

Hilti (2017, HBS)

- *Full Name of the Case:* Hilti Fleet Management (A) and (B) cases
- *Teaching Note Available?* Yes
- Case is available through Harvard Business Publishing (product #: 718419-PDF-ENG and 717465-PDF-ENG)

Hilti was founded in the 1940s, in the European microstate of Lichtenstein. It is a leading global supplier of industrial power tools, which are used in construction projects. In 1999, a large client in Switzerland asked Hilti to design a tool fleet management solution, providing it with an opportunity to develop a business model innovation—namely a scalable model of selling fleet management contracts.

The case starts by describing the initial request for a fleet management solution; it then provides an overview of the Hilti brand and Hilti's existing business model and its customers, as well as its competitors and the state of the industry. The case looks at the dilemma facing Hilti, namely whether to continue with its successful existing model (of selling tools, rather than also offering a management option), or take on the numerous challenges of implementing more widely a new one.

The case allows instructors to touch upon many of the themes covered in our book: the basic business model innovation framework (old versus new model; **Chapter 1**, **Chapter 4**); the value proposition for customers (**Chapter 8**), which the case allows to quantify; implementation challenges in established firms (**Chapter 10**); and, finally, the importance of having a strategy and capability for business model innovation (**Chapter 12**). We recommend the case for use with **Chapter 10**; the secondary use would be for **Chapters 1, 4, 8, or 12**.

This case will make students think about how business model innovation can be fraught with difficulty, especially in a large and established company in a “traditional” industry such as construction power tools. Despite the difficulties, it's a powerful strategy that paid off for Hilti, and it also helped the firm build a business model innovation capability. The case is particularly interesting for executive audiences from established firms that are often faced with a similar challenge as Hilti was in 1999: Whether and how to adopt a new business model.