Developing Open Business Models in Existing and New Businesses in the FMCG Industry

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Abstract
Companies can create value by effectively applying and managing open business models. In order to understand the full potential of open business models, we suggest broadening the concept beyond Chesbrough’s original idea, which is predominantly defined in an open innovation context that limits its full potential to be applied in other contexts. We use examples from Unilever to show how a firm can combine and integrate its assets, capabilities and skills (brands, patents, routes to market, etc.) with those of its partners to create new consumer value. Next, we focus on the different types of open business models Unilever has developed for a range of strategic purposes, ranging from business models that are only marginally open (e.g. applied in core skills enhancement) to a highly open business model (e.g. applied in new business development). We also examine the benefits and drawbacks of these open business models, noting that they need to be effectively managed if the company is to reap the benefits from applying them to its businesses. At Unilever, several management dimensions underlie its successful utilization of open business models.

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