Coupling business models and business strategies to strategic thinking: a strategy-as-practice perspective

Acoplar modelos de negócio e estratégias empresariais ao pensamento estratégico: uma perspectiva de estratégia como prática

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ABSTRACT
In this paper we make an investigation to examine how the business model and business strategy concepts are used as a strategizing device into managers' strategic thinking process from the strategy-as-practice perspective. An action research method was applied in four Brazilian companies. We have collected empirical evidences that suggest that fitting the business model and the business strategy concepts appropriately into managers' strategic thinking raises the chances that this process becomes more creative at the individual and at the organizational level. As opposed to other academic definitions, we have hypothesized that reaching strategic thinking at the organizational level is more influenced by the vision of the top management rather than by the strategic thinking abilities of middle managers. This paper extends strategy-as-practice research suggesting four ways that the business model concept can be used as a strategizing device. Also, we point out that the business model concept can give new directions to the strategic thinking research, as well as to the strategic change research. In the end, we suggest that strategy practitioners need to emphasize their strategic dialogues more on intentions rather than just on numbers. We also suggest that managers need to add experimentation into their strategic thinking process, in order to low the risk of taking competitive moves that comprise business model changes.

Keywords: Business Models, Business Strategies, Strategic Thinking Process, Strategy-As-Practice.

RESUMO
Neste artigo, fazemos uma investigação para examinar como os conceitos de modelo de negócios e estratégia de negócios são usados como um dispositivo de estratégia no processo de pensamento estratégico dos gerentes a partir da perspectiva da estratégia como prática. Um método de pesquisa-ação foi aplicado em quatro empresas brasileiras. Coletamos evidências empíricas que sugerem que encaixar os conceitos de modelo de negócios e estratégia de negócios de forma adequada ao pensamento estratégico dos gerentes aumenta as chances de que esse processo se torne mais criativo no nível individual e organizacional. Ao contrário de outras definições acadêmicas, formulamos a hipótese de que alcançar o pensamento estratégico no nível organizacional é mais influenciado pela visão da alta administração do que pelas habilidades de pensamento estratégico dos gerentes de nível médio. Este artigo estende a pesquisa de estratégia como prática, sugerindo quatro maneiras pelas quais o conceito de modelo de

negócios pode ser usado como um dispositivo de estratégia. Além disso, ressaltamos que o conceito de modelo de negócio pode dar novos rumos à pesquisa do pensamento estratégico, bem como à pesquisa da mudança estratégica. No final, sugerimos que os praticantes da estratégia precisam enfatizar seus diálogos estratégicos mais nas intenções do que apenas nos números. Também sugerimos que os gerentes precisam adicionar experimentação em seu processo de pensamento estratégico, a fim de diminuir o risco de tomar movimentos competitivos que envolvam mudanças no modelo de negócios.

Palavras-chave: Modelos de negócios, Estratégias de Negócios, Processo de Pensamento Estratégico, Estratégia Como Prática.

1 INTRODUCTION

Over the past decade, a growing school of thought have been saying that companies should focus on understanding its business model and how to make money out of it by delivering value to customers (Abraham, 2013), in order to take advantage of this new environment that requires them to compete differently (Casadesus-Masanell & Ricart, 2010). These allegations brought to discussion whether business models can replace other strategy concepts during strategy development (Arend, 2013; Baden-Fuller & Mangematin, 2013).

In literature we verify a large number of studies that clarify that business models and business strategy are two different things. Magretta (2002), for instance, says that business models describe how the pieces of a business fit together, while business strategy explains how the business can do better than its rivals. But even though Magretta has clarified this difference a decade before, it seems that the discussion about this matter regained strength after 2010, mostly, we believe, due to the popularity that Business Model Canvas has accomplished (Osterwalder & Pigneur, 2010).

Indeed the academic debate on that matter has shown to be relevant. However, from a strategy-as-practice perspective (Whittington, 1996) we wonder how this debate can be taken further. More specifically, how managers use the business model and the business strategy concepts as a strategizing device into their strategic thinking process? An insight raised by McGrath (2010) opens space to this discussion. The author argues that the business model concept can improve strategic thinking, since it can help managers "to shift focus from a pre-occupation with the resources a firm has, to the use to which those resources are put." Abraham (2013) goes further. The author advocates that mixing business models with business strategies energizes strategic thinking. And this is what we intend to examine in this paper – how does top and middle managers use the business model and the business strategy concepts as a strategizing device into their strategic thinking process.

