Journal of Organizational Change Management

Aligning management model and business model in the management innovation perspective: The role of managerial dynamic capabilities in the organizational change

Alessandro Basile Rosario Faraci

Aligning management model and business model in the management innovation perspective

The role of managerial dynamic capabilities in the organizational change

Alessandro Basile and Rosario Faraci
Department of Economics and Business, University of Catania, Catania, Italy

Abstract

Purpose – The purpose of this paper is to present some evidence on the role of management models in the implementation or in the transformation of the business models, highlighting the pivotal role of managerial dynamic capabilities. The analysis provides relevant lines of managerial action both strategic and operational levels.

Design/methodology/approach – An innovative conceptual analysis is proposed. Managerial dynamic capabilities play a central role in the coupled link between management model and business model at the organizational level.

Findings – The authors propose a highly usable and generalizable conceptual model for management practices, strategic planning and operational assessment.

Originality/value – This paper investigates a new emerging research stream of management innovation theory. The research presents a new and innovative conceptual analysis of management model and business model alignment. This theme has not been explored in prior researches and represents an experiment to pair the management model and the business model evidence.

Keywords Organizational change, Alignment, Business model, Management model, Managerial dynamic capabilities

Paper type Conceptual paper

1. Introduction

The academic community has delivered a great deal of research on innovation in the last four decades. However, while most scholars have focussed on the traditional research line of technological innovation (Henderson and Clark, 1990; Utterback, 1994), there is a tendency in the last period to explore other typologies of innovation, such as administrative innovation (Damanpour, 1987; Pisano, 1996), strategic and managerial innovation (Birkinshaw and Mol, 2006; Hamel, 2006; Markides, 1997) as well as organizational innovation (Damanpour, 1987; Damanpour and Aravind, 2011; Damanpour and Evan, 1984).

The common goal of these alternative research directories is to understand how these different typologies of organizational solutions are managed and how each of them contributes to improve organizational performance, the firm's long-term success and to revamp the firm's competition capabilities when a crisis is underway (Hamel, 2011; Birkinshaw *et al.*, 2008; Volberda *et al.*, 2013; Battisti and Stoneman, 2010;

The authors would thank Vincenzo Pisano, Dimo Dimov and Salvatore Cardamone for precious suggestions.

Journal of Organizational Change Management
Vol. 28 No. 1, 2015
pp. 43-58

0953-4814
DOI 10.1108/JOCM-10-2013-0199

Camisón and Villar-López, 2014). Such management innovations are generally accepted as disruptions in a firm's practices or management structures, and are commonly referred to as process innovations at the administrative and at the organizational level (Damanpour *et al.*, 2009; Camisón and Villar-López, 2014). Moving from seminal researches and developments by European scholars of management (i.e. Birkinshaw *et al.*, 2008; Volberda *et al.*, 2013, and so forth), management innovation research has gained popularity also in management practice.

Even though the relationship between management innovation and organizational performance is straightforward and well documented, the markets' crisis (which is a potential source of a company's organizational, financial and social difficulties) has stressed the lack of effectiveness of the management models that had been elaborated within the companies' boundaries; as a consequence, business model innovation should be thought over by developing better organizational and managerial tools.

This study presents some evidence on the role of Management models in the implementation or in the transformation of the business models, highlighting the pivotal role of managerial dynamic capabilities as managerial skills that serve as the basis of the organizational re-launch processes. In our view, managerial dynamic capabilities (Adner and Helfat, 2003) represent core drivers that enhance organizational agility and adaptability through the alignment of the business model to the management model. Nonetheless, if compared to the research on management innovations (which have been investigated and codified mainly in large corporations[1]), research on business models innovation (Timmers, 1998; Osterwalder, 2004) as organizational or managerial innovations has been scarce, signaling a gap in management literature.

Indeed, while the steps through which a management model is "invented" and implemented according to the principles of management innovation theory (Birkinshaw *et al.*, 2008; Hamel, 2006, Mol and Birkinshaw, 2009) are well understood, it is equally clear that the effect of management model on the business model configuration remains a under-researched issue. In this study, we focus on the rational perspective of management innovation theory, linking the role of managerial dynamic capabilities in generating, testing and validating the organizational alignment inside the firm.

Management innovations can be defined as the realization of a new organizational practice, process, structure or tool that is capable to significantly change the organizational procedures and the behavior of managers and entrepreneurs in the adopting firm (Damanpour, 1991; Mol and Birkinshaw, 2009; Volberda *et al.*, 2013; Birkinshaw, 2010; Camisón and Villar-López, 2014). It is important to specify how management innovations are strongly connected to the management model adopted by the firm (Birkinshaw, 2010). The management model finds its operational dimension thanks to the logical and dyadic link with the business model in general, and with the functional areas (where the value creation process happens) in particular. The mutual link and the close affinity between the management model and the business model may therefore be witnessed through the choices that the management takes with regard to the activities at the operational level (i.e. planning and coordination in the work-place environment). At the operational and at the organizational level, the pairing of the key elements of the management model to those of the business model is necessary in order to generate value from the business activities; at the same time, such pairing is at the basis of the regeneration of many key processes, such as the clear definition of the functional objectives, the motivation and improvement of the employees' potential, the reorganization of the key activities and, finally, the improvement of the effectiveness of the decision making activities (Birkinshaw, 2010; Basile, 2012).

