it is challenging to understand the conservatism of theorists regarding business models. The business model is not a projection of the theory but a representation of how an organization creates, delivers, and captures value (Ranerup et al., 2015). Moreover, if we need to formulate a specific business model definition, looking for it in business practice is most logical. Although the growth of literature regarding the concept is also due to its consideration outside the sphere of business, including business models of terrorism or political parties, respectively, as an analysis of any human endeavour with a wide range of interpretations (DaSilva & Trkman, 2014).

Michael Lewis, for example, calls the phrase business model a term of art and adds that, like art itself, business models are one of those things that many people think they can recognize when they see it but cannot define. According to him, how people perceive the term depends on how they use it (Ovans, 2015).

The variety of accurate business models and the corresponding business model choices has increased significantly, and 90% of successful models recombine existing elements (Gassman et al., 2013; Schoormann et al., 2023). Today, technological globalization inevitably connects individuals, organisations, markets, governments and countries. Undeniably, it has enabled representatives of entirely different social, cultural and economic status groups of people to access emerging technologies, networks and a popular type of digital innovation for business, social, educational or research interactions. It changed the dimensions of accessibility to information resources, their organization, processing, structuring and archiving (Antonova et al., 2021), and from the point of view of starting a business, it also opened up new business models for creating value and generating profit. There is no doubt that digital technologies are changing the way enterprises strategize and organize internationally. Not only do they enable the reduction of business costs, but they also enable the creation of new products and business models (Meyer et al., 2023).

The research focuses on studying business models and their main aspects compared with business plans and strategies. Various definitions and characteristics of business models are analyzed to better understand and apply them both from a theoretical and a practical point of view. The findings of this study are the basis for presenting theoretical and applied guidelines formulated in an innovative framework of seven-key elements for developing a business model.

2. Theoretical Background

According to Meyer et al. (2023), a business model is an abstract description of how companies create, deliver and capture value. A good business model answers the following questions (Stanimirov, 2023: p. 71): Who is the customer? What does the customer value? How do the company make money? What is the underlying economic logic that explains how the company deliver value? In a broad sense, a business model is a (management) tool to facilitate various activities, including design, analysis, understanding and evaluation of the underlying business logic, review of critical components and evaluation of new ideas. Logically, business models emphasize a holistic, systems-level approach to explaining how firms do business.

The business models can be an explanation for innovative enterprises with potentially profitable concepts alien to the logic of traditional industries, materialized in a new business term. Electronic markets also contribute significantly to the imposition of this assumption, developing business models and the motivated search for the correct definition for them (Bouwman, de Reuver, Heikkilä & Fielt, 2020). Business model dynamics as a practical analytical framework, on the one hand, inspires the writing of case studies attributing e-business failure to inappropriate business models (DaSilva & Trkman, 2014), and on the other hand, allows digital companies to perform a deeper analysis to create and incremental value capture (Mac et al., 2021).

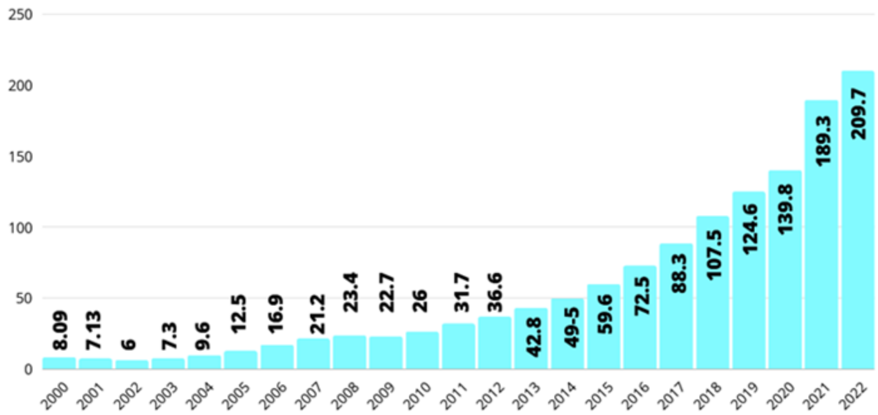
Despite the ambiguity regarding its meaning and content, Romero et al. (2021) point out that the term business model steadily entered the literature and practice even after the dot-com bubble's collapse, gaining renewed popularity between 2004 and 2007 with the rise of Internet companies. The challenges of digital transformation are felt when information technology reorders business in a way that value creation takes place with the help of digital technologies, enabling connections between firms and their activities. It can be reasonably argued that the events mark the beginning of a new type of business model – the digital one. In addition, the green and circular economy, with its concepts and ideologies and the need for immediate implementation, calls for enterprises to maximize the value of resources by recovering value from waste and reducing, narrowing or closing the flow of resources. Moreover, the growing sharing economy involves businesses building relationships between participants and creating value from those relationships through collaboration, exchange, and Internet platforms that connect people, enabling them to provide services or share assets, resources, time, skills, and capital without transfer of ownership rights. These challenges force traditional businesses to renew and new companies to take active action in the new realities right from conception (Romero et al., 2021). The generation of new and more sustainable business models is underway.

