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***Initiation and implementation of dual business model
innovation in the firm***

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Executive summary:

This thesis illustrates the companies which initiated and implemented a dual business model innovation within their firms. The companies researched for this paper provided their experiences, challenges, successes, implementation processes, timeline and the integration steps towards initiation and implementation of their dual business model.

A dual business model comprises of two different businesses operating simultaneously in a firm. A business model indicates how companies deliver, create and capture values. The researched firms attempted these models to explore new opportunities, generate income, create extra value for their clients and also to stay competitive in the market they operate. The dual business model has a direct impact on organizational structure, leadership, and context. Organizational structure indicates how responsibilities, authorities, roles are allocated, measured and organized in the different levels of the management. Organizational leadership, increases the level of responsiveness to change in the organizations and organizational context is the firm's culture, values, structure, processes, and other incentives are evaluated throughout this document.

The main research question in this paper is based on initiation and implementation of dual business model innovation in the organizations and how the firms cope, manage and implement these processes together. The concrete research question follows as 'How can organizations initiate and implement dual business model innovation in their firms?' The dual business model has become a popular theory in business and management fields. Research done on dual business models and organizational ambidexterity highlights firms which initiate a dual business model are more proactive, efficient, gain a competitive advantage in the market and stay ahead of competitors.

The researched companies have different organizational structures, leadership and culture, and the initiation of the dual business model is relatively different from one another. In general, the purpose of creating the dual business model in four researched firms is similar. Their main objectives are to create more value for customers and to stay competitive in the market. Despite the fact that implementation processes, integration steps, timeline, challenges, and successes are different from each other. For instance, larger companies such as Philips pursue a decentralized organizational structure and its transformational leadership style is based on influencing, enabling all level of leaders and managers to develop programs across all levels and encourage an individual contributor to frontline leaders to take the ownership on all business levels. Whereas, medium or small sized organizations have centralized or extremely centralized organizational structure and they follow a transactional leadership style which is mainly based on the desire and the will of the CEO to lead and control rather than developing followers. The smaller firms follow a transactional leadership structure which is mainly based on contingent reward, bonus and sometimes punishment if it is required.

As mentioned earlier the implementation, integration, timeline, challenges, and successes are different in every researched firm. Philips executed its entire implementation processes and plan promptly and the whole project was implemented within less than two years. The implementation of both online and offline platforms was a challenge due to the different price strategies. The successes they learnt online were from the customer about their unmet needs and apply to both online and offline channels.

In NN Group the implementation process is 'work in progress' the integration of the new world and customization has been in practice for many years at the company. The main challenge is finding a balance between the priorities. The success of dual business model innovation is that new business models creates new opportunities, explore new markets and most importantly generate increased profit to the company.

In Resqtec implementation processes took four years and the entire plan was executed almost within five years. One of the initial challenges in the company was how to combine or split up businesses. The success is that there were almost no potential competitors in the new business model 'aircraft recovery'. Ultimately, Stonecenter, due to financial instability couldn't execute its plan immediately. In addition, separation and integration processes was a challenge for the CEO to solve. Finally, the success was to separate both businesses because they both needed different management style and systems.

Propositions were derived from the researched companies. These propositions are as follows:

Proposition one: the researched firms that initiated dual business model innovation are extremely innovative in their business domain; they addressed challenges through innovation and their main focus is to explore new opportunities outside their comfort zone.

Proposition two: tough competition among businesses allowed firms to initiate dual business model innovation to stay competitive in the market, discover new business opportunities and finally to create values for their respective customers.

Proposition three: The challenges created by implementing a dual business model in firms are considered as resistance to change, finding a balance between priorities and eventually to take the right decision at the right time.

Proposition four: integration of business processes is influenced by different factors such as earlier experience to initiate new business model, financial capabilities to back up the new business model and the motivation to create extra values.

Proposition five: researched firms can manage challenges by acquiring and leveraging both exploitation and exploration in their business field.

In conclusion, initiation and implementation of the dual business model in all researched companies are different in terms of organizational structure, leadership as well as implementation and integration processes. However, the strategic objectives to initiate a dual business model is relatively the same and that is to explore new opportunities, create value for the customer and stay competitive in the market.

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Chapter 1: Introduction

The main idea of this thesis research is based on initiation and implementation of dual business model in the firms. This research is analysing and investigating different organizations that have executed dual business models. Furthermore, it analyses the challenges they have encountered during the processes of execution and implementation of both business models simultaneously. Companies implement new strategies to be successful. Some firms are extremely innovative whereas some other missed to implement innovation and bring changes to their organization. An Innovative company such as Apple and the company who missed innovation such as Nokia can be a valid example. Whether to stick with current business model exploiting or continue to be innovative exploring and bring changes to the business has always been an important question to investigate. Dual business models intensively considered how organizations are able to lead and manage exploitation and exploration simultaneously and become ambidextrous to better manage dualities (O' Reilly & Tushman, 2004).

The current contribution of dual business model innovation in the firm is to evaluate the existence products and as well as through launching the new line of business first to create extra benefits and also to obtain, capture and deliver extra value in the market (Adelakun, 2014). For this particular research the contribution and initiation of dual business model will be evaluated to assist firms understand the nature of their both businesses to detect which can be obtained to initiate the target business model. The importance of initiation dual business model is greatly depending on the maturity of businesses itself, either It is the ability to provide value or services besides, it should focus on profitable core business to achieve extra values and sustainable solution for the long run. The companies have to invest substantial amount of time and effects to support new initiatives to gain more values (Kubzansky, 2012)

Research on dual business models has begun the challenges for organisations at the time they contest and compete with other business models in a market. Organizational ambidexterity, outlined as the firm's capability to be associated and be effective in its organising of its today's business demands while at the same time to be adaptive for the rapid changes in a new environment, this has gotten a rising attention in the recent years (Raisch & Birkinshaw, 2008). The issue is that how firms are able focus on dual business models and what activities, challenges, successes and ultimately results has been derived from dual business model initiations.

This thesis research contributes to the topic of dual business models and specifies the ground research on dual business model initiation in the firms. Furthermore, this research will mainly analyse four firms that implemented dual business models in their organizations. Business models "represent an important vehicle for innovation and a source of business model innovation in and of itself". The business model perception has become a popular theory in business and management fields in the organizations (Lindgren, 2017).

The process of business model innovation has been aimed to commercializing the ideas, it commences with products creations, products innovations and transformations of ideas into new

developed conceptual process models in order to create extra benefits restructure the processes on new product development and creating new values for the firms (Stampfl, 2014) . The research will focus on the firms that initiated and implemented dual business model innovation in their company and additionally, assess what processes, timeline, execution was involved and what results have been reached. So, it is a potential topic to consider, evaluate, analyse in depth the initiation of dual business models in the different organizations that have facilitated from dual business models. Also to investigate the implementation of dual business models this may cause disruption and challenges in the processes. One of the important topics which is important for the organizations to consider can be business model innovation and how to initiate two business models simultaneously (Markides C. G., 2013). In the process of implementations of the new business model, there were some significant factors that influenced the firms and their strategic position to operate properly. In this respect, the concern was for example what to do to successfully achieve the implementation of the processes without damaging the business productivity. Research on dual business models has shown the challenges for the organizations on how firms competing with different business models in a single market and how firms integrate or separate two business models at the same time. (Winterhalter, Zeschky, & Gassmann, 2015)

The analysis of the relationship between organizational structure, organizational leadership, and organizational context is the core field of this thesis study and other challenges such as business model innovation, exploration, exploitation, ambidexterity and strategic changes have a direct impact on the dual business model as well. It is important to realize that how can a firm adapt two different business models in the same market and this issue is very important for the firms that have recently strived to move along with strategic innovation. (Markides & Charitou, 2004). It is important to realize what changes can be brought to the business if a new business model is implemented and why the firm fails to achieve its desired goals and experiences insufficient results. Hence, it is important to investigate, learn and understand why these factors can influence the implementation of two businesses and what can be done in order to fix and obtain the desired benefits. The outcome of this research can possibly illustrate what is missing why things are not working properly. That's why we need facts and ground theory that can assist to find and interpret these analyses accordingly. In today's extremely turbulent and quite competitive environment firms have to accomplish paradoxical purposes and be more ambidextrous and simultaneously be explorative as well as exploitative, effective and efficient besides, applying the new business innovation to gain a competitive position in the market. The dual business model can be a solution, but it has its challenges to perfectly merge with the old business model. Therefore, it is important to know what factors can bring changes what is the impact of those changes in the overall business of the firm. When studying the impact of numerous antecedents on organizational ambidexterity it is important to develop a thoughtful consideration of these emerging matters (Kortmann S. , 2011).

In conclusion, it is essential to know the impact of dual business models in the firms and mainly analyse the important factors which play a significant role during the initiation and implementation of dual business models in the firms. On the other hand, one business model is not enough to crowd out competitors, potential disruptors in the current markets, as well as to develop new income streams or even to make more efficient use of fixed assets and other necessary resources to generate more incomes. This is why the firms are pushed to create new business models to overcome the challenges in the future.

1.1 Research objectives

With the rise of developing markets, mainly China and India, a new type of low-cost but innovative business has been developed to tap the businesses on dual business models (Winterhalter, Zeschky, & Gassmann, 2015). First, the analysis will shed light on how firms can implement dual business models at organizational level and Secondly, how firms are able to implement the processes of ambidexterity to clarify how firms can achieve dualities among competing business models.

The main objective of this thesis will be focused on how organizations can manage and implement the dual business model in the firms. One of the concerns about the literature review regarding the business model innovation is how to deal with initiation and implementation of two business models simultaneously in the firms. Unfortunately, little is known about the dual business model and it lacks theoretical background. Therefore, the theoretical concepts of ambidexterity and business innovation will be also applied (Markides C. G., 2013). Firstly, a theoretical review will be highlighted and factors such as organizational structures, organizational leadership and organizational context in processes of implementation will be evaluated. Secondly, the links between organization ambidexterity and business model innovation will be emphasized. Finally, and based on different scientific articles, books, interviews, case studies, recommendations will be given on how to manage and implement dual business models in order to be simultaneously ambidextrous, innovative effective and efficient.

By researching the dual business model or the analyses of dual business models on how the processes have been managed and implemented, it will provide more insides on organizational structure, leadership and context. Academic researchers have argued business model innovation is an important response whenever the firms struggle to survive. The understanding of business model innovations is an extremely challenging task and it will intense cases as environmental changes. (Buliga, Scheiner, & Ingo Voigt, 2015). Firms that are skilled to pursue both exploration and exploitation simultaneously have been regarded to gain greater results. Linking mutually both activities and succeeding organizational ambidexterity, though, leads to the higher ranked teams and groups in ambidextrous organizations (Jansen, Gerard, Van den Bosch, & Volberda, 2008). When observing the influence of numerous antecedents on organizational ambidexterity, it is decisive to improve a coherent construct form of emerging theoretical concept regarding the ambidextrous organization (Kortmann S. , 2011).

“The concept of organizational ambidexterity has been around for years, but the evidence suggests that many companies have struggled to apply it” (Birkinshaw & Gibson, 2004). Research on how an organization can achieve to take the decision for the cannibalization processes when both the current and the new business model need to operate in parallel. (Velu & Stiles, 2013). The proposed solution to the dual business model can be based on spatial separation. The main solution to this issue to solve this problem can be to keep the two business models and other value chains physically separate in two different organizations (Markides C. G., 2013).

There are three attributes of senior teams that might help accomplish organizational ambidexterity to do so it is important that the senior teams associate inconsistent strategic processes and overcome contradictions in decision-making associated with simultaneously pursuing exploratory

and exploitative innovation. (Jansen, Gerard, Van den Bosch, & Volberda, 2008). When examining the influence of various experiences on organizational ambidexterity, it is crucial to develop a clear understanding of this emerging theoretical concept. (Kortmann, 2011). In conclusion, the focus will be based on how firms are capable to simultaneously manage, implement and coordinate the different processes of initiation of dual business model in the organizations.

1.1.1 Main research question

Resulting from research objectives and based on the basis of this thesis research. ‘Initiation and implementation of dual business model innovation in the organizations’. And how the firms can cope, manage and implement these processes. The main and the concrete research question follows as below:

“How can organizations initiate and implement dual business model innovation in the firms”?

Furthermore, in order to give an in-depth analysis of the problem definition, the research question is divided into sub-questions as mentioned underneath:

1.1.2 Sub-questions

- What is dual business model initiation?
- What is the impact of dual business model on organizational structure, leadership and context?
- What factors can influence initiating and implementing dual business model?
- What successes and challenges can be faced during and after implementation?

1.2 Research methodology

The chosen method to conduct this thesis topic is qualitative methods research (inductive). The most important reason why I chose this method is that the topic of my choice is more suitable for inductive research analyses. Qualitative research is a series of approaches regarding strategies for conducting analysis and reviews that are intended to discover how people interpret, understand, experience and produce the social world (Sandelowski, 2004). Besides; I would like to do more research on how and why, rather than what, where and when. Also understanding the situation and analysing the situation based on evaluating different scenarios and other relevant study cases. It is therefore important for me to do the research based on mostly case studies and journals in this field. It contains data collection from different companies. The companies that interviews have been done are as Philips, NN group, Resqtec and Stonecenter regarding the initiation and implementation of dual business model and the timeline, challenges, and successes they had during the implementation processes. In order to find the best answer to the research questions, different research approaches are implemented; such as primary and secondary research methods; primary research methodology semi-structured interviews conducted according to (Saunders & Lewis, 2009) “the researcher will have a list of themes and questions to be covered, although these may vary from interview to interview”. Secondary research contains both research methods and data analysis

which are used mainly in both descriptive and explanatory research. Examples of secondary data are such as books, organization data, journal articles, scientific journals and case studies.

1.2.1 Qualitative research

Qualitative research is about connecting an issue in a scenario and try to sense it. It can be during an interview, company meeting or community commemoration. Qualitative researchers decisively observe and analyse the detail view in order to decide how to perform, as well as to make sense of building greater knowledge about context as well as cultures. (Tracy, 2013). Qualitative evidence has expanded significantly in the process of complicated intervention structure because it helps researchers to identify potential different mechanisms (Herber, Bucker, Metzendorf, & Barroso, 2017).

