



Cultivating business model agility through focused capabilities: A multiple case study



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ABSTRACT

Focusing on strategic agility and business model concepts, the present paper proposes a framework for recognising common strategies, activities and paths to business model reconfiguration developed through the activation of a set of micro-capabilities. We argue that successful companies nurture specific capabilities in order to act proactively and to reach strategic agility and direct these to specific key elements of the business model (building blocks), thus enabling the renewing of the entire business model.

The methodology is a multiple case study analysis of four successful companies in different industries. We identified three main classes of capabilities for strategic agility and we explored which ones are valid and how they can be activated in a company's business model through an in-depth within-case and cross-case analysis.

Results show that strategy innovation capabilities could be focused on motto and value offer, research and development and social responsibility building blocks; resource capitalisation capabilities on education and knowledge, management and human resource building blocks, and networking capabilities on branding and retail and network building blocks.

From a literature point of view, we contributed to the ongoing debate about business model change and critical capabilities, by investigating the “black box” of business models. From the practical point of view, the linkage between capabilities and the building blocks of the business model is important in order to capitalise on resources and time, focusing on specific actions and specific areas of the business model.

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1. Introduction

Competing in fast-changing environments requires being agile in perceiving and developing opportunities to create innovations (Afuah & Tucci, 2003), increasing the response to disruptions (Doz & Kosonen, 2010) and enhancing resilience against external threats (Demil & Lecocq, 2010). This is reflected in the condition that business models need to change over time if firms want to stay competitive in a complex world and achieve sustained value creation (Doz & Kosonen, 2010; Teece, 2010). Thus, the ability to reconfigure business models is essential for company survival and success, not only to take advantage of new value creating opportunities, but also as an approach to reducing the risk of inertia towards change which often occurs when a company has been successful with the same strategy over time (Wirtz, Schilke, & Ullrich, 2010; Achtenhagen, Melin, & Naldi, 2013; Basile & Faraci, 2015). While recent business model literature acknowledges this need for business model change, there is little conceptualisation and empirical evidence on what is needed or how to achieve this change

(Teece, 2010; McGrath & MacMillan, 2009), i.e. what “actions” to take. In this paper, we follow:

- (1) the call of Zott and Amit (2010) for investigation within the “black box” of business models by better understanding the micro-mechanisms for business model design and renewal;
- (2) the future research directions of Achtenhagen et al. (2013) who ask for research on patterns of strategising actions, critical capabilities and activities for value creation that drive the development and change of business models;
- (3) the recent calls of Schneider and Spieth (2013) and Spieth, Schneckenberg, and Ricart (2014) for new insights into enabling conditions for business model innovation and in particular for deeper examinations of strategic agility and specific competitive capabilities that enable a firm to conduct business model innovation.

In particular, as regards capabilities, in the organisational literature, scholars agree that companies need to be proactive in order to sense, shape and capitalise on opportunities (Teece, 2007) and not lose value. To achieve this agility, firms have to effectively identify and arrange their bundle of capabilities and avoid falling into the cognitive

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