The reason why we felt impelled to make this investigation is because according to Whittington (1996), treating strategy as a practice implies a new direction in strategic thinking, once the issue that must be considered by strategy scholars is how managers act and interact in the whole strategy-making sequence. Based on that, we believe that this paper can bring two main contributions to the strategy-as-

practice paradigm: i) offering to strategy practitioners new insights about how to apply the business model and the business strategy concepts into their strategic thinking process, and; ii) offering to strategy scholars a new direction in the strategic thinking research.

Thus, we have structured our paper as follows. First, we briefly review the literature on some strategic thinking definitions, highlighting the one we have adopted in this paper. Then, we articulate how business models and business strategies can play different roles in strategic thinking process. We end the review by showing what the strategy-as-practice literature says about that matter. After this brief review, we present how we have managed our research explaining the methods we used to collect the data from four case studies. We proceed to the next section reporting and discussing our findings and the key theoretical insights we have gathered. We conclude the paper presenting practical implications of our findings, as well as research perspectives and contributions for strategy practitioners.

2 THEORETICAL BACKGROUND

2.1 STRATEGIC THINKING

Strategic thinking has become a relevant ability often required from managers that has to deal with the speed that strategic actions demand from them (Zahra & Nambisan, 2012). But despite the term 'strategic thinking' has lost relevance in the strategic management literature in the past two decades, we still feel that this is an important ability that managers need to develop.

So important that some papers have analyzed how students' strategic thinking can be developed in the teaching of strategies (Kunc, 2012) as well as in leaders formation (Pang & Pisapia, 2012). And although we acknowledge that the development of strategic thinking abilities are a matter of culture (Goldman & Casey, 2010) it is notable that such skills are important nowadays, where creating business ecosystems requires entrepreneurial insights coupled with strategic thinking (Zahra & Nambisan, 2012), in order to face market and technological turbulence (Moon, 2013).

Knowing that managers need inspiration and creativity to face market turbulence (Zahra & Nambisan, 2012), capturing what they learn from their personal and professional experience in order to synthesize it into a vision of the direction that the business should pursue, as Mintzberg (1994) well pointed out, becomes a real challenge to develop the strategic thinking. Because of this, several models have been proposed. Liedtka (1998), for instance, argued that strategic thinking comprised five elements: systems perspective, intent focused, thinking in time, hypothesis-driven and intelligent opportunism. Goldman and Casey (2010) focused their model on how managers could learn to think strategically. And Nuntamanop et al. (2013) proposed a model termed "strategic thinking competency" where they presented seven characteristics of strategic thinking that impacts strategy formulation, strategic actions, and business performance.

But once studies have shown that middle managers play a central role in strategy making (Balogun

& Johnson, 2004), we decided to adopt the definitions of strategic thinking proposed by Bonn (2001), since this model could give us the opportunity to analyze strategic thinking at the individual level and at the organizational level. This means that by applying this model we can analyze the strategic thinking process of both top managers and middle managers.

According to Bonn (2001), the strategic thinking at the individual level comprises three main elements: a holistic understanding of the organization and its environment; creativity; and a vision for the future. The author advocates that the holistic understanding of the organization requires that managers have the ability to see the environment in which the organization is as a set of events and connections that goes beyond the day-to-day problems. While trying to find and develop novel solutions to create competitive advantage to deal with this set of events and connections, the author claims that managers might trigger a creative thinking, where multiple ideas and possibilities are imagined to solve strategic problems. However, the author also points out that none of this will inspire the people in the organization unless managers find ways to communicate what is their real purpose, that is, where the company wants to be placed in the future.

Thus, the author claims that strategic thinking also needs to be treated at the organizational level, where managers, as well as their teams, must be engaged in strategic dialogues where everybody is encouraged to share ideas and insights to solve strategic issues. And this is where this model becomes aligned with the purposes of this paper. But once we intended to analyze such phenomena from the lenses of the business models and business strategy concepts, we also examined what the literature says about the relationship between business models, business strategies and strategic thinking.