1.2.2 Semi-structured interview

Semi-structured interviews, this structure can provide me more opportunity to analyse the situation and gain information towards the research. Besides, it can facilitate interviewees to give more detail and their views on the matter of the subject. Semi-structured interviews “the researcher will have a list of themes and questions to be covered, although these may vary from interview to interview” (Saunders & Lewis, 2009).

1.3 Research literature

Despite considerable literature on new business models, yet, there has been a slight contribution regarding dual business model in the organizations. Dual business models are models that considered how organizations are able to lead and manage exploitation and exploration simultaneously and become ambidextrous to better manage dualities (O' Reilly & Tushman, 2004). A business model forms customer needs and ability and motivates customers to pay for the value. The firm converts the received payment payments to profit through the suitable the operation of the various elements of the value chain (David J, 2009). New business model can foster potential advantages of better growth opportunity, on the contrary, the new business models often conflict with the current business model which in turns cause risks and destroying itself (Constantinos & Charitou, 2004). “Business model is a system of resources and activities, which create value that is useful to the customer and the sale of this value makes money for the company” (Slavik & Bednar, 2014). The impact of internet technologies has motivated companies to a wide range of changes in the structures of their existing business model and new business model (HoBbach & Friedrich, 2015). In the conclusion, how can companies manage dual business models in the firms and what influences have the factors such as organizational structure, organizational leadership and organizational context during the process of initiation and implementations in the organizations.

1.4 Triangulation of data

The research method for this topic is planned to be qualitative in which the vast majority of information comes from different references. Therefore, the reliability of these sources can be examined by validating the information collected through various methods. According to (Saunders

& Lewis, 2009) data triangulation combines various data sources within single specific research project to make sure that the data has been conducted properly. Therefore, it can make the research findings and recommendations more convincing. As a result, different research methods can be analysed from different perspectives to ensure the reliability of the data gathered within this thesis project is validated.

1.5 Research framework

The research project on dual business model starts with the literature review regarding the topics that are focussed and mentioned at research objectives. It highlights the factors in processes of initiation and implementation of dual business model in the firms. These factors are significant elements in reconsidering the interaction both on dual business model initiation. Despite considerable literature on dealing with two conflicting business models in firms, little research has been done regarding the qualitative studies focussing on the integration of separation mechanism among these two models (HoBbach & Friedrich, 2015). "the challenge with attempting to manage different business models in the same market is that the two models (and their underlying value chains) could conflict with one another" (Constantinos & Charitou, 2004). Business model innovation is valued when a firm is not stable enough and the reason the organizations develop a new business model is related to the business and the industry circumstances (Lindgardt, Reeves, Stalk, & Deimler, 2009). The fundamental insights about dual business models will be discussed as well as ambidexterity; business model innovation is linked to the different businesses processes in the organizations. The empirical part is determined by the real situation of four different organizations with regard to managing and initiating dual business models in the firms. Case studies along with data collection, interviews and observations are considered the important parts of this thesis research. The final part of this research is focussed on overall results, strategic recommendations for the firms and conclusions. Figure 1.5 displays a graphical interpretation of the thesis structure.

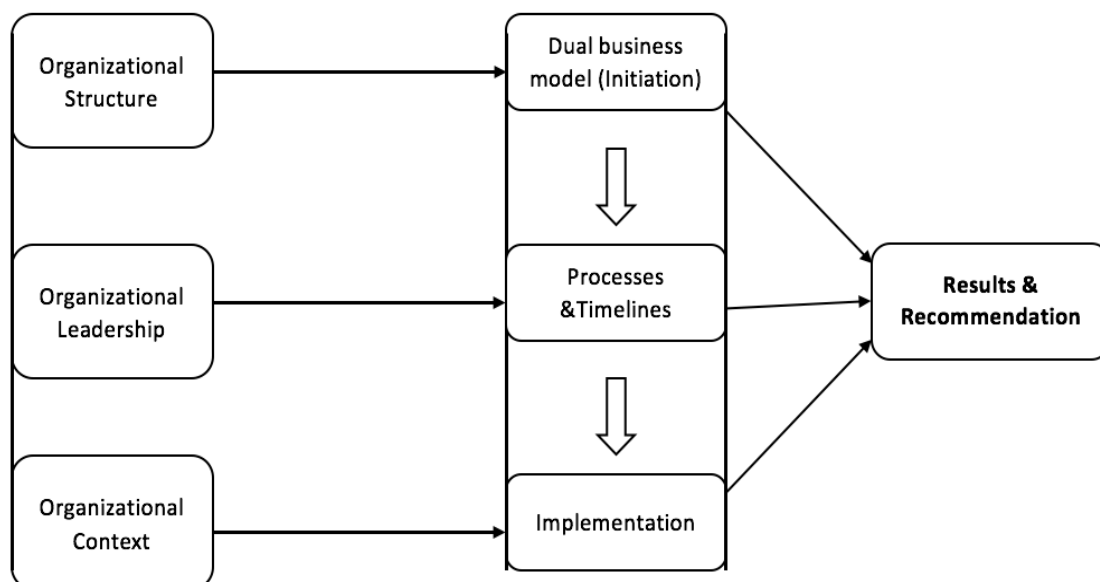


Figure 1.5: Thesis structure (Own illustration)

Chapter 2: Literature Review

Firms that have highly or mixed structure forms tend to have less profit compare to the firms that have the less structured, therefore organizational structure has direct impact on profitability and organizational strategy to market share (Pleshko, 2007).

Young firms functioning in high end technology fields and they have informal structures are tending to be more innovative. Additionally, the objective of this thesis project has been introduced at the beginning (introduction). This chapter continues with the theoretical framework (literature review) is to establish the recent situation within the theoretical field (business model). All businesses, either explicitly or implicitly engage with a specific business model. A business model forms customer needs and ability and motivates customers to pay for the value. The firm converts the received payment payments to profit through the suitable the operation of the various elements of the value chain (David J, 2009).

For this master thesis, the idea is on how to manage dual business models in the firms and investigate what are other factors that influence the process of initiation and implementations in the business environment. New business model can foster potential advantages of great growth opportunity; on the contrary, the new business models often conflict with the current business model which in turns causes risks and destroying itself (Constantinos & Charitou, 2004). The aim of analysis business model is to gain and broaden the knowledge regarding the basic elements of a business model. "Business model is a system of resources and activities, which create value that is useful to the customer and the sale of this value makes money for the company" (Slavik & Bednar, 2014).

2.1 Dual business model

Despite substantial literature on new business models within one firm, yet, there has been little contribution regarding qualitative studies examining the status of the dual business model in the organization. This analysis is based on integration and implementation of two business models current and new business models and the influence of other factors causing the business. A business model (BM) represents the "rationale of how an organization creates, delivers, and capture values" (Osterwalder & Yves, 2010). The impact of internet technologies has motivated companies to a wide range of changes in the structures of their existing business model and new business model (HoBbach & Friedrich, 2015). A business model is a system of activities, resources that generate value for the customer and further generate money for the company. Analysis requires greater knowledge about the basic components of a business model. This has impacts to develop and discover competitive advantage which can be obtained by the organizations themselves (Slavik & Bednar, 2014).

The dual business model has its challenges to manage them simultaneously and productively so, it is recognized as "ambidextrous challenge" (Wendy, Binnis, & Tushman, 2010) companies, which implement dual business models have to also manage the challenges. To analysis wider

understandings and the ambidextrous challenges in dual business models the analysis of mechanisms in which includes important implementation of other factors in the business processes. The factors are namely as organizational structure, organizational leadership as well as organizational context.

The question is that how companies are able to implement two different business models simultaneously in the same market. Therefore, how it is possible for the companies to embrace new business model without risking and destroying their existing model. An increased number of firms are under pressure of "strategic innovators" to success gaining market share. In one had embracing new business model can potentially lead to growth opportunities and on the other hand, a new business model often conflicts with an existing business model which can cause mismanaging and destroy value for the companies (Constantinos & Charitou, 2004). The challenge for the organizations can find the balance keeping the two business models separate whilst integrating them together to exploit synergies with one another.

An innovative business model can create and exploit new chances and opportunities in the existing market and as well generate a new market to develop further (Amit & Zott, 2012).

Business model innovation is particularly when the firm is not stable. The existence of conflicts means that the current firms and its staffs will always strive to find new business model innovation to decline their expenses (Constantinos & Charitou, 2004). The business environment in the organizations changes very quickly in order to succeed or even to stay sustainable, firms have the obligation to respond with innovation for their businesses. They must create, potential grows, and gain profit from completely new business models (Govindarajan & Trimble, 2005). To capture value and succeed business strategies, every new product development must bring successes to the business model which defines its go to market. However, technological innovation alone does not necessarily guarantee business or economic success in the organizations (Teece, 2009).

Business model innovation manages competition because of the product or innovation; it can further assist disruptions and demand new competitive methods. (Lindgardt, Reeves, Stalk, & Deimler, 2009). One long-term success of an organization depends on its capacity and ability to exploit its existing competencies while simultaneously exploring its new skills. (Raisch, Birkinshaw, Probst, & Tushman, 2009). Research and studies mainly suggested that firms implementing exploitation and exploration simultaneously acquire greater financial performance (Birkinshaw & Gibson, 2004). Ambidexterity is the firm's capability to simultaneously achieve current's strategy while gaining further opinion about tomorrow's potentials where its staffs operate (Birkinshaw & Gibson, 2004). Ambidexterity is crucial to the competitive advantage of the organization, however, there is incomplete an overview of how it is managed (Turner, Swart, & Maylor, 2013).

Organizational ambidexterity for the first time was introduced by Tushman and O'Reilly (1996). Ambidextrous organizations highlight the fact that businesses have to lead both revolutionary and evolutionary modification to guarantee long-term opportunities and success. Organizational ambidexterity is the capability of a firm simultaneously managing both exploration and exploitation to compete for upcoming technologies in order to be efficient, effective and control over the processes (O' Reilly & Tushman, Organizational Ambidexterity: Past, Present and Future , 2013).

In conclusion, the analysis will focus on how firms are able to simultaneously execute dual business models initiation and what processes and factors are significant components during the implementation and execution. The factors that have direct impact on dual business models are discussed as organizational structure, organizational leadership, and organizational context. The following literatures are related to each factor influencing the processes of execution and implementation within the business in the organization as well as the relation and influences on both dual business models in the organizations.

2.2 Organizational structure

Organizational structure is important for the organization to become ambidextrous. Organization structure defines how the responsibilities, power, roles are allocated, measured and organised and how the flow of information passed between the different levels of management. Organization structure attributes are important to simultaneously following both exploration and exploitation also to evaluate, understand the antecedents of ambidexterity. Organization structure can help ambidextrous organizations to sustain productive and differentiate exploratory and exploitative activities to achieve overall successes in the firm (Wendy, Binnis, & Tushman, 2010).

Centralized structure the top layer of management has the most decision whereas differentiation structure is a process of social variation based on structure differentiation. Organization structure builds a well-defined understanding of the subsystems which are related to each other in different ways. Even if the companies construct comparable products and or services, it is more than unlikely that two firms do separate their work in the exact same way. Hence, an organizational structure is as exclusive as the way in which diverse responsibilities are detected, there can be a lot of differences between young and old organizations in their organisational structure and how they use the technology. (Cosh, Fu, & Hughes, 2012). " an organization is a system which, as the attainment of its goals, products are recognizable something which can be utilized in some way by another system; that is, the output of the organization" (Kortmann S. , 2011).

The impact of organizational structure into workplace and learning is to classify the types of workplace and the processes the firms are facilitating to gain experience by the learner (Ashton, 2004). The relationship in both organisation structure and management have the impact on organisational success which can be measured either by people in one side and financial valuables on the other side. The measurement is different regarding to the size of the firms, tasks and environment of the companies (Lansley, Sadler, & Webb, 1974). Characteristic of an organisation can be defined by the boundaries and boundary is the connection between the firms and the environment. The expansion, formation and functions of boundary spanning roles are evaluated in related to environmental and technological sources that exist and impact the structure of the organizations (Herker & Aldrich, 1977).

Based on researched in the past it has been highlighted that structural attributes are important to simultaneously following both exploitation and exploration, nevertheless, the consideration of antecedents of ambidexterity is incomplete. Structural differentiation can assist ambidextrous firms to retain several unreliable and contradictory demands. (Jansen, Tempelaar, van den Bosch, & Volberda, 2009). In their research based on the correlation between exploratory innovation and

organization antecedents, they mention to formalization and centralization as an organisational formal hierarchical structure.

In conclusion, for this research analysis, the organisational structure is focused on centralization, differentiation and formalization. The following literature is an overview of all attributes that have a direct or indirect impact on the organisational structure in the firms.

1.2.1 Centralization

Centralization of decision-making specifies the top authority and it is related to the degree to which power is determined in an organization. The more top decision is held by top authorities, the more organizational structure. On this centralized and the centralized organizations are often linked to mechanic structures and extensive bureaucracy (Kortmann, 2011). Centralisation specified when the standards of regularity, controls and effectiveness are increased (Zajda & David, 2009). The pure centralized model clarifies that there are more than one level of organization and the top executive or (supreme) managers take the decisions in all levels of the organization and the authority is locus of the top managers. Therefore, no decisions are allowed to make at lower level (Zieliński, 1963). Most of the decentralization of strategic planning can only be obtained by a simultaneous centralization within the institutional framework. This means that more duties and responsibilities have to be given to employees along with the necessary guidance in form of access to information and to carry out suitable strategic plan in the organization (Sperling, Hvelplund, & Mathiesen, 2010) on the other hand, a good example of fully decentralized model is free competition market (Zieliński, 1963). Decentralization indicates to the degree on which strategic decisions can be taken in the organization. The more decentralized a firm management, the more employees in the organization will participate in order to make or reach a decision. These employees can be from different departments such as lower-level managers or even front-line employees, depending on how considerably decentralization of strategic management is implemented throughout the organization (Kortmann, 2011).

