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Strategy Innovation as Business Model Reconfiguration

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Abstract. Strategy innovation gained popularity during the 1990s as a notion applying to firms that reinvented competition in an industry. Throughout the 2000s business model innovation drew much of the spotlight. The key traits of both these concepts (and how they relate to each other) are often implicit or unclear. Through a literature review and by applying the key elements to some innovative firms for illustrative purposes, this paper discusses the emergence of the notion of strategy (and business model) innovation aiming to bridge these concepts while identifying their basic constituents. Successful firms manage to envision and implement new combinations along different routes, but always exploiting the complementarities through self-reinforcing mechanisms. Finally, the paper argues that strategy innovation triggers the need to broaden the interpretative schemes in the field of strategy, as it resembles more an art than a science.

Keywords: strategy, innovation, business models

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1. Firms, innovation and strategy

Innovation lies at the heart of the competitive game among business firms. Such firms pursue strategies that blend efforts aimed at doing better what they are currently doing (in a cumulative and incremental way) with attempts to achieve performance improvements through leaps and breakthroughs (in a discontinuous way).

Schumpeter (1934) provided one of the most classical contributions on innovation in business, by pointing out how the process of economic development is fueled by innovations that are carried out by entrepreneurs. These entrepreneurs are the subjects who can see new combinations of resources (rather than just adapting or improving existing combinations), and introduce such discontinuities so to create waves of innovation that affect economic cycles. Later on, Drucker (1954) underlined that there are two major kinds of innovation in business, that is: 1) in the product or service; 2) in the various skills and activities that are involved in supplying them. This distinction, broadly referring to the “what” (product or service) and to the “how” (the way in which the firm provides that product or service), to some extent mirrors the distinction between product and process innovation, something that has been a constant element within academic literature for a long time. Key well-known contributions that followed include Freeman et al. (1982), Dosi (1982), Abernathy and Clark (1985), Wheelwright and Clark (1992) and Christensen (1997).

We would argue, however, that for quite some time a considerable share of research (and the corresponding literature) has tended to focus *either* on strategy (and strategic planning) *or* on innovation (technological innovation, or new product development). This implies that the degree of overlapping between studies on strategy and on innovation has not been as developed as one would normally expect. Some have pointed out that strategy and innovation to some extent have developed almost as separate schools of thought, with the lack of a unitary view (Schlegelmilch et al. 2003).

We would also add that when more attention was given to establish a better bridge across the issues of strategy and innovation (particularly during the 1990s), a wide range of labels and definitions came into play, generating a bit of confusion. The literature examining situations when firms carry out some forms of innovation in their strategy in a somewhat discontinuous way includes a wide range of terms such as “competitive innovation” (Hamel and Prahalad 1994), “strategic innovation” or “strategy innovation” (Baden-Fuller 1995, Tushman et al. 1997), “strategic revolution” (Hamel 1996), “value innovation” (Kim and Mauborgne 1997), “breakthrough strategy” (Markides 1999) and many others such as “disruptive strategy”, “radical change”, “quantum change”, “reinvention”, “business model innovation” and so on.

Broadly speaking, these labels have generally been used to describe situations in which firms have operated a considerable change in the way they compete, innovating their strategy with a marked difference from the approach adopted by firms that were traditionally considered as competitors. In these situations the traditional labels of product and process innovation have appeared no longer capable of fully capturing the variety of situations emerging, so to generate a need for new labels / concepts.

While the international success (particularly among practitioners) of the “Blue ocean strategy” book (Kim and Mauborgne 2005) made the issue of strategy innovation quite popular among a wider audience outside the research community, over the last decade there has been a proliferation of work focusing on issues that cross both strategy and innovation, with renewed interest (Teece 2010), and with the emergence of business models (and business model innovation) as an important concept (Zott et al. 2011).

The goal of this paper is therefore:

- to review the relevant literature relating to strategy innovation (with some reference to business models), with the particular aim of understanding whether different labels and definitions refer to a common underlying phenomenon;

- to shed some light on the nature and types of strategy innovation that firms carry out in the business domain, using also the application of the concepts to three innovative firms.

On the first point, we will argue that to a considerable extent all these labels can be reconciled under a common definition of “strategy innovation”, and the basic constituents of strategy innovation can be better understood when using the business model category, so that business model innovation broadly refers to the same thing (in other words, strategy innovation consists in business model innovation, that is a reconfiguration of the business model).

On the second point, we will discuss the intensity and types of innovation, drawing some considerations and comments for future research.

2. Reviewing the concept of strategy innovation in 1990s literature

During the 1990s the scholars trying to describe cases of innovative firms (firms that were pursuing a rather different strategic conduct than their typical competitors in the industry) started looking for concepts that could go beyond the traditional notions of product and process innovation. To this respect, this part contains a review of the most relevant contributions that are believed to be functional to a broader understanding of the issue, and then to elaborate our own proposed interpretation.

One of the early appearances of the label “strategic innovation” can be traced back to *Baden Fuller and Stopford* (1994, 53), who intended it as the creation of combinations of actions that hitherto were deemed impossible. Such combinations can be promoted either by incumbents or by entrants, that appear as “rejuvenators” in a given industry, resolving trade-offs such as variety vs. efficiency, quality vs. productivity, speed vs. flexibility, and so on. The firms operating such innovation manage to exploit creativity in choosing scale, product ranges, geographical territory, distribution formats, and so on. While it has often been common to talk about a “mature

industry”, the authors point out how maturity is a state of mind, and industry rejuvenation requires the effort and creativity to identify new ways of organizing the business and promoting organizational change.

Among the most widely known rejuvenators one can find quite old examples such as Ford in the early XX century with the cheap production of standardized cars that opened up the room for a mass market. McDonald’s is another example, with the development of newly designed equipment, new standards for quality, training and building, new forms of distribution through franchising on a large scale. In the clothing industry Benetton has represented a classical example of developing mass fashion at low cost. In the case of Benetton, for example, the company has managed to rejuvenate the clothing industry of the time by operating in various forces including customer preferences (focusing on a young fashion image), technology and supply possibilities (by developing small, stand-alone low cost outlets operated in franchising schemes, as well as by promoting network-like production cycles), competitors’ blind spots (the fact that most competitors ignored that segment).

As one can see, the definition proposed by Baden Fuller and Stopford (1994) echoes Schumpeter: the authors emphasize the fact that incumbents perceive the industry as mature and “rejuvenators” see and apply new combinations.

