

## **Responding to Harsh Environment with Strategy Renewal. The Role of External Support**

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*Abstract.* In the last decades, the city of Venice has emerged as the epitome of over-tourism and the undesired consequences of extremely high global tourist demand: rising housing costs, depopulation, and displacement of local stores and activities. Then, on November 12, 2019, Venice suffered one of the worst floodings of her history. The tide rose to 187cm, submerging most parts of the city and damaging many businesses, houses, and ancient monuments. Finally, the pandemic of COVID-19 suddenly emptied the city, disrupting the few remaining successful businesses (i.e., those directly and indirectly tied to tourism).

In this paper, we discuss the impact of a privately financed project aimed at contrasting the consequences of the unfavourable external environment faced by Venetian manufacturing SMEs, promoting local artisanal productions, and preserving cultural heritage. Participating SMEs were offered several supporting initiatives, such as education, consulting, and the possibility to sell some of their products on an e-commerce platform.

The project offered a unique opportunity to observe the changes induced by the exposition to external stimuli on strategic renewal and business model innovation. While the project was aimed at offering an immediate outlet for SME products, the participation had a few “side effects”, such as the exposure to new international customers and the need to rethink the firms’ communication with potential customers. We investigate the impact of such indirect effects on the configuration of the strategy through a survey and a multiple case study. What emerges is that participation in the project activities is positively associated with strategy renewal and performance.

*Keywords:* strategic renewal, business model innovation, SMEs, external support

### **1 Introduction**

Micro-enterprises contribute worldwide to economic stability and growth, creating new jobs, social cohesion, and development through their positive role in states’ GDP growth and as “economic shock absorbers” (Hyder and Lussier, 2016). At the same time, the worsening of the recessionary dynamics that have occurred in the global economy over the past two decades has disruptively accentuated the decline in competitiveness and innovation propensity of micro and small enterprises, of which the literature does not detect significant adaptations to the changing environment, such as business model innovation, changed orientation or the adoption of a whole new strategic plan (Basu and Wadhwa, 2013; Cesaroni and Sentuti, 2016; Cosenz and Bivona, 2021).

The literature has recognised the importance of strategic renewal related to business model innovation as essential for lasting business prosperity in a dynamic and changing environment (Agarwal and Helfat,

2009; Schmitt et al., 2016). There is currently a debate among academics about which drivers, internal and external to the generality of businesses, can foster and influence business model innovation processes (Saebi et al., 2017).

Among the possible drivers, assuming that the internal organisational processes and market interactions of micro-enterprises depend on the decisions of an owner-entrepreneur, who uses personal skills to add value to the company's business activity, an external intervention that can positively impact the entrepreneur's decisions to innovate the business model is potentially crucial (Conti and Pencarelli, 2016; De Michelis and Fuggetta, 2020). However, empirical evidence on the efficacy of external support interventions, in terms of improved performance and innovation capacity, is not unique, suggesting that interventions need to be configured according to the specific problems and needs of firms rather than introduced in a standardised form, to develop positive effects (Curran and Blackburn, 2000; Mole et al., 2009, Rakicevic et al., 2016). According to Samujh (2011), the best way to support small businesses in strengthening their entrepreneurial capabilities appears to be a problematic issue, pointing out that it needs to be investigated, especially regarding micro-enterprises, for which the literature is still limited. The above arguments and the highlighted gap in the literature motivate the objective of this article, namely, to contribute to evaluating the effectiveness of external interventions to support strategic renewal actions in micro-enterprises, in terms of business model innovation, mainly through digitalisation processes.

The research question can be formulated this way: are external support interventions effective in fostering micro-enterprises' business model innovation processes?