2.2 BUSINESS MODELS, BUSINESS STRATEGIES AND STRATEGIC THINKING

As it was addressed in the beginning, business models and business strategy are two different things. A business model is more generic than a business strategy, which means that developing a successful business model is insufficient to assure competitive advantage, but coupling it with an efficient strategy is needed to protect the business model from the competition (Teece, 2010). But if from strategy-as-practice perspective the literature is still limited in presenting how business models and business strategies can be coupled into managers' strategic thinking, in conceptual terms the literature is vast why these two concepts must be considered by managers in strategy making.

Zott and Amit (2010) argue that designing business models require that managers choose the "set of activities, as well as the resources and capabilities to perform them - either within the firm, or beyond it through cooperation with partners, suppliers or customers." By doing that, managers end up understanding the set of cause-effect relationships between customers, the organization and money (Baden-Fuller & Mangematin, 2013), thus giving them a holistic view of the company. However, designing a good business model is not enough, it's necessary to do what no other business does (Magretta,

2002). And here is where business strategy enters.

Although some authors have argued that designing business models help managers to formulate competitive strategies to hold advantage over their rivals (Chesbrough, 2010), it is safe to say that designing business strategies is a much more granular exercise than designing business models (Teece, 2010). After all, despite of the different views of creating strategies – market-based view or resource-based view – strategies are essentially designed to reach one and only end: to maximize the performance of a company (Feurer & Chaharbaghi, 1997). So when managers are designing strategies they end up making strategic choices about how to apply their business models, selecting the right markets, customers and products in which the business should focus (Magretta, 2002). In other words, as DaSilva and Trkman (2014) have pointed out, the "strategy reflects what a company aims to become, while business models describe what a company really is at a given time."

So one might ask why these two concepts – business models and business strategy – need to be coupled into managers' strategic thinking process. According to Tovstiga (2015), strategic thinking process includes developing strategic questions using strategic analysis and assessing competitive landscape, so strategic options can be generated. But to us, it doesn't seem accurate to affirm that strategic thinking revolves only around strategic analysis, especially after all the debate about business models that has been going on in the past decade. For example, when managers are developing a business model design, that is, when they are defining how the company 'goes to market' (Teece, 2010), it seems that they are also engaged in a strategic thinking process, once they are also trying to answer strategic questions. In other words, we believe that the advances of the business model research in the past decade imply that the strategic thinking research takes a new direction.

This is what McGrath (2010) defends, when the author advocates that the business model concept can bring benefits to the strategic thinking process because of its discovery driven approach. Several other authors have also pointed to that direction. For instance, Cravens et al. (2009) have suggested that one of the main challenges of managers' strategic thinking is to identify new business model opportunities and decide whether to pursue them. Hacklin and Wallnöfer (2012) have shown in a case study how managers were committed to work with business models to guide their strategic thinking process. The authors have concluded that the business model concept have given the participants of the case study a common language for strategic thinking from a new perspective.

And since Amit and Zott (2010) in a study among thousands of CEOs conclude that managers see business model innovation as a top priority, we felt impelled to make a further investigation on how the managers' strategic thinking can be influenced when they couple the business model and the business strategy concepts into this process.

2.3 THE STRATEGY-AS-PRACTICE PERSPECTIVE

Although we acknowledge the advances in the strategy-as practice research regarding business strategy processes, tools and social-material practices (Vaara & Whittington, 2012), little has been explored when it comes to business models (Kringelum et al., 2018), especially when the topic is about its application in strategy making. Hacklin and Wallnöfer (2012), for instance, have recognized the limitations in the literature regarding the application of business models as a strategizing device. Besides the study carried out by them, it is worth mentioning the efforts employed by Järventie-Thesleff et al. (2014), Kringelum et al. (2018) and Pelletier and Raymond (2020) in order to bring contributions about the application of the business model concept to the strategy-as-practice field. However, it is obvious that other studies needs to be explored, now that the business model concept is being consolidated as a theoretical mechanism in the strategic management field (Ritter & Lettl, 2018).

So we have chosen to give a strategy-as-practice perspective to this research in order not to fall into the same pitfall that Foss and Saebi (2018) have warned that some other studies about business models have. According the authors, "while the research on business models and business model innovation continue to exhibit growth, the field is still, even after more than two decades of research, characterized by a striking lack of cumulative theorizing and an opportunistic borrowing of more or less related ideas from neighboring fields in the place of cumulative theory."