Another interpretation by *Normann and Ramirez* (1993) relies on the concept of “reconfiguration”, intended as the reallocation of activities among the actors involved, through the unbundling and re-bundling of individual components, at three different levels, that is 1) offering; 2) organization; 3) mental images or organization concepts in own minds. A classical example proposed by the authors is that of Ikea, where activities are shifted among actors, in a mode that can be relieving (for example by offering self-service assembly the company eliminates the burden and the cost of assembly) and/or enabling (for example in-store availability allows browsing and impulse buying). Perhaps a distinctive element of the

contribution by Normann and Ramirez is the view of “value constellation” that stretches outside the traditional value chain proposed by Porter, by looking at activities both inside and outside the firm: the reconfiguration of activities encompass both dimensions, with varying mechanisms of value creation and appropriation.

Within this definition the focus is on the value chain (value constellation) as the business architecture capable of innovating the building blocks of the firm’s strategy.

Hamel and Prahalad (1994) discuss how organizational transformations by some firms can lead to “industry transformation”. There are newcomers who manage to change industry rules, as well as incumbents who successfully regenerate their core strategies reinventing the industry. According to the authors, strategy should be more path-breaking rather than based on benchmarking (in other words, it should deal more with revolutionary change than with incremental change). As the authors point out, firms should concentrate more on finding innovative ways of doing business rather than trying to achieve greater performance over competitors within the established way of doing business. In metaphorical terms, the authors advocate for a role that is not just that of the engineer (focusing on maintenance) but also that of the architect (designing new possibilities), based on foresight and stretching the goals towards new paradigms. As a consequence, the competitive challenge is less concerned with re-engineering processes and more concerned with regenerating strategies, and the competition for opportunity share becomes more important than the competition for market share itself. Within this scheme the authors emphasize how elements such as foresight (seeing through what can be done anticipating the market or the competition) become more important than positioning (adopting the optimal position given the current circumstances) and, similarly, stretch (developing initiatives outside the current domain and sphere of influence) matters more than fit (matching the inside and outside elements). The authors stress the role of imagination,

underlining that “getting to the future first is not just about outrunning competitors bent on reaching the same prize. It is also about having one’s own view of what the prize is. There can be as many prizes as runners; imagination is the only limiting factor. ... In business, as in art, what distinguishes leaders from laggards and greatness from mediocrity is the ability to uniquely imagine what could be” (Hamel and Prahalad 1994, 25). According to the authors, the problem lies in the notion of strategy that predominates in most companies, and strategic planning should be superseded by a focus on “crafting the strategic architecture”, with a bias for radical actions.

Tushman, Anderson and O'Reilly (1997) relate strategic innovation to the capability of a firm to be ambidextrous in carrying out both incremental and discontinuous change. Innovations that determine a re-writing of the industry rules require also a re-writing of the organizational rules for the company. We could raise some comments on the choice of the “ambidexterity” label: while for individuals ambidexterity refers to the capability to write (or carry out specific tasks) by using both the left and the right hand (in other words, the same function can be carried out in two different ways) here the authors use this concept when a firm carries out two different activities (incremental vs. discontinuous change). As one can see, there is some degree of mismatch between the actual word meaning and the concept that the authors intended. However, we should not divert our attention to these details, but rather observe that this contribution associates strategic innovation with the ability of a firm to move at the same time through a process of incremental improvement and discontinuous innovation. These two domains are also referred to in terms of “exploitation” (of a current position / domain) and “exploration” (of new positions / domains). Firms capable of coupling the exploitation of their current strategic position to the exploration of new business spaces can aim at performance leaps that can redefine the industry structure.

Work by *Kim and Mauborgne* (1997 and 1999), that gained much popularity among practitioners in recent years, places considerable emphasis on concepts such as “new market space” and “value innovation”. The first concept relates to situations in which firms carry out an innovation that considerably amplifies the size of a business, or creates a wholly new one. When such space is radically new, the authors later on use the “blue ocean” category (Kim and Mauborgne 2005), as opposed to “red oceans”, that is situations where a high number of competitors keep on playing the game in a rather similar way. Within “red oceans”, competing firms keep on pursuing operational efficiency within a common framework, while firms looking for “blue oceans” can aim at occupying business spaces that are not currently attacked by any player. “Value innovation” corresponds to an initiative that manages to break the traditional trade-off between cost and differentiation, redefining the cost-to-value proposition to the customer. Within this perspective, strategy innovation starts from a redefinition of the offering that triggers the entry into a new market space.

This review of contributions in literature during the 1990s is clearly not exhaustive, as there are other authors who, to varying degrees, define and deal with the notion of strategy innovation. We believe however that these contributions constitute a relevant critical mass, as most other authors tend to revolve around similar concepts. On the basis of the set of contributions highlighted so far, we can therefore extract some of the basic components of strategy innovation as described in 1990s literature, being (figure 1):

- a redefinition of the *offering* by escaping the trade-off between cost and differentiation (Kim and Mauborgne 1997-1999); this happens by focusing on overserved customers or on non-customers (rather than on existing customers), identifying ways to considerably grow the market;
- a reconfiguration of the *value chain* by shifting some activities among all the actors involved (both inside and outside the company) (Normann and Ramirez 1993);

- an attempt to play a new competitive game rather than trying to be better than competitors in playing the traditional game (Hamel and Prahalad 1994); this transforms the *industry* and its boundaries through considerable volume growth and/or the establishment of quite different standards of competition (Baden-Fuller and Stopford 1994).

Fig. 1. Core aspects of strategy innovation from review of literature in the 1990s

Customer offering

Value innovation breaks cost-differentiation trade-off and can create new market-space (Kim and Mauborgne, 1997-1999)

Value chain

Business reconfiguration by shifting activities in the inside-outside chain (Normann and Ramirez, 1993)

Industry transformation

Strategy should be more path-breaking rather than benchmarking competitors (Hamel and Prahalad, 1994)

New combinations can lead to new strategies that rejuvenate an industry by transforming its balance of power and its boundaries (Baden-Fuller and Stopford, 1994)

Source: own elaboration

In summary, strategy innovation implies a redefinition of the target market and the product provided, along with a transformation in the firm's value chain (in particular the choices about "make or buy" for given set of processes), in such way that the overall industry is transformed (generation of new demand, shifting equilibrium among players, etc.). These elements pave the way for the type of debate that took off during the following decade, involving business models.