The research setting is provided by a project to promote traditional Venetian craftsmanship funded by J.P. Morgan and implemented by the trade association CNA Metropolitana di Venezia as the follow-up to a previous initiative funded by the local Chamber of Commerce. The purpose of the project, called Venice Original and analysed here as a case study, is to provide external support to safeguard and protect artisan micro-enterprises. Although carriers of craftsmanship excellence and significant intangible cultural capital endowment, micro-enterprises need to adapt effectively to the competitive environment-changing conditions regarding globalisation and digitalisation. The project is characterised not by the allocation of subsidies but by using available resources to provide real services to artisan micro-enterprises to support competitiveness. The funding entity, private in this case, decides not to work directly in favour of the target enterprises but to entrust the management of the available resources to an intermediary entity, the trade association. Presenting the modes of intervention envisaged by the project, the case study focuses on the effects triggered and, thus, on the results achieved.

Finally, the paper contributes to the literature strand on the determinants of strategic renewal, as business model innovation, in micro-enterprises, identifying the role of trade associations as a potential factor, on which previous studies do not seem to have concentrated (Foss and Saebi, 2017).

The paper is structured as follows. Section 2 offers a review of the literature on strategic renewal in terms of business model innovation, while Section 3 describes the research methodology employed, with a brief excursus on the Venice Original project (3.1). Section 4 illustrates the research findings then discussed in Section 5. Finally, section 6 includes the conclusions of the paper.

## **2 Literature review**

The changing competitive environment requires a corresponding adjustment of the strategic framework. Although there is no universally accepted definition of "strategic renewal" in the literature, it refers to the set of corporate transformation efforts targeting the attributes of an organisation that potentially affect the company's long-term prospects (Agarwal and Helfat, 2009; Klammer et al., 2017). As pointed out by Palumbo and Manna (2019), strategic renewal involves an ongoing process aimed - ultimately - at reconfiguring the relevant strategic, organisational, and managerial attributes to improve the ability of the organisation to interact with the external context.

Reconfiguration, in this sense, can be directed in several directions (Schmitt et al., 2018): renewal of the business formula as a whole; innovation of the business model (Chesbrough, 2010; Zott et al., 2011);

and innovation of basic competitive strategies. This paper views strategic renewal in terms of business model innovation, drawing upon Schmitt et al. (2016, p. 362), who explain that “strategic renewal's content dimension refers to a strategic transformation process, which changes the firm's current business model”. Moreover, this view appears consistent with the idea that the business model can be considered a direct consequence of strategy (Heikkilä et al., 2018).

Business model innovation relates to the change introduced in one or more constituent elements (building blocks) or their interactions. Specifically, Taran et al. (2015) state that a change in a business model's single building block would constitute a simple innovation, while simultaneous changes in all building blocks would constitute the most complex form of innovation. In this sense, innovation in the business model may invest in the product or service offering, the value chain structure, the partnership network, the approach through which the firm deals with competitors and its customers, experimenting with new ways to meet their needs by interpreting explicit and implicit needs, the revenue model, and the cost structure (Markides, 1997; Taran et al., 2015). For SMEs the current competitive environment requires stronger market orientation as a condition for a more conscious definition of target groups to be addressed (Ferrero and Fortezza, 2007). In addition, renewal can invest the endowment of organisational skills and capabilities present in the company and their orientation, knowledge management first, to make the most of the skills possessed and try to take hold of those necessary for change but found outside the company (De Toma and Montanari, 2013; Bagnoli and Vedovato, 2010). A relevant strand of studies on business model innovation deals with the drivers of innovation: the set of internal and external factors capable of inducing or influencing it. External factors include the demands and expectations of stakeholders and the ability to build constructive relationships with them, changes in the competitive environment, and the opportunities offered by new information and communication technologies; internal factors include the inclination to organisational learning, the entrepreneurial orientation on the part of the firm's directors, and the dynamic capabilities of firms to enhance, combine, protect, and when necessary, reconfigure their internal and external, tangible and intangible resources (Foss and Saebi, 2017; Schmitt et al., 2018). In this regard, several authors argue that introducing digital technologies can contribute to business model innovation even in smaller firms (Bouwman et al., 2019; Rachinger et al., 2018; Vaska et al., 2021). As Temperini and Pascucci (2017, p. 10) explain, appropriate use of digital technologies can contribute both to innovating the firm's value proposition (e.g., in terms of product customisation) and innovating the processes that, upstream and downstream in the value chain, support the realisation and market placement of that proposition. For example, the use of social networks for marketing communication or e-commerce platforms to sell products.