It is therefore possible to claim that the management model and the business model co-evolve within the firm's boundaries, according to a coupled link, and that organizational efficacy need a valid and consistent management model which in turn configures and adapts a related business model.

Three main steps will be taken in this paper. In the first section of the study, we will introduce the concept and the theoretical foundations of the research on management innovation. In the second part, the role of the management model and of the business model as tools of organizational action will be analyzed. In the second part, we will focus strongly on the rational perspective of the management innovation's literature and on the role played by the managerial dynamic capabilities on the business model configuration and on its transformation/adaptability to the management model. Finally, in the third section we will explore the alignment of the business model with the management model and the operative coordination of organizational decisions.

2. The concept and the theoretical foundations of management innovation

In the last years, management innovation theory (Birkinshaw *et al.*, 2008; Hamel, 2006; Birkinshaw and Mol, 2006) is gaining traction in management studies, in organization studies and in management practice. Birkinshaw *et al.* (2008) define management innovation as "the generation and the implementation of a practice, a structure or of a technique that is new to the state of the art and that aims to fulfill the firm's goals" (p. 829). However, in their following empirical study, Mol and Birkinshaw (2009) define management innovations as "management practices that are new to the adopting firm, and not to the state of the art" (p. 11). By adopting an even more comprehensive approach, Hamel (2006) labels management innovations as "a clear parting from traditional organizational forms, which change in a significant way how management's work is done" (p. 75).

Finally, it is necessary to mention the definition offered by Vaccaro *et al.* (2012, p. 2) who see management innovations as "the implementation of a managerial practice, of a process or of a structure which is new altogether for the adopting firm."

From an operational point of view, a management innovation can be identified as something that is "new to the state of the art" (Birkinshaw *et al.*, 2008) or as something which is "new to the adopting organization" (Vaccaro *et al.*, 2012). In this case, therefore, the "innovation" attribute only refers to the individual adopting firm. As a consequence, management innovations are seen as practices new to the firm and not new altogether within this stream of research (Mol and Birkinshaw, 2009). Table I displays a list of definitions of management innovation. The definitions of organizational, administrative and management innovations "overlap markedly" today (Damanpour and Aravind, 2011; Camisón and Villar-López, 2014).

The definitions above facilitate the understanding of the effects that management innovations have on organizational routines, on the firm's most common practices and on the managerial methods adopted by the firms at large, making it easier to get a better grasp on the theoretical evolution of the management innovation perspectives related to the managerial practice (Hamel, 2007; Harder, 2011). After having gone through an extensive amount of research on management innovation, Birkinshaw *et al.* (2008) have identified four theoretical perspectives that could be useful to researchers in order to spot the essential features of the management innovation construct. We can therefore line up:

(1) An institutional perspective, which mainly focusses on the socioeconomic conditions where the new managerial practices or ideas come to life.

Table I.
Definitions of management innovation

Authors	Definition management innovation
Hamel (2006)	A marked departure from traditional management principles, processes, and practices or a departure from customary organizational forms that significantly alters the way the work of management is performed"
Damanpour *et al.* (2009)	Administrative process innovations are new approaches and practices to motivate and reward organizational members, devise strategy and structure of tasks and units, and modify the organization's management processes
Mol and Birkinshaw (2009)	The introduction of management practices that are new to the firm and intended to enhance firm performance
Birkinshaw *et al.* (2008)	The generation and implementation of a management practice, process, structure, or technique that is new to the state of the art and is intended to further organizational goals
Birkinshaw and Mol (2006)	The implementation of new management practices, processes and structures that represent a significant departure from current norms
Vaccaro *et al.* (2010)	Implementation of a management practice, process, or structure that is new to the adopting organization
Walker *et al.* (2011)	New approaches to devise strategy and structure in the organization, modify the organization's management processes, and motivate and reward its employees

(2) A relational perspective (fashion), which focusses on the dynamic relations between the users and the creators of the managerial idea (Abrahamson, 1996).

(3) A cultural perspective, which addresses the aspects related to the reaction of an organization when facing the introduction of new managerial practice (Birkinshaw *et al.*, 2008).

(4) A rational perspective, which focusses on the analysis of how management innovations, and the individuals who generate them, improve the managerial and organizational effectiveness. According to this perspective, managerial capabilities are key for the processes of management innovations.

The rational perspective, which will be analyzed thoroughly in the next section, allows to understand precisely the managerial antecedents, at the individual level, that lie at the basis of the management innovations' processes. Furthermore, this perspective can be linked to the research on dynamic managerial capabilities that emphasizes the role played by the managers' or by the entrepreneurs' skills and capabilities in the managerial renewal process. The rational perspective claims that the managers' skills play a pivotal role in the process of management innovation leading to business model adaptability as an operational solution.

Table II gives a general overview of the four theoretical perspectives of management innovation.

2.1 The rational perspective of management innovation

In this section we will analyze the manager's role in defining the management model and the business model while adopting a rational view. Such perspective allows to explore, at the individual level, the effect that managerial skills and abilities have on the creation of innovations and organizational solutions which are new to the adopting firm (or, even better, new altogether) (Birkinshaw *et al.*, 2008).