3. Business models in 2000s: a tool to grasp strategy innovation

While the 1990s have seen a sparkling flow of contributions over strategy innovation, most of which have been reviewed above, over the following decade the notion of business models gained much popularity.

We can identify a contribution by *Markides* (1997 and 2000) as a sort of juncture on this regard, with its focus on the “breaking of the rules”, where strategy innovation relates to a firm’s capability to challenge the established ways of doing business in an industry, basically by redefining:

- a new “who”, that is which customers is the firm targeting;
- a new “what”, meaning what product-service the firm is offering;
- a new “how”, that is what type of strategic position the firm is exploiting in making the product and capturing the value.

Strategy innovation occurs when a company identifies gaps in the industry positioning map, decides to fill them, and the gaps grow to become the new mass market. In these terms, strategy innovation consists in a re-conceptualization of what the business is about, leading to a different way of playing the game in an existing business. According to Markides (2000, 35), a business is an organization’s biggest mental model. Any mental model can be overcome by identifying and questioning them, using outsiders, benchmarking outside the industry, experimenting new ideas, providing facts or examples that go against conventional wisdom. Strategy innovation can be pursued via various combinations of the “who”, “what” and “how”, through various sequences. As one can see, this definition has much in common with previous elements identified in Hamel and Prahalad (1994), as well as reinstating the relevance of the (Schumpeterian) “combination” elements referred to the various ingredients of a business.

So, strategy innovation basically results from the ability of a firm (residing in one or more of its decision makers) to identify a new combination of tangible and intangible resources that encompasses two or more key elements of its strategy (i.e. the offering, the linkages to the market, the set of activities involved in generating it, the mechanisms of value appropriation) that existing players either were not capable of seeing, or were not capable of implementing.

The ability to “see through” (that is typical of the Schumpeterian image of the entrepreneur) relates to the ability to conceive new combinations and/or sense customer preferences and needs that are not fully met by current

players. Some attention to over-served customers can make the way for a redefinition of the offering in a low-cost mode, while some attention to non-customers might reveal un-tackled potential for satisfying a considerable portion of demand (Christensen 1997).

We could then argue (in line with Markides 2000) that strategy innovation consists in a reconfiguration of the way in which a firm organizes its business, read through the lens of Drucker (1954) terms. In substance, strategy innovation relates to a substantial reconfiguration of the business model. It should be noted that “business model” has become a quite popular concept in management literature particularly in recent years, with a great deal of contributions (also with many different interpretations). A fertile literature on “business models” has somewhat hinted at its presumed capability of providing a more operational translation of the sometimes-vague notion of “strategy”, in the present effort to capture the dynamics of innovation promoted by firms across various industries.

Some of the most relevant contributions in academic literature that have sparked great interest over business models are those by Amit and Zott (2001) and Magretta (2002). They both look at business models as broadly based on three major elements: “who are the customers”, “how is the company intending to provide value to them”, and finally “how is the company extracting value out of it”. To a considerable extent, this has echoes of the previously quoted definition of a business by Drucker (1954), albeit with different nuances.

Early introduction of the business model category took place within domain of information management and ICT contexts. As a matter of fact, the term grew very popular during the internet boom in the 1990s, and it became a building block of almost every company operating in internet environments during the fervid years of the e-business revolution. At that time, it was typical for companies to develop innovative ways of arranging production and distribution activities, and the business model category acted as a sort of interpretative (as well as normative) element to discuss the way in which the firm was going to generate value and extract it from target customers.

Later on, business model as a key notion grew even more outside e-business contexts and heavily permeated academic literature on strategy, with a growing number of contributions, among which we single out just Chesbrough and Rosenbloom (2002), Lehmann-Ortega and Schoettl (2005), Casadesus-Masanell and Ricart (2010), Teece (2010), Baden-fuller and Morgan (2010). An up-to-date comprehensive review of the most relevant literature can be found in Zott et al. (2011).

Unfortunately, as with every terms that becomes popular, the term business model has been suffering over time an ever-growing number of definitions that have not yet produced a satisfactory level of agreement. When one carefully examines all the literature on the topic, one soon realizes that most differences lie in two major aspects: 1) how the notion of business model relates to that of strategy, and 2) the ingredients of a business model. We do not intend to reproduce here all the nuances and the complexity that are typical of this debate, suggesting the interested reader to directly deal with the related literature. With respect to the first aspect (how the notion of business model relates to the notion of strategy) one can find a convincing enough argument in Casadesus-Masanell and Ricart (2010). With respect to the second aspect, a more detailed (and more normative) approach to identify the constituents of a business model can be found in Osterwalder and Pigneur (2009) who articulate business model along nine ingredients. On the whole, a thorough review of all relevant literature can be found in Zott et al. 2011.

Aside from these complications, what we like to point out is that on the whole the category of business model provides some utility, both to the academic and to the practitioner, to identify in a more operational way the strategy of a company. In other words, the usefulness of a business model, however intended, is to push towards the identification of the basic constituents of a strategy, and particularly of the way in which a company aims at producing value. Also, the concept seems to provide, to some extent, some basis to bridge strategy and organization studies, as well as some

issues related to the gap between strategy design and implementation. On the whole, it serves as an input to fully read strategy innovation.

In summary, we could aim at achieving a distillation of the existing literature – and much in line with the contribution by Drucker (1954) - by arguing that a business model is made of decisions regarding:

- the target (who) - who is the target of the company;
- the offering (what) - what is the company providing the intended target with;
- the chain of processes involved (how), both inside and outside the company, that are generating the offering in question;
- the profit model - how a company is extracting value from the target customers in a profitable manner.

As a consequence, we can argue that strategy innovation, as it emerged in literature during the 1990s consists in business model innovation, that is a reconfiguration of the business model: in substance, the individual components of a business model are combined in such a way that departs from established ways of competing.

These four elements can act as a supporting checklist when trying to identify the key drivers of the strategy of a firm and examining its similarities and differences versus competitors.

We could use these four ingredients to look in more detail at four innovative companies, each of which has represented some departure from the traditional approach adopted in the industry, redefining the rules of the game.

