

CREATING AND IMPLEMENTING AGILE BUSINESS MODELS: DESIGNING PRACTICE BASED STRATEGIES

Abstract

The constantly changing business scenario is extremely challenging to manage and prosper. The current VUCA (Volatile, Uncertain, Complex, and Ambiguous) world which defines unpredictable change that includes dynamism, disruption, swift modifications, complication, extreme competition, instability etc. and these changes disrupt the effective business operation and need innovative strategies including new business model development to combat the turbulent situation, operate successfully, and gain competitive advantage. Innovation in business models refers to the creation of innovative arrangements of resources and transactions to establish or expand markets. In contrast to innovation in products and procedures, the business model needs to be innovative and focuses on exploring and grabbing opportunity in the market. The agile business model encounters the conventional models of innovation and flexibility. The basic concept comprises of four basic approaches viz. simplification of structure, collaboration, adapt self-sufficiency for innovation, and inspire creativity (Bock & Gerard, 2014). This chapter focuses on how an organization can create and implement agile business model.

Keywords: Agility, Agile Business Model, Components of Agile Businesses, Innovation, Collaboration.

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I. AGILE BUSINESS MODEL

Agility- the constantly changing business scenario which includes the changes in business process, technology, market demand, customer's preferences, geo-political changes etc. demands highly responsive business strategies in order to manage the complexity. An agile approach can be deemed fit best in this situation. Agility is the ability or the capacity of a person or a group to contemplate, comprehend, and respond to changes in the environment or the difficulties with ease (IGI Global).The primary stimulus of agility is change. It is the main driving force behind the agile philosophy. Transformation is the primary components of agility. In order to respond to the current market conditions, business has a tendency towards gradual change and modification. The demands of business have resulted in a wide range of competitive standards. Setting an appropriate schedule for the implementation of a plan requires a thorough grasp of the requirements of contemporary business (Yusuf et al 1999). Business Agility denotes the capability of an organisation to respond effectively to the dynamic and unpredictable nature of the contemporary business environment, which includes an elevated level of instability, complication, and ambiguity. This competency is embedded in the collective efforts and involvement of individuals throughout the whole organisation, emphasising the need of a people-centric approach. Instead of a more formal approach, the agile methodologies are faster and customer-centric that facilitates an organization to deliver more efficiently (Badakhshan et al, 2020).Its ultimate goal is to enable the organisation to consistently generate value in this challenging context.

The accomplishment is attained by the cultivation and utilisation of the collective, innovative methodologies employed by the individuals inside the organisation to fulfil its core objectives. Also the agile organization is able to respond to the various external and internal challenges and opportunities more swiftly and efficiently. It can respond to the customer's need or adapt swift market changes, and sustain with competitive advantage (Agile Business Consortium, 2023). The adoption of agile business approaches as a strategy has been advocated for the purpose of enhancing business competitiveness. Agility is defined as the capacity to efficiently shift from a diverse set of customer requirements to a superior quality, complete product in a swift manner. A comprehensive understanding of the human elements inherent in agile business approaches and it is crucial for effectively incorporating technology that facilitate swiftness, as well as for coordinating individuals operating within a concurrent engineering setting (Forsythe, 1997). Agile techniques are characterised by innovative principles, values, procedures, and advantages, and these are widely adopted across many industries and functional domains. The agile methodologies are significantly different and unique from traditional command-and-control management approaches (Rigby et al 2016). The organisations that adopt agile practises exhibit a higher likelihood of attaining better organisational health that indicates a sustained success over an extended period (Aghina et al 2018). Furthermore, these organisations are able to effectively prioritise client satisfaction, expedite product development and release, experience increased financial gains, reduce expenses, and foster a more involved and committed workforce.