The rational perspective is based on the assumption that management innovations are introduced by individuals who aim to elevate the efficiency level of their

	Theorethical perspectives			
	Istitutional perspective	Fashion perspective	Cultural perspective	Rational perspective
Research question	What institutional conditions impact on the diffusion of management innovations?	How supply of and demand for new management ideas affect their propagation?	How do management innovations shape, and get shaped by, cultural conditions inside an organization?	What is the role of managers in inventing and implementing new management innovation?
Core drivers	Institutional factors	Suppliers of new ideas	Organizational culture	Actions of key individuals capabilties and skills driving management innovation process in-out bound the firm

Table II. Theoretical foundation of management innovation: an overview

organizations. According to this view, an individual (either a manager or an employee) puts her effort in trying to introduce an innovative solution to a specific strategic or operational problem, and at the same time she takes care of its adoption and implementation.

Literature has also studied the role of individuals (managers, employees or entrepreneurs) in determining the choices made about the management innovation. Kimberly (1981) and Kimberly and Evanisko (1981) linked the adoption of management innovations to the high quality of cosmopolitan managers, especially in large firms and when the competition levels are high. Other researchers have offered several explanations of the individual factors that push some firms to implement new instruments or new managerial practices, as well as of the consequences of such innovations on the firms' performance (Walker *et al.*, 2011), on the dynamic capabilities (Gebauer, 2011; Harder, 2011) and on productivity (Mol and Birkinshaw, 2009). In particular, some researchers have put their attention on the analysis of the antecedents at the managerial level[2]. Damanpour and Schneider (2006) sustained that all of these concepts might well affect the managerial innovation processes. Furthermore, Vaccaro *et al.* (2012) have shown that transformational and transactional leadership have the potential to make the innovation creative process easier. Finally, Damanpour and Schneider (2006) found that, relative to the environmental factors, the organization's and the management's features and attitudes have a much greater influence on the adoption of managerial innovations.

The rational perspective is based on the premise that managerial innovations are introduced by individuals who aim to make their organizations more efficient. According to this perspective, an individual seeks to introduce an innovative solution to a specific strategic and operative problem and, therefore, s/he takes care of its adoption and implementation.

Analyzing the management innovation according to the rational perspective allows us to put a major emphasis on the way managers activate the managerial renewal process through the definition of the business model and of the management model. A key role in the start of these processes is played by the managerial abilities which guarantee the fruition, the procurement and sharing of knowledge, as well as of the ideas generated by internal and external change agents (Birkinshaw *et al.*, 2008). The ineffectiveness of the traditional management and business models adopted in order to cope with hyper competitive and dynamic contexts have led some scholars (Hamel, 2011; Adner and Helfat, 2003) to re-think about the managerial renewal processes in terms of managerial dynamic capabilities.

2.2 The managerial dynamic capabilities and the managerial actions

In this study, the processes linked to the adaptability and to the transformation of business models are related to the reconfiguration of the principles and decisions used by management in the organization (Hamel, 2007). At the organizational level, the dynamic capabilities of the firm enable management model agility and business model adaptability in fast environment changes.

Firm's dynamic capabilities are a concept that was first introduced by Pisano and Shuen, Helfat and Peteraf (2009) and Eisenhardt and Martin (2000) to explain routines and procedures leading to a better adaptability, as a kind of meta-organizational competence.

Teece *et al.* (1997) had in fact highlighted how, in order to achieve a better competitiveness, "the ability to integrate, build and reconfigure the set of resources and competencies internal and external to the firm is crucial."

To understand the role of individuals in the processes of organizational adaptability, the concept has been extended to the individual level by Adner and Helfat (2003), with the construct of managerial dynamic capabilities.

Following the individual approach of the rational perspective of management innovation theory used in this study, it is possible to lie at the single individual level, managerial dynamic capabilities as interpretative skills, comprehension skills and managerial action as well as organizational expertise. Such perspective is consistent with Teece: managerial abilities are seen as sense making and reconfiguring capabilities, as entrepreneurial alertness capabilities (Kirzner, 2009) and as ad hoc problem solving capabilities (Winter, 2003).

The construct of managerial dynamic capabilities introduced by Adler and Helfat (2003) can be adapted in an innovative way to understand the creation, the testing and the validation of management innovations for organizational efficacy. These capabilities can be considered as individual skills responding to specific stimuli coming from the environmental and from the business context.

Adner and Helfat (2003, p. 1012) define dynamic managerial capabilities as "the ability with which managers build, integrate and reconfigure the organizational resources and the competencies." In this contribute, such capabilities are introduced as crucial drivers in the management processes inherent to the operative decisions of the managers with regard to the management models and to the business models to be adopted.

Referring to the alignment of the management model and of the business model, managerial dynamic capabilities ensure the operational efficacy of the managers' decisions through the: diagnostic capability, which is the ability of an organization to recognize the genesis of a problem or of an opportunity; the managers' ability to experiment and to model prototypes of management and of business models; and the implementation ability, which focusses on the legitimation of the prototypes created. This last skill, therefore, refers to the managers' ability to handle the passage from the old managerial organization to the new one.

In the validation and implementation phases of the process of management innovation, the validation itself will happen through the aligning of the components of the management model with the drivers of the business model. In the following paragraphs, the content of the managerial actions relative to the reconfiguration of the management model and of the business model will be defined; at the same time, the crucial components of the above mentioned alignment process will be identified.

3. Management and business model dynamics

Management research and practice demonstrate that management models and business models can be defined as management tools and techniques that enable managers and entrepreneurs to elaborate a decision set regarding different organization areas. Along this vein, managerial dynamic capabilities play a crucial role in inventing, implementing and adapting or transforming a business model that is compatible with the adopted management model.

