

A Multidimensional Framework for Business Model Innovation and Consulting-Led Transformation in Small and Medium-Sized Enterprises

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Abstract

Small and medium-sized enterprises (SMEs) remain the backbone of most national economies, yet they face disproportionate pressures arising from technological disruption, sustainability imperatives, international competition, and structural fragility. Within this context, business model innovation and professional consulting have emerged as two interdependent mechanisms through which SMEs seek resilience, growth, and strategic renewal. While existing research has extensively examined business model innovation as a source of competitive advantage and organizational performance, far less attention has been paid to the way in which structured consulting frameworks mediate, accelerate, and stabilize these transformations. This article develops an integrated theoretical and methodological model that synthesizes contemporary business model innovation literature with a complex consulting architecture tailored specifically to SME environments. Central to this synthesis is the conceptualization of consulting not merely as advisory intervention, but as a systemic governance and learning mechanism that aligns strategic intent, operational capability, and sustainability orientation over time.

The study is grounded in an extensive interpretive analysis of existing theory and empirical patterns across innovation, sustainability, servitization, and strategic agility, with particular emphasis on the complex model of business consulting articulated by Kovalchuk (2025). That model provides a multi-layered architecture for diagnosing, designing, implementing, and stabilizing business transformations in SMEs. By embedding this consulting framework into the dominant theories of business model innovation, the article demonstrates how value creation, value capture, and stakeholder alignment can be orchestrated through professionalized advisory processes rather than left to ad hoc entrepreneurial improvisation. The research contributes a unified conceptual lens through which SME leaders, consultants, and scholars can understand business model renewal as a continuous, learning-driven, and stakeholder-oriented process.

Methodologically, the article employs a qualitative meta-synthesis approach, combining systematic conceptual comparison with interpretive theory building. Rather than testing hypotheses, the research develops a comprehensive analytical framework that integrates business model design, strategic agility, sustainability, and consulting governance into a single explanatory system. The results reveal that SMEs that align consulting processes with business model innovation are more likely to achieve coherence between strategy, operations, digitalization, and sustainability outcomes. The discussion extends these findings by situating them within broader debates on entrepreneurial theory, dynamic capabilities, circular economy, and outcome-based value creation. The article concludes by outlining implications for SME policy, consulting practice, and future academic research.

Keywords: Business model innovation, SME consulting, strategic agility, sustainability, value creation,

organizational transformation

Introduction

Small and medium-sized enterprises occupy a paradoxical position in contemporary economies. On one hand, they are widely recognized as engines of employment, innovation, and regional development. On the other hand, they are structurally vulnerable to market volatility, technological disruption, regulatory change, and resource scarcity. This paradox has become particularly acute in the current era of digitalization, sustainability transitions, and globalized competition, where traditional modes of operating are increasingly inadequate for long-term survival. As a result, SMEs are compelled not only to improve their products and processes, but to fundamentally rethink the business models through which they create and capture value (Amit and Zott, 2012; Teece, 2010).

The concept of the business model has evolved from a relatively vague descriptor of firm activities into a central analytical construct in strategic management and innovation studies. Early work emphasized the architecture of value creation and delivery in electronic business contexts (Amit and Zott, 2001), but subsequent research expanded the concept to encompass strategic positioning, organizational design, and inter-firm networks (Zott et al., 2011; Chesbrough, 2007). Within this expanding literature, business model innovation has been identified as a distinct form of innovation that can generate competitive advantage even in the absence of technological breakthroughs (Foss and Saebi, 2017; Clauss, 2016). For SMEs, in particular, business model innovation offers a pathway to compensate for limited scale and resources by reconfiguring how they engage customers, partners, and technologies (Muller et al., 2018; Zhang et al., 2017).

Despite this theoretical richness, a persistent gap remains between abstract business model concepts and the practical realities of SME transformation. Most SMEs lack the internal analytical capabilities, strategic foresight, and organizational slack required to systematically design and implement new business models. Entrepreneurial intuition, while valuable, is often insufficient for navigating the complexity of multi-dimensional change involving digitalization, sustainability, servitization, and internationalization (Hagsten and Kotnik, 2017; Lyver and Lu, 2018). It is

within this gap that professional business consulting becomes critically important.

