

## Practicing Business Model Management in New Ventures

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### Abstract

**Purpose:** The purpose of this paper is to enhance the knowledge of business modeling in the early phases by exploring its core components and the management of those components. This will be achieved by answering the following exploratory questions: What aspects of business model components do entrepreneurs process in the early stages? How do entrepreneurs process those aspects?

**Design/Methodology/Approach:** In this qualitative study, data was collected during semi-structured interviews with six entrepreneurs.

**Findings:** The findings support the argument that when studying the early stages of business model management, to gain a richer understanding of the entrepreneurial process, acknowledging the resource activities is important. Our findings highlight that cash and competence appear to be essential focus in managing business model components in early stage. We also found that entrepreneurs may create resource slack that allows businesses to carve out a competitive position in the marketplace by focusing on business model design and management.

**Originality/Value:** Although business model research is developing rapidly, one prominent gap in the field is how entrepreneurs manage their business models in the early start-up stages. In particular, there is a lack of knowledge about what entrepreneurs focus on in their business model management in early start-up stages and how they manage these aspects, an area to which this research contributes.

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Keywords: Business model management, practice, new venture, start-up, management

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## Introduction

When a business is founded, it either explicitly or implicitly takes on a particular business model that describes the design or architecture of the value creation and the delivery of value (Teece, 1988). Without a well-developed business model, entrepreneurs will fail to deliver or capture value from their business. Accordingly, researchers have suggested that business models are critical constructs for understanding value creation (e.g., Amit and Zott, 2001; Chesbrough and Rosenbloom, 2002; Mahadevan, 2000). The business model can be understood as the underlying knowledge or core logic for generating value with a venture (Chesbrough and Rosenbloom, 2002; Shafer *et al.*, 2005). Designing a business properly, and figuring out, implementing and refining a commercially viable architecture for revenue and for costs are critical to business success. This is essential when the business is first created; but keeping the business model viable is also likely to be a continuing management task.

To profit from entrepreneurship, entrepreneurs embarking in the business world need to excel not only at product innovation but also at business model design and management, including how to manage stock and the flow of resources (Malmström *et al.*, 2013). Developing a business model that yields profits means developing a differentiated and difficult-to-imitate model that is compelling to customers, achieves advantageous cost and risk structures and enables significant value capturing by generating and delivering products and services. Business model design and management can be a pathway to competitive advantage if the model is sufficiently differentiated and hard to replicate for competitors (Croneer *et al.*, 2015; Malmström and Johansson, 2015).

Although some entrepreneurs have a clearly formulated business model when they start a business, many start with partially formed and incomplete models. Researchers agree that creating a business model involves experimentation. Entrepreneurs learn through this process what is required to make money on a sustainable basis. A business model thus might evolve from the foundation to a more complete articulation. Initially, the entrepreneur may have a clearer view of some aspects of the business model and management of it and limited notions about other aspects. As the firm develops and the entrepreneur learns, he or she

is able to carve out clear aspects of the components (advancing the model) and develops resource stocks and flows that guide operations and ongoing growth. Despite these insights, there is still a lack of a clear understanding of what entrepreneurs focus on in their business model management during the early start-up stages. Although business model research is developing rapidly, one prominent gap in the field is how entrepreneurs manage their business models in the early start-up stages (Mitchell *et al.*, 2002; Morris *et al.*, 2005) and, in particular, what entrepreneurs focus on, a gap this study aims to address. By building on Penrose's (1959) work on resource acquisition and organization process, this study addresses previous shortcomings by acknowledging entrepreneurs' resource activities in early-stage business model management. In doing so, we adopt an orientation toward the practicing of business models.

As such, the aim of this paper is to enhance the knowledge of business modeling in the early phases by exploring the core components and the management of those components. This will be achieved by answering the following exploratory questions: What aspects of business model components do entrepreneurs process in early stages? How do entrepreneurs process those aspects? The study is based on data from interviews with six entrepreneurs in the creative industry in Sweden. The paper begins with a review of the business model literature to anchor this research in its specific context. The methodology adopted is depicted followed by the empirical findings. Finally, findings, limitations and future avenues for research are discussed.