As a cornerstone in the spread of the term, DaSilva & Trkman (2014) define precisely the changes motivated by new technologies – information and communication technologies in general and the Internet in particular. Technical and organizational networks enable a more comprehensive range of business networks and new business strategies and a faster adaptation to innovation. As a result, the industrial age way of doing business needs to be revised to meet the inevitable challenge of the information age. Global business threats (pandemics, military operations, global warming, artificial intelligence) and opportunities (Internet, artificial intelligence, free movement of people, goods and capital) are forcing a transformation of both business models and market dimensions (Vassileva & Nikolov, 2016).

According to Downey (2023), at their core, business models represent a specific combination of resources that, through purposefully efficient transactions, generate value for both customers and organizations. That explains why the term gained popularity the fastest in the dot com boom – one of the primary roles of Internet companies is to reduce transaction costs drastically, i.e. the labour costs of bringing a good or service to market. The latter motivated DaSilva and Trkman to combine the two statements and offer their interpretation, claiming that the core of the business model is defined precisely by the combination of resources that, through transactions, generate value for the company and its customers.

Ovans (2015) points to other definitions, all converging around the statement that a business model is a visualization of how the entrepreneur intends to grow his business and generate revenue and profit. As an example, he points to the business model of most internet companies – a model that could reasonably be attributed to the digital marketing business model: the goal of online content creators is to attract as many people as possible to their websites and then sell to other businesses the ability to advertise to the same people. As the author points out, at that period – 2000-2004, it was certainly not clear that this business model made sense and would generate value for any stakeholders. Nevertheless, it is becoming a multi-billion dollar business (Fig.1).

Companies actively strive to digitalize their economic activities, which inevitably impacts already functioning or newly developed business models. It also affects each particular economy's human resources and entrepreneurial ecosystem. According to the Entrepreneurship Centre of the University of Ruse Angel Kanchev (Bulgaria), as a result of the mentioned development of information and communication technologies, respectively, digitalization, automation and artificial intelligence, a growing phenomenon is observed – dehumanization. The latter can also be pointed out as the new reality in which societies and businesses are forced to function. The new normal, which undoubtedly gives rise to or suggests the elevation of certain economic activities, leads to the dying out or literal destruction of many other economic activities. The most illustrative example of this statement is the banking sector, where many positions lose their necessity. ATMs with increasing automated capabilities are gradually replacing bank employees, and digital applications are substituting the need for physical money and its physical storage. It can be confidently argued that organizations should develop business models that are adequate to the new realities and opportunities with an inclusive role, such as social entrepreneurship, targeted corporate social policy, or other socially significant models of economic activities.



Source: Statista Research Department, April 17th, 2023

Figure 1. **Online advertising revenue in the U.S. 2000-2022 (in billions of dollars)**

As De Haaff (2017) points out, many business models extend beyond the economic context and include the exchange of value in social and cultural settings, such as the intangible impact the company will have on a community or industry. That opens a horizon for developing innovative and working business models in the field of social economy, such as social entrepreneurship and the opportunities it provides to different types of organizations (cooperatives, associations, non-governmental organizations) to impact the resolution of substantial social problems significantly. In fact, dehumanization, which leads to social exclusion, creates new business realities, threats and opportunities that must be considered.

3. Methodology

The chosen research methodology is a systematic literature review and critical analysis of current publications in the Scopus database in the field of business models over the last ten years. That made it possible to establish the existing literature's general nature and synthesize the most significant and reliable research contributions to the knowledge of business models.