With regards to the research on business models (Demil and Lecocq, 2010; Osterwalder, 2004; Wirtz, 2011), it is possible to see that there have been many different attempts to define the business model construct. Among the most notorious, we can list the following:

- a set of managerial tools or methods (Osterwalder, 2004; Afuah and Tucci, 2001);
- a statement or a description (Stewart and Zhao, 2000);
- a representation or a model (Amit and Zott, 2001);
- a reference architecture or a reference project (Dubosson-Torbay *et al.*, 2002; Timmers, 1998); and
- a structure or a set (Seelos and Mair, 2007).

Osterwalder and Pigneur (2010) define the business model as a managerial instrument generated by the managers' capabilities, which the company uses to create, capture and distribute economic value and well-being in the workplace. Moving from this definition, a company's business model is simultaneously a provider of business innovation and an object of adaption in organizational processes, led by the managers' abilities and skills. This dynamic perspective of business model transformation and adaptability is proposed by Demil and Lecocq (2010). They define the business model as: "a concept or a tool to address change and focus on innovation, either in the organization or in the business model itself" (Demil and Lecocq, 2010, p. 229). The authors claim that: "the open ended interactions between core components and managers' initiatives mean business models are always changing, managers must monitor consistency to ensure sustainable performance" (Demil and Lecocq, 2010, p. 24).

Adopting this perspective, managerial dynamic capabilities play a crucial role in the creation, implementation and adaptation of the business model: in particular, they make the new management models compatible with the old business models (Birkinshaw, 2010; Harder, 2011). Even the management model can be seen as a managerial tool aiming to define the operational guidelines of a company. The management model clearly states the decisions made by the management team with regard to:

(1) the way decisions are taken;
(2) the management of the information (what to communicate and to whom to communicate);
(3) the organization and the coordination of the activities;
(4) the way goals are defined; and
(5) the way people are to be motivated (Birkinshaw, 2010).

According to Hollen *et al.* and Birkinshaw (2010), in the management innovation perspective a new management model variously refers to: new-to-the-firm management activities associated with setting objectives, new-to-the-firm management activities associated with motivating employees, new-to-the-firm management activities associated with coordinating activities, new-to-the-firm management activities associated with decision making.

The drivers of the management model can be relate to the "strategic behavior" of Miles *et al.* (1978). They focus on how a firm responds to the three major problems that it faces when change enters the organizational picture: i.e., managerial, engineering and administrative problems. According to them, the managerial problem defines an organization's product-market domain; the engineering problem deals with the choice of the technologies and of the process for the production and the distribution; and the administrative problem involves the formulization, rationalization and innovation of an organization's structure and policy processes. (Miles *et al.*, 1978). Despite the fact that the types of decisions involved in the management model and in the strategic behavior are quite the same, management model primarily focusses on the operational tasks of organizational procedures. In this vein, organizational agility gets real through the invention and the implementation of managerial practices, processes, structures and techniques (which can be new relative to the state of the art or that can be new relative to the firm only) that aim to pursue well determined operational goals. The management model represents a first result of the organizational renewal process, pulled by the managers' capabilities and actions, and has the goal to identify the guidelines and the operational principles of the firm.

With regard to the functioning mechanisms, the managerial capabilities and the management's attributes (like the leadership attribute) are complementary to the identified areas and, together, they must pursue a single, most important goal: allowing people to work at their best and to be engaged (Birkinshaw *et al.*, 2012).

Hence, every management model should unify in a complementary way the fundamental elements at the very least: the practices, the processes and the principles. Within the firms, the job which is being done daily at the operational and organizational level is done through managerial practices (for instance, following incentive systems, quality loops and so forth). Management practices are intertwined with the management processes[3]. Management processes represent the main mechanisms through which the organization pursues its goals. The goal of the firm should be the adaptation of the management model (management agility) to the internal stimuli deriving from the managerial dynamic capabilities, and to the external stimuli deriving from the environmental pressures and from the external agents' knowledge, which can bring innovative ideas and business model innovation.

According to this reasoning, it is possible to hypothesize that every single firm, even the very little ones, which builds its own management model upon some distinctive managerial capabilities and not on some already existent products or business units, represents an example of organization which owns a strong openness to managerial and organizational innovation.

3.1 Business model and managerial action

Following the central role of managerial dynamic capabilities, to be able to understand if a firm's own business model is capable enough to pick up and create new opportunities becomes crucial. The alternative, obviously, would be to change it altogether or to innovate it deeply. Furthermore, managerial dynamic capabilities are also crucial in identifying the areas of value while the business model configuration process is operating (Osterwalder and Pigneur, 2010; Demil and Lecocq, 2010). Johnson *et al.* (2008) propose a methodology that helps managers to utilize the business model as a key management innovation. The authors decompose the business model in four parts:

- the proposition of value to the customers, which refers to the possibility to offer clients a greater value than the one brought to the market by the firm's competitors;
- the profit formula, which explains the way the company gets it profit through the offer of its value proposition;
- the key resources, that include all of the inputs which are necessary to the creation of the offer; and
- the process resources, which include the key resources which are needed to develop and distribute the value proposition.

These drivers would constitute the basis of the managerial action for the identification of a business model which is able to create and capture value.