In addition, the literature also recognises the role of external, public or trade association initiatives in the provision of real or financial services as a factor in promoting, supporting, and accelerating the processes of technological and organisational change in small businesses, so that they can innovate the business model and develop their strategy (Conti and Pencarelli, 2016; De Michelis and Fuggetta, 2020; Musso, 2018). Moreover, Muller and Doloreux (2009) suggest that services intended to create and disseminate knowledge may facilitate innovative changes in firms.

### **3 Research methodology**

The present study uses the case study method (Yin, 2014) for both exploratory and evaluative purposes. While the exploratory purpose allows drawing valuable insights into phenomena little investigated in the literature, case studies conducted for evaluative purposes aim to appreciate the impact that choices or programs manifest on their assigned purpose (Chiucchi, 2012).

The analysed case, called “Venice Original”, is contextualised in Venice and documents an intervention to innovate the business models of traditional artisan micro-enterprises through digitalisation processes. Venice was chosen because it has a long tradition of craftsmanship, which is still present in the relevant presence of artisan workshops, mainly operating in the cultural and creative sector, but with clear signs of competitive decline. As highlighted by Confartigianato Imprese Venezia (2019), artisan businesses

in the City of Venice are 24% of total firms but declining over time. Between 2011 and 2018, 352 craft businesses were lost, a reduction of 6.5%.

The peculiar trend highlighted in Venice is emphasised in the historic centre, where the dynamics triggered by mass tourism have led to such phenomena as rising rents for stores and stores, a decrease in the number of resident citizens, and counterfeiting. There are currently 1,087 artisan businesses in Venice's historic centre. In the past 25 years, it has lost more than a third of its craftsmanship, and in the past 40 years, 51%.

Through a series of support actions activated by public and private funding at the initiative of the National Confederation of Craftsmen (CNA) Metropolitan Venice, the Venice Original project aims to increase businesses competitiveness and their alignment with the external context by encouraging the transition of their activities to digital platforms as a form of business model innovation. Since 2020, the project has allowed the implementation of an initiative to digitalise artisan micro-enterprises by creating a shared e-commerce platform.

### ***3.1 The Venice Original project***

The Venice Original project was developed to support Venetian craftsmanship, hit hard first by the high tide emergency in November 2019 and then by the pandemic. Further, the project intends to safeguard Venice's intangible cultural heritage, preserved especially by master artisans in the artistic and traditional sectors facing a dramatic economic situation.

The initiative, financed by J.P. Morgan, was developed based on the work done from 2015 to 2019 by the Venice CNA and Ecipa Nord Est, which, with funds from the Chamber of Commerce of Venice and Rovigo, produced itineraries for sustainable tourism that placed Venetian craftsmanship at the centre, giving rise to the project. Venice Original was born in June 2020 as the official online platform for Venice's artistic and traditional crafts. The platform is an e-commerce site that narrates and promotes Venetian artisans, creating for each micro-enterprise a portal with dedicated photographic and textual documentation as a joint showcase to enhance products and companies' image and present the productive and creative Venice. Further, each artisan benefited from free complementary services from professionals supporting the digital transition to build a digital identity and initiate business storytelling actions in a coordinated way.

Venice Original involves 107 micro-enterprises in the artistic and traditional craft sector (accounting for 31% of the sector and 10% of artisans in the historic centre of Venice), selected according to the guidelines defined by the project's scientific committee.

The main project activities are:

- the realisation and activation of the online sales platform, with the description of artisans and their products;
- the creation of tourist itineraries to promote the main productive activities of the area through the enhancement of Venetian know-how;
- to provide training and assistance on innovation and digitalisation of micro-enterprise business models.

