

Business models and planning

[Business](#)



Why was the e-business revolution so important to the rise in focus on business models? In the 1990s, business model was generally associated with e-business. However, this trend changed in the early 2000s with business models tending to explain how businesses work, mainly presenting who the business customer was and they valued. The establishment of the Internet, and therefore, e-business essentially created several new business models and organizations tended to shift toward business models that were perceived to be more profitable (Nielsen & Lund 22). With the rise in e-business, organizations also had to change how they communicate with clients, suppliers, and other stakeholders in the businesses, and distribute their products, which led to the establishment of new business structures (Nielsen & Lund 23).

Internet-based business models led to the improvement in efficiencies and the establishment of new distribution channels for many businesses such as in the banking industry. With the crashing of the tech stock in the late 90s, the perception that anything dot-com was profitable changed. Dot-com companies and indeed many businesses realized that their presence in the web was no guarantee that they were going to be profitable. As a result, businesses had to come up with new business models so as to improve their attractiveness and ensure their survival. Organizations had therefore to come up with new strategies and structures that would see them allocate resources in new ways to fulfill both short and long term business goals. Many scholars also delved into the subject of business modeling with the aim of coming up with profit-formulas for e-businesses (Nielsen & Lund 23). For example, Afuah and Tucci postulated that the profit formula revolved around production, mark-up, commission, and advertising.

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What is the difference between an organigraph and a business model?

An organigraph is an organizational diagram that is dedicated to demonstrating how an organization works; how products, information and individuals interact within the organization (Nielsen & Lund 25). In this respect, like the organizational diagram or chart, the organigraph may present the formal organization of the business as well as its actions. While the organigraph has a set and chain like the traditional organizational chart, it also includes the hub (which serves as a centre for coordination) and the web (which presents the link between different aspects of the organization). On the other hand, the business model helps in structuring and addressing main issues that surround the business including such things as the organizational values, culture, and governance (Nielsen & Lund 24). In this sense, the business model helps people understand the business in its entirety and the logic behind how it creates value (Nielsen & Lund 24). The business model goes beyond what the organizational chart and organigraph do to the extent of presenting the structure, strategy, and capacity to apply technological solutions for the creation of value (Nielsen & Lund 25). What this ideally means is that the organigraph is merely a segment or subset of the business model; the business model presents the bigger picture of how the business allocates resources and acts to realize its goals.

Works Cited

Nielsen, C. & Lund, M. A Brief History of the Business Model Concept, in Nielsen, C. (Ed.) *The Basics of Business Models*, Vol. 1, No. 1. Copenhagen: BookBoon. com/ Ventus Publishing Aps. 2013. Print.