3 METHODOLOGY

3.1 RESEARCH DESIGN

Based on what it was presented in previous sections, our paper aims to explore how the business models and business strategy concepts are used as a strategizing device into managers' strategic thinking process at the individual and at the organizational level by examining the strategic dialogues of four Brazilian companies. We documented our experiences in an action research mode. We decided to use these method because much of the knowledge that managers acquire in their professional journey emerges from observation and know-how, rather than codified forms of expertise (Cohen and Levinthal, 1990; Knight et al., 2020). In this sense, we expect that our observations can contribute to managers' professional development by offering them new insights about strategizing.

From all the companies we have been working as external academic partners in Brazilian territory, we have chosen such companies for the following reasons: i) they have a relevant size; ii) they have a well established strategy process; and; iii) their strategy process usually involves people from different organizational levels. It is also worth mentioning that the companies gave permission for us to have the case studies applied, but required that their data were not published.

3.2 DATA SOURCE

The research data was collected by two main sources. The first came out from the observations we have documented from the strategic dialogues of each company we have followed. The second source of information we have used to analyze the results came from two strategy tools we have oriented them to use during the research – the Business Model Canvas (BMC) and the Strategic Model Canvas (SMC). The BMC (Osterwalder & Pigneur, 2010) was designed to answer business model questions by using a set of nine blocks with a common language to describe, visualize and update business models - customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. The SMC (Azevedo et al., 2018) which has its design inspired by BMC, was developed to help managers to answer business strategy questions by filling out a set of ten blocks – customer needs, threats, opportunities, objectives, initiatives, goals, KPIs (Key Performance Indicators), Capex (Capital Expenditure), Opex (Operational Expenditure) and business value. The reason why we have suggested them to use such tools was to assure that managers would actually use the business model and the business strategy concepts within their strategic thinking process, and also because as Jarzabkowski and Kaplan (2015) says "using a tool is undoubtedly helpful in enabling managers to convey rationality in contexts that privilege the idea of rationality."

Each case study lasted two months and was divided in three phases. In the first phase of the research we have proven to all the participants a 4-hours practical training about the BMC and the SMC, once some of them had never used such tools to support their strategic dialogues. The training has also addressed the conceptual differences between business models and business strategy. During the training, we have pointed out that they didn't need to follow any sequence while using the tools to do their strategy work. The reason why we have pointed this out to them is due to the fact that strategic thinking brings a non-linear perspective (Bouhali et al., 2015) which is based on the need of recognition of new possibilities (Mintzberg, 1994). Besides, suggesting the participants to follow a certain sequence when using the BMC and the SMC might cause cognitive biases on their strategic thinking process, once we would be telling them exactly what to do. This, in our view, could compromise our observations.

Thus, in the second phase of the research, we have followed their strategy meetings in order to document our experiences. The participants were told that we would not interfere in any of their decisions and in how they were going to carry out their dialogues. Our interventions remained limited to solving doubts about the BMC and the SMC features.

3.4 DATA ANALYSIS

Finally, in the third phase of the research we gathered all the comments and remarks made by the participants, as well as the BMC and the SMC content, to make a qualitative analysis of the data. In this analysis we searched for patterns that could help us to raise our key theoretical insights. In the table below,

we give an overview of the companies that were part of this research, highlighting their industry, participants, number of employees, and the frequency of the meetings.

Table 1. Overview of the case studies

Case	Industry and Size	Number of participants	Number of employees	Frequency of the meetings
1	- Financial Services - Large national group	- Eight top managers - Five middle managers	- 153 employees	- Weekly
2	- Broadcast and Media - Medium-sized company part of an international group	- One top manager - Seven middle managers	- 112 employees	- Every two weeks
3	- Cleaning Services - Large-sized local company	- Two top managers - Eight middle managers - One external participant	- 1640 employees	- Weekly
4	- Road and Rail - Medium-sized local company	- One top manager - Seven middle managers	- 122 employees	- Monthly

4 RESULTS AND DISCUSSION

In this section, we report each case study in action research mode. In the beginning of the case studies, we give a brief description of the company, as well as its strategy context, so then we can report our observations and the key theoretical insights we have raised. In order to build a link between the case studies and the discussion of our insights, we highlight each case study with our diagnosis of the company's strategic thinking process.

Thus, after reporting the case studies, we move on to the next section where we discuss the key theoretical insights we have collected from the perspective of the three elements of strategic thinking at the individual and at the organizational level proposed by Bonn (2001).