4. Looking at four innovative companies

This part aims at complementing the reasoning carried out on the basis of selected contributions from literature, by looking at real-world examples of companies that have been selected as their innovative strategies have often been looked at as falling outside the traditional product/process categories, with a broader perspective often linked to strategy innovation. These

examples are Ikea (the Swedish firm that revolutionized the furniture industry worldwide), Ryanair (the low-cost airline that adopted the strategy pioneered by Southwest in the US market achieving a vast growth in Europe), Technogym (the Italian firm that transformed the fitness / wellness industry with its products and approach to market), and Apple (the US firm whose i-Pod and i-Tunes developments have represented a major success since the early 2000s). We will now aim at recalling the most relevant traits of the innovation carried out by each of these companies, in order to better grasp the notion of strategy innovation.

An example of reinvention in the furniture industry: Ikea

We could argue that the home furniture industry could be briefly divided into a pre-Ikea era, and a post-Ikea era, given the depth of the transformation that this Swedish company has introduced. Before Ikea, customers could basically choose between furniture stores that worked mainly on a sales-by-catalogue mode, with some lead time involved, and stores with readily-available pieces of furniture, albeit limited in breadth of offering and in design features. Ikea has managed to introduce a set of changes that include a new product concept, an innovative marketing mix, a reconfigured set of processes, leading to an offering that could bring both low costs and new value for customers. Its business grew so to exceed in 2010 total sales of € 23 billion, 127,000 employees and stores in 38 countries.

Low costs could be obtained mainly through:

- a product design policy focused on low cost, also with an extensive use of modular designs;
- a self-assembly proposition that could eliminate a considerable share of labor costs, leveraging on the customers' willingness to carry out assembly on their own;
- the use of a self-service shopping mode that allowed to cut down the workforce in stores;
- long-term agreement with suppliers;

- an emphasis on a high stock turn.

Greater value for customers could mainly derive from:

- a wide degree of variety obtained through recombination of modular components;
- large stores allowing customers to physically browse products and explore many design suggestions, ranging from furniture items to a wide range of accessories;
- year-round stocking allowing impulse buying and immediate availability.

Ikea has managed to create a wholly new marketing mix (new products with a widely recognized brand, affordable prices, specific communication policies and a distribution strategy with many features in common with fast-moving consumer goods), with a reorganized value chain (assembly has been shifted from suppliers to customers), and its formula has been replicated worldwide, building upon a great degree of elasticity of demand for affordable furniture. In particular, the availability of affordable items with an attractive design has determined an increase in demand for those segments of customers that did not have a sufficient time horizon ahead to consider buying new furniture (e.g. college students, people with frequent relocations, etc.). During the last two decades, Ikea has become capable of drawing various customer segments, ranging from college students to newlyweds to elder customers.

Reinventing strategy in a mature industry: Ryanair

In the airline industry for many decades a very tight regulation existed over many aspects of the business, including fares. This implied that, albeit controlling costs was clearly a key strategic factor, over time airlines began putting growing efforts into differentiating their offering to the eyes of customers. This translated into more and more attention to the quality of service (for example interior aircraft design, in-flight services and amenities, ground services, etc.), in order to achieve higher degrees of customer satisfaction and loyalty.

After a process of de-regulation, a new model emerged first in the US (pioneered by Southwest) and then in Europe (pioneered by Ryanair), providing a dramatic impulse to industry growth and a transformation of the overall landscape. Differently from traditional players, low-cost airlines focused on providing a scheduled short-haul service between two cities (point-to-point), with a considerable “stripping” of the product, by removing a lot of features traditionally included, but that customers were ready to give up in exchange for lower fares and new opportunities of mobility. The highly articulated business architecture focusing on low costs, coupled with a growing demand exploiting the high elasticity induced by low fares, and the possibility to open new routes in second-tier airports (not the typical strategic battleground for large traditional airlines) triggered a virtuous circle for key players (such as the leading Ryanair) in exploiting this new approach of doing business. Ryanair grew to a total revenue of over € 3.6 billion in 2011 and over 72 million passengers flown, with over 8,800 employees and a fleet of over 270 aircraft.

Traditional airlines featured strategic inertia, partly explained by their public or semi-public ownership structure, but can also be interpreted in terms of some sort of ‘marketing myopia’ (Levitt, 1975). Traditional players grew when airline transport was primarily an elite activity (consumers with high disposable income, business travelers), while low cost players have begun targeting new customer segments, providing them with a travel experience fitting with tighter budgets and different lifestyles. With a much higher focus on cost control, they operated a redefinition of the offering by seizing new business potential lying in new routes and new customer segments.

Key aspects of the low-cost strategy include (Buzzavo 2007):

- a specific business focus and product redefinition: point-to-point travel mainly in second tier airports, elimination of many “frills” (benefits) in flight and on-the-ground, one class of service;
- a new chain of activities: much standardization (fleet with single-type aircraft, human resource costs), low turnaround times, direct distribution;

- a new economics: low costs, scale and learning economies coupled with growing volumes (high elasticity, higher flight frequency and load factors).

While not all new entrants attempted to imitate the model successfully adopted by Ryanair (and Easyjet, to mention another key player), the former managed to keep on growing by exploiting a combined set of factors including: first-mover advantage (opening new routes with interesting business potential), scale and learning economies (continuously reducing costs through scale and experience), and an intricate set of self-reinforcing complementarities making it difficult for other players (particularly traditional airlines) to fight back.

An example of business transformation in the fitness industry: Technogym

Technogym is a company that has been capable of moving ahead of the competition by identifying emergent customer needs. By “emergent” we refer to needs that are not yet fully visible to incumbents. The firm has basically invented the business of wellness by starting from the position of sports equipment manufacturer. Founded in 1983 in Gambettola (near Forlì-Cesena in Emilia Romagna, Italy), it has quickly moved it to become undisputable market leader in the international scene, with sales of over € 350 million and over 2,000 employees. Technogym has put its “customer sensing” capabilities to good use (Day 1994) and become capable of “seeing what’s next” (Christensen et al. 1994), occupying a new strategic space and developing a specific focus and competences directed towards a targeted offering, laying the basis for a vast success. The aspects that Technogym managed to understand in anticipation were:

- fitness machines were becoming more and more relevant not just for young and physically healthy people but also for other types of customers as well;
- fitness equipment was becoming an important product at home, and not just in specialized fitness centers, and therefore equipment should be easier to install and to use for private customers;

- fitness should not just be seen as a functional activity but rather in a broader sense as an emotional concept, leading to a concept of wellness that related to a lifestyle;
- it was key to ensure the equipment's capability to adjust to individual needs by using customer information, and this same customer information could become knowledge with strategic relevance.