## Business models at work

In noticing that business models are often poorly communicated, Morris *et al.* (2005, p. 727) considered a business model "a concise representation of how an interrelated set of...areas of venture strategy, architecture, and economics are addressed to create sustainable competitive advantage in defined markets." A business model is a map of how value can be generated. It represents how a business is organized to discover and exploit opportunities. The business model provides a framework that assists the entrepreneur in assessing consistencies and recognizing trade-offs among deci-

sions, for example, about what to do (e.g., what offerings to launch). At the proprietary level, unique configurations are produced and compiled in competitive resources that can result in a sustainable advantage. This suggests that the business model and management of the business model may serve as a unique, inimitable, non-copyable, non-tradeable resource, in line with the Penrose's logic of the resource based theory (Penrose, 1959; Barney, 1991). The resource based theory thus links business models to resource acquisition and allocation (Garnsey *et al.*, 2008). Although some entrepreneurs start their ventures with clearly formulated business models, many start with partially formed models and incomplete business models. Initially, the entrepreneur may have a clear view of some aspects of the business model and management of it and limited notions about other aspects of the business model.

A business model may facilitate entrepreneurs' management of strategic-orientated decisions (Johansson and Abrahamsson, 2014; Osterwalder and Pigneur, 2013; Pateli and Giaglis, 2004) and help develop the business logic of the venture as the venture develops (Osterwalder *et al.*, 2005). Chesbrough and Rosenbloom (2002) position a business model as providing a holistic perspective of the venture that outlines the venture's internal functions and structures and its relations and interactions with the external surroundings. The business model could thus be the pathway to competitive advantage for ventures (Malmström *et al.*, 2015; Penrose, 1959).

In defining business models, scholars frequently include two central elements: the view of business models as the logic of value creation and capture (Shafer *et al.*, 2005; Teece, 2010) and the structure, architecture, or framework of the business (George and Bock, 2011; Mason and Palo, 2012; Teece, 2010). These elements relate the abstract strategy level to its implementation on a practical level through action (Osterwalder and Pigneur, 2002; Richardson, 2008). We follow Teece's (2010) broad definition of business models as a design for how to identify, create and deliver value and how to capture parts of this value.

Although there have been many attempts to define the business model concept (e.g., Zott *et al.*, 2011;

Onetti *et al.*, 2012), and many have endeavored to capture the essence of business models (e.g., Chesbrough, 2010; Linder and Cantrell 2000; McGrath, 2010; Osterwalder and Pigneur, 2010; Sosna *et al.*, 2010), there is a lack of knowledge about the dynamic side of business models, particularly how they are created and managed in practice, despite the implicit assumption of a process approach in the business model concept. Morris *et al.* (2005) importantly pinpoint that the business model is never static. It is continuously developing through specification, refinement, adaptation and revision. Thus, when adopting or building a business model, not only the content (i.e., the stock) but also the process (i.e., the flow of stock) of the business become important (Ahokangas and Myllykoski, 2014; Zott *et al.*, 2011).

Drawing on the idea of business models embedded process approach, we adopt an orientation toward the practicing of business models, where action (Tikkanen *et al.*, 2005), business setting (Teece, 2010), and experiential learning (Sosna *et al.*, 2010) are important aspects of creating and managing business models in new ventures start-up phase. In practicing a business model, an entrepreneur of a new venture will face several cross-roads that require processing to decide on trade-offs between ways of doing business and thus creates the business model (Markides, 2006). Choosing one direction over another constrains future choices and filters out possibilities that are non-competitive. An effective business model holds unique combinations that lead to superior value creation and produce superior returns for the venture (Morris *et al.*, 2005).