Business model adaptability as a key, strategic innovative tool in the process of exploration, discovery and exploitation of the business opportunities and of the value creation appears then straightforward. Management researchers have attempted to create an innovative instrument for the building process and for the representation of the business model. According to a diachronic perspective, the different scientific contributions provide different representations which follow a single goal: explaining the creation and the owning of the firm's value and of the organizational performance.

Going over the proposed definition attempts, we can highlight a management innovation template, which is very interesting for its simplicity and for the ease of application: the 9-Blocks Business Model Canvas of Osterwalder and Pigneur (2010). The operational drivers' contents are:

- value propositions;
- target customer segments;
- channel;
- customer relationships;
- key resources;
- key activities;
- partner network;
- cost structure; and
- revenue streams.

The managerial practice has ratified the success of the business model generation (Osterwalder and Pigneur, 2010) as a management innovation instrument. Its application in large organizations (like Facebook, Apple, Visa, Ibm and so forth) has been very rapid and relatively easy: ease that can be said to depend on the intuitive simplicity of the model itself and on the features of the building process[4]. The building process of the business model is connected to the managerial dynamic capabilities to open the firm to the processes of management innovation and to the ability to reconfigure the resources and the competencies that are located throughout the many value creation areas. As an intrinsic managerial tool, the business model represents the result of the managerial action aimed at the planning, the organization and the mapping of a company's business.

4. The aligning between the management model and the business model

Managers' capabilities and skills have a positive effect on the result of the management innovation process. To invest time and resources in order to define a new management model and a compatible business model represents the starting point for the strategic and operational actions. Such effect has already been seen in large organizations (Birkinshaw, 2010; Hamel, 2007, 2011).

Some authors like Birkinshaw (2010) even claim that a business model without a consistent management model is pure theory; consistently, a management model without a business model does not have any practical effect on organizational efficacy.

The scheme that is being proposed in this paper synthesizes the thinking process about the necessity to adopt a logical model for the reengineering of the general organization of a company. The revitalization of organizational efficacy lies in the identification of the common areas of consonance between the two managerial instruments proposed. Such consonance is made clear by the aligning between the specific drivers at the strategic and at the operational level (Walter *et al.*, 2013).

According to the model, there cannot be any revamp of the firm's competitiveness if the management team does not think about the regeneration of the management model and of the business model following a coupled link approach. In other words, the firm's adaptation process becomes real by reconfiguring and renewing simultaneously both the management model and the business model.

The coupled link proposed in this study affects the likelihood that the adaptation and the renewal processes at the strategic and at the operational levels be successful. In this vein, organizations that structure their management settings only following short term and operational factors, centralized decision-making processes, orienteering policies which aim to improve the employees' productivity not based on specific objectives (i.e. the coupled link is missing) will face greater difficulties to activate organizational innovations.

The idea that a firm's management model could become a source of organizational performance thanks to the coupled link with the business model calls for a model that helps management innovation scholars to seek out for the complementarity and the consistency of such instruments.

If the manager chooses his own management model going through an innovative and creative process, it means that he has made well thought choices about how to set up the objectives, how to motivate people and how to coordinate activities. These choices should affect other decisions about the business model drivers that are highlighted in the business model Building Blocks: The Key Resources, The Key Activities, the Partnering, The Channels, The Cost Structure and The Revenue Stream[5]. The alignment and transformation of the business model drivers and the search for consonance to the management model's pillars allow to restructure the organization based on the strategic and the operational fit.

Managerial practice, as well as some academic evidence (Hamel, 2011), have shown that the results of the harmonization and of the convergence process between the management model and the business model are clear especially in large organizations, which are usually asked to continuously adapt in terms of structure, strategy and managerial innovation. However, the effects of the managerial innovation should impact also smaller companies, which are usually characterized by a smaller degree of process formalization and by a lower degree of openness to the development of abilities and distinctive skills (Figure 1).

According to this aligning model, we think that the configuration and the alignment process between the management model and the business model needs to be re-thought, by placing a greater emphasis on the possible effects that scope economies and replication economies could have within organizational processes.

5. Discussion and conclusion

The efficiency and the effectiveness of the traditional management and business models have been seriously undermined, in the last years, by the changing environmental drivers on one side, and by some elements of weakness within the firms' bounds on the other side[6].

The strategic renewal and the regeneration of the firm's organization (in order to regain productive efficiency and strategic effectiveness) are strictly connected to the alignment between the management model and the business model, which need to be seen as managerial tools that, in a dynamic perspective, become simultaneously objects and subjects of innovation, useful tools for the discovery of existing opportunities or for the creation of new business opportunities.

This study presents some evidence on the role of the management model in the implementation or in the transformation of the business model; the managerial dynamic capabilities represent crucial drivers for the configuration of the alignment between the management model and the business model.

In addition to Demil and Lecocq, 2010[7], this study states that new configurations of the business model involve both the interactions between internal building blocks and the operational alignment to the pillars of the management model.