Decentralisation indicated when autonomy, differentiation, and sensitivity are preferred. Either centralisation or decentralisation is much in the favour if innovation is thought to be uncertain. The challenge always to have a fix balance of both centralization and decentralization which has direct impact what kind of values are welcome or required to obtain the capacities of employee at different levels of organization to perform their respective tasks (Zajda & David, 2009). Decision makers exchange uncertain decisions which this can have an impact on minimizing a common function or related information in the organization (Tsitsiklis, 1984). Centralizations are distinct by way of the communication in organization thus it has the responsibilities, as well as immediate directions for the ultimate approval. Centralization is a top-down method to take the final decision; people are less motivated to proactively bring in their personal vision, creativeness and innovation.

As matter of fact, centralization, by this means decreases the amount and quality of opinions, ideas their presentations are just as enhanced as the decision-making process itself. The advantages of centralization, it reduce difficulty and complexity during the business processes in the organizations and, accordingly promotes a competent and up-front decision-making journey (Kortmann, 2011)

1.2.2 Differentiation

It refers to the number of specialized and focused tasks that exists within the organization. Organizational differentiation can be analysed from the major standpoints which this defines specific duties than can a firm perform in order to reach better results and also to specify the activities that are necessary to be specialized in the firm (Alsop & Kurey, 2015). Differentiation in organization requires a quite systemic effort and needs various organizational interventions. Differentiation of activities can be recognized as specific functions that exist in the organizations (Hernaus, Aleksic, & Klindzic, 2013) .

The simplest way to express organization structure is that it refers to the differentiation degree that exists within an organization. According to Robbins there are three types of differentiation: horizontal, vertical and spatial.

Horizontal differentiation: refers to the changes between organizational units, and other members of an organization. The horizontal differentiation specifies number of diverse professions that exists within the organization. One of the main challenges for horizontal differentiation is organizational structure which creates communication obstacles, collaboration and efforts among different groups of the organization. Horizontal differentiation would be better to be analysed in two different ways either through communication or coordination which as well need specialization in the field.

Vertical differentiation: refers to the number of highly ranked people within the firm. This represents to a high level of differentiation due to the need for organisation. The main factor for this can be span of control. One of the main issues that differentiation has is the essential to comprehend who controls and who ought to control in the organizations, in terms of organisation, supporting and overall planning (Zajda & David, 2009). Both vertical and horizontal differentiations are specifying how the communication and management of activities affecting in the firms.

Spatial differentiation: refers to the environmental distribution level within the organization. Spatial differentiation has direct link with complexity of horizontal and vertical differentiation. It is influenced by certain aspects such as how many units, branches, are in the organizations and also what are the distances between those units. Based on (Lawrenceand & Lorsc, 1967) differentiation in organization is linked to the necessities of the specific matters that need to be specialized. Within each firm the degree of differentiation of structure differs. Diverse choices concerning how responsibilities are shared provide rise to different kinds of challenges.

1.2.2 Formalization

Formalization describes, "the degree to which formal rules and standardized procedures govern decision and working relationships". Formalization is related with mechanic structures and excessive bureaucracy. Highly formalized organizations have recognized clearly communicated the written job descriptions, firm policies, organization charts, strategic management as well as operational plans (Kortmann, 2011).

High formalization enables the processes to flow in the firms and therefore they are principals to increase competence and minor administration cost. On the other hand, low formalization is

connected with organic structures and low bureaucracy. Over using low levels of formalization, organisations can encourage openness and flexibility in the given roles, which is a qualification for the commencement of new ideas. Instead of sticking to rigorous working plans and regulates processes, low formalization lets employees to discover and apply new solutions to the problems they are facing based on the day to day operations in the companies. There are two types of formalization; formalization of routines and informalization of Non-routine. Formalization routine states to the level of formalization of routine organization rules, procedures and networks whereas informalization of non-routine indicates to the avoidance of formalization for non-routine strategies, procedures and networks in the firms (Kortmann, 2011).

2.3 Organizational Leadership

New research on management innovation such as new structure, new processes, practices and finally new managerial may influence the way of managerial function in the organization and it may influence to facilitate from a competitive advantage. The emphasis is on management innovation at the top of organizational level because the top management plays an important leadership role in the organization. Companies facilitate either from transformational or transactional leadership which potentially related to the size of the firms. (Caccaro, Jansen, Van Den Bosch, & Volberda, 2012).

Organizational leadership increases the level of responsiveness for change inside organizations. The new roles within organizational leadership should be embedded within the organizations at the beginning of their strategic journey in order to fulfil these processes the company is key to its success. Different individuals within the similar firm create distinctive skills and knowledges, statements, standards, values, beliefs, and ultimately different habits to their related work. This variety is appreciated because learning, communicating, sharing and innovation are the products of differences.

Nobody can learn anything without being exposed to opposing points of view from other people in the organizations (Drucker, 2011). Businesses during the early exploration of the new opportunities require organizational leadership to successfully move to controlled and more manageable organisation (Wrigley & Bucolo, 2013). Nowadays leadership in organizations is done under growing pressure and complexity. Leadership is undoubtedly one of the most published issues in business today. Also, there is hesitation and transformation in how the notion of leadership is expressed understood and its characteristics defined.

The ambiguity could clarify some of the concern in the leadership and generate opportunities for plans for leaders as higher than life matters in the firms (Greyvenstein & Cilliers, 2012). The total leadership processes in the firms has three principles, be real; perform with truthfulness by elucidating what's significant, be whole; by admiring the whole employee in the organization regarding their values and decision to a tasks and act innovative; being creative by testing how things get done. The processes in organizational leadership begins by leading, managing and talking with people to recognise core values and overall leadership visions in the organization (Christensen, 2010). Organizational leadership is measured as the key to the achievement in the organizations.

Many scholars have emphasised the significance of organizational leadership as being central to the success of the companies even more so far industries that are existing internationally and they are dynamic (Chathoth & Olsen, 2002).

Nowadays companies face different challenges. Changes in the markets, customers, competition and rapidly changes in technology around the world are the major forces that organizations to create their values, develop new strategies, and learn new ways of implementing new style of leadership. Organizational leadership has become very essential in recent years that the businesses around the globe tend to become more competitive and more unstable. Rapid technological innovation, larger international competition, the volatile markets, overcapacity and mass production requires new organizational leadership in the firms in order to be more successful (Drucker, 2011). The organizational team-based leadership is a main technique for firms to stay competitive by replying rapidly and familiarizing to persistent and quick changes. Successful organizational team leadership is prime to many desired consequences such as; better outputs, more efficient usage of resources, improved decisions and problem solving matters, higher quality products and services and superior innovation and creativity (Northouse, 2016).

2.3.1 Transformational leadership

The term transformational leadership was first defined by Downton (1973). As its name indicates, transformational leadership is a process that transforms and changes employees. It is linked with sentiments, standards, beliefs, principles and morals and long-term. It includes measuring follower's motivations, pleasing the needs of employee, and treat people as human beings. Transformational leadership contains an excellent form of influence that attempts supporters to achieve more than what is usually expected of them. It is a procedure that often integrates charismatic and visionary leadership (Northouse, 2016). Transformational leadership can be instructive or participative. Involving greater ethical development, transformational leadership is known comprehensively as a concept that involves the interests of the firms and its members to be united. Transformational leader, influence, encourages, inspires, rationally stimulates and individually considerate the needs of all employees in the organizations (Bass B. M., 2010).

Transformational leadership deliver an improved fitting to lead and manage current complex work groups and firms, in which followers not only pursue an encouraging leader to support lead them over uncertain environment but also followers are keen to be challenged and to feel inspired only if they are loyal and high performers. Transformational leadership explores business leadership and leadership in government institution (Bass & Riggio, 2006).

Transformational leadership increases the efficiency and success of the leading group that attributes in ambidextrous firms. Firms that are capable of chasing both exploration and exploitation at the same time have been proposed to gain greater presentation. Both types of activities can accomplish organizational ambidexterity (Jansen, George, Van den Bosch, & Volberda, 2008).

Transformers leaders assess the capability to offer extraordinary services to clients as the main key to the firm's survival. Subsequently, the idea of the organization is obviously defined and communicated. Visions are changed to planned actions, which are incessantly measured for

objective accomplishment. Lastly, transformational leaders improve action plan to empower, grow and develop employees. Transformational leaders practise five types of behaviour to triumph organizational transformation. They focus their attention on planned action, encouraging to take risk in order to promote creativity, listening to employee's ideas and provide feedback for better results, representing constantly trustworthiness performance that signifies a promise to the vision of firm and ultimately, expressing concerns for employees in the organizations (Taccetta-Chapnick, 1996). Transformational leaders integrate creative insights, persistence and energy, intuition and sensitivity to the needs of others to "forge the strategy culture alloy" for their organizations (Bass, Avolio, & Binghamton, 1997).

Transformational leadership can be instructive or participative. Involving greater ethical development, transformational leadership is known comprehensively as a concept that involves the interests of the firms and its members to be united. Transformational leader, influence, encourages, inspires, rationally stimulates and individually considerate the needs of all employees in the organization (Bass B. M., 2010).

2.3.2 Transactional leadership

Transactional leadership varies from transformational leadership in this perspective transactional leader does not customise the desires of followers or focus on their personal development. Transactional leaders bring value to develop their own and their follower's at the same time (Kuhnert, 1994). Transactional leaderships are powerful because it is in the best will of followers for them to do what the leader wants. Transactional leadership has two main factors; Contingent reward and management-by-exception.

-*Contingent reward*; is the first of two transactional leadership aspects. It is an interchange procedure between leaders and followers in which strength by followers is replaced for specified rewards. With this kind of leadership, the leader strives to achieve agreement from followers on what should be done and what can be achieved for the people doing it.

- *Management-by-exception*; it is leadership that involves helpful criticism, destructive feedback, and undesirable reinforcement. Management-by-exception takes two forms: active and passive. A leader expending the active form of management-by-exception guards followers thoroughly for missteps or rule disruptions and then takes corrective actions against them (Northouse, 2016). "Transactional leadership, containing both contingent reward and management by exception (active and passive), were each negatively related to business-unit performance". Underlying relationships between both the transformational leadership performances and other activities were moderated by the support and innovation in the firms (Howell, Avolio, & Bruce, 1993,).

The relation of transactional leadership and organizational size; comparably, the expectation is that transactional leaders have more influence in smaller organization in which the deals can be professionally recognized, observed, assessed and measured. So, transactional leaders in small organizations function much better and are capable to professionally manage their followers

presentation and are able to reward or reprimand such acts accordingly (Caccaro, Jansen, Van Den Bosch, & Volberda, 2012).

Transactional leaders are considered by contingent reward and management by exception style of leadership. Fundamentally, transactional leaders grow, develop, interact, or doing arrangements with their supporters, identifying out what groups of followers take if they do something positive as well if they do something wrong. They function with already existed culture, shaping their decisions. Operative firms need both strategical and tactical thinking also culture building by its leaders. Strategic thinking assists to generate and shape the vision of an agency’s future. The vision can arise and move forward as the leader builds a culture that devoted to backup that vision (Bass, Avolio, & Binghamton, 1997).

In conclusion, transactional leadership varies from transformational leadership because transactional leader does not personalise the desires of followers or to focus on their personal development whereas transformational leadership is a process whereby an individual participates with others and create a relationship that nurtures the level of inspiration and integrity in both the leader and the followers (Northouse, 2016). An overview of both transformational and transactional leadership based on analysis of Northouse 2016).

Table 2.1 Leadership factors

Transformational Leadership	Transactional Leadership
<p style="text-align: center;">Factor 1 Idealized influence Charisma</p> <p style="text-align: center;">Factor 2 Inspirational motivation</p> <p style="text-align: center;">Factor 3 Intellectual simulation</p> <p style="text-align: center;">Factor 4 Individualized consideration</p>	<p style="text-align: center;">Factor 5 Contingent reward Constructive transaction</p> <p style="text-align: center;">Factor 6 Management by execution Active and passive Corrective transactions.</p>

Northouse leadership factors 2016

2.4 Organizational Context

An organization's context implicates its surrounding and its environment. "Organizational context as the firm's culture, values, structure, processes, and incentives" (Markides C. G., 2013) the context should be determined either with external organization or within the organization. It is significant to realize the context of an organization before to propose strategic planning. Organizational context implicates the external and internal factors that the firms should take into account while managing risk. The organization's external context contains its external stakeholders, its current and local operating environment, also any other external factors that influence to choose its objectives, targets and goals (Pojasek B. R., 2013). In order to manage two business models simultaneously, a firm requires knowing that what kind of organizational context is necessary to admit employees to accomplish a suitable balance among the demands that the organization is facing. The significant components of the organizational context rather than only the structure of the firm it also should represent the implementation and successes in managing two business models without thinking about separation, spatial or temporal solution (Markides C. G., 2013). An organization's context includes its functional environment.

Based on research by Charitou (2001) investigated 68 companies that implemented a second business model along with their existing business model. He discovered 17 of the firms were successful by implementing the second business model, but only 10 of the firms applied separate unit. The other seven organizations in which kept the second business model within the current organization's infrastructure, recommending that to separate the business units is not an essential situation for the success. This suggests that structure and other variables such as the organization's leadership, incentives, and vision are crucial factors of success in the organization. It is significant to recognise the exclusive context of an organization before commencing other strategic planning. To determine the context means to describe both the external and internal issues that the firms should believe when they cope risks. The firm's external context comprises its outside participants, its local functioning as well as any other factors that affect the range of its aims, goals and target. the firm's internal context includes its internal stakeholders, it indicates its contractual relationships with its businesses, and its competences and culture (Pojasek R. B., 2013).

In organizations teams are rooted in a greater social entity. Each level of a social entity, for example business unit, teams and individuals are establishment which is induced by the other levels in that entity (Charon, 1999). Employees with adequate organisational experience to understand the real level of culture frequently become familiar to these elements over time, thus preserving their lateness. Though, culture at this level is the primary and motivating part of any organisational culture. It shows the context of organisations and shows inconsistent organisational behaviour patterns. (Parumasur, 2012). Individuals can be qualified in many diverse ways to increase their consideration of what makes a strong evidence how to use it and where to start, to qualify employee they come to work with teams that are assigned to them, which is included in much larger firms and their dynamic situation. (Shaxson, Datta, Tshangela, & Matomela, 2016) .