4.1 CASE STUDIES

Case 1: Excessive emphasis on numbers rather than on intentions

Strategy context

The company, a large national group in the financial services industry, had recently been through changes in the top management with the nomination of new members to the Board of Advisors. This new board wanted to turn the strategic planning into a link to between the company and its stakeholders.

During the meetings with the top management we have observed that their strategic dialogues were strongly oriented by numbers. Thus, questions such as '*how many customers are we going to achieve in the next year?*' and '*how much are we planning to grow?*' were frequently asked during the strategic

thinking process. This made us realize that the business model concept was not a relevant strategizing device for them, even when it became clear that they had divergences about it, such as '*but is this really the customer segments we are planning to focus?*'

The same phenomena continued in the workshops with the middle managers – the focus remained on numbers. The business model wasn't even a topic in their dialogues. The main difference between the middle managers' strategy work and the top management's strategy work, was that the first revolved around resource allocation and the latter on strategic goals. The excessive emphasis on numbers and not so much on intentions that the participants had focused on can be translated in a remark made by the responsible for the Strategic Planning area: '*We decided to continue in the same path from last year*', demonstrating that no relevant strategic changes would be employed.

Observations and insights

Observing the strategic thinking process at the individual and at the organizational level from the strategy-as-practice perspective, we have raised some questions. First, why the participants haven't recognized the business model concept as a strategizing device? Second, why the company's business strategy design has suffered from lack of creative options? The answer to both questions might be related with the fact that, individually, the participants have shown that the business model questions were too abstract to be discussed; they wanted to talk about something more tangible. Both top managers and middle managers have shown a lot more interest in discussing numbers than discussing, for instance, which customer segments they needed to focus. They didn't seem to bother when divergences about this latter were raised. Thus, our first key theoretical insight (I1) is that there is a relation between the use of the business model concept as a strategizing device and the degree of creativity of managers' strategic thinking process.

Case 2: Organizational strategic changes are encouraged

Strategy context

This medium-sized company part of an international group in the Broadcast and Media industry is facing the challenge of adapting the company's culture and processes to new media technologies. This challenge was bought by the CEO who has remarked the following in his open statement for the middle managers in the beginning of the strategic thinking process: '*If we don't change the way we're doing things here, we're dead.*' Building on this statement, we have observed that the middle managers felt freer to do their strategy work. A remark made by one of the managers reflects this feeling: "*He told us we needed to change. So let's do it.*'

So as opposed to the first case study, the participants of this one started out their strategic thinking process knowing that organizational strategic changes were welcome. Coincidentally, the participants saw

gains in using the business model concept as a strategizing device. Moreover, we have also observed that the participants created a fine tune between the business model design and the business strategy design when strategic questions such as '*how much our revenues can be increased if we explore this new channel?*' was raised during their strategic dialogues, thus showing that business model elements (channels and revenue streams) were connected to business strategy elements (goals and KPIs).

Observations and insights

Observing the strategic thinking process at the individual and at the organizational level from the strategy-as-practice perspective, we have raised some questions. First, why the participants of this case study has recognized the business model concept as a strategizing device? Second, did that make easier to couple the business model design to the business strategy design? When comparing the outcomes of this case study with the first one, we saw that the biggest difference among them was how the top management has directed the middle managers to do the strategy work. In other words, the message, even being between the lines, was that the middle managers needed to pay attention not only in resources and numbers, but also in the organizational strategic changes that the company needed to employ. Thus, our second key theoretical insight (I2) is that the strategic thinking approach depends on how the top management faces this process – whether this is a process to create strategic changes or not.

Case 3: Troubles in finding the strategic positioning

Strategy context

This company was facing a dilemma that every company faces in a fragmented industry, such as the Cleaning Services industry: how to differentiate itself from the competition? One of the Directors has pointed out that historically the company had been always ahead of the competition, especially because it was one of the first in the sector. But in recent years the company became, in his words, '*a spending money machine*', mostly, he believes, because the company doesn't do anything different from the competition anymore.

The strategic thinking process of this case study was carried out by a Business Consultant. Right in the beginning, he used the business model concept as a strategizing device with the top management to show that the company has been losing ground for the competition because of its poor strategic positioning. Thus, according to him, it was time for the company to make a decision: focus the business model on high-sized customers or on small-sized customers.