Many companies, especially the larger ones, have come to understand that investing in the creation of some dynamic managerial capabilities is a very important choice in order to develop and own new managerial practices and tools, in order to analyze the internal organization, the assignment of roles and responsibilities, the operational mechanisms and the external business relationships; long story short, in order to be able to continuously adapt the firm's management model. Moving from within the management innovation literature, this job has presented some arguments-relative to the alignment between the management model and the business model- which ought to

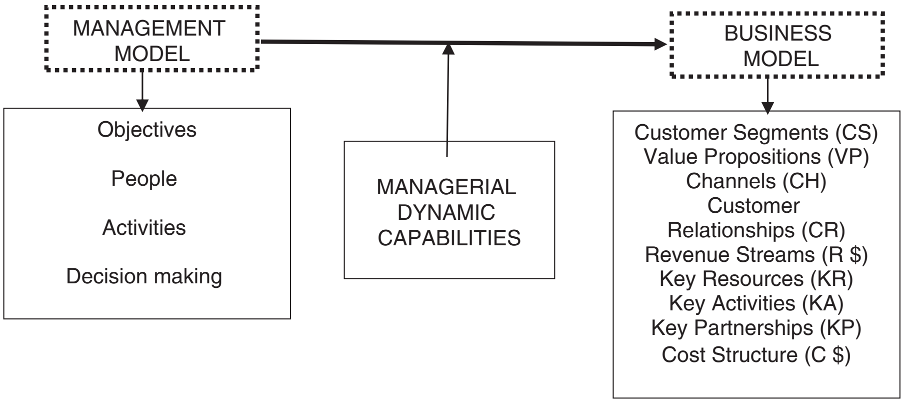

Figure 1.
The alignment model

be seen as a possible solution for the re-launch of the firms' competitiveness levels at the operational level.

A model which describes the start of the renewal process (which should be valid also for smaller firms) has been presented. Such model is based on the alignment process between the management model's drivers and the business model's drivers, as recent research has indicated that they strongly need each other (Birkinshaw, 2010). The logical consequence of this new evolutionary perspective of investigation is that business models cannot remain stable/static over time. Therefore, choices on building blocks need to be revised. In fact, organizations need to continuously reinvent and reformulate the business model in order to keep up with fast changing internal management environment.

The arguments about the role and the content about the alignment process between the drivers of the management model and of the business model allow to present three lines of strategic implications for managers and entrepreneurs. First, it is necessary to organize the firm's resource base and the operational mechanisms which have led the firm's actions. The identification and the codification of procedures, practices, methods, roles and responsibilities allows to define the foundations for the beginning of the management innovation processes. Second, the management model's drivers must be clearly established: human resources, goals, decisions, activities. These factors should be measured and evaluated in every firm in relation to the content of the business model to be adopted; Furthermore, the building blocks of the business model have to find their evolution and adaptability with respect the four pillars of the management model. It has been already shown that the system of choices and consequences, the openness level and harmonization level of the above mentioned drivers affects the effects of the firm's regeneration process (Demil and Lecocq, 2010; Zott and Amit, 2010; Casadeus-Masanell and Ricart, 2007). A final implication is linked to the necessity to define, according to the business model's configuration approach, the business blocks which are able to generate value. Following this goal, the business model generation of Osterwalder and Pigneur (2010) has stressed itself as an effective tool of strategic analysis and management in large organizations. The mapping and the building logic of the business model drivers, which even today represents an unknown reality for most firms, will allow the alignment and the systematization of the management operational factors, of the strategic factors which lead the firm to be open to new markets and to strengthen the its position in the existing markets. The development of superior managerial capabilities, the investment on individuals, the search for a better fit between the management model principles and the business model drivers represent a crucial challenge, and a solution to the inevitable growth of the degenerative processes that affect negatively most organizations in a crisis context.

Notes

1. Some examples include: the M-Form, the Spaghetti organization, the TQM, the balanced scorecard, the lean management, the business process re-engineering, the enterprise resource planning, the Six Sigma, MRP Planning, self-managing teams.
2. Some examples include the concepts of CEO and TMT demographics (Mihalache, 2012), perceptiveness (Hamel, 2011), CEO novelty (Harder, 2011) and some managers' features (i.e. the education level, the tenure level and so forth) (Kimberly and Evanisko, 1981).
3. Some examples may be the resource allocation process, the management performance measurement process and the production and distribution decision-making process.

4. These include: the interaction between employees and managers, the progressive behavior of ideas, creativeness and organization, continuous adaptability and dynamism, good planning and coordination with the operational set up of the management model.
5. For example, the decisions about the tools to be used in order to motivate the employees should be structured based on the specific content of the job task and of the workplace activities of the Key Activities, of the Partnering Activities, of the Channels, and so forth. Furthermore, the choices about the way decisions should be taken should be thought over, in relation to the specific content of the business's Key Activities.
6. Among these elements of weakness, we can enlist the lack of managerial capabilities and the inadequacy of tools, practices and process both at the strategic level and at the operational level.
7. In order to adress the question of how a business model evolves, looking particularly at the dynamic created by the interactions between its building blocks (Demil and Lecocq, 2010, p. 228).

References

Abrahamson, E. (1996), "Management fashion", *Academy of Management Review*, Vol. 21 No. 1, pp. 254-285.

Adner, R. and Helfat, C. (2003), "Corporate effects and dynamic managerial capabilities", *Strategic Management Journal*.

Afuah, A. and Tucci, C.L. (2001), "Diamond multimedia and the Rio: David's innovation in the face of Goliath", *Internet Business Models and Strategies*, McGraw-Hill, New York, NY, pp. 322-332.

Amit, R. and Zott, C. (2001), "Value creation in e-business", *Strategic Management Journal*.

Basile, A. (2012), "Evaluating effectiveness of airport logistic system as a driver of firm's competitiveness: empirical evidences for peripheral areas", *Transformations in Business & Economics*, Vol. 11 No. 3, pp. 90-113.