Traditionally, consulting has been viewed as an external service that provides expertise, benchmarking, and problem-solving assistance. However, such a narrow view underestimates the potential of consulting to function as a systemic mechanism for organizational learning, strategic alignment, and innovation governance. Kovalchuk (2025) advances this broader understanding by proposing a complex model of business consulting specifically tailored to the needs of SMEs. In this model, consulting is not episodic or reactive, but rather a continuous, multi-layered process that integrates diagnosis, strategy, implementation, and evaluation into a coherent transformation architecture. This perspective aligns with contemporary theories of dynamic capabilities, which emphasize the importance of sensing, seizing, and reconfiguring resources in response to environmental change (Teece, 2010).

The relevance of such a complex consulting model becomes particularly evident when considered alongside the growing demands for sustainability and circularity in business models. Research on circular economy and sustainable business models has demonstrated that value creation must increasingly incorporate environmental and social dimensions, not merely financial returns (Ludeke-Freund et al., 2019; Geissdoerfer et al., 2020). For SMEs, integrating sustainability into their business models is both an opportunity and a challenge. It offers access to new markets, customers, and funding sources, but it also requires sophisticated assessment tools, stakeholder engagement, and life cycle thinking (Chang et al., 2017; Verma et al., 2022). Without structured guidance, many SMEs struggle to operationalize sustainability principles beyond superficial marketing claims.

The literature further suggests that the success of business model innovation is contingent on strategic agility, defined as the ability of firms to rapidly sense and respond to changing conditions through flexible structures and decision-making processes (Doz and Kosonen, 2010; Arbussa et al., 2017). Strategic agility is not an innate trait but a capability that must be cultivated through leadership, organizational design, and information systems. In SMEs, where managerial

roles are often concentrated in a small group of individuals, the cultivation of agility is particularly sensitive to cognitive biases, risk perceptions, and path dependencies (Zhang and Wei, 2021). Consulting interventions, when designed as learning-oriented processes rather than directive prescriptions, can play a crucial role in expanding managerial cognition and enabling more adaptive strategic behavior (Kovalchuk, 2025).

Against this backdrop, the present study seeks to integrate the theoretical insights of business model innovation with the practical architecture of consulting-led transformation. The central argument is that SMEs require not only innovative business models but also innovative modes of governing and implementing those models. By embedding business model design within a complex consulting framework, SMEs can achieve greater coherence between strategy, operations, sustainability, and stakeholder expectations. This integration also addresses a major limitation of existing business model research, which often treats firms as self-contained units of analysis, ignoring the external advisory and institutional infrastructures that shape their decision-making processes (Foss and Saebi, 2017; Zott and Amit, 2008).

The research gap addressed by this article is therefore twofold. First, while business model innovation has been extensively theorized, it has rarely been linked systematically to consulting as an organizational capability rather than a transactional service. Second, while consulting research has focused on project management, knowledge transfer, and client relationships, it has largely neglected the role of consulting in enabling sustainable and circular business model transformation in SMEs. By bringing these two streams of literature together through the lens of Kovalchuk's (2025) complex consulting model, the study offers a novel, integrative framework for understanding SME transformation in a turbulent economic environment.

Methodology

The methodological foundation of this study is rooted in qualitative meta-synthesis and interpretive theory building. Given the complexity of the phenomena under investigation, namely business model innovation, consulting architectures, sustainability, and strategic agility in SMEs, a purely quantitative or empirical design

would risk fragmenting the analysis and obscuring the systemic relationships between concepts. Instead, the research adopts a comprehensive analytical approach that integrates multiple streams of literature into a coherent theoretical framework, consistent with established practices in management and innovation research (Zott et al., 2011; Foss and Saebi, 2017).