The project goal focuses on promoting the strategic renewal of the micro-enterprises involved, in terms of the evolution of the internal structure, fostering the acquisition of managerial skills to be added to artistic and artisanal ones, as well as environmental repositioning, and opening new markets for the companies, from local and workshop-centred to global and web-based.

Besides an immediate purpose regarding marketing and sales, the project activities have played a role in leading participating firms towards the project goal. In addition to providing immediate sales opportunities, the initiatives undertaken have had the merit of exposing firms to a new context and way of interacting with the market and potential customers. The achievement of strategic renewal is expected as more likely by concrete experimentation with a new way of doing things. Indeed, as some authors have observed, the richness of prior experience and diversity of background are among the elements that positively affect the ability to renew oneself and become resilient (Herbane, 2019). Exposing micro-enterprises to new contexts and markets helps mitigate one of the most significant weaknesses of small

size and sectoral positioning, which is the limitation of meaningful relationships activated to acquire new knowledge and develop entrepreneurial orientation.

### 3.2 Data collection

The case study, as mentioned above, aims to highlight how the activities coordinated by the trade association can contribute to supporting artisan micro-enterprises' business model innovation and strategic renewal through digitalisation processes.

To estimate the effectiveness of the actions taken in fostering business model innovation processes through digitalisation, the case analysis, which follows the methodological approach proposed by Sena (2016), is based on the collection of a set of quantitative and qualitative data on the impact of the project. As Creswell (2014, p. 4) notes, "the combination of qualitative and quantitative approaches provides a more complete understanding of a research problem than either approach alone".

The quantitative data were collected through a questionnaire submitted two times: in July 2020, when the project started (ex-ante survey), and again in March 2021, after the project's initial effects began to manifest (ex-post survey).

Specifically, the questionnaire covered two main topics: the firms' (a) degree of digitalisation and (b) (self-)assessment of business model innovation performance over the past 12 months. The degree of digitalisation was investigated by examining the investments made in technology in the previous three years, the firms' presence and positioning on Google and the leading social networks, the availability of visual materials for company storytelling (photos, videos, textual presentations, and other), the existence of a firm website for e-commerce and communication of promotional initiatives, in addition to the self-assessment of IT skills and the effectiveness of promotional activities. Business model innovation performances were investigated based on respondents' assessment of their ability to:

- introduce innovations and improvements;
- adopt significant changes in business strategy;
- extend the offering range;
- identify new business opportunities;
- acquire new customers in traditional markets;
- use new distribution channels;
- change target customers;
- introduce new managerial methods;
- improve current products;
- develop new products and services.

66 micro-enterprises completed the questionnaire.

The qualitative data were collected through semi-structured interviews with six entrepreneurs chosen among the questionnaire respondents and operating in different sectors representative of traditional Venetian craftsmanship (Table 1).

Table 1: The interviewees

Role	No. of employees	Industry
Artisan entrepreneur	7	Minor shipbuilding
Artisan entrepreneur	Individual enterprise	Glass processing
Artisan entrepreneur	2	Metalworking
Artisan entrepreneur	2	Woodworking
Artisan entrepreneur	1	Mask production
Artisan entrepreneur	Individual enterprise	Fashion/clothing

The interviews were conducted in September 2021. Each lasted about an hour and focused on artisans' expectations about the project, problems that emerged, and perceptions of the business situation before



and after the project started. Further, the interviewed entrepreneurs were encouraged to discuss the changes to the organisational activities the project has driven.