Based on research done by (Doolen 2001) organization context has been defined as management processes, organization culture and organization systems. These three factors are based on reviewing the firms which has been researched. Management processes is defined as processes by

leader in the organization in order to research organizational objectives and goals. Organizational culture is defined as a set of beliefs, behaviours, norms, values that shows how members of the company get the job done and finally, organization systems are human resources management processes to support overall organization.

Figure 2.4 Organizational context and its factors



The management processes, organizational culture, and organizational systems existing within the parent organization form the organizational context.

By:

Doleen,2001

2.4.1 Organizational management processes

In latest years a lot of considerations have been given to organizational process management. Based on (Lodato, 2006) the objective of management processes is to specify required outcomes efficiently and competently. This has been implemented through use of resources. In each situation, there are five management activities that play an important role in any organizations to plan, implement, arrange, source, orchestrating and control. Organizational processes shape on the fundamental human performance, human interaction and communication. The communication process causes mutual features of organizational behaviour, varying both for management and leadership styles. The transactional communication with simultaneous rhetorical developments, in the transactional process model gives us understandings onto the dynamics of communications within the firms (Beck & Schornack, 2001).

2.4.2 Organizational culture

The field of organizational culture and the correlated discipline of management started exploring organizations in terms of culture as early as the 1930s. The ultimate phase of the well-known Hawthorne reports at the Western Electric Company distinct the first systematic effort to facilitate the concept of culture to realise the work environment. Other important steps onward in qualitative research was the investigation rather the understanding of organizational culture stayed equally simple during the following decades (Tharp, 2009). Organizational culture does something with values that managers want to coach in their organizations. It depends on the assumption that good or bad cultures and stronger or weaker cultures involved, also how it influences the effectiveness in the organizations. In terms of managerial understandings, it is necessary having a culture for effective performance and better and stronger organization (Schein, 2004). Organizational culture indicates standards and principles that have been constructed over period of the time and have been developed as part of its both internal and external adjustment. Organizational culture should not be restricted to the observation of noticeable artefacts, but it is necessary to include communication with members of the organization to understand their meaning in the firms (Tereza & Fleury, 2009).

2.4.2 Organizational systems

Organizational system is an approach which the firms are open to the environment of producing outputs and receiving feedback and creating the state of balance among different influences or elements and the firm is looking for optimization; a process of positioning or linking the energies of all factors so as to attain the required response in the organizations (Potocki & Brocato, 1995). Organizational Systems are the firm's instruments used to apply the strategy and the organizational competences. These systems comprise work processes, structure how it works and how it is connected. Rewards are the motivations and results for either providing or not providing both strategy and capabilities are required and employees implement both management and leadership competencies (RBL & Hanna, 2013). Organization system of management for the firm is a relationship of management principles. The first part, identifying, offers the efforts to which the system will respond. This response frequently arises from outside the system which is the environment. It also analysis the decision and considers procedures and processes inside the system that result from information outside of the system in the organization (Potocki & Brocato, 1995). The organization as a system either has outcome, product or results but this is not automatically equal with the purpose of group members or individuals in the organization. However, the CEO in the firm is the key member to think in teleological terms about organizational purposes and targets (Palacio Rios, 2017).

An overview of organization context variables and classification

Table 2.4

<i>Management Processes</i>
<ul style="list-style-type: none">- Extent to which management processes have helped to create a clearly defined purpose and clear goals for the team- Extent to which management processes have helped to create alignment between team goals and the goals of the parent organization- Extent to which management processes support the team through the allocation of critical resources
<i>Organizational Culture</i>
<ul style="list-style-type: none">- Extent to which the organizational culture supports communications and cooperation between teams in the organization- Extent to which the organizational culture values teams and teamwork- Extent to which the organizational culture supports the integration of the team into the rest of the organization
<i>Organizational Systems</i>
<ul style="list-style-type: none">- Extent to which organizational systems provide team-level feedback and recognition- Extent to which organizational systems provide teams with the necessary business and technical information- Extent to which organizational systems provide the necessary training for teams

By: Doleen, 2001

Chapter 3: Research Methodologies

3.1 Research overview

In this section, I elaborated different research methods. The chosen method to conduct this thesis topic is qualitative methods research. It contains data collection as well as the content of the surveys from different organizations. To find suitable answers to these questions, different research approaches are conducted such as primary and secondary research methods; within primary research methodology semi-structured interviews conducted according to (Saunders & Lewis, 2009) "the researcher will have a list of themes and questions to be covered, although these may vary from interview to interview". Secondary research (Saunders & Lewis, 2009) it contains both research methods and data analysis which are used mainly in both descriptive and explanatory research. Examples of secondary data are such as books, organization data, journal articles, scientific journals and case studies.

3.1.1 Qualitative research

As mentioned in the introduction section, this study is based on qualitative data, because the goal is to highlight and map out a process that is harder to measure and analyses in quantitative data. I would like to research on how and why rather than what, where and when. It is therefore important for me to do the research based on mostly case studies, interviews and scientific journal studies in this field. Also understanding the situation and analysing the situation based on evaluating different scenarios and other relevant case studies. Qualitative research is a series of approaches regarding strategies for conducting analysis and reviews that are intended to discover how people interpret, understand, experience and produce the social world (Sandelowski, 2004).

Qualitative research is about engaging yourself in a scenario and attempt to sense it. It can be during an interview, company meeting and community commemoration. Qualitative researchers decisively observe and analyse the detail view in order to decide how to perform, as well as to make sense of building greater knowledge about context as well as cultures. (Tracy, 2013). Qualitative evidence has expanded significantly in the process of complicated intervention structure because it helps researchers to identify potential different mechanisms (Herber, Bucker, Metzendorf, & Barroso, 2017).

3.1.2 Case study overview

Case studies are considered a valuable research method in order to gain more insights about organizations that have implemented dual business models and the processes that occurred during the initiation and implementation in the firms. Case study is a research strategy which concentrates on understanding the dynamics current situation within single settings. The case studies normally syndicate data collection, methods such as conducting interviews, questionnaire and observations (Eisenhardt, 1989).

3.1.3 Semi-structured interview

To conduct an interview, I will use semi-structured interviews, this structure can provide me more opportunity to analyse the situation and to gain information towards the research. Besides, it can facilitate interviewees to give more detail and their views on the matter of the subject. Semi-structured interviews “ the researcher will have a list of themes and questions to be covered, although these may vary from interview to interview” (Saunders & Lewis, 2009).

I have implemented several interviews from different companies such as Philips, Resqtec, ING and Stonecenter. These firms are currently implementing dual business models. The semi-structured interview has been chosen. I chose this interview structure because it provides more opportunities to mention main key points and direct the interviews towards the constructive research. On the other hand, it is an inductive research and interviewee can give their views about the implemented business models. Also, several companies can be compared with each other regarding the timeframe, challenges and opportunities during the implementation. A semi-structured interview presents more consistency in data. An overall, interview plan can be found in Appendix A.

These topics are discussed mostly during the interviews:

- **Dual business model initiation**
 - Initiation and implementation of dual business model
 - Challenges and successes by implementing dual business models
 - Managing and resolving the challenges
 - Lesson learnt during the implementation
 - Actions have been taken during dual business model?

- **Organizational structure**
 - Organizational structure, centralized, decentralized
 - Integration processes to meet the required goals
 - aligning the two strategies together
 - Changes to the structure of the organization

- **Organizational leadership and context**
 - Dual business model and its impact on leadership and management
 - Implementation processes and changes to the organizational leadership
 - Leadership style transformational/transactional
 - What is the extent of autonomy given to the managers?
 - Impact on organization’s culture, values and beliefs.

3.2 Selection of interviews and cases

3.2.1 Interviewed organizations

I have focused to interview the firms that have already initiated and implemented dual business models simultaneously in their organizations for at least two years by now. These firms are very innovative and focus merely on exploring their businesses. Based on Moore's law, demands on effectiveness and efficiency in the organizations can boost and the processes every two years, therefore, when scaling a great number of clients or customers in an actual global market the main drive is exploitation which needs to very efficient to stay competitive.

A brief overview of the four companies and their active business units are mentioned below.

Philips, Resqtec and ING are very innovative companies in the world. They are very different in the nature of production and services. For example, Philips at moment focusses on four different separate businesses. These business are as home appliances, lighting, medical and audio equipment. Based on the information from Wikipedia the revenue in 2016 is 24, 51 billion which net income calculated 1.448 billion. More than 114,188 employees are working in different business units within Philips. Resqtec is a Dutch family owned company Established in 1972, by Axel Maarschalk. RESQTEC Zumro B.V., is based in Lisse, the Netherlands, and is a leading multinational. With 40 years of experience RESQTEC is the innovative solution provider of rescue and recovery equipment supporting rescue and recovery teams all over the world. The company changed his strategy and become the most innovative solution provider.

NN group is a Dutch company and one of the largest asset management and insurance company in the Netherlands. The company provides financial services, offering retirement services, insurance, investments and banking products. We are active in 18 countries in different European countries as well as in Japan. The company has a rich history of 170 years. The company has around 17 million customers and around 12.1 billion gross incomes. Also 15000 employees are currently working worldwide. Stonecenter is a small Dutch company headquartered in Breda the Netherlands. The manufacturing firm is specialized in flooring indoor and outdoor of buildings, halls from marble stone. Less than 100 people are working for the company and compare three gigantic organizations such as Philips, Resqtec and ING the firm is very small in terms of revenue and other financial capabilities. The reason I included this firm is that this company also like other three firms initiated and implemented dual business units. Stonecenter has been added to the cases because they have also acquired an innovative approach to explore new business opportunities.

3.2.1 Interviewees

Interviewees are mainly executives and general managers responsible for initiation and implementation of dual business models in their firms. These organizations have been quite supportive and helpful to contribute to this thesis research. The interviews were well executed and all the interview questions answered to this empirical research accordingly.

The interview participants are mentioned in the table below:

Table 3.2.2

Company	Name	Last name	Job title
Philips	Sara	Lopez Limon	Customer Relationship Manager (Former)
Nationale Nederlanden	Zarin	Masoudi	Account Manager at Zakelijk Schade, Nationale Nederlanden
Resqtec	Dennis	Beck	Global sales director aircraft recovery and rescue division
Stonecenter	Aref	Jafari	Chief Executive Officer and General manager innovation

3.3 Analysis of different interviews

In the initiation part of the interview I tried to explain about my research and general research question in order to clarify the purpose of the research and gain the most out of the interview. Interviews were implemented based on the prior plan. Based on different questions very many answers came out of the interview and I tried to analyze and focus on the messages which were the key important questions and tried to avoid too much information on unnecessary and complex answers. I tried particularly to analyze the messages, outcomes and contexts based on the need of the research that were basically the core issues of the research. Consequently, within case analysis I have done cross-case overview to ensure that the subject of research is in line with basic research theory and background. (Saunders & Lewis, 2009). It can help interviewees to provide detail information on the matter of the subject.

Based on (Miles and Huberman, 1994) both case and cross case analysis different key issues came forward. I evaluated these elements with academic scientific literature for the related topics in order to make sure that all elements are evaluated accordingly. (Saunders & Lewis, 2009) Data triangulation combines various data sources within single specific research project to make sure that the data has been conducted properly. Therefore, it can make the research findings and recommendations more convincing. Based on interviews and the prerequisite of the research analysis I have described the subsequent key elements as quite important and a great way to construct related outcomes.

The main key elements that I have concluded are as (1) Initiation and implementation of dual business model (Challenges and successes) (2) organizational structure (timeline and integration processes) (3) organizational leadership (challenges and successes during the implementation) (4) organizational values (managing and resolving challenges). See schedule for detail information).

The second step I used data triangulation and cross case analysis to compare and analyze the different outcomes. I used this technique in order to compare and the analysis of the research firms. By facilitating this method, I have gained a great transparency on how different organizations for instance cope with integration and implementation of dual business models and what challenges and successes they gain implementing processes. Besides, some important outputs and quotes are also listed per interview and companies to differentiate the element that I have researched within different companies. The main quotes are evaluated and linked to the conclusion of every single interview implemented in a specific company. An overview of all different elements are analyzed and visualized from different companies in the table below.