The first stage of the methodology involved a systematic identification and conceptual mapping of the key constructs present in the provided reference set. These constructs include value creation and capture (Amit and Zott, 2001; Sjodin et al., 2020), business model design and fit (Zott and Amit, 2008; Zott and Amit, 2007), strategic agility (Doz and Kosonen, 2010; Clauss et al., 2019), sustainability and circular economy (Ludeke-Freund et al., 2019; Geissdoerfer et al., 2020), and consulting-led transformation (Kovalchuk, 2025). Each of these constructs was analyzed in terms of its theoretical assumptions, mechanisms, and implications for SME behavior.

The second stage consisted of an interpretive comparison of these constructs to identify complementarities, tensions, and gaps. For example, while business model innovation theory emphasizes experimentation and entrepreneurial initiative, consulting theory emphasizes structure, diagnosis, and process control. Rather than treating these perspectives as contradictory, the analysis sought to understand how they can be integrated into a dynamic system of guided experimentation, where SMEs explore new business models within a supportive and disciplined consulting framework (Kovalchuk, 2025; Chesbrough, 2007).

The third stage involved the development of a conceptual integration framework. This framework positions the complex consulting model as an overarching governance structure that coordinates business model innovation, sustainability initiatives, and strategic agility. The rationale for this positioning is derived from dynamic capability theory, which argues that firms require meta-level processes to orchestrate lower-level operational and strategic activities (Tece, 2010). In SMEs, where such meta-level processes are often underdeveloped, external consultants can provide the necessary scaffolding for learning and reconfiguration (Kovalchuk, 2025).

Throughout this methodological process, particular attention was paid to the contextual specificity of SMEs.

Unlike large corporations, SMEs operate with limited formalization, narrower managerial bandwidth, and stronger dependence on external networks. These characteristics influence both the feasibility and the effectiveness of business model innovation and consulting interventions (Muller et al., 2018; Hagsten and Kotnik, 2017). The methodological approach therefore avoids universalistic assumptions and instead emphasizes contingent relationships between firm size, resource endowments, and transformation pathways.

The limitations of this methodology must also be acknowledged. As a theory-driven meta-synthesis, the study does not provide direct empirical validation of the proposed framework. Instead, its contribution lies in generating a coherent and analytically robust model that can guide future empirical research and practical experimentation. This limitation is consistent with the role of conceptual research in advancing management theory, particularly in emerging and interdisciplinary fields such as sustainable business model innovation (Ludeke-Freund et al., 2019; Kovalchuk, 2025).

Results

The integrative analysis yields several important findings regarding the relationship between business model innovation and consulting-led transformation in SMEs. First, it becomes evident that business model innovation is not a singular event but a continuous process of alignment between value propositions, operational capabilities, and market conditions (Amit and Zott, 2012; Zott and Amit, 2007). SMEs that treat business model innovation as a one-time redesign are less likely to achieve sustained performance improvements than those that embed it within ongoing learning and adaptation processes (Arbussa et al., 2017; Clauss et al., 2019).

Second, the complex consulting model articulated by Kovalchuk (2025) provides a structural mechanism through which such continuous alignment can be achieved. By organizing consulting activities into interrelated phases of diagnosis, design, implementation, and evaluation, the model ensures that business model innovation is grounded in empirical analysis, stakeholder engagement, and feedback loops. This stands in contrast to ad hoc consulting practices, which often focus on isolated problems without addressing underlying systemic issues.

Third, the analysis reveals a strong interdependence between sustainability-oriented business models and consulting governance. Sustainable and circular business models require sophisticated assessment of life cycle impacts, stakeholder trade-offs, and regulatory constraints (Chang et al., 2017; Verma et al., 2022). SMEs rarely possess the internal expertise to conduct such assessments on their own, making consulting support a critical enabler of credible sustainability integration (Geissdoerfer et al., 2020; Ludeke-Freund et al., 2019). The Kovalchuk (2025) model, with its emphasis on methodological rigor and stakeholder coordination, aligns closely with these requirements.

Fourth, the results indicate that strategic agility is both a driver and an outcome of consulting-led business model innovation. Consulting interventions that are designed as collaborative learning processes can enhance managerial cognition, reduce uncertainty, and enable more flexible decision-making (Doz and Kosonen, 2010; Zhang and Wei, 2021). In turn, increased agility allows SMEs to experiment with and refine new business models more effectively, creating a virtuous cycle of adaptation and performance improvement (Clauss et al., 2019; Zott and Amit, 2008).

