

## **A case study about the business model innovation: from traditional to sustainable**

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### **Resumo**

Considering the companies' potential impact on sustainability, they must innovate their business model (BM). To do so, they must shift from a traditional BM to a sustainable one. Under a widespread debate on this theme, managers lack knowledge on how to initiate and/or develop this process; at the same time, scholars underscore the ongoing necessity for further advancements in the field. Therefore, this research aims to analyse how a company innovates its business model for sustainability. We examine a Brazilian manufacturing company that has been in this process for years as a case study. We conducted a single case study, based on interviews with the company's senior leadership and document analysis as data collection. Such data were coded (Corbin and Strauss, 2007) using the Atlas ti 8 qualitative analysis software. The analysis of the history of BM innovation used a procedural perspective (Langley et al., 2013), using temporal bracketing to separate the process into phases (Langley, 1999). The case selected for this study is a remarkable example of a business model innovation toward sustainability in Latin America. This paper follows single case studies in the Global North (Aspara et al., 2013) but differentiates itself by examining an emerging country context. The case of Mercur represents extreme sustainability strategies, sometimes controversial, guiding the company through radical changes. Mercur is a private Brazilian company known for its operations in the health and education market. The company is family-owned and was founded in 1924. Its product portfolio is very diverse, including, for example, school erasers and liquid concealers, water bags to ease pain, and gloves to aid in physical exercises. Data was collected through 11 interviews with ten managers. A follow-up interview with one participant focused on explaining a tool created by the organization rather than following the script. Considering that the phenomenon under study is the Business model innovation for sustainability (BMIS) process, we sought to interview managers who participated in the main changes towards sustainability over time. Therefore, nine of ten interviewees have over 14 years of experience at the company. We identified and illustrated the change process's determinants finding that motivations to start, determinants for change, and company benefits differ from what literature commonly emphasises. This article results from work still in progress, but some contributions can be highlighted. Unlike what has been highlighted in other studies, the change in the BM in the case studied was not initiated by external forces (e.g. legal aspects or pressure from customers) but rather by the proactivity of the main leader. The company was also not going through any financial or image crisis. The leader's conviction was fundamental to starting the entire process and convincing the other leaders. Another point that stands out is the company's effort to develop employees' critical thinking. The interconnections among the value proposition, creation, and delivery are identified in several components of the BM under the umbrella of critical thinking. These interconnections signify continuous change as they iterate over time. Value capture, however, remains an unachieved goal in sustainability issues. The company shifted its focus from immediate

financial returns during the changes, instead relying on long-term benefits. For future research, it is crucial to replicate the study in other companies. This will enable identifying patterns in the process and its determinants. Analyses must consider company characteristics, such as ownership and sector of activity. Theoretical perspectives can enrich the analysis of the process. For example, stakeholder theory can help understand which actors should be prioritized at each stage of the process. On the other hand, theories such as dynamic capabilities can help understand the necessary capabilities for sustainable innovation.

### **Palavras Chave**

Business model innovation, Sustainable Business Model, Case study

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