Managing business models in dynamic environments is similar to Weick's (1993) notion of sense-making because the business model is meant to reduce uncertainty and assist entrepreneurs to make sense of the management choices entrepreneurs face. This view shows the usefulness of business models. Magretta (2002) reasoned that when a business model is difficult to copy, it can create strong competitive advantages and consequently link the business model to the venture's performance. Therefore, an entrepreneur's business model management should capture unique combinations that might result in new products and markets and capture the mechanisms that prevent competitors from easily copying a given advantage.

## Research methodology

### Data and study context

The present study is based on a qualitative methodology, which has been suggested as a suitable approach for studying unexplored areas, such as business model management in the early start-up stages (Yin, 1994). The case study design adopts a grounded approach. Judgment sampling was used when the cases were selected based on the main criteria: The entrepreneurs were in the start-up stage and were active in the creative industry. Six entrepreneurs, all women who started private businesses, were selected as the sample as suggested by Eisenhart (1989a, 1989b) and by Guest, Bunce and Johnson (2006). Data was collected through semi-structured interviews for exploring business model design and management and the focus in managing business model components. Each interview lasted an average of 90 minutes. The interview guide allowed the researchers to follow up on issues raised during the course of the interviews.

### Data analysis

The data analysis involved several steps. Guided by Strauss and Corbin's (1998) microanalysis recommendations, we examined the transcribed text line by line and thereby identified several concepts that referred to business model management. We divided these concepts into categories and then identified relations among the categories. Our coding process was guided by two primary questions to balance richness and direction: (1) What business model aspects do the entrepreneurs focus in their early start-up stages? (2) What business model aspects do entrepreneurs consider significant when they launch their businesses on the market arena? These questions allowed us to identify key characteristics of business model management in early start-up stages. This enabled us to focus on the business model management processes involved when entrepreneurs manage early critical actions and how the entrepreneurs orient themselves in their business model management.

Each researcher coded the transcriptions individually. The purpose of this step was to identify themes and constructs. We scanned the data for material related to business model components. We continued by comparing and discussing the coding in the research group. This procedure of involving all researchers in the work

with coding and analysis ensured that different perspectives were captured when the data was interpreted and making a more objective view possible (Eisenhardt, 1989a, 1989b; Eisenhardt and Graebner, 2007; Miles and Huberman, 1994). We noticed high consistency, which we believe strengthened the internal validity (Gibbert *et al.*, 2008). As a result, the core groups of business model management and several concepts for each business model component were identified, and we could thus identify core groups of business model management in the early stages (Denzin and Lincoln, 1994). We thus used code schemas to compare and categorize the identified concepts (Miles and Huberman, 1994). Consistent with recommendations from previous research, the patterns in the empirical material were compared to predicted patterns found in the literature (Denzin and Lincoln, 1994; Eisenhardt, 1989a, 1989b). This approach contributed to emergent theory (Yin, 2003).

## Empirical findings

### Four main business modeling components and management in the early stages

In general, the business models included four main components: (1) infrastructure (key activities, key resources, key actors), (2) customers (segments, channels, relations), (3) financial (capital structure, revenue, costs), and (4) offerings. In the next section, we describe how the entrepreneurs focused their business model management in the early stages to cope with uncertainties.

### Business model management of infrastructure (key activities, key resources, key actors)

Mobilizing resources by resorting to domestic work space

All the entrepreneurs used their domestic space to run their business but aimed to use business properties in the future when their ventures can carry the costs. Example expressions were for instance, "I want to have my own studio, but while starting, I work from home so that I don't take on large costs until I see how the business goes." This entrepreneur added, "I would prefer to work at an incubator because it is boring to work all by yourself. So, I would rather work in a context with other businesses so that we can push each other." Another entrepreneur stated, "I work mostly out of my home,