II. COMPONENTS OF AGILE BUSINESS MODELS

The Agile business model is a flexible and adaptive approach to running a business. It emphasizes collaboration, iterative development, and quick response to change. Here are some key characteristics and features of the Agile Business Model:

- 1. Customer-Centricity:** Agile businesses need to prioritize understanding and meeting customer needs and expectations. They emphasize regular customer feedback and actively involve customers in the development process.
- 2. Iterative and Incremental Approach:** The Agile model needs to embrace iterative development cycles, where work is divided into smaller increments that allows for continuous improvement and adaptation based on customer feedback.
- 3. Cross-Functional Teams:** Agile businesses need to organize their teams into small, multidisciplinary groups that include members from different functional areas like development, design, and marketing etc. This nurtures collaboration, swift decision-making, and a shared understanding of goals.
- 4. Adaptive Planning:** Agile businesses need to embrace change and prioritize adaptability. It employs flexible planning techniques that allow for reprioritization and adjustment of project requirements based on evolving customer needs and market conditions.
- 5. Rapid Prototyping and Feedback:** Agile businesses need to use prototyping to quickly test ideas and gather customer feedback. This helps validate assumptions, identify potential issues early on, and reduce development cycles.
- 6. Continuous Improvement:** Agile businesses need to foster a culture of nonstop development. They evaluate their procedures and results to improve efficiency, quality, and customer happiness. This is often done through retrospectives and process refinements.
- 7. Transparency and Communication:** Agile organizations need to emphasize open and transparent communication within teams and with stakeholders. Regular meetings and reviews, enable teams to discuss progress, address challenges, and align on goals.
- 8. Embracing Emergent Requirements:** Agile businesses need to recognize that requirements and priorities can evolve over time. They are willing to embrace and incorporate emerging insights and adapt plans accordingly to deliver value more effectively.
- 9. Agile Leadership:** Agile organizations require supportive leadership that fosters a culture of empowerment, collaboration, and trust. Leaders serve as facilitators, removing obstacles for teams, and enabling them to make decisions and take ownership.
- 10. Continuous Learning:** Agile businesses need to value a learning mind-set. They encourage experimentation, risk-taking, and knowledge sharing within the organization. Learning from both successes and failures helps teams improve and innovate.

Finally, agile business model offers a framework that enables organizations to respond to changing market dynamics, increase customer satisfaction, and deliver value in a fast-paced, uncertain business environment.

III. TRANSFORMATION OF AGILE BUSINESS MODEL

Transformation of agility in the organization is challenging. The transformation process needs huge effort and determination. It encompasses the modification of the organizational structure, organizational culture, technological aspects and operational procedure. Organisational agility is not a single concept, but a set of factors that are interrelated and work together. These include the organization's ability to learn and improve continuously. Also the organizational structure, strategies, culture and leadership must be well aligned with the objective. (Strode et al 2022). The cultural and leadership facets are the most challenging for large-scale transformation of an organization towards agility and organisational culture is the core focus of transformation strategy and execution. Agile principles address continuous and sustainable transformation which emphasises holistic thinking, sustainability, and long-term transformation goals. Employee's behaviours and morals are valued for customer and internal stakeholder interactions. Agility can be accomplished by the highly motivated, culturally aligned, and empowered employees who are working collectively in the direction of achieving common goal (Karvonen et al 2018). This is not only possible by business model renewal or agile method adoption but an appropriate outlook, approach, and culture is more important for agile transformation of a business model.

IV. EXAMPLES OF AGILE BUSINESS MODEL

Agility has been proved advantageous for the business organization but it is more challenging for the large organizations to implement agile methods due to its firm and rigid structure. Agility demands flexibility, experiment, and the capacity of the organization to revolve swiftly when needed. But the large organizations can achieve agility in scale with an approach which enables accurate frame work and organizational culture. (Null 2023)

The below Table-1 demonstrates various different agile approaches adopted by the MNCs and how it brought benefits to their respective business and helped gain competitive advantages in the market. Some of the very successful and renowned multinational companies like Cisco, Ericsson, Fitbit, Play Station Network, Barclays grabbed benefits through the adoption of agile approaches. For instance, *Cisco* which is an MNC, having headquartered in San Jose, deals in Digital Communication Technology earlier used to have a traditional approach to manage Subscription Billing Platform (SBP). This approach resulted in quality problems, lengthy release cycles, unable to meet deadlines, Overtime etc. Later Cisco implemented Scaled Agile Framework (SAFe) where the objective was to engage in a collaborative effort to construct and evaluate minor functionalities within a Software-as-a-Service (SaaS) element, subsequently delivering it to the concerned team for system assimilation and testing. As a result, Cisco successfully delivered the latest version of the Service Business Platform (SBP) within the designated timeframe, without demanding any additional working hours. The implementation of enhanced team collaboration resulted in a 40% reduction in defects compared to previous system, accompanied by a 14% escalation in defect elimination competence.