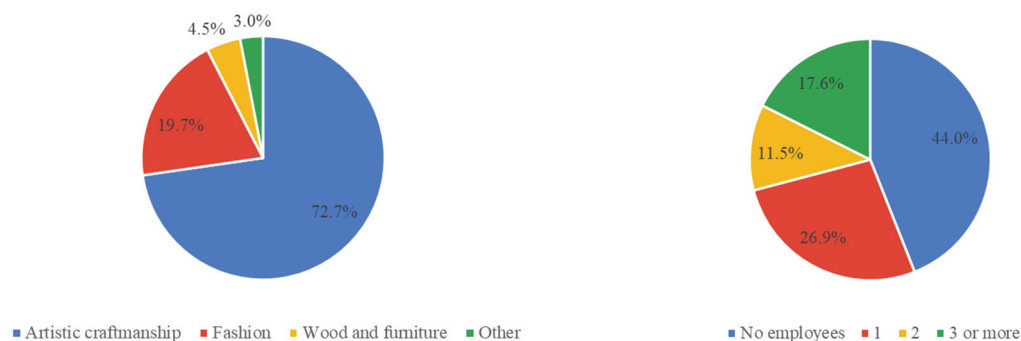
## 4 Results

### 4.1 Survey results

As mentioned in the previous section, 66 micro-enterprises completed the questionnaire at two different moments (ex-ante survey and ex-post survey). The ex-post survey respondents were the same as the ex-ante.

Figure 1 displays the distribution of the surveyed micro-enterprises by sector and number of employees.

Figure 1: Surveyed micro-enterprises distribution by sector and number of employees



76.9% of the surveyed firms are sole proprietorships, 20% are partnerships, 3.1% are corporations. The average age of the entrepreneurs surveyed is 51 years. 20% of the entrepreneurs have a bachelor's degree, 56.9% a high school diploma, 29.2% a middle school degree or less.

The data analysis of the ex-ante questionnaire responses indicates an initial situation of overall weakness of the responding firms, not only concerning the organisational and economic-financial performance, typical of the micro-enterprise, but also regarding the adoption of strategic behaviours adequate to cope with the digital transition and the awareness of the need to govern the new tools offered by the web entirely. For example, for all the survey businesses, at least 90% of sales were made directly through their store. However, the project has been a change driver for the participating firms.

Table 2 summarises the survey results and shows the main firm variables on which the project generated significant changes.

As a general outcome of the project, not limited to the surveyed firms, Google Analytics reports of Venice Original e-commerce, a bit more than six months after going online, show considerable web visitors for each artisan: nearly 120,000 unique page views, over 48,000 total active visitors with an average of 1.14 minutes spent on the page, a significant audience in 13 different countries. As of October 21, 2021, 42 artisans were involved in sales (39% of the overall artisans participating in the project), earned 18,406 euros in direct revenue, and sold 197 products in 13 different Countries.

In addition to direct sales, multiple orders have been made directly by contacting the artisan displayed on the e-commerce portal or through an event held by Venice Original (such as fashion shows, boat shows, etc.). In this sense, it is possible to estimate, based on the artisans' feedback, that the sales volume realised indirectly equals more than double the amount realised directly from the platform (more than 40,000 euros).

Table 2: The project's effects on some firm variables

Variable	Ex-ante survey	Ex-post survey
Sales and marketing	69.4% of firms export directly. Average sales from online products are 3% of revenues, with a maximum of 8.3%. More than 50% of the companies rely mainly on word of mouth to attract customers; 81% recognise the growing importance of the Internet and social networks.	87% of firms export directly. Average sales from online products are 6% of revenues, with a maximum of 13%. 30% of the companies rely mainly on word of mouth to attract customers; 100% recognise the importance of the Internet and social networks.
Presence and position of the firms on Google	32% of firms were googlable. 55% were only googlable by typing in their business name but not their main target keywords (industry, products, etc.).	100% of firms are googlable both by typing in their business name and their main target keywords.
Presence on major social networks and effectiveness of promotional action	30% of firms were continuously and professionally using at least one social media profile. 85% use a Facebook page; 11.7% a Twitter account; 10% an Instagram profile; 10% a LinkedIn account.	52% of firms use their social media continuously and professionally. 92% use a Facebook page; 14% a Twitter account; 38% an Instagram profile; 15% a LinkedIn account. 100% enjoy the promotional activity carried out by the project in social media.
Presence of a firm website	76.7% of firms had at least one showcase site.	88% of firms now have their own showcase site and 100% can use their web page within <a href="http://www.veniceoriginal.it">www.veniceoriginal.it</a>
Presence of a firm e-commerce website	25% of firms had their e-commerce site, although only 4% produced sales.	100% of firms have their e-commerce site within <a href="http://www.veniceoriginal.it">www.veniceoriginal.it</a> . 43% have produced sales.
Presence of visual materials for corporate storytelling (photos, videos, textual presentations, etc.)	30% of firms had quality visual materials that could be used for company and product promotion.	100% of firms have quality visual materials that can be used for company and product promotion.
Firm's IT skills	9.7% of firms assess their IT skills as very poor, 32.3% fair; 24.2% good, 1.6% high. 46.8% have invested in IT in the past three years.	5.1% of firms assess their IT skills as very poor, 34.9% fair, 51.2% good, 8.8% high. 62% have invested in IT in the past three years.
Realisation or participation in city events	15% of firms have participated in city events or initiatives in the past three years.	39% of firms are present in city events.