The research period is between *March 1st, 2023 - August 1st, 2023.* The sample of titles [as of *August 1st, 2023*] was made based on a key expression contained in the article title, abstract and keywords (TITLE-ABS-KEY) of the publications, as follows:

- *business model* ("business" AND "model"): a total of *160,691* document results, of which *44,498* are in the thematic area of Business, Management and Accounting, which narrows the scope closer to the researching term business model;
- *business strategy* ("business" AND "strategy"): a total of *77,825* document results, of which *28,891* are in the thematic area of Business, Management and Accounting, which narrows the scope closer to the researching term business strategy;
- *business plan* ("business" AND "plan"): a total of *16,835* document results, of which *4,488* are in the thematic area of Business, Management and Accounting, which narrows the scope closer to the researching term business plan;

According to the systematic literature review methodology, it is necessary to develop straightforward research questions at the beginning of any study. During their development, the authors focus on existing literature reviews regarding the formulated definitions and characteristics of the research object. The present systematic literature review aims to identify and synthesize the most significant and reliable research contributions to business model development. Our approach is the result of a desire to complement the findings of other researchers rather than copy or challenge them. The questions are formulated through dialogue between the authors and recognition of the current state of knowledge in business models. Based on this process, the following research questions are proposed:

Question 1 (Q1): *What is a business model?* [Justification: determining the current definition of the concept from a theoretical and applied point of view;]

Question 2 (Q2): *What are the main components of the business model?* [Justification: a survey of existing business model concepts and identification of their constituent elements]

Question 3 (Q3): *Does the term business model match or complement the concepts of business plan and business strategy?* [Justification: an essential analysis of the terms business plan and business strategy, search for points of contact or dividing lines;]

The conducted theoretical research includes the following operations and activities:

Analysis & Synthesis

1. Based on the indexed titles and their abstracts, a manual selection is made at the discretion of the authors of the study, which of the referenced titles most fully meet the objectives of this report;
2. The sources of the selected publications have been partially traced. The aim is to trace the origin of the concepts back in time and beyond the referenced scientific databases. Even after refining the titles by subject area, the number of publications is exceptionally high. Manual sorting looks for the exact match of the corresponding expression in the retrieved publication lists' titles and abstracts.

Comparison

3. The main theoretical statements, points of view and formulated theoretical-applied business models in the selected publications are presented;
4. Author explanations of the leading concepts are proposed. The main keys of the business model framework are suggested, too;

Generalization

5. The relevant conclusions are formulated.

4. Results

In the research process, it becomes clear that the essence of the business model is difficult to derive in isolation from its components since most authors try to explain the model precisely through its constituent elements. That is why the results from the two main research questions are analysed together.

(Q1): What is a business model?

(Q2): What are the main components of the business model?

One of the most straightforward definitions of a business model is by Copp (2023), according to whom a business model refers to a company's profit plan. The model aims to identify the products or services the business plans to sell, the target market and any expected costs. The existing business model is concluded at the intersection of the three components. For the author, the main element of the business model is precisely the value proposition – a description of the goods or services that a company offers, stated in a way that distinguishes them from the competition and which implies their demand and desire to buy from customers and counterparties (Bouwman et al., 2020).

According to Dahle et al. (2023), business model designers must apply a holistic approach to design development and selection, characterized by continuous changes due to, for example, the shift to more digitized businesses, the increasing integration of emerging technologies, embedding in (dynamic) platform ecosystems and exogenous factors. Furthermore, the choice should be tailored to different stages of business model development, such as the ideation phase to obtain impulses for appropriate elements and the design phase to obtain an ontologically based orientation of the core components of a business model (Schoormann et al., 2023). Joan Magretta defines the business model in terms of the value chain and identifies two main parts of the business model (Ovans, 2015):

- The first part consists of activities related to making something (product/service), such as design, purchase of raw materials, and production.
- Second part: activities related to the sale of something (product/service) – finding and reaching customers, making a sale, distributing the product or providing the service;

Parsons (2023) describes the business model as the plan by which the business intends to make money. According to him, it explains how the organization will deliver value to customers and at what cost. From a price point of view, it offers three key components that are, to some extent, an extension of the Magretta structure. These are:

- The necessary to create a product/service: raw materials, materials, production, labour;
- The necessary to realize the sale of the product/service: marketing, distribution, sales processing;
- The price of the product/service: what and how the customer pays, pricing strategy, payment methods.

