Business models for timber frame industry enterprises in multi dwelling house construction in Finland and Sweden

Ollonqvist, P. & Nord, T.

The recent productivity improvement in multi dwelling construction processes has opened for substituting on site construction with industrial processes. Increased prefabrication of components and systems have resulted in the development of industrial construction timber enterprises (house component and other woodworking industry enterprises) but also sawmills and their upgrading activities (pre cutting, planing and other upgrading) to gradually adopt new intra firm value creation activities including planning and assembling services. The prior major business model, processes cost minimizing for standard timber products, has been transferred towards client oriented tailor made solutions and services. The major contractors and other construction system integrators have been reluctant to introduce the upflow enterprises in value chains and to participate in the development of new industrialization with improved component and product offerings for multi dwelling house construction.

This paper discusses the value creation positioning and coverage in the business model formation among the timber element production industry enterprises. The business models are based on the vision formation and implementation strategy with using, maintaining or selling construction enterprises as clients integrating multi dwelling house construction processes. Research task here is to extend a business model taxonomy for the three major industrial product offering types for timber construction products (components, elements and modules) by including further client types and market conditions in the multi dwelling construction Multi dwelling construction constitute annual house construction majority in both countries with aggregate volumes of the same magnitude. The core task is to discuss the future options to develop the business models that fit with the objectives of the major construction producers and real estate developers.