Battisti, G. and Stoneman, P. (2010), "How innovative are UK firms? Evidence from the fourth UK community innovation survey on synergies between technological and organizational innovations", *British Journal of Management*, Vol. 21 No. 1, pp. 187-206.

Birkinshaw, J. (2010), *Reinventing Management*, John Wiley & Sons Ltd, Chichester.

Birkinshaw, J. and Mol, M. (2006), "How management innovation happens", *MIT Sloan Management Review*, Vol. 47 No. 4, pp. 81-88.

Birkinshaw, J., Hamel, G. and Mol, M.J. (2008), "Management innovation", *Academy of Management Review*, Vol. 33 No. 4, pp. 825-845.

Birkinshaw, J., Rollins, V. and Turconi, S. (2012), "Bringing out the best in employees", *Business Strategy Review*, Vol. 23 No. 1, pp. 39-43.

Camisón, C. and Villar-López, A. (2014), *Journal of Business Research*, Vol. 67, pp. 2891-2902.

Casadeus-Masanell, R. and Ricart, J.E. (2007), "Competing through business models", in Dagnino, G.B. (Ed.), *Handbook of Research on Competitive Strategy*, Edward Elgar Publishing.

Damanpour, F. (1987), "The adoption of technological, administrative, and ancillary innovations: impact of organizational factors", *Journal of Management*, Vol. 13 No. 1, pp. 675-688.

Damanpour, F. (1991), "Organizational innovation: a metaanalysis of effects of determinants and moderators", *The Academy of Management Journal*, Vol. 34, pp. 555-590.

Damanpour, F. and Aravind, D. (2011), "Managerial innovation: conceptions, processes, and antecedents", *Management and Organization Review*, Vol. 8 No. 2, pp. 423-454.

Damanpour, F. and Evan, W.M. (1984), "Organizational innovation and performance: the problem of 'organizational lag' ", *Administrative Science Quarterly*, Vol. 29 No. 3, pp. 392-409.

Damanpour, F. and Schneider, M. (2006), "Phases of the adoption of innovation in organizations: effects of environment, organization and top managers", *British Journal of Management*, Vol. 17, pp. 215-236.

Damanpour, F., Walker, R.M. and Avellaneda, C.N. (2009), "Combinative effects of innovation types and organizational performance: a longitudinal study of service organizations", *Journal of Management Studies*, Vol. 46 No. 4, pp. 650-675.

Demil, B. and Lecocq, X. (2010), "Business model evolution: in search of dynamic consistency", *Long Range Planning*, Vol. 43 No. 4, pp. 227-246.

Dubosson-Torbay, M., Osterwalder, A. and Pigneur, Y. (2002), "E-business model design, classification and measurements", *Thunderbird International Business Review*.

Eisenhardt, K. and Martin, J. (2000), "Dynamic capabilities: what are they?", *Strategic Management Journal*, Vol. 21 Nos 10/11, pp. 1105-1121.

Gebauer, H. (2011), "Exploring the contribution of management innovation to the evolution of dynamic capabilities", *Industrial Marketing Management*.

Hamel, G. (2006), "The why, what and how of management innovation", *Harvard Business Review*, Vol. 84 No. 2, pp. 72-84.

Hamel, G. (2007), *The Future of Management*, Harvard Business School Press, Boston, MA.

Hamel, G. (2011), "The big idea, let's fire all the managers", *Harvard Business Review*, Vol. 89, pp. 48-60.

Harder, M. (2011), *Internal Antecedents of Management Innovation*, Doctoral School of Economics andManagement, Copenhagen Business School, Copenhagen.

Helfat, C. and Peteraf, M. (2009), "Understanding dynamic capabilities: progress along a developmental path", *Strategic Organization*, Vol. 7 No. 1, pp. 91-102.

Henderson, R.M. and Clark, K.B. (1990), "Architectural innovation: the reconfiguration of existing systems and the failure of established firms", *Administrative Science Quarterly*, Vol. 35 No. 1.

Johnson, M.W., Christensen, C.C. and Kagermann, H. (2008), "Reinventing your business model", *Harvard Business Review*, Vol. 86 No. 12, pp. 50-59.

Kimberly, J.R. (1981), "Managerial innovation", in Nystrom, P.C. and Starbuck, W.H. (Eds), *Handbook of Organizational Design*, Oxford University Press, New York, NY pp. 84-104.

Kimberly, J.R. and Evanisko, M.J. (1981), "Organizational innovation: the influence of individual, organizational and contextual factors on hospital adoption of technological and administrative innovations", *The Academy of Management Journal*, Vol. 24 No. 4, pp. 689-713.

Kirzner, I. (2009), "The alert and creative entrepreneur: a clarification", *Small Business Economics*, Vol. 32, pp. 145-152.

Markides, C. (1997), "Strategic innovation", *Sloan Manage Rev*, Vol. 38 No. 3, pp. 9-23.

Mihalache, O.R. (2012), *Stimulating Firm Innovativeness: Probing the Interrelations Between Managerial and Organizational Determinants*, Erasmus Research Institute of Management (ERIM), Rotterdam.

Miles, R.E., Snow, C.C. and Meyer, A.D. (1978), "Organizational strategy, structure, and process", *Academy of Management Review*.

Mol, M.J. and Birkinshaw, J. (2009), "The sources of management innovation: when firms introduce new management practices", *Journal of Business Research*.

