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Info. on AIM Fellowship Research in Management Practices

What my research is about?

“Making Markets: The Practice of Business Models”

The idea for this research grew from observations in the business press. The press is replete with stories suggesting that the way firms develop business models (that interact with and shape markets) is likely to affect their ability to compete internationally. Take for example, Nintendo, producer of the Wii game console. This disruptive technology has emerged from the development of a new business model and the reshaping of markets and, some business analysts claim, the entire ‘gaming industry’.



The stagnant US and Japanese games markets of 2003, together with escalating development costs of state-of-the-art game consoles, forced Nintendo to question their target market. The high skill levels of gamers required investments of time and money from customers. Nintendo reshaped the market to leverage their international competitiveness. By 2007 Japanese women had overtaken men to become the biggest users of Nintendo in a seismic shift that the company said would “transform the video games industry” (Lewis, 2007).

Despite such observations we know very little about the micro, firm-level practices that underpin business models. I want to know managers ‘do’ in order to conceptualise and innovate successful business models? Government policy initiatives have done a lot to promote macro-economic management and provide a helpful regulatory environment for businesses to prosper. but, the key to improvements in firm productivity probably lies in understanding what goes on *inside* productivity processes and how this links to the external macro environment. We need to understand more about the process of ‘*translating*’ a firm’s market vision and business strategy encapsulated in their business model into localised, contextualised and enacted market practices – *what do I do, now, for my firm, in this market?* The aim of my research is to explore and identify promising practices that enable managers to make markets through the development and innovation of business models.

How will I do this research?

The idea behind this research is to help managers develop successful practices for international competitiveness through business model innovation. To do this an action research design is being developed, working with three companies as they develop and innovate their respective business models for specific markets over the next 2½ to 3 years. This longitudinal research will enable me to observe and influence business model innovation, market changes and their outcomes, over time. The AIM Fellowship starts in September 2009 but work with one of the companies, Microsoft, has already begun.

Working with Microsoft

On the 14th April, Microsoft launched a new market initiative call the CSA – the Citizens Safety Architecture. The idea of the initiative is to work with a network of specialist software providers, hardware providers and agencies, in ways which bring humanitarian relief to crisis situations. Major disasters such as earthquakes, hurricanes and terrorist attacks demand collective action across multiple disparate groups (for example, fire, police and health services). For more details on the Microsoft CSA initiative follow this link: <http://www.microsoft.com/presspass/press/2009/apr09/04-15PSSThreatsPR.msp>

The CSA initiative requires Microsoft to develop management practices in two key areas:

1. Developing a business model that enables their business to grow;
2. Making and shaping the market.

These two areas of management practice are inter-linked. The links were explored during the first task of my research; to attend the [Microsoft CSA Symposium](#) in Redmond, Seattle (14th-16th April 2009) where the launch of the CSA initiative took place. Microsoft's Worldwide Public Safety Symposium, ran from the 14th April through to the April 16th, 2009, brings together more than 300 national security operatives, public safety professionals and criminal justice officials. Microsoft was using the forum to demonstrate how they are trying



to deliver the Citizen Safety Architecture with a set of software solutions and services to help governments proactively plan for and effectively respond to terrorist attacks, criminal acts and natural disasters. This is an international agenda. The event brought together over three hundred strategic and operational stakeholders from around the world. The idea was to facilitate collaboration and information sharing among

these diverse groups. The event showcased several international success stories and provided a forum for knowledge sharing. Microsoft representatives reported their need to

listen to customers and what they label their *business partners*, so that they can co-develop a '*clear way ahead, to build common and flexible strategies*'.

During the Symposium, I interviewed nineteen Microsoft employees, partners and customers involved in citizen safety. The findings suggest that partnering firms are looking to Microsoft to develop management practices that make and shape markets. These management practices cross firm boundaries and influence Microsoft, the dyadic relationships between individual partners and themselves and the wider business network; *the market*.