Figure 3: Research visualization

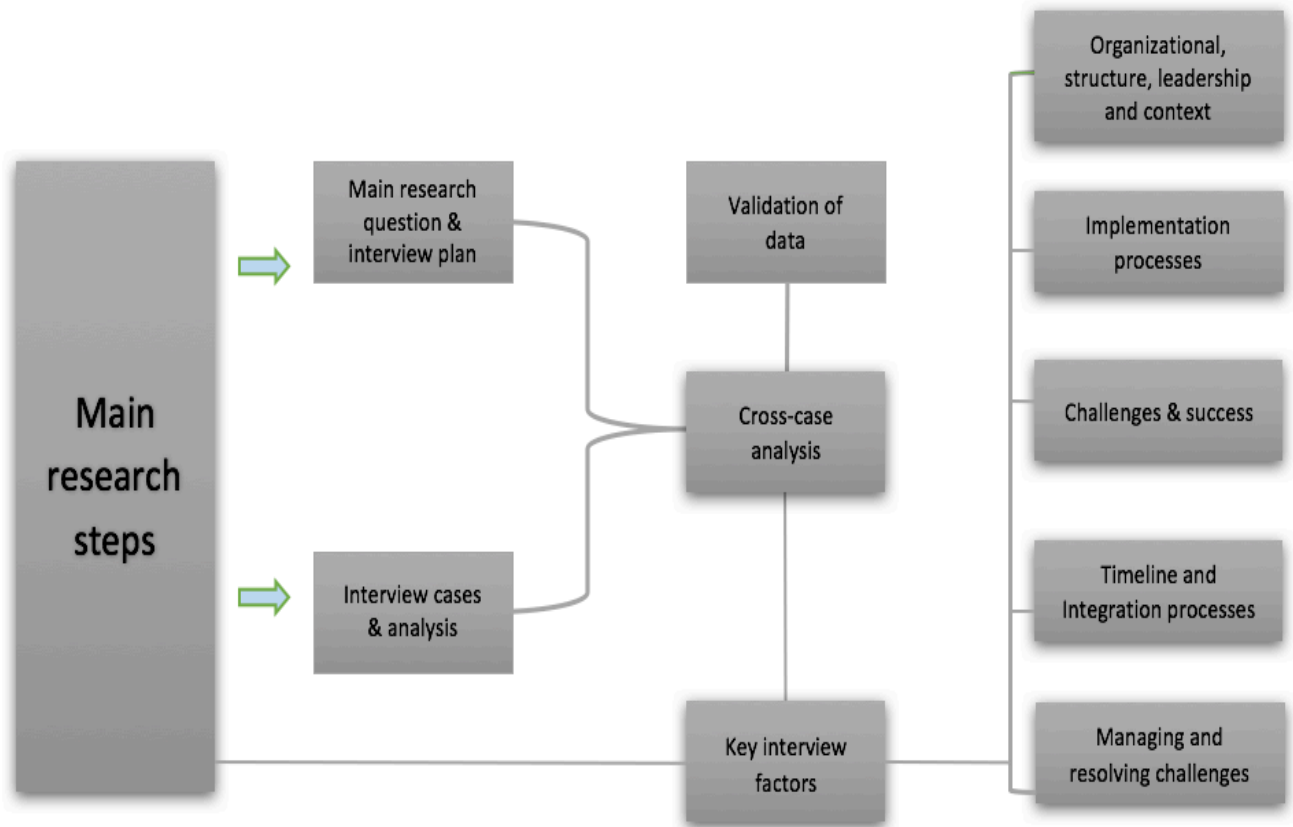


Figure 3: Field research visualization processes

Chapter 4: case analyses and findings

As mentioned earlier in the chapter two methodology, the overall theory provides a great understandings and insights about the fundamentals of “dual business model” especially on initiation and implementation of dual business model in the organizations. Following the methodology, the comparison of semi-structured interviews and cases were analyzed in order to empirically investigate the research question. Resulting from research objectives and based on the basis of this thesis research which is “Initiation and implementation of dual business model innovation in the organizations” and how the firms can cope, manage and implement these processes: “how can organizations initiate and implement dual business model innovation in the firms”? Furthermore, in order to give an in-depth analysis of the problem definition, the underlying research questions was asked on how to initiate and implement and what factors are the main drive for successes or for failures and how to overcome those challenges during implementation of dual business models in the firms.

The main and core questions were asked from interviewees on the following key important elements is such as organization structure, leadership and context as well as the impact of Implementation processes, challenges and successes during the implementation, timeline and integration processes and ultimately managing and resolving the challenges. The implementation processes refer on how and why the firms implemented the dual business models and what can they achieve implementing it. Challenges and successes during the implementation processes deals with successes and pitfalls that the firms have faced during the implementation processes. Timeline and integration processes is based merely on how long does it take to implement the dual business model and how effective does it seem to be for the company. Finally, managing and resolving the challenges, how firms were able to manage the tensions in the organizations and what were key focal points managing both challenges and successes. Implementation and initiation of dual business model requires a solid process in order to be successful and through acquiring and leveraging both exploitation and exploration business opportunities. Underneath, comparison of four cases are analyzed and subsequently at the end, all cases are also compared regarding the above mentioned topics.

4.1 Philips

4.1.1 Organization structure

Royal Philips is the parent company of the Philips Group headquartered in Amsterdam, the Netherlands. The company is run by the members of the executive committee (comprising the board of management) under the observation of the supervisory board. The executive committee functions under the chairmanship of the chief executive and shares accountability and responsibility for the deployment of Philips’ strategy and policies, and the achievement of its objectives and results.

In September 2014, Philips announced its plan to sharpen its strategic focus by establishing two stand-alone companies focused on the HealthTech and Lighting opportunities respectively.

To this end, a stand-alone structure was established for Philips Lighting within the Philips Group, effective February 1, 2016. Then, on May 27, 2016, Philips Lighting was listed. Following the listing of Philips Lighting, Philips retained a 71.225% stake. In the course of 2017, Philips gradually reduced its stake in Philips Lighting's issued share capital to approximately 29.01%, in line with its stated objective to fully sell down its stake in Philips Lighting within one year. (annual report 2017)

Philips organization's structure is mainly decentralized the top management is not involved in all business decisions of every single unit. The CEO is responsible for main and important decisions within the organization. The best example can be separation of Philips in two different business units HealthTech and Lighting in 2014. Organizational structure in Philips is designed that all processes in entire business empower employees to work together. The main structure is to follow both exploration and exploitation to create success in the firm.

In Philips centralized structure is not implemented, decisions are taken at the middle management level. In Philips senior management contribute more to lower managers in the firm. This means that the assigned manager can use his/her authority to make decisions that impact his or her business units. Based on this method even some decision can be pushed down to lower level employees though, those decisions are limited to the lower business which doesn't have direct impact on overall business unit. It is more related to customer services and handling certain services or product shipments.

" Philips is a multinational company and the CEO cannot control every single manager in the world, therefore, the best fitting structure within our organization is decentralization. This can motivate, inspire, stimulate and encourage our top, middle and lower managers to constantly improve our product portfolio and constantly explore opportunities in the company".

4.1.2 Organization Leadership

In Philips the organization leadership basically starts with enabling all level of leaders, managers to develop programs across all levels, starting motivating, encouraging and influencing individual contributor to frontline leaders to take the ownership in all business levels. The main goal is to create future leaders across all business units to support their teams effectively and strengthening the employee career partnership with clear accountabilities. For Philips with leadership positions in both personal health and professional healthcare it is believed that leadership can enable managers to be innovative and create a solid relationship between leaders, managers and subordinates in all level of the company.

In Philips it is truly understood that organization leadership increases the level of openness inside the organization. In the company different employees can bring distinctive skills and knowledge to increase innovation. The organizational team-based leadership can be the main model for firms to stay competitive.

Philips has a transformational leadership style. It is believed that employees are the core value of company and motivating, pleasing the needs of employees and treat employees as human being can boost production. This style creates distinct advantages for the organization such as clearly

communicating overall goals and strategies to the followers and simultaneously inspires individuals to look beyond their capabilities and focus what they can bring to the company. A leader pursuing this method can accomplish more and inspires subordinates to work as a team. In Philips employees feel relaxed and they can stay with the company for a longer period of time, because simply “they feel home”.

4.1.3 Organization context

In Philips organization context means to examine both internal and external issues that firms encounter inside the organization. Basically the management processes and culture are the main drive in the company. In Philips it is believed that leaders in organization have the direct impact on management processes. The management processes are mainly creating goals, objectives and implement the processes accordingly therefore, the goal is to manage a process to specify better outcomes which leads to efficiency and effectiveness.

“Philips organizational culture is very strong, all managers believe that they can easily and simply communicate with each other in order to reach a common goal and members of the company can have success to get the job done. In the organization people with different values can learn similar practices”. Lopez”

4.1.4 Initiation and implementation of dual business model

Implementation Processes

Philips is multinational company and its core activities are based on innovation. Philips is addressing challenges through innovation. Its overall purpose is to make the world healthier and more sustainable through innovation; the aim is to improve the lives of three billion people around the globe by 2025. Based on (annual report 2017). In 2017 Philips invested in research and development 1,76 billion, green innovation 233 and 1,4 billion for sustainable innovation. Furthermore, Philips owns intellectual new patents of 1200 and received 165 design awards. Philips apply its innovation and design and design expertise in order to create new design, new product, new business models to suits and meet local and global customer’s needs. Philips is investing a massive amount of budget on online and digital platforms in order to connect consumers with its products; this can enable new business models along with its existing offline business model. Philips is positioning to gain further growth in online sales and continue to build digital and e-commerce capabilities. In 2017 Philips received an innovative digital advocacy marketing program Euro Gold E award in the category of product and service launch. As mentioned by former customer relationship manager (online and offline) Sara Lopez.

“ Philips is trying to position its brand within offline and online because our target audience is still not with a large percentage in online. We want our consumers to become aware of our product propositions”.

Initiation and implementation of different business models is not something new in Philips company. The management board of the company is doing that for many years. The reason why we implement dual business model is merely to boost our sales and be more competitive in the market compare. Integration of business models can provide us more competitive position in the market. This can also lead us to be ahead of our competitors as well. Our domain domestic appliances which includes, floor care, kitchen care we target both online and offline customers in order to reach greater customers and also to boost our sales through both channels separately. In our department we have marketing intelligence, digital marketing which provides massive information about the customer's behavior online as well as offline. Implementation of both online and offline is to penetrate larger markets, sales are mainly driven by a direct sales force that has a great impact on overall sales channels.

"Our customers are now must smarter than ever before, they search up online, compare the prices, look at the given reviews about the products and then either go offline to the shop in order to feel and touch the product and finally they decide to buy it or not".

Philips has already created a successful offline channel before internet was booming. Digital marketing became vital in driving businesses towards a massive changes and creating more success for the companies. Many innovative companies like Philips are seeking new opportunities to combine or integrate dual business models in order to reach their strategic objectives. Philips invests a lot in online market at the moment.

"Implementation and integration of both business processes are relatively easy within giant company such as Philips or any other multinational companies compare to smaller organization, but I do believe that there are some challenges and pitfalls on the way as well in my opinion said by Lopez".

Challenges and successes during the implementation

As I said earlier the challenges and successes depend on the nature of the company and their business how they are integrated and aligned to fulfil a solution for the company. Many organizations have succeeded implementation of dual business models while other faces a lot of challenges to integrate the business simultaneously.

" Our online platform is very active and we are selling a lot online, but that is not enough to be satisfied. Both online and offline business models have their successes and challenges".

Last two years we have spent a lot to integrate and combine both online and offline marketing together. let me start with the benefits of combining both strategies together; doing so, we have managed to reach an excessive amount of customers. So we live in the new era that almost everyone is online. This means it is one of the best way to reach our customer online via website. There are many challenges by online marketing which I would like go through and then challenges during implementation of both online and offline marketing during the implementation. Online marketing main advantages besides offline marketing is that it lowers operation cost. It can be

advertised cheaply compare paying a lot television or newspaper or any other old methods of marketing. It is also very easy to contact our customer's gets to know how they feel about the product. The feedback we receive during our online marketing is very important for us. We can apply the feedback also to our entire marketing campaigns as well as offline marketing channels.

" One of the most important successes of integration of online and offline marketing strategy is, we learn online from our customer what they want, what are their unmet needs and we apply the given feedback both in online platform as well as offline channels".

Another important advantage of integrating both online and offline that we can track our customer online and gain the results about their perceptions, traffic growth which this can leads us know what kind of sales and marketing do we need to apply to in order to get more customers to our perceived products. Online marketing is offers demographic platform which can assist us to target and measure the different customer from different regions. It provides the information we want and would like to apply in our overall marketing strategy. We can get information such as customer ages and their main interest and all of this information can assist us to serve our customer better. The integration of online and offline is a great opportunity for businesses that strive to boost their sales. Philips is trying to integrate both in order to gain more access to heart of the customers. The core strategy is to potentially know the unmet needs of the customer and act to satisfy them accordingly. The implementation of both online and offline is focused on customer, satisfaction, gaining information about customer's unmet needs and finally being competitive in the current competitive market. We also learn a lot form one business model and then we apply to another business unit.

" Frankly speaking, we learn online and we apply offline and this is the best and the most valuable advantages of implementation of dual business model".

There are also some important challenges during implementation of two different business models simultaneously.

One of the important challenges is as we often are cheaper when we want to sell our products, because we sell direct to customers. We don't have mediators or big shopping malls. Most of the time our online products are less expensive than our business partners for example by Media mark, Blokkers or any other business partners. This is a great challenge for us. We get a lot of complain that they cannot compete with our online prices verses offline price. The shops which we call mortar and brick they have of course, employee cost, rent and all other operational cost. This is a great challenge for us integrating both offline and online marketing strategy together.

" Our main challenge implementing both online and offline marketing strategy is our different prices online platform vs offline mortar and brick shops. We cannot always satisfy other business partners, because we are much cheaper online compare to offline".

Another challenge we faced a lot. Most of the time when we launching a new product online and if the product gets a negative image online. For us it is very difficult to convince our offline partners to buy that product from us. Nowadays, people can write, react about the certain products online and it can either get a positive or negative image. So, it is also another challenge for marketing to

combine and integrate two different business models simultaneously. Besides, in online marketing sometimes there are technical challenges that our customers complain about that. For instance, the images cannot be loaded or any other technical issues. For our department it is sometimes challenging and difficult to combine both business models together but it is not impossible.

“in online you can do it as extensive as you want or at least to give the option to the consumer to explore more through the call to actions (explore more, discover more, learn more) when offline you need to be precise with the main or most important attributes of your product so consumers get curious and look for it”.

Online platform has its own challenges as well as offline mortar and brick shops. We find it interesting to become more ambidextrous in our business models and we do not mean separation in any of our business models at all. As said before, the challenges and successes during implementation of dual business models depends on the nature of the companies and their core strategic objectives.

Timeline and integration processes

Implementation and integration of dual business models is not something new at Philips company. It has been years that Philips is integrating different business models within the company. The question is that how Philips combine the integration of processes online vs offline which is related to marketing department to meet the required goals. Based on timeline, the online business model vs offline business model is from many years, but the actual timeline within domestic appliances started two years ago. Philips started to focus more on online marketing. My journey also started two years ago to evaluate both business models together and assess what can be achieved by integrating both marketing channels. We considered to explore new opportunities, new market segments, new geographical penetration to boost our sales in both channels. At the beginning the integration process was not very stable we couldn't focus mutually on dual business models. By the time, we got feedback from different sources and we were able to work on those feedbacks in order to have controlled and manageable dual business models.

“I think whether you communicate online or offline; this has a different role within the consumer journey. It is important to identify if you start with awareness which channels you use or if you focus in only one specifically”.