The first two aspects matter because on the one hand it expanded the potential market, and on the other it led to identify the conditions for expanding the scope of traditional professional sports equipment to adjust it to this broader target (Bonaccorsi 2006).

On the third aspect, one should note that it was Technogym itself to invent the “wellness” term as an extension of the fitness concept into the realm of lifestyle, and incorporating a more emotional perspective. The term itself (that has been officially registered) has become incorporated into the company's payoff (Technogym – The Wellness company).

The fourth aspect also relates to the capability to identify emerging customer needs, as the equipment can actually operate with a one-to-one logic with all the consequential benefits of customization and effectiveness in the customer relationship. As effectively pointed out by Huang (2001), Technogym's wellness system is both a physical and a virtual environment that is built around a central customer database that ensures that the equipment adjusts to customer preferences and physical conditions. With the use of hardware keys and passwords, the equipment automatically selects the proper weights, seats move to the right position, and even the appropriate music can be played. When customer exercise, dedicated screens indicate recommended routines and pace, according to individual physical profiles and exercise programs. Even more interesting, every time that a customer works out information is stored in the database, so that the equipment continuously adapt to customers' progresses. Customers themselves can track their progress (also through a website), but also trainers can use the data to monitor developments. These aspects reinforce

at the same time the one-to-one customization, the accumulation of knowledge, and the emotional connection with the customer.

The unique capability of Technogym's founder in identifying emerging customer needs, as well as promoting a new wellness culture, has been integrated over time with a marked emphasis on research and development, that materializes in the conspicuous investment in dedicated scientists and engineers to that purpose (Sahay et al. 2004; Simon 2009).

The Technogym example shows how a firm can achieve both a differentiation advantage (e.g. with elements such as brand, unique offering, product features, one-to-one customization) and a cost advantage with respect to the scale economies that can be achieved by having tapped into a vast potential market, as well as the learning economies that are in place when maintaining the company constantly on the verge of the innovation frontier. We can argue that Technogym has managed to create a wholly new business space by operating a re-conceptualization of the product and of the market itself.

An example of creation of a new market-space: Apple's i-Pod and i-Tunes

Apple's i-Pod and i-Tunes represent another interesting case to look at, when trying to uncover the features of strategy innovation (as a matter of fact, the later advent of i-phone and then i-pad also represent additional interesting cases. In this work, however, we will limit our focus to the i-pod story). In the early 2000s Apple had looked at the existing portable MP3 music players and had spotted the opportunity to promote its own player with a unique mix of branding, design and functionalities. These features were highly related to the development of the i-Tunes software (meant to be used in the computer to play and organize music), and later on of the i-Tunes music store that has become since then a key player in the online music market.

While Apple was not the first company to introduce a portable audio player for music files (for example, the "Zen" player developed by the company Creative was already available in the marketplace), Apple could achieve a

very low time-to-market (in the order of 12 months) by adopting a modular production strategy, defined also “Lego” model of production (Berger 2005). This approach implied the development of a product that was made up of existing components, manufactured by individual suppliers. One should consider that the stages that go from the definition of a new product (be it a completely new product or the updating or upgrading of an existing one) usually involve a complex interaction of activities and subjects that can stretch over a considerable length of time. In industries where the rate of innovation is considerable, be it because of factors such as evolving consumer preferences, intense competition, fast technological improvements, a firm’s ability to reduce the time-to-market undoubtedly represents a key competitive driver, since on the one hand it allows to firm to be addressing the target market with a product that features new traits that are believed to be valuable at the eyes of customers (differentiation), and on the other hand it can keep costs down by compressing the actual amount of resources involved in the set of activities going from concept to market, including delays and errors that can occur.

Apple’s business formula was to design and market a product that, being made of existing modules, could be developed rapidly and efficiently, assembled (by a third party) like they were simple Lego blocks. At the time of the introduction of the i-pod, the major components were the hard drive (made by Toshiba), the touch-operated control mechanism (made by Nidec), the processor (made by ARM), the firewire port (made by TI), the USB interface (made by Cypress) and the flash memory-unit (made by Sharp). Inventec in Taiwan carried out final assembly, so that Apple could completely outsource manufacturing, while concentrating on the marketing and on the complementary “soft” aspects of i-Tunes software and store.

Apple’s business idea allowed it to rapidly enter the market with a original player that, thanks to its unique brand image and peculiar functionalities, rapidly gained market share allowing for great economies of scale, while enjoying a relevant premium price that allowed rewarding margins. Over time, Apple has expanded the range of i-pods (with the introduction of the

Nano, the Shuffle, etc.) and of the related products (such as the i-Phone and the i-Pad), pursuing a similar “Lego” strategy. The strategy adopted by Apple allowed to be quite fast in turning an idea into a product available in the marketplace, entering the industry with a markedly differentiated product, and at the same time keeping costs down thanks to its choice of production mode and its growing opportunities for scale economies after the market success.

Apple’s strategy has completely redefined portable devices in a way that affects many product arenas including mobile phones, laptop computers, as well as the whole music distribution industry. Besides the peculiar “Lego” model of production, Apple was first in adopting a completely new design focus on electronic items: its focus on minimalism and user-interfaces has redefined industry standards, in a way that no competitor can ignore.

5. Reading strategy innovation as a reconfiguration of the business model

The illustration of these four cases provides an opportunity to read strategy innovation as a reconfiguration of the business model (in other words, business model innovation), with a summary provided in figure 2.

The who (target) and the what (offering)

The first two elements of the business models that are reconfigured by strategy innovation are the "who" (target) and the "what" (offering). It is functional to read them in conjunction to grasp their relevant features. Here value innovation breaks the cost-differentiation trade-off by typically focusing outside the existing customer base.

Differently from the established industry practice, Ikea focused heavily on a specific target, consisting of customers with lower willingness to pay, customers looking for one-stop shop and fun in furniture, and customers willing to self-assemble. Through its broad offering of low-cost items, some self-assembled, in large stores spread within chain, Ikea began offering low

costs but also greater customer value in the degree of choice and modern design, its one-stop shopping format and in the entertaining element of the shopping experience. Its model has allowed to considerably grow sales volumes, by leveraging on new segments (e.g. college students).

Ryanair has moved away from the traditional focus on product differentiation through the addition of enhanced features and shifted its target to the vast un-tackled mass of customers looking for cheap air transportation. The airline managed to simplify and standardize the product compared to the traditional industry approach.