Firmly in the camp that a business model is a set of assumptions or hypotheses is Alex Osterwalder, who has developed perhaps the most comprehensive template on which to build these hypotheses (Ovans, 2015). His nine-part business model canvas, showing the logic of how a business plans to generate revenue, is essentially an organized way of laying out assumptions not only about critical resources and key activities but also about the specific value proposition, relationships with customers, channels, customer segments, cost structures, and revenue streams.

In a 2014 interview, Osterwalder defined the Business Model Canvas as an academic product, the fruit of extensive academic research building on the work of other researchers rather than created during an ongoing consulting activity. The author of probably the most used method for building business models shares that the goal was to develop a practical and easy-to-understand tool, which was helped by the visual shell of the model – a clean, one-sided canvas, left to the entrepreneur's imagination, devoid of the burden of verbiage. A notable interview highlight is Osterwalder's view that no right business model exists – every context and industry is different. In his view, it is more important to give companies a tool to understand their correct business model as a starting point. He defines as wrong the practice of dividing business models into right and wrong and describes as the most exciting those models that strive for two things at the same time: one is to make a profit, and the other is to change the world (Alt & Zimmermann, 2014). With this comment, is Osterwalder not opening the door to business models based on social entrepreneurship, social investment, and social causes that seek to align profit with impact?

In the same article (Alt & Zimmermann, 2014), Osterwalder identifies factors and prerequisites for a successful and sustainable business model, answering what should and should not be done when creating a business model. Considers that product and technology should be separated from the business model, i.e. the entrepreneur must ask himself what is the best business model for his particular product, technology or intellectual property. That confirms that there is no universal business model, and everything should be tailored to the current situation and conditions.

De Haaf (2017), who turns business model generation into a successful business, shares Osterwalder's view that a good business model is simple and easy to understand and answers critical questions about what the company aims to achieve: What problem does it solve? How is it solved? How will customers pay for it? How profitable will the company be? He emphasizes the importance of focusing – on the specifics of the business, the products it offers and the relationships that need to be developed. The business model itself requires a thorough analysis, which is a prerequisite for reducing the unknowns before the business venture and even for the anxiety of the business initiator. That is a final and direct benefit of the business model – it requires the entrepreneur to define several assumptions and indicators of success, against which the results of implementing the business model will subsequently be compared.

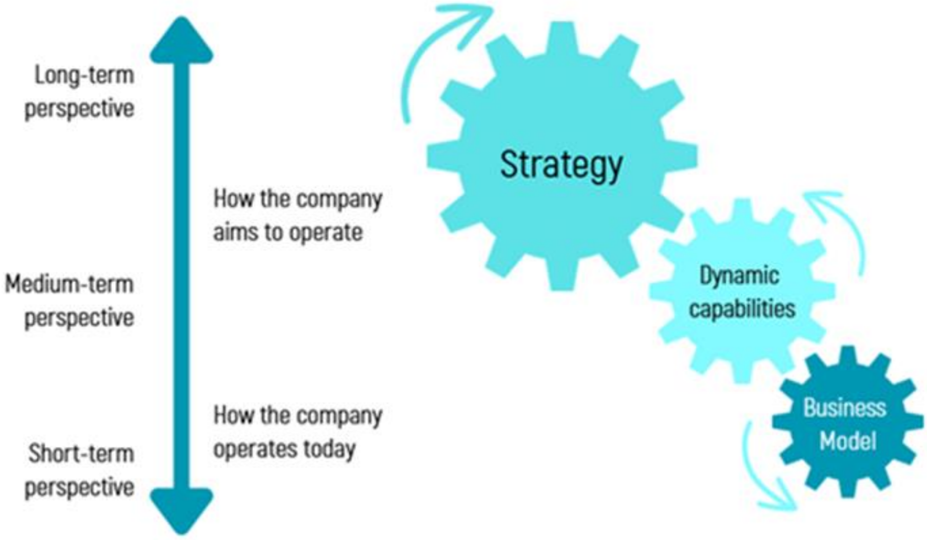
Obviously, the business model literature has no consensus on which components comprise the business model. Given the palette of interpretations and relationships, researchers discover that expecting such a universal concept is probably not logical. Nevertheless, none of the theorists or practitioners disputes the most significant virtue of the business model – the holistic picture it gives of the business by combining factors located inside and outside the firm, *i.e.* explains how the particular business organization is embedded in and interacts with its surrounding ecosystem, and how it creates and captures value for itself and the various stakeholders within that same ecosystem. Dahle et al. (2023) add that there is widespread agreement among theorists that business modelling and entrepreneurial business development as a whole are related not only to the focal firm but also to the entire ecosystem around it, thus viewing the business model as a system of interdependent activities that go beyond the modelled business and its boundaries. The traditional perception of the firm as the primary value creator is shifting as value generation now extends beyond the firm itself into its network. This network encompasses consumers and various stakeholders, forming a vast knowledge pool that the firm can harness to unlock numerous advantages. The previous constraints on value creation, driven by the firm's limited resources, can now be surpassed by tapping into the abundant resources in its immediate business environment (Ogunbodede, 2021).