As I mentioned earlier, integration processes online vs offline was relatively easier at Philips, though it had its own challenges as mentioned earlier. What we did to align the two strategies together was to first identifying what are the KPIs in general and then one separately per each channel as definitely it will be two ways of measuring these. This means that we had a close eye on both business portfolios and we tried to learn from one while adapting our second business model.

Managing and resolving the challenges

Implementation and initiation of dual business model requires a solid process in order to be successful and through acquiring and leveraging both exploitation and exploration business opportunities. We have learnt to manage and solve the challenges occurred within our business domain. How we did was, we understand what our consumers look, search online and offline provided us where we needed to focus on that specific area. Having some data behind these two channels always gives us a good indication to solve the coming problems. Our offline business model has limited space to communicate so this needs to be done in a smart way.

“ Managing and resolving both online and offline businesses is an art and needs extraordinary talent to overcome the challenges”.

When applying dual business model, we have to know what our customers want and we have to envision what is like from consumer’s point of view to evaluate what your new business model can bring to the marketplace. In our products sometimes our customer couldn’t understand the products that the company offers to them. So it was a real challenge to educate consumers about the products online. In offline the customer can touch and feel the product and it is very easy to start their purchase journey. The companies that pursuing organizational ambidexterity should be also capable to simultaneously managing both exploration and exploitation to be able to compete in the future.

In conclusion, the analysis is focused on how firms are able to simultaneously execute dual business models initiation and what processes and factors are significant components during the implementation and execution. The main question which has been asked is mainly focused on implementation processes, challenges and successes during the implementation, timeline and integration processes and ultimately managing and resolving the challenges. The implementation processes refer on how and why the firms implemented the dual business models and what can be achieved implementing it.

Challenges and successes during the implementation processes deals with successes and challenges that the firms faced during the implementation. Timeline and integration processes is based on how long does it take to implement the dual business model and how effective does it seem to be for the company. Finally, managing and resolving the challenges, how firms were able to manage the tensions in the organizations and what were key focal points managing both challenges and successes.

“ we are always keen to explore new opportunities to satisfy our customer’s unmet needs all over the world”

4.2 Nationale Nederlanden

4.2.1 Organization structure

NN Group N.V. is a public limited liability company incorporated under laws of the Netherlands. Organization structure of the company functions under two separate board systems consisting of an executive board and a supervisory board. The company also has a management board. In NN Group responsibilities, power and roles are only allocated, measured and organized by top management so it is very top down organization. The top layer of the management is the key decision makers. The top management believes that top-down management can support to create a perfect vision for company's future vision and direction. "It can clearly be seen as domineering or authoritarian". Mainly with a weak leader, staffs can grow hard and challenge unilateral decisions. Thought, some of managers in NN Group believe that top-down leadership is not best for the business to implement changes and be effective and innovative.

"Indeed managers strongly believe that top-down management style kills innovation, only one senior executives making decisions, it is truly lacking creativity, innovation and it can be harmful to overall strategic vision of the company".

Autocratic leadership cannot be considered best for businesses struggling to apply changes successfully. Top-down decisions can be successful if all aspects and matters are taken into considerations, specially, if a decision affects employees to be involved in some business processes and decisions.

4.2.2 Organization Leadership

In NN group organization leadership focussed on management approaches that can merely functions towards what can be best for employees and the company to reach a better solution. To support and lead employees in the company top executives take highly important business decision therefore, a resilient and cooperative leadership group needed to be assigned. To do this thoughtfully the senior management make a selection of the best person for the job of course it is based on an unbiased, reasonable and business-oriented set of criteria. The top-management by doing so, they can involve employees in all business processes and qualifies them to incorporate values into their work. The senior leaders are expected to be as a role models in order to bring values and all other staffs can learn and also to apply as well. The key and important factors can be such as demonstrating integrity, commitment, customer centric by creating a culture of clear and mutual collaborations. The NN Group management board and the senior leaders and managers play a vital role in setting the example of how to deliver values to customers.

The leadership style in the company is transactional leadership and it is based on reward if a success occurs. This style involves destructive feedback and management by exception. Nevertheless, the focus is also on inspirational leadership which can be performance-oriented, learning opportunities encouraging the current and future leaders to live up to standard, values and perform personal excellence to understand the market that the company is currently involved. Therefore, the leading

employees require many variety skills to be successful in company. The main objective is to create future leaders across all business units to support their teams effectively and strengthening the employee career partnership with clear accountabilities.

4.2.3 Organization context

In NN Group context means both business processes either internally or externally which happens in the domain of the company. The management processes include both culture and the organizational systems in the firm. Basically the most important elements of organization context in NN Group is organization systems.

Organizational system is a solid approach in the company in order to produce outputs and receiving feedback. In NN Group it requires structure, work processes, rewards as well as motivations that have been gained from a business activity. The organization as a system either involves in outcome, product or results. The board of executives and strategic managers are pushing middle managers to gain more and be successful in different business units across the company.

4.2.4 Initiation and implementation of dual business model

Implementation Processes

NN group is a Dutch company and one of the largest asset management and insurance company in the Netherlands. The company provides financial services, offering retirement services, insurance, investments and banking products. We are active in 18 countries in different European countries as well as in Japan. The company has a rich history of 170 years. The company has around 17 million customers and around 12.1 billion gross incomes. Also 15000 employees are currently working worldwide. The joining of NN and Delta Lloyd in 2017 was a key step to keep forward and be more competitive than ever. As the result of the integration we are well ready to have a strong presence in market and create better services for our customers. The management of the company believes in creating a platform for innovation, knowledge sharing and talent development as mentioned in the annual report of the company in 2017.

Zarin Masoudi, 37 years old and account manager at Zakelijk Schade, Nationale Nederlanden (NN). I am responsible for the intermediary on the product liability insurance for business customers. In this category of insurance, in addition to consulting, I am also responsible, together with several other colleagues, for making quotations, preparing the new policies and managing the business portfolio of large clients. At NN we work with multiple business models such as 'custom work' and the 'New world'.

NN Group by applying dual business models would like to be more innovative and explore new opportunities for the customers. By using two business models, the company tries to measure itself in all areas with the top in the insurance world. On one hand, we have to tailor the relationships as well as possible customization and other on the other hand; we try to renew our services so that we will continue to be a major player in the insurance industry in the future.

“ innovation is our core strategy in order to reach our optimal target and customers internationally to better serve them and be a major player in the insurance and assist the management”.

Basically we implement two business models at the moment our custom work is doing business as usual and we implement so called the new world which is more new updated processes to lean and making the processes more effective, efficient and avoid wastages during a business process. The new world system benefits technological progress benefits both employees and customers. For the customer it should be possible to get our services very simple and straightforward. For the employees, it must be minimal effort to meet these needs of the customers. Both models are implemented top-down. We therefore have to deal with these models, particularly in the executive work, which incidentally seem to collide more than they do in practice. Of course, we always try to deliver tailor-made solutions to the clients, but through the implementation of the customized model we have received more instructions and handles to do. This is a familiar way (brand-bound). In the case of renewal, our role is in particular the commissioning of new models and programs, although we can make improvements.

Implementation processes of two businesses the custom work and the new world had tremendous benefits to the company. All employees are encouraged to work harder and try to implement the two strategies together. By initiating dual business model, the organization structure has become broader because there are teams that have specialization on one of the models. In addition, the hierarchy in the department has changed because there are people who have been given more responsibility as ambassadors for a new program or new business model. The company's organizational structure is mainly centralized. Although NN wants to prevent employees from doing so differently, the organization is largely centralized and all decisions are therefore taken top-down.

“ in my opinion, centralized organization can be extremely effective based on business related decision. Mainly the business owners can better develop their mission and vision and make objectives for managers and employees to achieve it”.

Therefore, the implementation of different processes is set by top-down management and the subordinate managers should fulfill and apply those to the operational level. By implementation of dual business model there has not been much changed to the leadership of the company. The senior management actually contributes the strategies to the lower management and they apply to organizational level and employees on the floor. However, the career opportunities for early adapters in the company have been increased. Implementation both custom work and new world has its challenges and successes in our company.

Challenges and successes during the implementation

The challenges and successes by implementing the dual business models depend on company's overall strategy. For instance, by implementation of dual business model what can be implemented, are all employees satisfied with both current model and the new model. What can be achieved to apply both business models simultaneously? This is mainly important that employees who receive the new models and are prepared to execute it. In this you notice that there are very few 'early adopters'. Many employees only embrace a system if they have been working with it for a long time.

The challenge is that sometimes innovations can cost an excessive amount of time. The most important thing is to remain innovative on the one hand and not to deviate too much from the standard that is currently being applied.

“the ambitious changes aren’t possible without a strong culture of innovation, we facilitate the agile scrum, market innovation and thinking logically to grow rapidly”.

In 2017 we have invested about 300 million. The ING ventures fund to invest in start-ups and companies which have already gained a big market share. The investments are aligned to our innovative strategy to provide more customer satisfaction to our business units. With ING cooperation we should ensure that our daily operation is with utmost standards that we progress to live up the expectation of our current and prospect customer in the future.

The main challenge in managing dual business model is the balancing between priorities. For us it is very important that which model is more suitable for our customer satisfaction and what can we achieve to apply it. This should not actually be one-sided. In addition, it is important to have managers and supervisors who conform to both models and thus be able to perform them appropriately towards their teams and units.

“ the main challenge of dual business model in our company is finding the balance between priorities”.

With the custom and new world most of the time the challenge is that we cannot understand which model is more suitable for our customers, “ confusion applying it” because we are confused to apply the new business models. We have to wait for top-down to start and we cannot apply anything our self. This cost time and it needs to be quick and fast in order for managers to serve better the customers. Collaboration between two business models is very challenging and most of time it is very frustrated to apply new models as well as the existing ones. Another important challenge is that’ the employees do not always get proper trainings for new models and they are so used to the custom work therefore they ignore the new model.

The success of dual business model innovation during implementation is that, the new innovative model can create better, simple service to our customers. This can drive our business also ahead of our competitors in the market. One of the best strategies in order to survive is to manage dual business model through differentiation. The new business model is to compete with competitors and be innovation to serve the customers. Nowadays, it is risky to always remain to the current or the custom business model. Companies striving to new business model along with custom business model in order to protect their margins and even go for new business portfolio. It is always very useful to provide proper trainings for the managers and operational work floor employees. This is important that all managers are ware about the advantages and benefits of the new model along with the custom model in the company.

“ New world, new business model creates new opportunities, explore new market and most importantly create more profit to the company”.

Timeline and integration processes

The integration processes to meet the required goals are not that specific at the moment in our company. I personally think we are well on our way, but our organization needs more highly educated people who can move in both the new world and the world of customization and can integrate the issues that come from these two models into a broader perspective. Both business models are vital to sustain and secure the company's overall situation. a new world in which technological progress benefits both employees and customers. For the customer it should be possible to deliver more services in a simple and understandable way. For the employees, it must be minimal effort to meet these needs of the customer and bureaucracy. The timeline to integrate both businesses is different from project to project. Our last project took six months to fully be integrated and also for every single manager to implement it.

“The degree of autonomy in the lower management really depends what kind of projects it can be for the company and who is responsible to implement that”.

The main authority is therefore not so much in the middle management. The middle management is more responsible for operational and the numerical side. The autonomy is thus very limited under this management layer.

Managing and resolving the challenges

Managing the challenges is our core focus to consider. In my opinion, we can do better to sever our customers. I do believe that we are still a bit behind the competition in the new world, but that this is mainly due to the age and size of the organization. A young organization can respond quickly and deliver better services. In addition, in our company it is more difficult to convince thousands of employees for a new business model where as a young organization is too flexible to change.

“ Managing and resolving in bigger organization is much difficult compare to young and dynamic organization in the filed”.

4.3 Resqtec

4.3.1 Organization structure

The organization has a top-down structure. The CEO of the company is guiding all projects and subordinates must follow up the structure. The power and rules are allocated and organized centrally. The top layer of the management takes the most decisions throughout the organization. All decisions are taken at the top management level therefore no main decision are even allowed to be made at lower management level. Individuals in all levels of the company don't have autonomy to make business decisions. The company is not very big and therefore the owner is more responsible for the company's business operations. The structures rely on one individual to make decision and provide direction for the company in order to be more competitive in the business field of interest.

4.3.2 Organization leadership

The leadership of the organization is focussed on innovation, new product introduction to gain competitive advantage in the markets that the company is currently presenting. The target markets are mainly Asian, American and European markets. Resqtec organizational leadership structure is transactional leadership styles. It is mainly based on the desire and the will of the CEO to lead, control rather than developing followers. The company has transactional leadership structure which is mainly based on contingent reward. The middle management get bonus in terms of reward if they sale more in different countries.

4.3.3 Organizational context

In the company business processes, structured and incentives are quite clear. The CEO and higher management take the internal and external factors that affect overall company's structure into account. Organization systems is the company's approach on which the company receives feedback from certain countries (distributors) and the company in return assist, motivate and also provide overall support for that specific matters. Based on the feedback from the countries the company organize three important factors such as work processes, structure and support in order to enable the business matters go forward.

4.3.4 Initiation and implementation of dual business model

Implementation Processes

Resqtec is a Dutch family owned company Established in 1972, by Axel Maarschalk. RESQTEC Zumro B.V., is based in Lisse, the Netherlands, and is a leading multinational. With 40 years of experience RESQTEC is the innovative solution provider of rescue and recovery equipment supporting rescue and recovery teams all over the world. The company changed his strategy and become the most innovative solution provider. In 2005 the son Jan-Pieter Maarschalk stepped in the family business and is appointed as CEO in 2011. The focus is to develop innovative solutions, to create new

opportunities, grow the business and to be a leading manufacturer for the rescue and recovery industry. The new CEO has brought many changes to the business structure. He created two business models; one focusing on rescue equipment and second business model created as aircraft recovery solution for airports. By initiating and implementing of two business models the company has faced achievement, challenges as well as successes in the last years.

The interviewee for this research is Dennis Beck global sales director aircraft recovery and rescue division. He has initially 25 years' experience in rescue and over the last period of time in charge of aircraft recovery. Furthermore, he is responsible for the direct sales of aircraft recovery and business development. Moreover, he set up RESQTEC's aircraft recovery business division. Also, Mr. Beck has a strong involvement in product development and testing of equipment.