Osterwalder, A. (2004), "The business model ontology, a proposition in a design science approach", doctoral dissertation, University of Lausanne, Lausanne.

Osterwalder, A. and Pigneur, Y. (2010), *Business Model Generation*, Wiley, Hoboken, NJ.

Pisano, G.P. (1996), "Organizing for innovation", *Harvard Bus Rev*, Vol. 74.

Seelos, C. and Mair, J. (2007), "Profitable business models and market creation in the context of deep poverty: a strategic view", *The Academy of Management Perspectives*.

Stewart, D.W. and Zhao, Q. (2000), "Internet marketing, business models, and public policy", *Journal of Public Policy & Marketing*.

Teece, D.J., Pisano, G. and Shuen, A. (1997), "Dynamic capabilities and strategic management", *Strategic Management Journal*, Vol. 18 No. 7, pp. 509-533.

Timmers, P. (1998), "Business models for electronic markets", *Electronic Markets*, Vol. 8 No. 2, pp. 3-8.

Utterback, J.M. (1994), *Mastering the Dynamics of Innovation: How Companies can Seize Opportunities in the Face of Technological Change*, Harvard Business School Press, Boston, MA.

Vaccaro, I.G., Volberda, H.W. and Van Den Bosch, F.A.J. (2012), "Management innovation in action: the case of selfmanaging teams", in Pitsis, T.S., Simpson, A. and Dehlin, E. (Eds), *Handbook of Organizational and Managerial Innovation*, Edwar Elgar, Cheltenham, pp. 138-162.

Volberda, H.W., Van Den Bosch, F.A.J. and Heij, C.V. (2013), "Management innovation: management as fertile ground for innovation", *European Management Review*, Vol. 10, pp. 1-15.

Walker, R.M., Damanpour, F. and Devece, C.A. (2011), "Management innovation and organizational performance: the mediating effect of performance management", *Journal of Public Administration Research and Theory*, Vol. 21, pp. 367-386.

Walter, J., Kellermanns, F., Floyd, S., Veiga, J. and Matherne, C. (2013), "Strategic alignment: a missing link in the relationship between strategic consensus and organizational performance", *Strategic Organization*, Vol. 11 No. 3, pp. 304-328.

Winter, S. (2003), "Understanding dynamic capabilities", *Strategic Management Journal*, Vol. 24, pp. 991-995.

Wirtz, B. (2011), "Business model management", *Zeitschrift Für Betriebswirtschaft*, Vol. 81 No. 3, pp. 351-353.

Zott, C. and Amit, R. (2010), "Designing your future business model: an activity system perspective", *Long Range Planning*, Vol. 43, pp. 216-226.

Further reading

Afuah, A. (2003), "Business models: a strategic management approach", *Irwin Professional Pubs*.

Hao-Chen, H., Mei-Chi, L., Lee-Hsuan, L. and Chien-Tsai, C. (2013), "Overcoming organizational inertia to strengthen business model innovation: an open innovation perspective", *Journal of Organizational Change Management*, Vol. 26 No. 6.

Mol, M.J. and Birkinshaw, J. (2006), "Against the flow: reaping the rewards of management innovation", *European Business Forum*, Vol. 27, pp. 24-29.

Mol, M.J. and Birkinshaw, J. (2008), *Giant Steps in Management: Innovations that Change the Way We Work*, FT Prentice Hall, Dorchester.

Ruiz-Ortega, J., Parra-Requena, G., Rodrigo-Alarcón, J. and García-Villaverde, P.M. (2013), "Environmental dynamism and entrepreneurial orientation: the moderating role of firm's capabilities", *Journal of Organizational Change Management*, Vol. 26 No. 3.

Utterback, J.M. and Abernathy, W.J. (1978), "Patterns of innovation in technology", *Technology Review*.

Zott, C. and Amit, R. (2009), "The business model as the engine of network-based strategies", in Kleindorfer, P.R. and Wind, Y.J. (Eds), *The Network Challenge*, Wharton School Publishing, Upper Saddle River, NJ, pp. 259-275.

About the authors

Professor Alessandro Basile (Since 2007) is a Research Associate of Business Economics and Management at the University of Catania (Italy), Department of Economics and Business. He teaches Firms Start-up and Business Models at the University of Catania. Research interests include: innovation management, management innovation, business model and entrepreneurship. He has been a Researcher at Science and Technology Park – Italy and a researcher in many projects about innovation and regional competitiveness. Professor Alessandro Basile is the corresponding author and can be contacted at: basilea@unict.it

Rosario Faraci is a Full Professor of Business Economics and Management at the University of Catania (Italy) and a Visiting Professor at the University of Florida. He has been co-organizer in many conferences of the Strategic Management Society. He teaches Management and Industries Dynamics and Business Model at the University of Catania. He is the President of CAPITT (innovation and technology transfer center – University of Catania). His research interests include innovation, corporate governance, entrepreneurship, family business.

This article has been cited by:

1. Fu-Sheng Tsai Cheng Shiu University Kaohsiung Taiwan SlawomirJan Magala RSM Erasmus University Rotterdam Netherlands SlawomirJan Magala RSM Erasmus University Rotterdam Netherlands . 2016. Knowing what we know differently: knowledge heterogeneity and dynamically ambidextrous innovation. *Journal of Organizational Change Management* **29**:7. . [Abstract] [PDF]