Table 1

Name of the Company	Operating Area	Agile Approach Adopted	Benefit
CISCO	Digital Communication Technology	Scaled Agile Framework (SAFe)	40% reduction in defects and 14% increase in defect removal efficiency.
LEGO Digital Solutions	CAD Software Company	Scaled Agile Framework SAFe	Duplicated work, dependency issues, planning, execution, and client trust have improved.
BARCLAYS	British Multinational Universal Bank	Agile Coaching and Disciplined Agile Delivery	Output increased 300%.Code complexity reduced by 50% and test code coverage rose by 50%.
PANERA Bread	American Chain Store of Bakery-Cafe	Disciplined Agile Delivery	Improved delivery speed, quality, customer interactions. 25% increment in sells from digital platform.
ERICSSON	Telecommunication MNC	LeSS (Agile and Large-Scale Scrum)	Increased efficiency & production
Playstation Network	Digital Media Entertainment	SAFe (Scaled Agile Framework)	Lessened preliminary design time by 28%. Reduced interruption saved \$30 million every year.
John Deere	Agricultural machinery and other equipment.	LeSS (Agile and Large-Scale Scrum)	Better Planning and improved delivery schedule.
Fitbit	Consumer electronics and fitness devices	SAFe (Scaled Agile Framework)	Released 4 new products and dispatched over 22 million units after implementing SAFe.
OpenLink	Cloud Computing & Software	Disciplined Agile approach	Increased efficiency. Improved cross-team communication.
Royal Philips	Healthcare Technology	SAFe (Scaled Agile Framework)	Average release cycle time reduced to six months from earlier 18 months. The feature cycle time dropped to 100 days from 240 days.

Another company *LEGO Digital Solutions* which is a CAD Software Company, allow people to design virtual models. LEGO handles consumer interactions via computers, apps, wearable, and more. As it grew to over 20 teams, the group faced new challenges. Other approaches like Scrums and sprints were working, but LEGO was facing challenges in consumer collaboration, cross-team configuration, platform building, and release scheduling etc. The Scaled Agile Framework SAFe was encompassed at a program level among the teams and the management process at the top to address these issues. This approach improved the trust of client Replicated effort, dependency problems, planning, implementation, etc.

Next, British multinational universal bank *Barclays*, used agile coaching and Disciplined Agile Delivery to make its workspaces more collaborative. Barclays' output increased 300% when 800 teams adopted agile methods in a year. Also it was observed that agile teams were happier, first to market, and best at adapting to feedback for better improvement. Also, Panera Bread which is an American chain store of bakery-café operates in the United States and Canada. Panera Bread operates over 1,700 bakery-cafes in the US and Canada, realised the need to accelerate IT solution for delivery to meet its rapid expansion and change. After agile-training sessions, an agile coach showed the new methodology on two major projects. After the attainment of its objective, the company implemented enterprise-wide Disciplined Agile Delivery system which has increased the delivery speed, quality, and business interactions. Due to the improved mobile ordering process, Panera's sales increased by 25%, and also the customer loyalty increased remarkably. Next, Ericsson, a Swedish Telecommunication MNC, having headquarter in Stokholm. M-MGw (Ericsson's Media Gateway for Mobile Networks) was innitally developed by the teams using a conventional waterfall technique. Organizational silos delayed lead times and feedback loops, and few individuals knew the product. The company implemented Agile and Large-Scale Scrum (LeSS) in order to improve the flexibility and the release cycles. M-MGw improved its thinking and process flow that help improved efficiency and production. Also the Sony Interactive Entertainment (SIE) *PlayStation Network (PSN)* which offers digital media entertainment service globally. SIE leadership adopted SAFe (Scaled Agile Framework) which increased collaboration in the organization. SAFe has decreased initial planning time by 28% and the company saved \$30 million per year. Also, the American manufacturer of agricultural machinery, and other equipment, John Deere, reorganized the benefit of using agile methods and the LeSS framework. The company improved after six months. Focused teams may plan and predict delivery dates. Teams started delivering on schedule after fixing release quality issues. Next, the American consumer electronics and fitness company Fitbit used to meet their customer holiday-driven product delivery deadline with Scrum. However, scaling the process became necessary as the firm and customer base developed. Fitbit's project management department director had SAFe (Scaled Agile Framework) knowledge and helped implement it. The first Program Increment (PI) planning event had 12 Scrum teams, and each PI added more teams and functional groups. Team engagement, velocity, and cadence increased immediately. Fitbit introduced 4 new products and shipped over 22 million units after implementing SAFe. One more instance is *Openlink Cloud Centres* which is a software company, provides services to clients to manage their businesses more efficiently. OpenLink developers spent more time correcting ihe issues related to their existing software and services than developing new products or increasing functionality. Openlink implemented two pilot projects, and restructured workspaces in order to be more agile and collaborative.