The implementation of dual business model is purely that the company has more potential to create another business model along with the existence ones. They have the expertise, manpower and very innovative in field of their business. The new business model has been created in 2006 and it faced a long process before it became part of the business. From the beginning the company had the passion to create a new business model along with existence one. The company is committed to deliver the best solutions by using the latest technologies to explore new opportunities worldwide.

“to initiate two business models in a company, you have to challenge all unexpected obstacles to be successful. The aim at the moment is to explore new opportunities, new geographical penetration and new markets and simultaneously stay competitive and innovative”.

The management style in the company is top-down and transactional the company is focused on growth strategy, market penetration and scale up sales. The CEO is focused on overall supervision, better organization performance and motivates and expected from sales managers to accelerate sales in both business units. As mentioned earlier the company has two business models; one is focused on rescue equipment and the other one is focused on aircraft recovery. Aircraft recovery equipment is only used to facilitate aircrafts in the airport at the time of crises. The airport needs the equipment to move the airplane from the run way if the aircraft gets technical issues and then recover the aircraft accordingly.

“the main objective of the company to initiate and implement both rescue industry and aircraft recovery is to create more opportunities and scale up sales besides in order to be successful and to operate under optimum circumstances, to be capable, fast and to be in control. Both business units' products are similar in the way that they are all dedicated to save lives and to guarantee safe conditions for the rescuer”.

The rescue business unit constantly receives orders worldwide, whereas the aircraft recovery only gets two or three orders in a year. Because the aircraft recovery equipment is very expensive and lots of airports are not capable to purchase it. Both businesses are separate in terms of operations, because both businesses are unique and the target groups are different but still engineering and managing both businesses remain the same. In general, over the past four decades, the company has become a service-oriented company, delivering the best equipment, education, service and

support in the areas of expertise: heavy rescue, USAR, extrication and recently the new business model providing aircraft recovery for airports worldwide.

Challenges and successes during the implementation

Primarily challenges and success related to what extends the company is ready to achieve its overall strategy; is it more market coverage, compete with potential competitors or completely creating a new business model to shift its overall business operation and generate income. Nowadays, organizations are capable to integrate and align different business models, but some of them are successful while other is struggling to manage, control, execute or eventually to align two business models successfully.

In our case, the enormous success during implementation was to separate both businesses while combing production and technical operation together. To do so, we managed to lower our operational cost and stay competitive in both markets. The challenge that we faced during the implementation of our new business model was the 'oil crisis' during the implementation processes, it had a huge impact on our overall businesses strategy.

"one of the initial challenges in the company was on how to combine or split up businesses to implement both businesses together in order not to harm the active business units. It was hard, challenging and ultimately we found a solution for it. Split up businesses but still production and engineering remain the same".

Separating businesses provided us to focus on the core activities, for instance, in terms of rescue we have a lot of competitors in Europe. Therefore, we do need separate strategy to competes our current and prospect competitors in future. By our new business model aircraft recovery, we don't necessary had a lot of competition but the demand or the orders was relatively very limited per year.

Our main success was the new business model aircraft recovery didn't have lot of competitors in the market and we could find a strong position in the market. It was indeed a big boom and started to grow gradually. Though, the orders for new business units were limited but amount of transactions were excessive.

"the main success was that we focused on all markets and our new business model didn't conflict with our existing business model at all, because the end users of both businesses are quite different".

Companies implement and initiate both business units to remain innovative and exploring new opportunities as well as to strive to be a true innovative solution provider that understands the complications of any rescue or recovery operation in both business units. In conclusion, both business models encountered both successes as well as challenges as mentioned above.

Timeline and integration processes

The company faced many challenges to implement and initiate both business units. It was quite difficult first to figure out whether to combine both businesses together or to have businesses separately. Ultimately, the board of management decided to split up the businesses and the same time engineering and production remain the same. It was one of the great challenges for the company it took almost two years to reach this goal. The leadership of the company is top-down the CEO is responsible for overall operation as well as the final decision. The company is centralized and all main decisions are coming from the higher management board, mainly the CEO of the company. This is also why it took an extensive amount of time for the company in order to reach the optimal decision. On the other hand, for the company to choose either integrate or separate its strategy was very crucial it had risk to figure it out immediately and the director of the company was very cautious to take that risky procedure.

Regardless how integration of processes is implemented, the company encountered some obstacles and challenges. All technical specification, engineering and production phases for aircraft recovery or the new business model required to be evaluated, reengineered, implement and greatly executed. The company immediately hired new manpower technical engineers to accelerate the processes. The challenges during integration were that the new business model should be integrated across different operational divisions.

But, on the other hand, the company accomplished successes to integrate two business processes together. Their current activities and program planning presented many opportunities to integrate the new business models. Applying the new processes to almost similar existed steps provided even more opportunities to eloquent the necessity for integration and the take the advantages in planning.

“Implementation processes can be complex and time consuming to execute. All companies want to explore new opportunities due to having severe competition therefore; insufficient planning can cost the company to jeopardize its position in the market. So, integration or separation of businesses can be very tricky and risk as well it can explore new opportunities and successes in the market”.

Managing and resolving the challenges

By creation of new business model, some challenges emerged such as sales processes, support processes and solution processes in both businesses. The company managed to resolve by separating these steps from one another.

To manage and resolve the challenges for two business processes different strategies was implemented. The company created different sales strategy, solution and support processes completely apart from already established business. For instances, For the newly established business model a new person was assigned to only focus on sales and new target markets. The company developed an effective business process management strategy to streamline these processes and become more efficient in implementation phases. Though, the technology and operation remained the same but such operation still needed to different planning and execution.

The company succeeded to manage both business processes together and if issues occurred then it was solved immediately.

“ to manage and resolve two different business models in a company the board of management should realize the need of both businesses clearly, otherwise it will be challenging to resolve it”.
Dennis Beck.

4.4 Stonecenter

4.4.1 Organization structure

Stonecenter is the smallest company among all other research companies within this thesis research. The structure of the company is extremely centralized and the CEO the owner of the company is the direct person in charge of all business matters and activities. The CEO of the company is the only person which is responsible for overall business plans such as strategic decision making, sales, marketing and operations. The middle managers and subordinates don't have any level of authority at any level. The company's structure is completely authoritarian and the CEO takes all business decisions in hand. The middle or lower management levels are only responsible to drive sales and direct marketing, productions to the next level. They are not involved to any business processes or to take decisions on behalf of the company.

4.4.2 Organization leadership

The leadership of the organization is focused on market development, market penetration business development in certain European markets. The company's organizational leadership is basically transactional leadership and mainly based on reward and punishments. The company is very small and it is very clear who does what and what successes are made or failure is emerged. In the case of the successes the manager or the person in charge gets reward bonus. On the contrary, if an individual does something wrong related to a business activity he/she either loose his/her job or get a harsh feedback from the top the management in this regard the CEO of the company.

4.4.3 Organizational context

In this firm (Stonecenter) organizational context cannot be applied, because the company is basically small and they cannot apply matters such as organizational management processes, organizational culture or organizational system. All activities and matters are controlled, guided and managed by the owner of the company.

4.4.4 Initiation and implementation of dual business model

Implementation Processes

Stonecenter is a small Dutch company which has been founded since 2003 by Aref Jafari in the Netherlands. Stonecenter is specialized in flooring indoor and outdoor of buildings, halls from marble stone, tills and granite, furthermore the company produces kitchen countertops, stone tables, and stone sinks in the local Dutch market. More than 30 people are employed. It is a small growing company which its revenue has been recently increased to an excessive level. Overcapacity and excess production of the company's products exceeding the Dutch market which this has become a major challenge for the company. The firm is unable to supply most of its products in Dutch market due to less demand of consumers in the Netherlands. Therefore, the firm come up with dual business model initiation. (The current Dutch local vs international market). The firm seriously suffers from its overcapacity of its products which left unutilized at the moment, and the

reason for its mass production was considered due to purchasing new high technological machineries for the company in the last two years, which ultimately caused an imbalanced increase to production phase. Besides, the current Dutch market is saturated and the firm is seeking new opportunities in foreign markets. The management members have decided to gradually and mutually expand their market share, operation and physical presence in the Dutch market as well as European countries.

The implementation of dual business model processes in the Dutch market and exploring opportunities outside of the Netherlands. They have created two different models, the Dutch market mainly in Eindhoven and all other European market in Delft. The implementation processes started two years ago and they have faced major challenges and successes for combining two strategies together as said by the CEO of the company Mr. Jafri.

“ the implementation of two different strategies in small companies that are aiming to explore new opportunities is not an easy job, it needs, dedication, efforts and right management”.

The leadership style is mainly transactional and the CEO is focused on its personal development and power mainly comes from the top management.

To implement our custom business model which includes the Dutch market and the new business model focussing on other European market was quite hard to combine. It needed totally different strategies, pricing and more competitive analysis internationally. The implementation of our international vision along with the local market took us one year to combine and still it is work in progress to penetrate the international market. To align two business models, we come up to split our businesses and it worked better. One office supply only Dutch market and separate office only for our other European market.

“ sometimes it is necessary to separate the two business models, because they do need different strategies to succeed”.

Challenges and successes during the implementation

First Stonecenter tried to combine both strategies together, it didn't work they faced a lot of challenges and they could not compete with other European competitors in the field. So it was necessary for them to separate the businesses units. The leadership of the company is top-down and every single decision should be based on approval of CEO of the company. The company is very much centralized and all main decisions are coming from the higher management board, mainly the CEO of the company.

The main challenges were; the company couldn't find the right time to combine two business models together. They failed many times implemented two businesses together. The reason of the failure was that focussing on international market needed more market research, more competitive analysis and finally more efforts to apply the new business model. Other challenges were as prices and market analysis in other European market. The company failed to cover all European market at

the same time. Stonecenter gradually learnt to start step by step and one by one. The company is small and it was quite difficult to cover all markets at the same time. It was almost impossible to penetrate and expand the presences in different market simultaneously.

“To implement a new business model or target a new market, most of small companies lack sufficient budget to grow”.

Our main success during the implementation was; we have realized that integration of two business model is not in the favour of the company and we decided to separate both businesses promptly. It worked much better; we can now focus on our target market separately and still be competitive in two different markets. Mostly, the new business model conflicts the existing ones. We stablished to embrace the new business model without weakening and destroying the existing business model. That’s why we keep the two businesses separate while at the same time integrating them so as to allow them exploit synergy with one another.

Timeline and integration processes

It took the company a lot of times and efforts to realize what are best for the company in terms of integration of separation. Both integration and separation are the processes to solve a problem in the company. To choose either integration of separation strategy it is quite different from a company to company and a situation to a situation. Both processes can be very complicated and time consuming to execute. Mainly at moment many fast-growing companies have tight timelines to get the job done. For the company that they don’t have many experiences in terms of integration of separation, it is significant to absolutely train the employees before introducing or combining both businesses together.

As mentioned earlier, that integration and separation processes are deemed to the company’s strategies. Stonecenter has learnt a lesson and for the company it was very important to separate both businesses and focus on that separately. For the first six months we integrated the two businesses and faced a lot of problems such as, managing, controlling, planning and executing an effective end-to-end integration process. Our leadership was not right and we couldn’t find the great skills required to realize the challenges in the company.

“ to separate a business model, the board of the company should have a clear plan to execute and analyze the company’s financial situation and its operational impacts early on the processes”.

Due to the lack of experiences we tried first to integrate but it didn’t work sufficiently, it was for us a lot of market research and detail competitive analysis of two different markets. Therefore, we realized that separation of the businesses can help us to grow. Now we have different strategy, different financial means with our two different businesses. Though, both businesses are considered to the same company, but the strategies, plan and executions are very different from each other. We mapped out the dependencies between the local and the European market and identified how to associate one-off costs needed to effect the separation. We settled the separation vision and strategy, created blueprint, strategic principles, key milestones, threats and opportunities, program structure and management style. The timeline to plan, execute and manage all these activities cost

the company half year to implement. In my opinion, the bigger companies need more time and efforts to implement a new strategy. Stonecenter is relatively a small company and it is much easier to communicate with employees, organizing and coordinating the project teams around together and deliver a well-structured management portfolio.

Managing and resolving the challenges

Exploring new business models or expanding to a new market is mainly to renew the company's competitive position and to explore new values and fulfil the targeted strategies and achieve the objectives in new segments. The idea is to explore far beyond the existing business model to create a substantial new opportunity. To manage and resolve the challenges, we predicting the tensions and came up with different structures to smooth the both business model process. For our new business model, the top-management supports and cooperates with the team; listen to the feedback more than ever.

"The good, lesson for any organization want to explore new business model is to cooperate together to achieve success, otherwise it very difficult to execute your plans".

Chapter 5: Comparison of different cases

The researched companies are quite different in terms of their size, business units and their approaches both on organizational structure, organizational leadership and organizational context and towards initiation and implementation of dual business model initiation. They do consider implementing dual business model on the edges of their own competencies and therefore, striving to be frontiers to what they deliver otherwise it can be very costly for them to initiate. To make a clear distinction; the four research companies have been divided in two categories; larger size companies like **Philips and NN Group** and subsequently, smaller companies such as **Resqtec and Stonecenter**. This separation can provide a better picture on what similarities, resemblances as well as diversity and varieties larger and smaller organizations have.

Philips organization's structure is absolutely decentralized. The top management shifts authority to lower managers in the firm. The assigned manager has the power to make decisions on a certain business level. NN Group has some similarities in terms of organization structure but they are different from Philips. In NN Group responsibilities, power and roles are only allocated, measured and organized by top management so it is top down organization. The top layer of the management is the key decision makers. The top management believes that top-down management can support to create a perfect vision for company's future vision and direction. On the other hand, both companies have some similarities as the spirit of team up, working in a group and engaging in the different business approaches. The responsible individuals in the business have roughly some autonomy to make some business decisions. Philips has transformational leadership style. The employees are the core value of company whereas NN Group has transactional leadership style it is more focussed on management approaches besides leadership approaches are also different from Philips it is more leader based and NN Group is more management style.