#### **4.2 Interview results**

The six interviews highlighted further significant aspects of the project's effectiveness. The actions undertaken (mainly the relational and training moments) generated additional awareness and new willingness on the part of the entrepreneurs to learn and acquire new managerial skills, helpful in repositioning the company in the changed market scenario and inducing new operational attitudes, search for new markets and collaborations.

For example, an artisan operating in the glass sector said: "At the beginning, I thought the project was another waste of time that would produce nothing. Then, when I realised the increased visibility gained from the promotional activity and received the first direct phone calls due to the website and the first orders, I reconsidered and started to invest more in the web, with a new awareness of the direct and indirect benefits". In an interview with an artisan working in the mask industry, it emerged that "finally someone has realised the importance of telling the difference between our authentic products and counterfeit ones. I knew this but could not tell it correctly and with the right materials. This project and the training courses I attended made it possible for me. Thanks to the project's training courses, I could develop further how to use the web, and nowadays, I fully use social networks to promote the company". Again, an artisan in the fine metalworking sector claimed, "I did not think that the American market could be so accustomed to buying online and via smartphone even products with important prices. I have just started to invest more in this market and create an English section of my website, and I am already seeing the first results".

Besides the variables where the effects are directly measurable, the project activities involved more than 70% of the participating firms in the training program, helping to broaden the strategic awareness of the participating artisans regarding the importance of undertaking specific digital actions and investments. The training and coordination meetings carried out online and in-person (events and meetings) have also fostered connections between businesses that knew each other only marginally and are now beginning to build relationships and, in some cases, co-design products or initiatives. A young entrepreneur in the fashion industry underlined that "Thanks to the project, I have been able to have many contacts with producers with whom I can collaborate and compare myself. I have already had the opportunity to meet with another artisan to discuss possible new products and initiatives to be made together. We are hypothesising the creation of a line of products jointly made by our two brands". An entrepreneur in the nautical sector pointed out, "Before these moments of discussion and reflection developed by the project, I never thought about being able to find customers on the web. Perhaps, because I am over seventy years old and never needed to, I have always worked through word of mouth without any problems. Of course, today, I could think of exploiting the Internet to make myself more known to the rest of the world, also because the market is no longer what it was in the past decades, and one must adapt so that the business continues after me". A carpenter also pointed out the following change in focus: "Doing exclusively custom-made products, I never had any interest in working with the Internet, as I thought I certainly could not sell via e-commerce a product that is not bought with a click. Instead, I changed my mind! Venice Original has brought me more than a few custom frame orders, completed with prepayment for the product! Now, I find myself having many new potential customers without having the anxiety of collecting all the money at the end of the job!".

Overall, the interviews highlighted that thanks to the interventions developed on digital aspects, through an essential part of the services provided to firms via the project activities, the project has helped firms to question and subsequently redefine some of the business model building blocks (see discussion in next section).