but I intend to get a studio in the future when I make enough money. That is critical for the long-term perspective for the business.” Similarly, another entrepreneur said, “I have my office at home and do all business administrative work at home because I cannot afford rent for a studio yet.” Another entrepreneur solved the need for business space by using a home, just not her own. She said, “I rent my studio from my mother-in-law and father-in-law at a low cost. It’s a small cottage outside their house.” Another entrepreneur has made the journey and moved her business out of her home. She said, “During last year, I worked completely out of my home, but now I can afford a studio so I only do administrative work at home.” Thus, working out of one’s home at the start appears to be a resource-mobilizing practice to release financial cash pressure in business model management, a focus we refer to as mobilizing resources by resorting to domestic work space and consequently creating financial slack while simultaneously arranging for production space.

#### Mobilizing production rerouting disposition

For early-stage business model management of production, a typical focus expressed referred to what we call mobilizing production rerouting disposition. When focusing on current mobilization of production resources, the entrepreneurs referred to temporary solutions to avoid the financial risks of permanent employees. For instance, one entrepreneur said:

*“I don’t want to employ anyone because it includes more responsibility than buying a service when needed. When I buy a service, I can end it whenever if my business isn’t going well. If I employ someone, I put more at risk.”*

Another entrepreneur likewise stated, “If I have a large order, I prefer to hire extra personnel temporarily and not employ anyone permanently because I don’t know yet if I can afford employees.” Yet another entrepreneur said, “If I get an order and I see that I won’t make the deadline, I use my sister to cope. She helps me out when I need help temporarily, and therefore, I don’t have to take such great financial risks.”

When focusing on future mobilization of production resources, much is linked to getting the right connections and outsourcing and contracting production. One entrepreneur for example said:

*“In time, I will have my design produced by a factory, and I will work only with design and product development. When I have established contacts with retailers, I will know better in advance how much I should produce of a product and be able to make more exact orders from factories.”*

Similarly, another entrepreneur said, “I will have ongoing production, and some parts of the production I will buy externally.” Another entrepreneur likewise concluded, “I decided to buy parts of the production. If I manage to make my business thrive, I need to buy at least parts of the production.” An additional entrepreneur discussed her production and how to mobilize resources for such business model management by stating, “If I contracted out all my production, that would open a whole new door, but I don’t know what that will cost. I need to talk to someone who could energize me to take that next step.” Thus, the focus in current and future production is mobilizing to expand production, and initially, temporary solutions are used while outsourcing and contracting are considered a feasible future route in their business model management. They also hinted at the need for external advice on how to move to a contracting situation. Thus, the focus is on avoiding financial risks by using solutions that enable financial slack and access competence for making the production rerouting choices.

#### Mobilizing resources via external competence

Mobilizing resources via external competence for production was also depicted. Example expressions were for instance, “I have had different mentors who have supported and guided me when I started production. I can ask her about anything regarding business venturing.” Another entrepreneur likewise stated, “I have a contact who is famous for her designs, and I can call her when I need advice or to get suggestions about whom to contact in a certain matter.” Similarly, other entrepreneurs emphasized their family members were mentors. One entrepreneur stated, “My sisters are active in my area of expertise, and they are truly my mentors.” Another entrepreneur said, “I have a great husband, mother-in-law and father-in-law. They really support me, and my sister-in-law really helps me, and my distant family are also supportive.” Similarly another entrepreneur said, “My brother and my aunt have their

own businesses, which gives me the opportunity to ask them about a lot, like about taxes, and that is reassuring." One entrepreneur said, "The network of women entrepreneurs that I am in is really valuable. We inspire each other, and all are active, and I got so much out of it. When I test an idea in the group, I get their help by putting me in contact with good people for my idea." Thus, networks and mentors are pivotal external competence resources focused on mobilizing knowledge resources in early stage business model management.