(Q3) Does the term business model match or complement the concepts of business plan and business strategy?

The business model – a system of how the parts of a business fit together (Ogunbodede, 2021), is often contrasted or compared with business strategy – how the elements of what a company does fit together. Joan Magretta (Ovans, 2015) attempts to make a clear distinction, stating that a business model describes how business works, but a competitive strategy explains how it will do better than its competitors. That can be done by offering a better business model or providing the same business model in a different market (Ovans, 2015).

Business models are, in fact, a reflection of the initial set and subsequently implemented strategy (Stanimirov, 2023: p. 70). The strategy forms the development of dynamic capabilities that may require modification of the current business models (Fig. 2). Such capabilities are, for example, the ability to anticipate, shape, take advantage of opportunities and avoid threats while maintaining competitiveness by improving, combining, protecting, and when deemed necessary, realigning intangible and tangible assets.

DaSilva and Trkman (2014) argue that the strategy or long-term perspective determines the dynamic capabilities (the medium-term perspective) to deal with upcoming or existing contingencies. Thus, the strategy involves developing dynamic capacities capable of responding to contingencies through the organization's business model, and the dynamics of firm capabilities constrain business models. The two authors also state that every organization has a business model but not necessarily a business strategy and add that strategy reflects what a company aims to become. In contrast, business models describe a company at a given moment. Confusion in defining and distinguishing the business strategy from the business plan and model is also noted in Fadhillah, Sukmadilaga and Farida (2023), according to which strategy is the company's way of determining the main goals and objectives in the long term, as well as specifying the various activities to be performed and allocating the necessary resources to achieve these goals. They also take the interpretation that strategy is a model of goals or main objectives and policies and a plan to achieve those goals, stated in a way that allows the company to know its current state and desired results.



Source: author's development

Figure 2. The correlation between business model and strategy depends on the perspectives, capabilities and goals of the organization (D & T, 2014)

As visible in the derived definitions, strategy is intertwined with model and plan, and it is not clear whether or not there is a difference between them. The authors rather perceive the business model and the business plan as sub-tools of the business strategy, but how correct is this, considering that for a company to need a strategy, it must first have a working model and a plan that follows?

At the same time, Pangsy-Kania et al. (2023) add that business strategy is a narrower concept than a business model. Strategy is a crucial element in a company's long-term competitive advantage and should be seen as a conscientious plan to align the enterprise with the opportunities and threats posed by its environment. López & Oliver (2023) define innovation as a central pillar in business strategy – it is not just a technological project but a culture, a way of thinking, and a tool that provides competitive value to the company and adds value to customers. Most often, non-innovative enterprises do not change their business model significantly.

The business model is often intertwined as a concept with the business plan. Still, the two have critical differences, even though both are elements of the overall business strategy. As it turns out, the business model captures the business' hypothesis of how it will generate revenue and reach profitability, including a brief overview of what the organization offers and for whom. The business plan goes one level down: it demonstrates how the business model will be implemented and integrates operating practices, the experience and structure of the management team, milestones to be covered in a specific schedule, and comprehensive financial forecasts (Brian de Haaff). In this way, it becomes a practice and a norm, on the one hand, required by investors, and on the other – internalised by entrepreneurs (Latifi et al., 2023).