Table 3 summarises the main aspects emerging from the interviews regarding artisan micro-enterprises business model innovation.



Table 3: Aspects emerging from the interviews related to micro-enterprise business model innovation

Firm sector	Before project activities	Innovations introduced with the project activities
Minor shipbuilding	No firm interest and action in developing a service offering aimed at the target audience given by potential customers on the web.	New awareness regarding the importance of adapting to changing market scenarios and customer acquisition using the web.
Glass processing	No confidence on external business support measures and the potential of the web.	First investment on the web and reception of feedback in terms of sales on the promotional investments made.
Precious metal processing	Poor knowledge of the selling potential through e-commerce and smartphones. Orientation to the customer who physically comes to the store.	Investment in web and e-commerce. Creation of an English website section. Opening to new target markets.
Woodworking	No interest in new sales channels coming from the Internet.	New awareness related to e-commerce. Expansion of sales channels.
Mask production	No use of social networks and digital communication.	Investment in additional training on how the web works. Development of integrated firm's communication using social networks for storytelling.
Fashion/clothing	Few contacts with potentially competing firms, uncooperative orientation.	Orientation to collaborations, development of a product line between different brands.

## 5 Discussion

Under the Venice Original project initiative, a group of micro-enterprises expressing traditional Venetian craftsmanship were supported by providing services and training.

The initiative has helped firms overcome the strategic and operating difficulties they might have encountered due to limited organisational and administrative capacity. In addition, it provided ways for money lenders to monitor the proper use of the delivered resources.

With the actions introduced, the project seems to have contributed to the renewal of the firms' business model, in terms of direct or indirect effects concerning different business model building blocks of the micro-enterprises involved. This conclusion, which is preliminary given the limited time frame of observation and, conversely, the long time required for the full deployment of the project effects, is broadly consistent with the effect of the initiatives implemented to renew competencies and adjust strategies and products to achieve a competitive advantage, as identified by, among others, Klammer et al. (2017).

Specifically, direct effects are concerned with the use of digital technologies and, more generally, marketing action. The results summarised in Table 2 document that the project induced a more significant presence of artisan micro-enterprises on Google and social networks, increased the number of businesses with a website, and positively affected the approach to enhancing the firm image and products.

These results, clearly expected, as they relate to the inherent project objectives, were, however, accompanied by indirect results in terms of business model innovation that were not obvious.

The strengthening of the firms' strategic awareness about the importance of incorporating digital tools and the web into their business model indicated to the entrepreneurs the possibility of introducing additional business model adaptations. These involved the building blocks related to customer orientation (expansion of target customers, distribution, and relationship channels) and the value proposal, but also the opportunity to create alliances to achieve through collaboration goals that small size and insular location seemed to preclude. The main results of semi-structured interviews, summarised in Table 3, highlight the initial effects of the project initiatives on the overall configuration of the firms' business model, where the changes implemented are consistent with the concept of complex innovation formulated by Taran et al. (2015).

Thus, the project has achieved a dual objective. On the one hand, it has led to the achievement of a minimum level of presence and use of digital tools, guaranteeing individual businesses and the entire sector of Venetian craftsmanship greater visibility on the web and greater authority obtained through the Venice Original brand and adherence to the highlighted guidelines. On the other hand, it has contributed to spreading awareness of adopting a business model with a proactive attitude towards the tools and dynamics of the web and the opportunities arising from e-commerce, enabling the change of strategic approach sought in the project design phase. This appears to be in line with the considerations of Ferrero and Fortezza (2007), who point out how marketing approaches and methodologies consistent with the organisational and managerial specificities of SMEs and effective in meeting consumer expectations can support more extensive managerial changes.

The project has, therefore, forced entrepreneurs to question their initial beliefs concerning their market positioning and environment, as well as the coherence between the resources made available to their companies and their new strategic goals. In addition, the project has induced among companies a greater awareness of the need for a renewal of strategic thinking, although focused on the dynamics related to the firm digitalisation, as the basis of entrepreneurial renewal and the strengthening of competitive capacity (Pencarelli et al., 2010; Sacerdote and Sicca, 2020).

