

The Extended Enterprise: A Business Model Perspective

The Extended Enterprise as a Different Business Model

BM Characteristics	Traditional competition	Extended Enterprise
Core Logic	Supplier as cost	Suppliers as intangible assets
Strategic choices	Competitive advantages with internal resources	Competitive advantages with Extended Enterprise as resources
Value creation	Operational effectiveness	Dyadic innovation
Value capture	Price war. Limit imitation by competing firms	Lock supplier contributions Limit imitations by competitive supply chains.

The key success factors (adapted from Giesen and al. 2010)



The path to successful change: Exploring BM studies



Business models offer a new opportunity to understand the challenges of transition from the traditional "firm centric" supply chain structure to the competitive extended enterprise. Building and managing an extended enterprise is a different model than a traditional supply chain. The inherent logic, the strategic choices and the way value is created and protected differ in fundamental ways.

Many corporations have generated significant efficiency by negotiating with suppliers based on the 1980's models like Porter's 5 forces, or Williamson TCE. Their business model is built on the assumption that you cannot buy a competitive advantage. Reducing costs is an objective deeply embedded in their culture. When they realize the benefits of a more collaborative approach, they try to adapt to replicate the benefits of the likes of Toyota or Frito-Lay, but do not create an internal consistency between all the functions as they review alternative choices.

Business model innovation is important, and yet very difficult to achieve. The research builds upon the studies that have explored how successful business model changes have occurred and where other attempts have failed and leverage those findings to apply them to supplier management change initiatives. Still in "α" state



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Research Focus on

"Suppliers as a Resource"

Purchasing Strategies, Collaborative Relations Development,

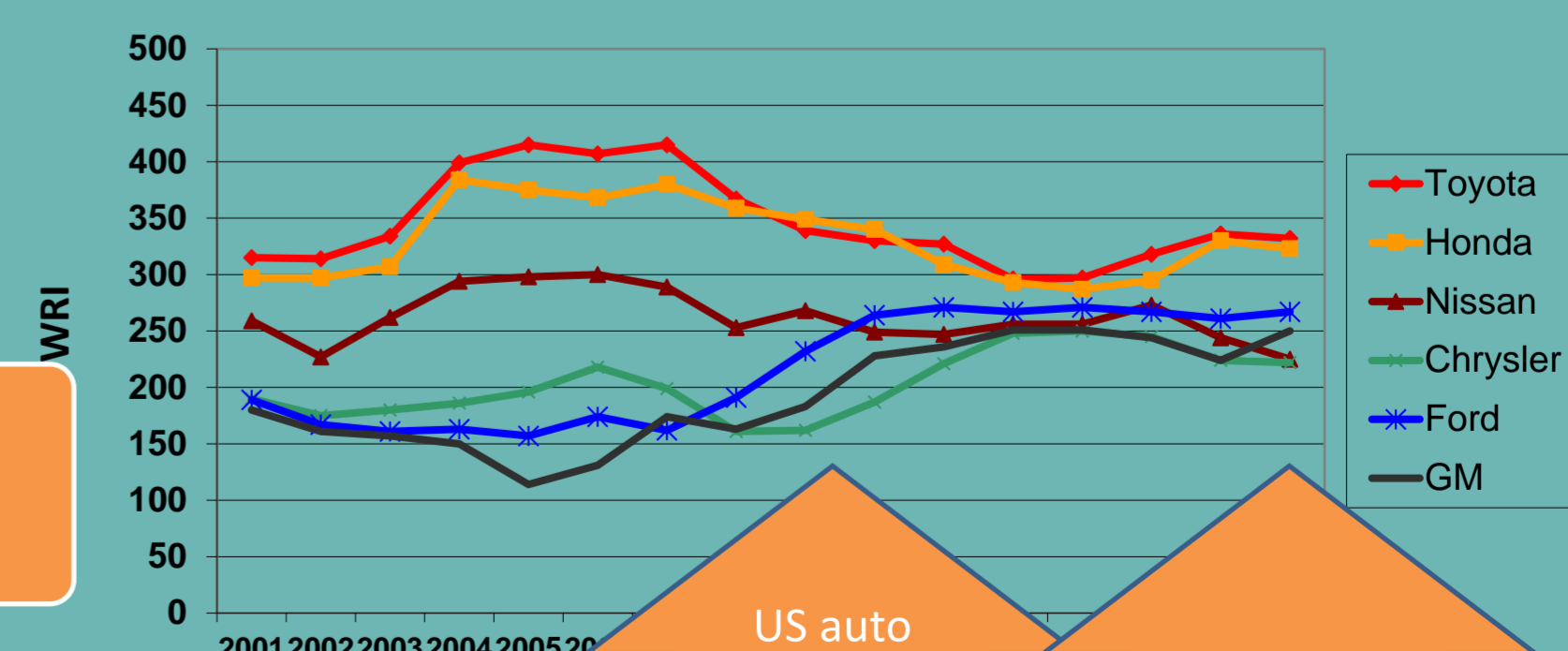
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25 years of consulting (Booz, McKinsey) and Corporate (PepsiCo, Scott, GSK) experience

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North American Automotive Supplier Relations



US auto market Intent to change BM

But it does not hold