According to Abd et al. (2021), starting a business venture requires a thorough knowledge of the business and its structure, where the central role of the business plan appears. Planning is essential for a company to grow and compete in the future. Therefore, a business plan is a blueprint that guides sustainable growth and direction. From here, one key difference between a business plan and a business strategy can be deduced: the plan is the guide for achieving efficiency in goals and objectives, and the strategy is the tool – the specific strategy or strategies for realizing the company's plan. Stanimirov (2023) adds that the business model is a basic framework for any business. Unlike a framework, a plan is a sequence of steps to make things happen. Strategy is what needs to be done now to ensure a sustainable business position, i.e. strategy is a quest for sustainability;

Latifi et al. (2023) define the business plan as the synthetic result of information gathering and analytical distillation, including task assessment, risk identification, strategy building and financial planning of the budding enterprise. The business plan is gradually becoming a tool for start-ups to present themselves to various stakeholders, documenting how the business intends to enter the market. Based on a detailed content analysis, the authors conclude that founders seeking external capital are significantly more likely to write a business plan and spend more time developing it, unlike entrepreneurs who do not seek such funding. They also note that writing a business plan and the effort to write it positively affect the chances of acquiring external equity financing. The derived qualitative results explain this phenomenon, showing that founders still perceive the business plan necessary for achieving external equity financing. At the same time, financiers instead turn to additional and alternative tools, such as a minimum viable product, a pivot point and even a business Canvas model, to evaluate whether or not to invest in a fledgling venture. In a large-scale study conducted, Latifi and his team indicated that respondents contested the usefulness of the business plan because they believed it provided an overly optimistic outlook for budding businesses. Thus, there are signals that the business plan can no longer be considered essential when starting a business, especially in its part as a tool for seeking financing (Latifi et al., 2023).

Welter and his co-authors express a similar view in a 2021 study that challenges existing paradigms that planning increases productivity. They posit three business planning contingencies: uncertainty, limited prior information, and lack of business planning structures, and the presence of these three indicators suggests that planning may be less effective than expected. Looking specifically at the factor of limited prior information, proponents of planning suggest that shorter feedback loops in new and small firms, combined with the motivational effect of planning, will make the latter higher performing. However, the authors point out that these firms lack the necessary information to make these plans effective – as firms pursue new value-creation strategies, planning appears less effective, or firms are seen to abandon projects as they develop. One of the study's findings states that business planning may or may not positively affect success, but it is unlikely to have a negative impact (Welter et al., 2021).

5. Discussion

What has been stated so far allows us to derive many specific characteristics of business models, which may help to obtain a satisfactory answer to the question What is and what is not a business model?

The most common definition of business models characterizes them as a set of concepts and construction rules necessary to express business structures and serve to describe, explain, analyze, design and even evaluate a business. Osterwalder's 9-component Canvas business model is popular in vision and implementation, but knowing the individual elements does not guarantee creating a working model. It is necessary to consider the business environment in which the specific business intends to operate and the opportunities and ability of the entrepreneurs to adapt the relevant business model according to the ecosystem. It is not excluded that, despite the excellent knowledge of the individual elements of the model, they are still not combined in the most optimal option, guaranteeing value for all interested parties.

Developing an effective business model is not only about monetizing strategies but also about how the respective business creates value for its partners, suppliers, and customers; what keeps consumers coming back to the particular product or service again and again; how the company generates value for itself through the developed solution. When these puzzle pieces connect and work together, an organization could claim to have a working business model, and theorists could formulate definitions of a business model.

The concept of a business model encompasses various perspectives, each providing insights into its nature and scope. It serves as the fundamental framework guiding business operations, while the strategy delves deeper into the core understanding of the business (Stanimirov, 2023: p. 107). Understanding the business model means comprehending the core DNA structure of a business (Stanimirov, 2022: p. 70) and effectively organizing inputs, converting them into valuable outputs, and incentivizing customer engagement to facilitate payments constitute crucial components of the business model (Golejewska & Wierzbicka, 2023).

For new and established businesses, business models play an instrumental role in attracting investment, talent recruitment, and motivating management and staff. Similarly, investors rely on business models to evaluate potential companies, and employees utilize them to comprehend an organization's prospects (Copp, 2023). In essence, the business model represents a primary strategy for profitable business conduct, incorporating essential elements such as products or services offered, target markets, and projected costs. According to Copp, leveraging prices and costs are two pivotal business model aspects, but some authors do not share his opinion.

