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Find Your David, Saul.

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In the valley of Elah, a giant walked down to the valley floor. The man was Goliath—the Philistines' mightest warrior, outfitted in dazzling bronze armor, a gigantic sword in his hand, and a sharp point javelin tied on his back. Saul—the king of the Israelites, was resting his forehead on his two hands because of fear and his lack of confidence the Israelites would win the battle. The king eventually called on David—the shepherd boy, not a warrior—to go down and face the Giant. The shepherd boy became the Israelites' hero, but the innovator behind the victory was King Saul.

Entrepreneurs, who are you in this story?

David was just Saul's innovative solution, but an entrepreneur who made the decision from challenges was King Saul who is often not recognized. In any entrepreneurs' valley of Elah, many goliaths (strong and outperforming competitors) hold formidable weapons and wait for them. Often entrepreneurs focus on making better weapons and finding stronger warriors to compete. In academic fields such as Entrepreneurship, Strategy, and Innovation, researchers emphasize better products/services through R&D to gain competitive advantages and eventually achieve "Creative Destruction—incessantly destroying the old one, incessantly creating a new one" that a famous economist Joseph Schumpeter introduced. However, the problem is entrepreneurs often cannot obtain the resources needed to make a better product, and experience technical or innovation gaps between their ability and an outperforming firm's capabilities.

So…what should entrepreneurs do? Entrepreneurs, put yourself in Saul's shoes.

My research explains how under-performing entrepreneurs compete by changing business models, and why these entrepreneurs are more likely to engage in business model innovation (BMI) rather than product/service innovations. If Saul made his best warrior, but still an inferior soldier, wears armor, and holds a sword the story would likely have ended in tragedy, like Spartan versus the Persians in the movie 300. Saul appointed the shepherd boy, not a soldier, and let David use unconventional tools in battle (stick, sling, and smooth stone). Simply, Saul changed his battle business model, which is broadly defined by Joan Magretta as "the story that explains how an enterprise works," and made a critical decision to do things differently than the conventional recipe recommends. Therefore, my research suggests that under-performing entrepreneurs can create value and achieve a competitive advantage through business model innovation (BMI).

We can find many Sauls who changed business models from entrepreneurial successes. For example, Reed Hastings and Marc Randolph started their business, Netflix, by renting DVDs via mail. As Netflix grew, the giant entertainment company Blockbuster wanted to buy Netflix. When Randolph made their offer of $50 Million, Blockbuster CEO almost laughed at him. Netflix eventually shifted its business model to streaming subscription services from DVD rental business, and Blockbuster shifted to bankruptcy from being the biggest entertainment company. Reed and Marc are Sauls, and Netflix's streaming service is their David.

Billy Beane, the general manager of Oakland's A's lionized in Michael Lewis's book "Moneyball" (and the film based on it starring Brad Pitt) is another Saul. He used Sabermetrics as David—a statistical analysis approach that was widely ignored by other teams at the time, to draft and trade for flawed and therefore undervalued players, in order to effectively compete against far richer teams, like the New York Yankees. I believe these decision-makers were Sauls who found their Davids, rather than going to battle with inferior warriors.

Outperforming competitors are less likely to engage in BMI because their business model worked well in the past, so they perceive no need to change. Clay Christensen's idea from the famous book "The Innovator's Dilemma" suggests that outperforming firms are more likely to focus on their current business structures because changing in their current business model means possibly losing current target customers (i.e., cannibalizing their own business). In contrast, for under-performing firms, engaging in product/service innovations through R&D can be expensive and the efforts do not guarantee any future returns. Ramon Casadesus-Masanell and Joan Ricart's business model study said that changing a business model can be inexpensive, it can also be expensive, as it requires resources and risk-taking. Thus, BMI is an attractive solution for under-performing entrepreneurs experiencing resource shortages, and they can prevail against powerful competitors by engaging successful BMI.

Saul, where is your David?

Under-performing entrepreneurs need to be their own Sauls and find out how to use BMI to compete with larger, richer, and more powerful Goliaths. They need to avoid making decisions based on current information, and they should search for additional information to meet Davids. Making better products/services are not always the best way for your business to outperform. Therefore, I suggest entrepreneurs should focus and engage more on BMI when their firms struggle to compete with Goliaths.

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