Technogym has innovated by focusing its business on customers interested in home use, customers looking for greater ease-of-use and greater interaction, customers more emotionally involved, customers sensitive on overall “well-being”. The company has managed to develop fitness machines blending function and emotions, providing ease of install and ease of use, plus an innovative way of using customer information, pursuing scale economies so to make available quite evolved and sophisticated products to growing segments of private customers.

Apple began focusing on customers willing to pay extra for design, customers looking for new user interfaces, customers valuing ability to customize music libraries. The company has been capable of offering new value (carrying around one’s whole music library in a fashionable design item) that well captured customers’ willingness to pay and drew more and more customers to its product.

The how (chain)

Another key dimension is the way the firm organizes its processes in the value chain. Ikea has heavily focused on modular design through long-term agreement with suppliers, but it has also shifted some activities to customers (e.g. self-service shopping and self-assembly).

Ryanair managed to achieve considerable standardization, scale and learning based on the simplification of the core product, along many segments of the chain (production, distribution, human resources, etc.).

Technogym managed to use information technology so that fitness machines could store customer information and provide guidance to exercise, eliminating much need for instructors and trainers. Besides providing greater value to customers, this triggered scale and learning economies in the production process.

Apple developed a Lego-like model of production (Berger 2005) featuring short time-to-market, while focusing on product and software design and marketing, with complete outsourcing of production and assembly

The profit model

All these four companies have adopted a profit model that was different from common practice. Ikea has adopted a model similar to fast-moving customer goods, aiming at greater share of customer wallet through wider shopping basket revolving around furniture items. Ryanair managed to couple low costs with scale and learning economies exploiting a high elasticity of demand that allowed low fares to activate new segments of demand. Technogym has focused on extracting higher willingness-to-pay and generating large sales volumes exploiting worldwide market. Apple has been gaining from both premium price and volume effects, with music player margins plus music store margins (see fig. 2).

These four examples (Ikea, Ryanair, Technogym and Apple) represent situations in which the type of innovation promoted by the company has determined a rather radical departure from the traditional way of operating within the respective business domain: they all have operated a blend of product and process innovation, with a transformation of the business space. In other terms, after these innovations were introduced the industries in question have been transformed in a way that competing firms could not ignore: customers have incorporated the new “rules” of the offering that have become a standard to relate to.

Ikea has redefined the traditional price-performance constituents in the furniture industry, creating a new market space. Its approach has a marked emphasis on low cost but also providing unique customer value,

determining an evolution of the furniture industry. Its type of strategy innovation is not too distant from that of Ryanair, with the introduction of the low-cost strategy based on a simplified product and a standardized process exploiting the high elasticity of demand.

Fig. 2. Reading strategy innovation as reconfiguration of the business model (business model innovation)

	Who (target)	What (offering)	How (chain)	Profit Model
Ikea	Customers with lower willingness to pay; customers looking for one-stop shop and fun; customers willing to self-assemble	Broad offering of low-cost items, some self-assembled, in large stores spread within chain	Longer agreements with suppliers; self-service for customers	Similar to fast-moving goods; aim at greater share of customer wallet through wider shopping basket revolving around furniture items
Ryanair	Un-tackled segments of customers looking for basic air transportation	“Stripped” and standard product	Focus on standardization, scale and learning	Low costs coupled with high elasticity of demand; high frequency + high load factor
Technogym	Home users and customers looking for ease-of-use, greater interaction, emotional involvement and overall well-being	Easier-to-use and to install technologically advanced machines providing high functionality plus interaction, also for home use	Extensive use of information technology and ergonomics competences; scale and learning economies	Extracting higher willingness-to-pay and generating large sales volumes exploiting worldwide market
Apple	Customers willing to pay extra for design; customers looking for new user interfaces; customers valuing ability to customize music libraries;	Multi-function music player with innovative user interface, fashionable and minimalist design; unique coupling with software and music sales channel	Lego-like model of production and short time-to-market; focus on product & software design and marketing and outsourcing of production and assembly	Gaining from both premium price and volume effects; player margins plus music store margins

Source: own elaboration

Technogym has redefined the fitness-machine industry by adopting a new way of looking at the customer offering and creating a “wellness” category. This has determined the industry to evolve with a marked emphasis on

customer unique value provided, in a way that resembles what Starbucks has been doing in coffee shops.

Apple with its products has coupled a new product with a new process in a revolutionary supply chain. It has completely redesigned more than one industry, coupling product development, production and marketing skills in a unique way.

In all these four cases there are innovative elements that encompass the offering (its value-price dimensions), the links to the market, the value chain, with changes that depart from the traditional way of competing, with the effect of transforming the industry.

It is worth exploiting a little further the basic traits and the building blocks of these innovations.

6. The dynamics of strategy innovation

This part aims at a better understanding of the dynamics of strategy innovation. Firstly, strategy innovation is examined through the lens of the key types of innovations proposed by Christensen (1997), that is sustaining innovations, low-cost disruption and market disruption. As we will see, strategy innovation (business model innovation) contains a combination of these.

Secondly, strategy innovation is explored by looking at the intensity of the reconfiguration in each element of the business model. As we will see, individual components of the business model might depart more or less dramatically from the approach adopted by existing players, and innovative firms might promote strategy innovations in quite different ways. What matters, however, is the ability to make these choices internally consistent so that they are self-reinforcing and capable of complementing each other (Casadesus-Masanell and Ricart 2011).

Sustaining innovation, low-cost disruption and new-market disruption

An interesting opportunity to look inside strategy innovations comes from work by Christensen (1997). The author does not explicitly talk about strategy innovation, but discusses innovation processes in general, but his reasoning is functional to shed some light on our path. He proposes three major types of innovations:

- sustaining;
- low-end disruption;
- new market disruption.

Sustaining innovations involve an improvement in performance for the attributes that are most valued by existing customers (particularly the most demanding ones). The key target consists in the most profitable customers: the firm can tackle new performance attributes thanks to their higher willingness to pay.

Low-end disruptions involve a different business model that aims at providing a low cost offering. In such sense innovations of this type address over-served customers, and the disruption can take place as the innovating company can attract customers interested into the low cost offering, who can abandon other providers.

New market disruptions are innovations where the firm is capable of competing against non-consumption. Non-customers basically constitute the target, and the firm's initiative can determine a market expansion if not the whole creation of wholly new market space (that other company can later aim at serving).