After the trial projects were successful, the company scaled gradually. It resulted better productivity, reduced customer-escalated issues improved morale and cross-team communication. The last but not the least, the renowned healthcare technology company Royal Philips, which is a subsidiary of Dutch Multinational Corporation is a \$26 billion medical technology corporation. Royal Philips adopted Scrum and SAFe (Scaled Agile Framework) to shorten its 18-month release cycles. This resulted in great improvements. The average Release cycle time reduced to six months from earlier 18 months, while the feature cycle time dropped to 100 days from 240 days. The company achieved great competitive advantage in the market.

The above examples are the evident that how the agile business practices could help enterprises yield better and operate successfully in the market with competitive advantages.
(Source- TechBeacon)

V. GUIDELINE FOR IMPLEMENTING AGILE BUSINESS MODELS

A group of 17 software developers created a platform named Agile Manifesto in the year 2001 to transform their business model from a traditional approach to an agile method (Kirvan & Pratt 2023). The platform identified 12 principles that would be the agile principles of software development. The Agile process stands in comparison to the conventional approach employed in software development. Under this methodology, company gathers and combine the requirements of users before proceeding to development of the software. The finalised deliverable is released upon the conclusion of the project lifecycle. The aforementioned process bears resemblance to the software development lifecycle, encompassing the assessment of the current software, formulation of new software requirements, and creation of a design for the proposed software, implementation of the new software, conducting thorough testing, deployment, and on-going monitoring.

The Principles of Agile Business

- Satisfy the requirements of the consumer by ensuring prompt and consistent delivery of deliverables.
- Remaining flexible and adaptable to modifications in project needs, even if they occur towards the end of the project.
- Consistently providing completed work at frequent intervals, preferably of shorter duration.
- Collaborate with the project team and business owners on a daily basis.
- The process of forming a highly motivated team involves the careful selection and assembly of individuals who possess the necessary skills and qualities.
- Additionally, it is crucial to create an environment that fosters productivity and growth, while also offering the appropriate support and resources.
- Furthermore, trust is a fundamental element in this context, as it enables team members to collaborate effectively and achieve shared goals.
- Regularly engaging in face-to-face communication.
- Employing finished work as a metric for gauging progress.
- Developing strategies that facilitate the implementation of sustainable initiatives and ensuring a consistent workflow.
- The need for consistent focus on achieving greatness through effective design.
- Promoting the virtue of simplicity.
- Acknowledging the notion that optimal outcomes are achieved through the collaboration of self-organized teams, resulting in superior structures and designs.
- Regularly engaging in reflection to enhance team effectiveness and continuously refining and adapting the strategy (Source- Agile Manifesto)

VI. CONCLUSION

Agile business model development is a flexible and adaptable method that helps organisations deal with the constantly changing markets of today. To meet the mandate of augmented business flexibility, the organizations need to be agile (Morgan & Page, 2008). Agile methods help organizations respond quickly to changing customer needs, new technologies, and competition by promoting iterative cycles of planning, and execution. These methods encourage efficient use of resources, empowers collaboration across departments, and prioritize the customer's need. This leads to more innovation and value creation. Agility encourages employees learning continuously, develop better strategies and transform swiftly. Embracing the agile principles create a culture of adaptability, resilience, and customer happiness. This, in turn, leads to long-term success and sustainable growth. As businesses adopt this paradigm, they put themselves in a position to do well even when things are uncertain and to take advantage of new opportunities, paving the way for continued relevance and success in today's fast-paced business world.

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