After using the business model concept as a strategizing device to find the company's strategic positioning, the Business Consultant has also made use of the business model concept with the middle managers. This time he instigated the middle managers in thinking about a new value proposition for the company, once the strategic intention of the top management was to differentiate the company from the

competition. In doing that, the participants ended up divided in two groups - the ones who believed that the company should position to attend only high-sized customers and the ones who believed that the company should position to attend majorly small-sized customers. The ones who defended the first option alleged that the company '*became too big to compete with small firms*' and that '*the operational costs don't pay off*''. On the other hand, the ones who defended the second option alleged that '*the demand of small-sized customers is a lot higher*'. Because of such divergences, the company ended up its strategic thinking process with two different business strategies – one for each customer segment.

Observations and insights

Observing the strategic thinking process at the individual and at the organizational level from the strategy-as-practice perspective, we have raised some questions. First, does the business model concept helps managers in finding the company's strategic positioning? Second, does the business model design can act as a prototyping device that helps managers in testing different business strategies? In this case study this was exactly what happened. The participants ended up divided in two groups because they were defending two different strategic positioning. However, this has brought gains to their strategic thinking process because the two groups ended up designing two different business strategies. In this sense, our third key theoretical insight (I3) is that the business strategy design is more creative when the business model design helps managers to have a holistic understanding of the company.

Case 4: Organizational strategic changes are discouraged

Strategy context

This medium-sized company of the Road and Rail industry had recently been through an organizational restructure, by dividing the company into three business units. According to the CEO, the organizational restructure happened because company has recently entered in new markets that turned out to be very profitable. Once the company has passed through recent changes, the message that came from the CEO to the middle managers was very clear: '*We need to sell.*'

When the workshops began with the middle managers we have observed that the same phenomena that happened in case 1 happened here – the business model design didn't show to be a relevant topic in their strategic dialogues. And it was inevitable not to think that the message sent by the CEO didn't have any influence on that. Just as it happened in case 1, the strategic thinking process revolved only around resource allocation and goals. Remarks such as '*we need to increase our sales force*' and '*our sales are too modest*' were repeated for several times. But according to one of the middle managers, the business model design didn't need any attention because '*the organizational restructure has recently happened.*'

Observations and insights

Hence, observing the strategic thinking process at the individual and at the organizational level from the strategy-as-practice perspective, we have somehow reinforced the key theoretical insights we have raised in cases 1 and 2. One, because the business model design apparently has a relation with the degree of creativity of managers' strategic thinking process, and; two, because the top management has a strong influence on how middle managers are going to face the strategic thinking process. However, based on the remark made by one of the middle managers, we have raised a question. What is the role of the business model concept as a strategizing device in well established business models? After all, the allegation provided by one of the middle managers of this case study that the organizational restructure somehow made the company's business model well delineated has a point. Thus, our fourth key theoretical insight (I4) is that the business model concept is helpful as a strategizing device only when organizational strategic changes are needed.

4.2 DISCUSSION

We started out this paper by asking how does top and middle managers use the business model and the business strategy concepts as a strategizing device into their strategic thinking process. To answer such question, we highlight and relate the key theoretical insights we have raised to the strategic thinking concepts proposed by Bonn (2001).

I1: There is a relation between the use of the business model concept as a strategizing device and the degree of creativity of managers' strategic thinking process.

The first key theoretical insight we have raised comes from the empirical evidences we have gathered in case 1. In this case study, we suggest that the lack of use of the business model concept as a strategizing device has lowered the degree of creativity of managers' strategic thinking process. The way we see, one of the reasons for this to happen was because the top management hasn't recognized the strategic thinking process as a moment to think about innovation, but yet a moment to think about how to spend their money. By doing that, they have somehow lost the possibility of designing how their business model would look like in the future.

When seeing this phenomena by the lenses of the three elements proposed by Bonn (2001), this might suggest that the managers' *creativity* can show gains when the business model design is used as a strategizing device to help managers in illustrating the company's *vision*. In this sense, we do not see that managers should be concerned in designing business models that are aligned to the strategic intentions of business stakeholders, as Ilayperuma (2010) suggests. We believe that the business model design *is* the mechanism to describe and illustrate strategic intentions. Our argument finds echo in Khanagha et al. (2014) work, once their analysis reveal that strategy formation is a collective experimental learning

process revolving around a number of alternative strategic intentions. And somehow, this was reinforced by the next key theoretical insight we have raised.