As one can understand, sustaining innovations correspond to firms competing for performance improvements, while low-end disruptions can generate substantial redistribution of market shares when an innovative player can steal large shares of customers from other players through its low-cost attractiveness. In most cases customers are happy to give up some product features that they do not consider so valuable, in favor of the offering whose price-content ratio is perceived to be more attractive. It is frequent for low-cost disruptions to determine the emergence of one or more

market leader at the expense of incumbents who suffer much from the innovation and often find it difficult to respond. Finally, new-market disruptions can represent huge opportunities for the innovating company, but also some opportunities for other companies who manage to ride the market growth that originated from the new combination brought along by the innovator.

The Ikea case is a typical example of a low-cost disruption, at the expense of traditional home furniture manufacturers (and sellers). To some extent it also triggered some market development, but its nature is much focused on the low-cost approach.

As anticipated, Ryanair has some similar features, with the particular aspect of featuring a considerable market expansion induced by the activation of new demand.

The Technogym case combines some elements of “sustaining” innovation (performance attributes) with the creation of a new market space, and this applies also to Apple, for which however the new-market disruption appears on a larger scale.

We could therefore argue that strategy innovations tend to feature varying degrees of these types of innovation in interesting combinations: they tend to combine a “new market disruption” (identifying opportunities to trigger new users and amplify demand) with a balanced mix of a “sustaining” approach (improving the key performance attributes for existing customers) and “low-cost” approach.

Intensity of strategy innovation

Let's now deal with the second point previously outlined, that is the intensity of strategy innovation.

Throughout all this paper we have aimed at providing a description of situations when strategy does not consist just in playing the game better (the “improvement” element), but rather in promoting innovations that redefine the competitive game to a considerable extent. The set of elements that have been identified so far (who, what, how, profit model) can act as a checklist

to ascertain whether any given firm has introduced relevant innovations across them, and firms can pursue a multiplicity of avenues to do so.

Before going further, it is worth asking ourselves this question (and the reader might forgive us if it appears quite naïve): when investigating strategy innovation should we consider changes with respect to what the company was doing before, or with respect to the typical approach adopted in the industry? It is rather clear that in our reasoning what matters is the second aspect. In other words, a company might be introducing an innovation that implies focusing on a different target, providing a different product, with some changes in its chain compared to what the company had been doing before: it is obvious that for the company in question this represents an innovation in its strategy (and one could read it as a “strategy innovation”), but what matters for us is whether such changes are adopted in a way that represents a departure from the typical way of competing of the firms in the industry. In other words, what truly matters is to ascertain whether the innovation being introduced is different from the typical strategic conduct of competing firms, hence new for the industry in question. To reinstate this concept, if a company has introduced a substantial reconfiguration of its business model in a way that imitates another successful firm operating in its industry, then we should not categorize this as a strategy innovation, as the firm is simply carrying out an imitative conduct.

Having said this, when looking at the four-component “checklist” (who, what, how and profit model), one soon realizes that there might be varying degrees of intensity and various combinations of the above. In other terms, a firm might introduce an innovation that extends the target market (e.g. fitness machines for senior people), while another could introduce an innovation that completely redefines the target market (e.g. fitness machines not just for gyms but also for home use). Similarly, a firm could operate some adjustment in its production chain (e.g. outsourcing a production phase), a major change (e.g. deciding to be vertically integrated downstream, hence directly owning and operating its stores, such as Zara in

clothing), or a revolutionary change (e.g. just designing the product and coordinating the manufacturing and assembly of components in a Lego-like model such as Apple did). This suggests that there can be both varying degree of intensity as well as various combinations on the above ingredients, and consequently strategy innovation necessarily happens in a continuum.

In other terms, we cannot draw a clear line between situations of “strategy innovation” and situations that are not, but we should rather conceive a wide range of situations in which innovations that introduce greater differences versus the traditional way of operating and that involve more ingredients of the business model correspond to greater strategic innovations. On the whole, we could argue that strategy innovation takes place when two or more elements of the business model are reconfigured in a substantial way: this allows to distinguish “strategy innovation” from other “simpler” types of innovation (e.g. just a new product, all the rest being equal).

To dig a bit further, we could imagine building some hypotheses and creating a scale capable of measuring such intensity. This could be a research exercise requiring detailed and complex observation. In order to provide an illustration of this reasoning, one of the simplest possible ways is to ascertain the intensity of the change by looking at how it relates to the established way of competing in the industry in question. In other words, for any ingredient of the business model one could check whether it is:

- broadly the same to the one commonly adopted in the industry;
- somewhat different;
- radically new.

If we go back again to the four firms that have been looked at (Ikea, Ryanair, Technogym and Apple), we could aim at provide a simple visualization of the strategic innovations put in place by assigning a value to such intensity, with “*” marking no substantial difference, “**” marking some difference and “***” marking great difference. Let’s ascertain these values for the cases in question.

Ikea's target is partly different (it stretches outside the traditional domain but without representing a major breakthrough (score = **), while the offering (intended as the product and its marketing mix) represents a major departure (score = ***). The chain of activities involves some change as reorganization with suppliers and a shift of assembly activities onto customers (score = **), while the profit model also entails some degree of change (score = **).

Ryanair features a case where the core of the target is much different, particularly in terms of size: rather than conceiving air transport as an "elite" or "premium" sector (as it was in the past), it is seen as a "product for the masses", with huge growth potential (score = ***). The offering, albeit similar in its essence, shows some differences as it features much simplification and standardization (score = **). The chain of activities also features much standardization and focus on low costs (score = **), while the profit model marks a great difference (score = ***).

Fig. 3. Reading strategy innovation through the intensity of business model reconfiguration

	Ikea	Ryanair	Technogym	Apple
Who (target)	**	***	**	*
What (offering)	***	**	***	***
How (chain)	**	**	**	***
Profit model	**	***	*	***

Source: own elaboration

For Technogym the situation is partly similar to Ikea with respect to the first three elements of the business model, but the profit model can be seen as not that innovative (selling fitness machines).

For Apple while the target does not involve considerable changes (score = *), the offering and the chain are quite new (score = ***), and the profit

model changes by incorporating both the margins on the sale of music players as well as the music (as well as video) distribution channels. Figure 3 provides a summary of the scores assigned to each innovative company. We could derive a visual illustration by creating a diagram where the changes in the business model introduced by the four firms are measured by marking the score (*, ** and ***) alongside four dimensions that correspond to the four elements. In practice, “*” equals to the origin of the axis, “***” lies far from the origin, and “**” in between (figure 4).