Importantly, using such close network contacts provided financial cash relief. Typically, family members were used at no or low cost. One entrepreneur said, "I have people who I can use to check the quality of my products. My brother does it for free, and other relatives also help out for free when I need help." Another entrepreneur stated, "I use my family as 'slaves' [laughing]. I make them a good dinner in return." Yet another entrepreneur said, "When I am in production, my sister-in-law helps me. She helps out a lot, and in return, she gets some of my design products." Thus, using their network to get help with production for no or low cost or paying with alternative means appears to be the focused in business model management in early stages. This focus creates financial slack.

#### Bartering to mobilize financial cash release

Bartering is an activity the entrepreneurs stated as an important focus of their business model management to release financial pressure in the business and thus create financial slack. For example, an entrepreneur stated, "I trade services with other businesses, not on a large scale, but one that lowers my costs." Another said, "I trade products with other businesses, and that helps keep costs down." Similarly, another stated, "I get help from a person doing my taxes, and in return, I do design services for her for free. So, we do not pay each other." Likewise, another entrepreneur said, "A friend of mine helps me a lot, and I help her, as friends. If she sends me an invoice, she may charge for one hour, but I know that she has worked much more than that." Thus, engaging in barter activities to release cash resources occurs in early stage business model management, which contributes to creating financial slack.

#### Business model management of customers (channels, segments, relations)

In the second component, customers, aspects of segments and channels appear to be central to focus on in business model management in early stages. The business model management meant to mitigate uncertainties and capture potential in the market is presented below.

#### Mobilizing for multiple market channels

An important focus on market channels was typically expressed, which we refer to as mobilizing for multiple market channels. For instance, one entrepreneur said, "I will have my own webpage, and I will use retail stores, established stores and others' web pages to reach my customers," which shows the use of multiple market channels. Similarly, another entrepreneur said:

*"I need to display my products, and I will have my own webpage to do that. On top of that, I expect the mouth-to-mouth method to be effective and to use existing and established channels and to let the right persons know about the business. I will also display at web hotels."*

Likewise, another entrepreneur noted:

*"I have my own web page, but until it is established, I will sell via retailers and shops, as well as be part of others' web shops and their assortment. I might also just use my own web page as a retail window to exhibit/display my products and then sell them via retailers."*

Another entrepreneur said:

*"I have used the mouth-to-mouth method, and it is a really good method. Happy customers talked about my products and return to me when they want the product that I produce. I don't have a web page, but I am considering developing one now that I have conducted market research."*

Others noticed a need for advice for how to make their market channels work better. One entrepreneur said, "I realize I need help with marketing, which stores to turn to. I still don't have a store that retails my products." The entrepreneur added, "I have been displaying at museums, but perhaps my target customers are not those who go to museums. I think I need to discuss

more about where to display with my mentor." Thus, using multiple market channels to reach customers appears to be a focus in business model management in early stages and the need to mobilize external competence in designing an appropriate mix of multiple market channels is noticed.

### **Mobilizing financial cash resources through customer sourcing**

To manage production, a typical focus was to mobilize financing through customers, what we refer to as mobilizing financial cash resources through customer sourcing either by partial invoicing or advanced payment to ease the financial pressure in their business models and thus create financial slack. As an example of focusing on financial aspects with customers, an entrepreneur said, "When I take on long and large orders, I send partial invoices to cover cash needs over time." Another entrepreneur said, "I always request advance payment for all products that I design and produce, about a third of the final sum." Another entrepreneur added, "If I take on a large order, the customer has to pay in advance." Yet another entrepreneur stated, "I request payment up front, but I do give a discount if customers pay up front." Thus, using customers as a financial source to ease the pressure on cash requirement appears to be focused in business model management in early stages, which contributes to creating financial slack.

### **Financial component: Revenue and costs**

The third component of business model management is the financial component, and it refers generally to financial choices, financial strategy and capital structure. Overall, this component is central in the early stages. The focus is financing alternatives and the expected effects of financial choices rather than on calculations and discussing financial ratios and financial effects. A dominant part is the focus on managing cash flow.