The attempt to define the business model as a theoretical expression and as a management practice shows that it is impossible to adopt one point of view when studying the essence of the business model. The various characteristics, not so different from the methodologies proposed by the researchers, have similar rather than opposing components. The authors of the present research unanimously assert that a practical business model must encompass several specific activities, including identifying customers, defining the consumer or societal problem the company solves with its product or service, and determining how customers will purchase the product or the service. That allows us to specify a seven-keys framework (SKF) in drawing up a business model and better clearly formulating a business idea:

1. *Defining the problem*: Entrepreneurs sometimes realize too late that the company is more than just an organization that sells goods and services. It is an ecosystem that aims to solve an existing problem by creating long-term value not only for its customers but also for its partners. As stated, a sustainable business model is aimed at solving a problem, *i.e.* primarily provides a solution;
2. *Identifying the market/users*: A sustainable business model should start with defining the problem or identifying the target audience and potential market. An organization must know who it should target to develop its product, as well as communication strategies and approaches to connect with this audience. The questions the company should ask itself during this step are: Whose needs does the created product satisfy? Who are its most important customers, and which groups of people/organizations does it aim to reach?;
3. *Formulation of the value proposition*: Keeping in mind the audience and the specific problem the company is solving, it is necessary to put the business's unique value proposition into words. Questions: What value does the company offer? What solution does it provide to its customers? Which of their needs and wants and to what extent does it satisfy?;
4. *Identifying the potential problems for the company*: Questions: What are the challenges the company will face? What operational difficulties might the organization face in its production or commercial activity? Are there any legal restrictions on the deployment of the business model? What types of costs will the business generate?;
5. *Recognition of critical partnerships*: A business unit is not an isolated structure. Despite developing in line with its own goals, it could not survive without the right partnerships – from suppliers of materials and raw materials to the outsourcing of specific business-related

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activities such as accounting or marketing. Questions: Which business organizations can be attracted as partners? Who are the key suppliers? On what basis should they be selected? What resources will it receive from which companies?;

6. *Determining the methods of revenue generation*: The business model is neither complete nor sustainable if it is unclear how it will generate revenue or profit for its founders. Questions: What are the possible alternatives for receiving financial proceeds? What value are customers willing to pay? How would they like to pay?
7. *Validation and feedback*: When the business idea is brought into the framework of a specific model, test studies or soft launches need to be done. Once the essence of the core elements of the business model has been refined, it is crucial to seek and receive feedback to reveal any incorrect assumptions, especially biases. The essence of this step is to sift out which feedback to take into account and which not because everyone has their knowledge, skills, competencies, and personal biases, which in turn would influence and even distort the feedback. The business model can be adapted and adjusted at any moment of the organization's existence. Still, its founders should introduce direct input from the market even before the start. That ensures that they will receive reliable and timely information about the needs and expectations of consumers and can modify their unique value proposition according to the extracted data.

This seven-keys framework is missing a vital component that, while not to be underestimated, the report's authors do not identify as most essential and therefore exclude from the business model formulation stage. These are the size of costs that a business venture will invariably generate, and the secret is precisely in the word invariably. Generating costs is inevitable due to running a business instead of finding the right markets, reaching the right customers, making the most profitable partnerships, and generating revenue and profit. Entrepreneurs know they cannot escape expenses if they aim for success and growth. The question is whether the business has the potential to create value and profit, and that is what a properly built business model should answer.

The in-depth content analysis of publications from the field of business management shows that it is not the definition of the three terms – plan, model and strategy in the context of a business that is difficult, but their distinction. That is not necessarily a negative result, but quite the opposite: it is indicative that it is not desirable to consider the three activities in isolation, but it is necessary to look for points of contact and thus bring out the essential characteristics of the business model, the business planning and the business strategy. A company's business model is part of its overall strategy – these are the mechanisms by which the organization plans to achieve its business goals (Fig. 3)

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Source: author's development

Figure 3. The realization of business goals as a result of the convergence of the triad – business model, business plan and business strategy

The philosophical question is, if a company does not have a business model from its founding, is it possible to have a business strategy? At first glance, the business plan seems more independent as a phenomenon, but this does not cancel the question – what would be the plan's content without a business model and a business strategy? An analogy can be made with the well-known comparison of the two sides of the same coin. Suppose the business plan and the strategy are the two sides of the same coin. In that case, the coin is the organization's business model: the value the company intends to multiply many times and, based on that, generate profit.