Fig. 4. Reading strategy innovation as intensity of business model reconfiguration

Source: own elaboration

The combination of the visual diagram and the scores that are summed up in figure 3 generate the illustration provided in figure 5 (please note that the dots in each axis have been connected with straight lines just for the sake of making the illustration more visual for the reader – the emerging area does not necessarily have a specific intended meaning in our reasoning).

By looking at the figure one can visually grasp how firms might develop strategy innovations by pursuing different routes that is emphasizing

varying combinations of changes in the components of the business model. This suggests that there can be limitless possibilities of devising changes of varying intensity, and combining them in original ways. Therefore what truly matters for a firm is to find out which combinations are actually capable of being profitable. Some firms might have the capability to “see through” new combinations plus the resources and the commitment to implement them, and winning firms can exploit advantages of some kind so that other firms cannot replicate such combinations in a way that can match what the initial innovator has managed to do.

Fig. 5. Reconfiguration of the business model in the four cases

Source: own elaboration

It is interesting to note that while there can be different routes to promote strategy innovation, by reconfiguring individual components of the business model with varying degrees of intensity, successful firms manage to operate choices that have high internal consistency so that they are self-reinforcing and exploit complementarities (Buzzavo 2007, Casadesus-Masanell and Ricart 2011). Again, going back to the Schumpeterian lens, it is the

combination aspect (and the ability to exploit complementarities) that truly matters.

7. Concluding remarks and perspectives

What is strategy innovation

We have aimed at tracing back the emergence of the notion of strategy innovation (and business model innovation) in literature, while attempting to bring many of the labels and definitions revolving around strategy innovation under a common frame. We have attempted to show that strategy innovation equals business model innovation, and consists in the ability of a firm to carry out a reconfiguration of the business model exploiting internal consistency and complementarities so to trigger a transformation in the industry by redefining the established ways of operating in favor of new combinations.

A business model can be articulated in many ingredients, but in simple terms it consists in:

- the target (who) - who is the target of the company;
- the offering (what) - what is the company providing the intended target with;
- the chain of processes involved (how), both inside and outside the company, that are generating the offering in question;
- the profit model - how a company is extracting value from the target customers in a profitable manner.

Strategy innovation is therefore a complementary perspective to the traditional categories of product and process innovation that have been a constant ingredient of business studies for quite some time. On the whole, strategy innovation consists in business model innovation, so that the two things end up being broadly the same.

The new combinations of individual elements of the business model can feature innovations that, in Christensen's (1997) terms, can include elements of sustaining innovations (mainly focusing on existing customers),

low-cost (addressing over-served customers) and new-market disruptions (addressing non-customers). But a key aspect is the ability to make the new combination of business model elements internally consistent and capable of being self-reinforcing hence exploiting complementarities (Casadesus-Masanell and Ricart 2011).

Strategy innovation is not “new”

As we have tried to highlight, “strategy innovation” is a label that has become quite common in strategic literature over the last two decades. However, it would be quite wrong to miss how it represents a lens to look at innovations over a considerable time span. The century-old fordist model of production, for example, can be considered a case of strategy innovation. First, it has broken the cost-differentiation trade-off, introducing an affordable means of transportation in a context where automobiles were quite expensive products. The market could vastly grow taking advantage of the high elasticity of demand. Secondly, the production system has been dramatically reorganized through the adoption of Taylorist principles, moving from a craft-like model of production to a mass manufacturing system making wide use of standardization, setting new efficiency standards. Thirdly, the industry has been transformed with the gradual extinction of small volume players and the establishment of industrial giants. Within the automotive industry, another strategy innovation manifested about half a century later, then Japanese manufacturers (and Toyota in particular) introduced lean production techniques (Womack et al. 1990). The offering has been redefined by the capability to develop differentiated products with high quality levels at reasonable costs (breaking the trade-off). The production chain has been reorganized through intense cooperation with suppliers (co-design), organized in vertically tiered schemes. The industry has been later transformed with the entry of Japanese players into the US market (and then in Europe), a redistribution of market shares, and the need for Western players to adopt lean production techniques to boost productivity and quality levels.

Strategy or “strategic” innovation?

As discussed, strategy innovation basically consists in business model innovation, and more and more authors are referring to it by the latter approach. While we do not know yet whether the research community will lean towards the former or latter approach (and we feel quite comfortable in using both terms as broadly equivalent), we would argue that we prefer the term “strategy innovation” versus “strategic innovation” (that is sometimes used), for two inter-connected reasons. First, innovation represents the application of an idea that generates value. As a consequence, it can be considered “strategic” by definition, and the expression “strategic innovation” creates a sort of redundant / tautological expression. Secondly, “strategy innovation” mirrors more established expressions such as “product innovation” and “process innovation”, where the entity being redefined is the word (rather than the adjective) preceding the word innovation. In other words, “strategy innovation” leads us to think of an innovation in the strategy content, and/or in how it is developed and implemented, while “strategic innovation” can lead to think of an innovation holding strategic value (and, as said, any innovation should have some).

Strategy innovation is about generation of new combinations with an entrepreneurial drive: it is more of an art than a science

One final important point to underline is that as it has been shown throughout this work, strategy innovation resides in the capability to see new opportunities for combinations in the business model. Such capability of “seeing through”, of “insight” puts the spotlight away from the classical aspect of “selecting” the best strategy (that was a typical feature of the leading thinking on strategy during the 1980s, for example as in Porter’s work), while emphasizing the need to better understand how key strategic actors can train and enhance the capability of seeing and generating new combinations.

On the whole, improving our understanding of strategy innovation dynamics implies:

- a broader look at how strategy unfolds within firms, as for example approaches that provide a complementary look to the strategy content and strategy process approach, such as “strategy as practice” as codified by Whittington (1996);
- a deeper investigation of the “art” elements that operate inside strategy besides its more studied “science” dimension, as in Mintzberg (2009);
- a more thorough and structured analysis of how new business models are generated and which tools are useful, such as in Osterwalder and Pigneur (2009), as well as the barriers involved (Chesbrough 2010). This implies also a better understanding of how firms (with the entrepreneurs and top managers in them) promote “ambidexterity”, that is a combination of exploitation of existing conditions and exploration of new avenues (O’Reilly III and Tushman 2011).

On the whole, more focus should be directed to a more profound bridging of the theoretical concepts with situations of innovative companies that are unfolding in the real world promoting higher cross-fertilization.

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