A relevant impact was gained in assessing future business prospects due to the expansion of the potential market driven by e-commerce, especially regarding the foreign market. In this sense, the project actions activated and challenged entrepreneurs' beliefs about their companies' strengths and weaknesses, inducing an updated strategic approach.

## **6 Conclusions**

Considering what has been discussed, it is possible to conclude that the series of actions managed by the trade association CNA Metropolitana of Venezia, as part of the Venice Original project, have facilitated business model innovation of the Venetian artisan micro-enterprises involved. The project promoted digitalisation and customer orientation processes and the adoption of changes to different business model building blocks.

The contribution of this article is twofold. First, the evidence presented shows that an external supportive intervention, in this case, carried out by an intermediary entity such as the trade association, can foster the competitive evolution of micro-enterprises and push them toward innovation in their business models. Involvement in project initiatives has stimulated changes to established beliefs that are difficult to overcome, as they are shared with the organisation's internal and external environment (competitors, colleagues, and collaborators). Evolutionary processes in the entrepreneurs' awareness were then encouraged, and the possibility of expanding their operational horizon was demonstrated, thus constituting a necessary first step toward a strategic renewal process. The first results that it has been possible to report already clearly show signs of an overall adaptation of the configuration of the business models adopted through incremental changes in more building blocks, in the direction of customer orientation, the adoption of a more sophisticated business approach suitable to enhance better the attributes of the products offered, and the network of relationships. The companies benefiting from the intervention, or at least some among them, have triggered a path of incremental renewal, amplifying the tendency of the entrepreneurs involved to strategic thinking, improving the cooperative attitude and

production of social and relational capital, and through the introduction of new products and distribution channels.

Further, the changes generated have not compromised the firms' identity linked to artisan know-how but enhanced it and made it usable to a broader set of target audiences. Secondly, the project development and the analysis of project effects underline the role that an external actor, namely a trade association, can play in promoting strategic innovation and improving the entrepreneurial environment. The reported results would likely not have been obtained if the intermediary entity had not intervened, and its proximity, knowledge and authority could trigger the dynamics necessary for project initiation and management and ensure the homogeneous delivery of services. The case study suggests that the intervention mediated by the relevant trade association was more effective than it could have been if managed independently by individual firms in the market or directly by public and private lenders. This implies, in line with the results of previous studies (Rakicevic et al., 2016), that proper identification of the problems and needs of micro-enterprises, made possible in the specific case by the proximity and knowledge of the trade association, may allow for a better definition of the goals of the external support action, the resources and actions needed to achieve the goals, and an appropriate implementation of the actions themselves, including through concomitant and ex-post monitoring activities. Effective support action could also form the basis for planning subsequent actions in a logic of continuous improvement and efficient use of resources.

This article, of course, is not free of limitations. First, the evidence reported is partial and preliminary, confined to a relatively short time interval and, as far as the interviews conducted are concerned, limited to a few enterprises. Further evidence can be obtained through longitudinal observation and on a more significant number of firms to reconstruct the development trajectories toward business model innovation.

Second, the selection of the entrepreneurs involved in the project was not random. A pre-selection was mediated by direct knowledge from the trade association, effectively distorting the neutrality of the intervention, which in this case excluded micro-enterprises that were known to be less receptive and inclined to change. Entrepreneurs were asked to participate in the support initiative through an invitation email that generated a self-selection process, likely attracting entrepreneurs facing more change or uncertainty or those closest to the Venice Metropolitan CNA. Therefore, the effectiveness of the interventions may be overestimated.

Even with these limitations, this study's contribution may be of interest since it considers the issue of the competitive recovery of SMEs in traditional sectors, which is urgent for our economy. SMEs have significantly contributed to Italy's well-being but are in danger of succumbing to environmental dynamics against which they are unable to react alone.

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