Finally, the integration of consulting and business model innovation has significant implications for value creation and capture. Outcome-based and servitized business models, which align revenue generation with customer outcomes and long-term relationships, require high levels of coordination and performance measurement (Sjödin et al., 2020; Rudnick et al., 2020). Consulting frameworks that provide analytical tools and governance structures can facilitate this alignment, enabling SMEs to move beyond transactional exchanges toward more sustainable value configurations (Kovalchuk, 2025; Hinterhuber, 2008).

Discussion

The findings of this study contribute to several ongoing debates in the literature on business model innovation, SME strategy, and consulting. One of the most prominent debates concerns the relative importance of entrepreneurial agency versus organizational structure in driving innovation. Traditional entrepreneurship theory emphasizes the role of visionary individuals in identifying and exploiting opportunities, while organizational theory highlights the constraints and enablers embedded in routines, processes, and

institutional contexts (Zott et al., 2011; Foss and Saebi, 2017). The integrated framework developed here suggests that these perspectives are not mutually exclusive. Instead, entrepreneurial initiative in SMEs can be amplified and stabilized through consulting structures that provide analytical discipline, stakeholder alignment, and learning mechanisms (Kovalchuk, 2025).

Another important debate relates to the sustainability of business model innovation. While many studies document short-term performance gains from innovative business models, fewer examine their long-term viability, particularly in relation to environmental and social impacts (Ludeke-Freund et al., 2019; Sinansari et al., 2022). By embedding sustainability assessment and stakeholder engagement into the consulting process, SMEs can design business models that are not only economically viable but also socially legitimate and environmentally responsible (Geissdoerfer et al., 2020; Chang et al., 2017). This integrated approach addresses critiques that business model innovation often prioritizes profit at the expense of broader societal value.

The role of digitalization and artificial intelligence further complicates the landscape of SME transformation. AI-enabled business model innovation has the potential to dramatically increase efficiency, personalization, and ecosystem integration (Burstrom et al., 2021). However, the complexity of such technologies also increases the risk of misalignment between strategy, operations, and customer needs. Consulting frameworks that incorporate digital diagnostics and capability development can help SMEs navigate these risks and leverage technology in a more strategic manner (Muller et al., 2018; Kovalchuk, 2025).

From a critical perspective, it must be acknowledged that consulting is not a panacea. Poorly designed or misaligned consulting interventions can create dependency, reduce internal learning, and impose generic solutions that do not fit the specific context of the SME (Arbussa et al., 2017; Zott and Amit, 2008). The complex model proposed by Kovalchuk (2025) mitigates these risks by emphasizing co-creation, transparency, and iterative evaluation, but its effectiveness ultimately depends on the quality of consultant-client relationships and the commitment of SME leaders to genuine transformation.

The theoretical implications of this study are significant.

By positioning consulting as a dynamic capability that enables business model innovation, the research extends existing frameworks of strategic management and innovation. It suggests that future studies should treat external advisory relationships not as peripheral factors but as integral components of organizational systems, particularly in resource-constrained environments such as SMEs (Foss and Saebi, 2017; Teece, 2010). Empirical research can build on this framework by examining how different consulting architectures influence the trajectory and outcomes of business model innovation across industries and regions.

Conclusion

This article has developed a comprehensive, integrative framework for understanding business model innovation and consulting-led transformation in small and medium-sized enterprises. Drawing on a wide range of theoretical perspectives and anchored in the complex consulting model proposed by Kovalchuk (2025), the study demonstrates that sustainable and agile business models require not only creative design but also structured governance, stakeholder alignment, and continuous learning. By embedding business model innovation within a professional consulting architecture, SMEs can enhance their capacity to navigate uncertainty, integrate sustainability, and create durable value for customers and society. The framework offers a foundation for future research, policy development, and practical experimentation in the ongoing effort to strengthen the resilience and competitiveness of SMEs.

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