### **Raising government funding**

An important focus of the financial component was to raise government funding as a way to manage financial risks in early stage business model management. For instance, one entrepreneur said:

*"I intend to apply for governmental start-up financial support because I need to finance my business, and the*

*conditions for government funding are good, which is why I am reluctant to apply for a regular bank loan. I can let my business grow bit by bit instead of taking on a large bank loan."*

Another entrepreneur said, "I intend to apply for government financial support, both loans and entrepreneurship scholarships, for investments since I heard that another entrepreneur in my network got it, so I thought that I may also get it." Likewise, another entrepreneur stated, "If I need external financing, I would contact [a government funding agency] to get financial help; that is the way I would like to do it."

Yet another entrepreneur said, "I would not go to my family or friends or the banks, but I would try to get government financing." For some who had already applied for funding, government funding is the only option that allowed them to expand their business. One entrepreneur for instance said:

*"The only financing I got was government financing for start-ups and for buying machinery for my production. But I don't want to take on bank loans. They seem too enormous to commit to. I don't want to take on too much debt."*

An entrepreneur said, "I have had a government scholarship for two years, and due to that, I have been able to put a lot of effort into product development and marketing." Thus, raising government funding seems to be an important source of funding in early stages and focused in business model management, which contributes to creating financial slack.

### **Merging private financing with business financing**

Merging private financing with business financing was typically considered important to focus on in early stage business model management, by either initially retaining some of or all of one's salary to reinvest the capital in the business instead or using own private savings as funding sources to cover initial business expenses. An example statement is, "I will use my own savings, but only so that I can get my business going." Similarly, another entrepreneur stated, "I don't have a salary yet. I am using that capital to invest in equipment instead." Likewise, another entrepreneur said,

“What I earn in the business I will not take out as salary. I will reinvest it until I see that the business is up and running.” These merging activities of private and business financing seem to be temporary solutions, and some entrepreneurs had already moved beyond those solutions. One entrepreneur for instance stated, “I often need to withhold my salary or pay myself a lower salary than I intended, but I have come so far that I no longer need to use my private savings for investments in the business.” Similarly, another entrepreneur said, “In the very beginning, I often used my private savings, but that is not so common now after I managed to break even.” Thus, merging private and business financing by withholding one’s own salary to use for business investments or using private savings for business expenses are focused in early stage business model management which shows the focus on creating financial slack.

### **Product component: Offering**

The fourth component includes product and service offering aspects. These aspects focus on building trustworthiness and potential of the business (i.e., the business’s offerings) by developing convincing offerings.

### **Staying creative while capitalizing on standardized products**

Although a few aspects of the product component are explicit and include development level and time to market, the product mix and specifically how to balance custom offerings and standardized products is emphasized. Such aspects were typically expressed. One entrepreneur for instance stated:

*“I have thought about having a web shop, but I need to have additional standard products to sell via that site and be prepared to produce those items all the time. It won’t work unless I have an assortment to sell. Until then, mixing standard products with custom products helps reach viable turnover and profit levels . . . At the same time, I want to make custom products for customer-specific orders. I can invest my heart and soul in doing that.”*

An example statement that mirrors that producing custom-made products fosters creativity is:

*“I design and I produce high-quality products in natural materials, and all are custom-made. However, I have four standard products that I am considering getting*

*retailers for. I have made a large investment in two of the standard products, because my business’s liquidity could take the investment.”*

Yet another entrepreneur stated, “I produce customer-specific products but have a basic design for them which helps me to reach sufficient profits.” These focuses influence the product and service mix and thus the entrepreneurs’ business model management. An entrepreneur added:

*“It is easy to sell cultural products, but the manufacturing process is complex, and parts of it are very time-consuming. No one understands if you price your products according to the process. That is why I decided to use material that does not require such high cost processes.”*

These statements highlight a focus on striving for viability by offering a mix of standard products (which increase profits and turnover) and custom products (which maintain creativity levels and thus competence acquisition) in early stage business model management, a focus we refer to as staying creative while capitalizing on standardized products.