I2: The strategic thinking approach depends on how the top management faces this process.

The empirical evidences we have gathered from case 2 shows that strategic thinking at the organizational level can only be achieved by a top-down approach. And this sheds light on what was suggested by Bonn (2001). According the author, in order to achieve strategic thinking at the organizational level, companies must change its recruiting system for senior managers and "design a selection and assessment process that focuses more on the applicant's strategic thinking ability", as well as creating "the structures, processes and systems that foster ongoing strategic dialogue among the top team and that take advantage of the ingenuity and creativity of every employee." In other words, the author argues that the middle managers' strategic thinking abilities and the company's structure are the means to spread strategic thinking at the organizational level.

As much as we acknowledge that these suggestions made by Bonn (2001) can be effective, the case studies have shown there isn't a cause-effect relationship in this equation. We have observed that the strategic thinking at the organizational level is more guided by the sense of purpose (vision) of the top management rather than by the strategic thinking abilities of middle managers. In fact, the case 2 has reinforced what happened in case 1 suggesting that middle managers may be 'contaminated' by the vision that comes from the top management to run their strategy work. And this phenomenon was repeated in the other case studies – the strategic thinking approach of middle managers depends much more of the top management's strategic intent than their strategic thinking abilities. This suggests that when the top management encourage organizational strategic changes, they apparently reduce the middle managers' excessive pre-occupation with resource allocation, just as McGrath (2010) has pointed out, thus raising the other element of strategic thinking at the individual level proposed by Bonn (2001) – *systems thinking*.

Thus, understanding that leveraging the systems thinking at the individual level depends on how organizational strategic changes are faced, we suggest that the top management's capability of communicating strategic changes through the business model design is the key factor in reaching strategic thinking *at the organizational level*. In other words, we are arguing that the suggestions made by Bonn (2001) are more likely to happen *only if* the top management is successful in using the business model design to communicate their strategic intentions and changes.

I3: The business strategy design is more creative when the business model design helps managers to have a holistic understanding of the company.

Our third key theoretical insight raised from case 3 has shown that the benefits that the business model concept can bring to strategy making, such as understanding the logic of the business (Teece, 2010),

defining how to capture and create value to customers (Zott & Amit, 2010), and describing the relationships between all the stakeholders that encompass the company's business (Baden-Fuller & Mangematin, 2013), assist managers as a strategizing device in two different forms: i) finding the company's strategic positioning, and; ii) prototyping different business strategies. In both cases, the creativity seems to be the element of strategic thinking that has shown more gains.

When the business model design acts as a strategizing device to help managers to find the company's strategic positioning, just as it happened in case 3, it seems that the company's business strategy finds its natural course, selecting the markets and products they are going to develop (Magretta, 2002). But when the strategic positioning remains unknown, as we have observed in case 1, the company's business strategy has high probability to remain the same, thus suggesting that you cannot be creative if you don't know the basic elements of your business. In this sense, the managers' creativity appears to be leveraged, mostly we believe, because as Porter (1996) says, the strategic positioning help managers to define whether they need to perform different activities from rivals, or performing similar activities in different ways.

But when the business model design acts as a strategizing device to help managers to prototype and test different business strategies, their creativity are more likely to be leveraged apparently because of the discovery driven approach essence of the business model design that McGrath (2010) has suggested. According to the author, "in many cases, it will take marketplace experimentation and time to discover the most effective models." So when the business model concept is appropriately coupled into the strategic thinking process, that is, by giving managers a holistic understanding of the company, they, the managers, as Bonn (2001) says, apparently "enjoy the challenge of thinking out of the box and of using imagination and creativity to explore whether there might be alternative ways of doing things."

I4: The business model concept is helpful as a strategizing device only when organizational strategic changes are needed

We have observed that there are times where the business model concept is not too effective as a strategizing device. We have found empirical evidences in other cases, but the case 4 was the one that has confirmed our perception. Apparently, if the company isn't facing an organizational strategic change, the business model concept lost its effectiveness as a strategizing device. This key theoretical insight we have raised finds echo in Cavalcante et al. (2011) work. According the authors, business models can pass through four types of changes: creation, extension, revision and termination. But the authors don't address how the business model concept supports managers when they recognize that organizational changes are not needed.