A common interpretation of the object of the present study is the comparison of the business model with a system of related activities in the current and future, emphasizing the interdependence and complementarity between the firm and other (third) interested parties aimed at creating value. Most authors unite around the statement that an effective system of activities inevitably exceeds the boundaries of the specific company and builds a sustainable ecosystem of partners and customers. Observed a consensus that the business model demonstrates with whom, how and in what way the organization connects with external factors, extracting information from its internal environment.

A subject of future research may be the claim of some authors that the business plan loses its power at the expense of the business model and strategy. According to part reputable publications cited in this report, a well-formulated business plan does not guarantee the efficiency of business processes, as it is usually aimed at one primary goal – obtaining financing, not results (Latifi et al., 2023). Therefore, business plans are often prepared with an overly optimistic vision and metrics, and unrealistic expectations and requests are a prerequisite for failure, not only in business organizations.

6. Conclusion

Many existing theoretical positions are guided by self-delusion and initially wrong behaviour that theory comes before practice. That is devoid of meaning and creates conflicts between theorists and practitioners who, instead of jointly formulating and building successful and proven scientific-applied business models, concepts and strategies, ignore different perspectives and focus on their understanding of what is happening in the entrepreneurial ecosystem. Often without real insight into the system itself.

The case is similar to the understanding of the term business model – one of the key elements contributing to the success of any start-up company. The business model identifies the other benefits for different business actors and revenue sources and embraces the value chain concept: the value added to the product (or service) at each step – from its acquisition and conversion through management and marketing to sales and distribution.

In the context of digital transformation and automation – an integral part of new business realities and opportunities, the authors of this report point to a fundamental limitation in adapting or developing a new business model: dehumanization, which leads to social exclusion. The business model's value should be pursuant to this aspect of the new normal. Otherwise, the business is doomed to instability and failure.

The origin of the term business model is related to its determination as a critical component in any company's business plan and strategy. Still, despite this, researchers distinguish the concepts of business model, business plan and business strategy. In summary, it can be argued that the business model is the framework for doing business, the plan – the specific sequence of decisions and actions, and the strategy – the tangibly undertaken actions to realize the organization's goals. Regardless of the divergent opinions in interpreting the derived similar terms, the authors mostly do not deny the need to achieve convergence between them.

The leading summary, made as a result of the literary synthesis carried out in this report and the research activity of the authors, can be concluded in several highlights:

- the business model is for activity and can be applied in any company, and innovations and turbulence of the internal and external environment of the organization are a prerequisite for changes in its structure;
- the business plan is developed for a specific company – for this reason, one business plan cannot be applied in two companies without adapting to the environment of each of them;
- the business strategy does not depend on duration but on environmental change.

An essential finding is that start-ups do not necessarily have to invent an entirely new business model but show flexibility and adapt an existing model according to their goals, strategies and resources. A new business model is likely to be significantly more profitable, but also with an unpredictably high risk – it is impossible to know in advance whether the market (customers) will perceive the value offered by the business, as well as whether the partners (suppliers, investors) will approve the business model. Moreover, without customers and partners, a company cannot exist. The highest assessment of whether a business model is working is a consequence of the answer to whether the offered product meets the real needs of the market.

In addition, the study's authors present for the first time an innovative seven-keys framework for creating a new business model or adapting an existing one. The framework does not oppose the established tools for presenting business models. However, it introduces, on the one hand, as an essential element the feedback – from the market, partners, and experts, and on the other hand, makes a critical distinction between costs as a component of the business model in terms of their type and size. The seven keys are derived based on the present study's theoretical background and the authors' entrepreneurial experience. In future research, the seven-keys framework for formulating business models can be presented in the context of actual business initiatives and thus demonstrate the practicality and effectiveness of its structure in formulating and validating business ideas.

In conclusion, we can argue there is no exhaustive list of existing business models, just as there is no definitive sampling of options for doing business, creating value and generating profit. We are witnessing the realization of dozens of business models, including retailers, manufacturers, and service providers. Technological progress and society's social expectations have naturally led to reconstructed or entirely new business models based on social entrepreneurship, digital business and marketing, and green and circular economy.

At the same time, if the established models are proven to work and be profitable, the entrepreneur only needs to discover hidden dependencies and potential opportunities for innovation to make the company more profitable and competitive. On the other hand, established firms must regularly update their chosen business model, or else they will not be able to anticipate trends and upcoming challenges, leaving them unprepared for external threats and emerging opportunities. Business and the environment it operates in are not constants. Neither should be the model of doing business and creating value.

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