## **Discussion**

This research provides findings that support the argument that when studying small businesses’ business model management behavior during the early stages, it is important to acknowledge the resource activities to gain a richer understanding of the entrepreneurial process. Our study depicts business model management of the infrastructure component as involving mainly a financial focus by delimiting cash stock and flow out of the business and with some focus on competence acquisition. These focuses are labeled 1) mobilizing resources by resorting to domestic work space, 2) mobilizing production rerouting disposition, 3) mobilizing resources via external competence, and 4) bartering to mobilize financial cash release. Business model management of the customer component involves adopting multiple market channels and increasing cash stock and flow into the business. We refer to such focus as 1) mobilizing for multiple market channels, and 2) mobilizing financial cash resources with customer sourcing. Business model management of the financial component involves a focus on the financial stock and flow

into the business. We call these focuses 1) raising government funding and 2) merging private financing with business financing. Finally, business model management of the product component involves how to manage the need for revenue while maintaining the creativity of the business which thus is a focus on stock, and flow of cash and competence in the business. We refer to this as 1) staying creative while capitalizing on standardized products.

As such, this study is both a response to the absence of research on early stage business model management activities and an attempt to capture the focus that characterizes business model management behavior in the early stages of start-ups. The empirical findings highlight that cash and competence appear to be essential focuses in managing business model components in early stages. Therefore, mobilizing resources is central in the early stages of business model management.

This study is anchored in Penrose's (1959) work on resource acquisition and organization process and the business model's stock and flow of resources that follows from ventures' aspirations for sustainability and growth. Although resource-based theory proposes that a business's competitiveness is driven by the acquisition and organization of resources, the theory offers little guidance in understanding why some entrepreneurial businesses prosper in the marketplace with severe and persistent resource constraints. The findings of this study support the notion that selective focus in business model management activities overcomes these constraints. In fact, this study shows that small businesses can deal with their resource needs by using resources that are not controlled by the business, for example, by using private financial means, customers as financial sources and external competence. By building on Penrose's work, this study showed that entrepreneurs create resource slack, specifically financial slack, which allows businesses to carve out a competitive position in the marketplace by practicing district focus on business model design and management. Such resource slack creates opportunities for venture sustainability and growth because the resources can

be directed toward new ends (cf. Mishina *et al.*, 2004). By focusing on resource slack in early business model management, entrepreneurs are able to establish stability in the business (Dalborg *et al.*, 2012). Thus, the findings of this study imply that early-stage small ventures may benefit from developing a repertoire of business model management activities to continuously manage the ventures' resource needs.

## Limitations and future research

All empirical studies have limitations, and our effort to understand and conceptualize entrepreneurs' focus on business model activities in early stages is no exception. We identify some limitations that warrants for further research. The focus on Swedish entrepreneurs might limit the generalization of our findings. Nevertheless, we believe that the findings are applicable to entrepreneurs' business model activities in different countries that are in early stages involving high levels of uncertainty. In addition, the focus on the creative industry may also limit the generalization of the findings. However, the major concepts generated in this study are relevant to all types of entrepreneurs, and business model processes are largely convertible across cultures and nations.

Future research can enrich the context of the present study through a broader design by including a larger number of entrepreneurs in Sweden and elsewhere, including entrepreneurs active in different types of industries. An increased focus on these types of studies could lead to interesting theoretical knowledge in many areas beyond business venturing. Thus, we recommend future studies to move beyond business model structures toward understanding business model processes and how entrepreneurs shape focus and activities in all stages of business venturing. More knowledge is needed on how, why, and in what manner entrepreneurs manage their business models. Although we suggest a repertoire of business model activities in the early stages, future studies should investigate how such activities come about in entrepreneurs' decision-making. Such studies could lead to interesting insights.

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