When exploring the literature, the answer to this question might be in Saebi et al. (2017) work. The authors show that the business model adaptations are more likely to happen under conditions of

perceived threats and opportunities. This suggests that strategic analysis ends up having a new role in strategic thinking process – serving as an input to discover whether the business model will pass through changes or not.

When seeing this phenomena by the lenses of the definitions proposed by Bonn (2001), it is safe to say that strategic thinking *at the individual level* is in fact a combination of a rational and creative thought (Bonn, 2005). However, we argue that the second part of this equation - the creativity – depends on the outcome of the first one – the rationality. The way we see, managers should use the strategic analysis to identify if the company needs to go through business model changes. If changes in the business model are identified, the business model design would play a key role in strategic thinking by supporting managers to shape how the company will look like in the future. But if changes in the business model are not identified, the business strategy design would be the one to play a key role in strategic thinking by supporting managers to find new ways of doing old things. It must be noted though, that this latter apparently has a shorter expiration date.

5 FINAL CONSIDERATIONS

This paper has raised insights about how to couple the business model and the business strategy concepts as a strategizing device into managers' strategic thinking process at the individual and the organizational level. In this final section we highlight the contributions to the strategy-as-practice paradigm as well as perspectives for future research and practical implications.

5.1 STRATEGY-AS-PRACTICE CONTRIBUTIONS

Our paper extends on the prior research conducted by Bonn (2001), Cravens et al. (2009), McGrath (2010) and Hacklin and Wallnöfer (2012) once we offer new insights and directions to improve strategic thinking from the strategy-as-practice paradigm, just as Whittington (1996) have pointed out 25 years ago. Our paper confirms that business model concept is not only being consolidated as a theoretical mechanism in the strategic management field (Ritter & Lettl, 2018) but also as a strategizing device. The four case studies we have followed during this research has helped us to find four ways how the business model concept can be used as a strategizing device: i) to define the company's strategic positioning; ii) to prototype and test different business strategies; iii) to assist an organizational restructure, and; iv) to communicate the top management's strategic intentions.

Likewise, we have also observed, just as Saebi et al. (2017) has suggested, that the strategic analysis is still an important strategizing device in managers' strategic thinking process, especially when it comes to business model change. Based on their work, we suggest that traditional strategic analysis tools can be the means to support strategy scholars on the development of a more detailed guide for analyzing business model change, just as Cavalcante et al. (2011) have suggested, especially because our

findings have shown that there is a strong relation between the business model concept and the strategic change concept, which by the way, is still a crucial concern in the field of management and strategy (Kunisch et al., 2017).

5.2 PERSPECTIVES ON STRATEGIC THINKING RESEARCH

Our paper shows that the business model concept can give the strategic thinking research a new direction. For several years, strategy scholars (Liedtka, 1998; Graetz, 2002; Bonn, 2005; Moon, 2013) have been arguing that the strategic thinking process is the combination of rational and creative thought. We have collected empirical evidences that suggest that fitting the business model and the business strategy concepts appropriately into managers' strategic thinking raises the chances that this process becomes more creative at the individual and at the organizational level. However, as opposed to what it was suggested by Bonn (2001), we have hypothesized that reaching strategic thinking *at the organizational level* is more influenced by the vision of the top management rather than by the middle managers' strategic thinking abilities. But knowing that other variables we haven't examined may be leading us to such hypotheses, future research can explore these issues in more details, especially because this research is limited to four case studies.

5.3 PRACTICAL IMPLICATIONS

This research has also made us realize that strategy practitioners, more specifically top managers and middle managers, have big challenges to overcome. First, strategy practitioners need to understand that the traditional strategy concept that they were formed and trained has evolved in the past twenty years. Strategy is not just about resource allocation and reaching goals anymore. This means that the strategic dialogues must be about intentions and not just about numbers. But here we are not suggesting that the analytical part of this equation should be eliminated; it just must be repositioned to where it belongs, as we have addressed in this paper. Second, strategy practitioners also need to understand that strategy development is still an exercise of making decisions. We acknowledge that taking competitive moves that alters the company's business model is a risky decision. But the market turbulence of nowadays demands that managers at least consider trying such competitive moves. These moves don't need to be big; they can be small, systematic and experimental. In this sense, we suggest that managers take serious what Liedtka (1998) have suggested more than 20 years ago and add experimentation into their strategic thinking process, especially when it comes to business model change, so the risk of such competitive moves have lower probability of compromising the business.

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