On the other hand, Resqtec and Stonecenter have centralized organizational structures. Both companies' business structures rely on one individual in this regard the CEO or the owner of the company. The owner is entitled to make or break a decision no matter what consequences it can have to the company. Resqtec and Stonecenter practice this structure since the owner is responsible and accountable for the company's future business strategic position as well as its overall business operations. Both company's pursuit transactional leadership style and it is based on reward if a business brings new opportunities for the firms. For smaller firm's organizational context cannot be researched, because the firms are small and the CEO is the main power in the organization.

Proposition1: *the researched firms that initiated dual business model innovation are extremely innovative in their business domain they addressed challenges through innovation and their main focus is to explore new opportunities outside their comfort zone.*

Based on these analyses such as organizational structure, leadership, context as well as initiation and the implementation of each element for the firms that experience dual business model has been briefly compared. In order to make it more clear, an overview of the company's statements on each element is shown in the table at the end of this chapter.

In the following section the cross analysis of the four cases has been structured along with the four main key elements. The four elements are considered as; implementation process, challenging and successes during the implementation, timeline and integration processes and ultimately managing and resolving the challenges.

A brief overview of implementation processes in four different organizations:

Philips Company has vast majority of experiences in combining dual business models. For this particular business unit, the reason is to boost the sales and be more competitive in the market compare to other competitors. Therefore, competition is the main drive to combine two different business units together. NN Group, emphasis by applying dual business models to be more innovative and explore new opportunities. The reason they want to be more innovative is to acquire more customers either through, relationships or through new services in insurance industry. Innovation is the core strategy to reach local and international customers. Resqtec, focus is mainly on exploring new opportunities; scale up sales worldwide and penetrating new geographical markets. They also believe that through innovation they can resist competitors and generate more incomes. Stonecenter also the same as other companies aim to explore new opportunities because the local market is saturated. The analysis on implementation of dual business models leads to the following propositions.

5.1 Implementation process

The four companies in general have different approaches on how to implement the dual business models. However, the initial purpose to for all companies is to somewhat 'exploring new opportunities' by implementing dual business models. The second good reason is gaining competitive position in the market to be more competitive. Essentially competition made all companies to think of an innovative and smart separate business in order to be unique in the market. The third main reason to initiate dual business model is to generate more income and reinvest on innovative products and expands their geographical territories. Ultimately, all four companies believe that by initiating dual business models the company will live up to the customer's satisfaction.

Proposition 2: *tough competition among businesses allowed firms to initiate dual business model innovation in order to stay competitive in the market, discover new business opportunities and finally creating values for their respective customers.*

5.2 Challenges and success during the implementation

In general challenges and successes depend on the nature of the companies. Larger size organizations have more experiences on how to avoid challenges compare to the smaller size organization. Also speed and agility to solve challenges or create successes is much more related to the activities and the type of businesses during the implementation processes.

Philips main challenge is considered two different prices strategy based on customer and market. Online platform is much cheaper and there is no mediator involved, because online products are less expensive rather than offline. The second main challenge is; if something goes wrong one business model it will directly affect the second business models. Integration is a challenge. The main success of combing two businesses is that the company receives feedback online and they learn and implement offline. NN Group Innovation creates fear and employees resist changing. Also setting priority is another setback by initiating dual business models 'finding a balance between priorities. The success is the new world 'the new business model creates better and simple services to the customers. For Resqtec it took a lot of time to combine or split business. Finally, the success occurred by splitting up the businesses but still combining other services together. Stonecenter could find the right time during the implementation. The main challenge was to combine two businesses together, either to focus mutually or to separate the businesses. The main success was separation of two business models and focusing on core business issues separately.

Proposition 3: *The challenges created by implementing a dual business model in firms are considered as resistance to change, finding a balance between priorities and eventually to take the right decision at the right time.*

5.3 Timeline and integration process

Integration of processes vary in all four cases. The timeline and speed of integration is also quite different in four companies. Larger companies such as Philips and NN Group are speedy in integrating business process whereas smaller organizations that CEO is in lead have more difficulties combining two businesses together.

Philips qua timing initiated the dual business units quickly. This is because the core strategy for the company is to stay ahead of competitors. Though, the full integration estimated of two years hard working and dedication. NN Group, integrating and combine two business units requires highly educated people. Know on how to do it. It needs people on hands on both the old and new world to sustain and secure the company. The duration of business processes occurred up to three years to fully be functional. Resqtec, the timeline was relatively long almost eight to ten years. It was work in progress and finally the last three years it has been successfully implemented. Stonecenter initially faced a lot of challenges and cost also more than three years to integrate both business together.

Proposition 4: *integration of business processes is influenced by different factors such as earlier experience to initiate new business model, financial capabilities to back up the new business model and the motivation to create extra values.*

5.4 Managing and resolving the challenges

All four research organizations demonstrate that managing and resolving the challenges by acquiring and integrating new opportunities can be successful. Philips and NN Group can manage and resolve the challenges, but it is greatly depending on the type of businesses. Online vs offline platform or old

vs new world acquire different strategies. Resqtec and Stonecenter can manage and solve the faced challenges easier. The CEO is the owner and it can control and manage the situation much quicker.

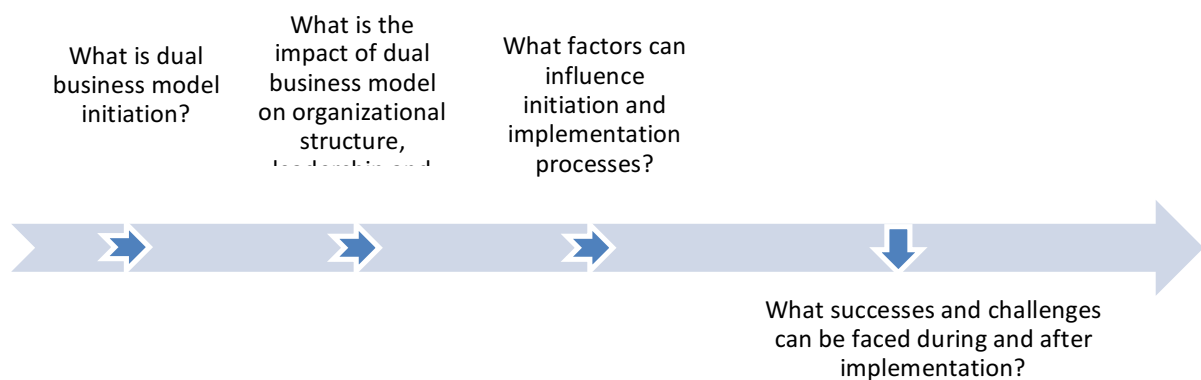
Proposition 5: *firms can manage challenges by acquiring and leveraging both exploitation and exploration in their business field.*

Brief overview of factors in different firms:

Factors	Philips	NN Group	Resqtec	Stonecenter
Organizational structure	-Philips has decentralized organization structure	-NN group has centralized organization structure	-Resqtec has centralized organization structure	-Stonecenter has extremely centralized organization structure
Organizational leadership	-Based on transformational leadership style	-Based on transactional leadership style. Or more management leadership style	-Transactional leadership style based on reward (Bonus	-Transactional leadership style extremely based on bonus and punishment
Organizational context	-internal and external factors are defined by business process management	-Management defines business processes and overall decisions	- Organizational context cannot fully fit within domain of the business	-In smaller firms' organization context cannot be fully implemented
Implementation	-Reach both offline and online business opportunities	-Implementing custom work and the new world	-Implementation of both rescue and air craft recovery business	-Exploring new opportunities outside the scope of current market
Challenges	-Integration of online and offline platform	-Employees resistance to change to new world new business model	-To combine or split two business models	-Needed more market research, more competitive analysis
Timeline	- less than two years and successes occurred	-six months to two years depends on projects, 'work in progress strategy'	-It took more than four years to split business of recovery from rescue tools	-it took more than 3 years to finally reach the goals
Managing challenges	- Researching on customer needs and acting accordingly	-invest more on young employees and new technological updates	-Technological development of both business domains remained the same	-Separating businesses and more working as team and more cooperation.

Chapter 6: Conclusion

This field research was considered to validate four companies that initiated and implemented dual business models in their firms. The various theories on how organizational structure, organizational leadership, and organizational context had an impact on the firms that implemented dual business models evaluated both theoretically through different scholar's literature and practically through contacted interviews from four different firms. The prime reason to conduct this thesis research was to find out what has happened to firms that conducted dual business models and what challenges and successes they encountered during and after the initiation of a dual business model. The second reason it was intended was to contribute to academic and practical thinking on how to perform and analyse such research. The central and main purpose is to address the core question of this thesis: How can organizations initiate and implement dual business model innovation in the firms? The research model and objectives of this thesis are outlined in the introduction. In this concluding part of the thesis, each of the four underlying sub-questions is further analysed and based on this, the answer to the problem is addressed.



Sub-questions

Figure 6.1: Sub-questions

The outcomes of the field research compared with academic literature outlined in chapter 2 the literature review.

6.1 Dual business model initiation in the firms

All four companies have initiated and implemented the dual business models. A business model represents "rationale of how an organization creates, delivers, and capture values" (Osterwalder & Yves, 2010). The impact of internet technologies has motivated companies to a wide range of changes in the structures of their existing business model and new business model (HoBbach & Friedrich, 2015).

All four researched organizations emphasized initiating dual business models in order to explore new opportunities and stay ahead of other competitors in the market. A new business model is a system of activities, resources that generate value for the customer and further generate money for the company. Analysis requires greater knowledge about the basic components of a business model. This has impacts to develop and discover competitive advantage which can be obtained by the organizations themselves (Slavik & Bednar, 2014). All four research companies have faced some difficulties and challenges to implementing a new business model while running the current one. The four interviewed organizations mostly initiated the new business model which is strategically close to their core business, that is considered a need to their strategic position in future or a new business model which can boost their profits. The researched companies are aware of the dual strategies which are difficult but possible to integrate. The level of difficulties differs from one organization to another organization. The key difference can be particularly their ambitions, market segments, target group and overall implementation plans.

All four research companies initiated the dual business model in order to generate more income and be very competitive, mainly the new business model considered more up-to-date and upgraded compared to the existing business model. For instance, NN group created the new world which is more updated and more innovative business model. Also, Resqtec with its new business model aircraft recovery is merely to generate income and be competitive and unique in the market. Research and studies mainly suggested that firms implementing exploitation and exploration simultaneously acquire greater financial performance (Birkinshaw & Gibson, 2004). Therefore, all four research organizations main aim is to generate more income, be competitive - ultimately in order to secure their financial capabilities in the market. For larger organizations, such as Philips and NN group, their prime target by initiating a dual business model is to stay ahead of the competition and be engaged with customers and clients. The smaller organization implement dual business model mainly to generate more income and to help their existing business model stay strong. For instance, Rustic's new business model generates more income and with that generated income the company assists both businesses together.

All four researched companies took advantage of initiating dual business models in their firms and the four companies definitely have different strategies, plans, ambitions and target markets. The business environment in the organizations changes very quickly in order to succeed or even to stay sustainable, firms have the obligation to respond with innovation for their businesses. They must create potential growth and gain profit from completely new business models (Govindarajan & Trimble, 2005). All four researched companies are trying to achieve successes by initiating a dual business model in their firms.

6.2 Impact of dual business model on organizational structure, leadership and context

Based on the researched companies, the impact of organizational structure, leadership and context are different for all four companies. Organizational structure defines how the responsibilities, power, roles are allocated, measured and organised and how the flow of information passed between the different levels of management. Larger companies have more sophisticated structure compared to smaller firms. In the case of Philips and NN group their structure is more complicated

as they have more levels of management. For the smaller organizations like Resqtec and Stonecenter the structure is clear and the person in the lead is mainly the owner of the company or the assigned CEO.

Based on the research and interview contacted for the four firms in this thesis “ the bigger the organization in terms of business domain and employees the more decentralized and the smaller the organization the more centralized they are”. The pure centralized model clarifies that there are more than one level of organization and the top executive or (supreme) managers take the decisions in all levels of the organization and the authority is deemed to the top managers. Therefore, no decisions are allowed to be made at the lower level (Zieliński, 1963). The more decentralized a firm management, the more employee in the organization will participate in order to make or reach a decision.

All four researched companies have different leadership styles. Larger companies they are practicing more transformational leadership style whereas smaller organization it is more management style and everything is based on rewards to boost sales or benefits. All four researched companies are different in terms of their business activities, target market, and customer. For instance, Philips is a larger company compare to NN Group, Resqtec and Stonecenter. Therefore, Philips use transformational leadership in order to motivate its employee and in order to generate more ideas whereas NN Group is claiming to get advantages of transformational leadership even they are not like Philips. Resqtec, and Stonecenter mainly implementing transactional leadership. The smallest company in this research is Stonecenter which extremely applies to transactional leadership styles. Based on these four researched firms it can be obvious that larger companies practice transformational leadership and on the contrary the more the companies are small in terms of their business the more they are practicing transactional leadership styles. Companies facilitate either from transformational or transactional leadership which potentially related to the size of the firms. (Caccaro, Jansen, Van Den Bosch, & Volberda, 2012). Organizational leadership increases the level to responsiveness to change inside organizations.

Organizational context is different within four research firms, for instance, larger organization have more structure processes, organization culture, values and company’s business structure. The smaller companies mainly have simple structure while planning, taking a decision or managing risk. For instance, Resqtec and Stonecenter the only person in charge is the CEO or the owner of the company and basically he is responsible for overall business processes and give the final go to a project or a decision. Philips totally has a different strategy taking any business related decision. It should be based on the need for the overall company’s strategy and many conducted research. An organization’s context implicates its surrounding and its environment. “Organizational context as the firm's culture, values, structure, processes, and incentives” (Markides C. G., 2013). The context should be determined either with an external organization or within the organization. It is significant to realize the context of an organization before to propose strategic planning. In conclusion, larger firms have more business processes implementing dual business model whereas smaller organization they either don’t use the term context or management processes implementing dual business model or they don’t use the term context because they are small and not that sophisticated.

6.3 Factors influencing initiation and implementation process

All four researched companies believe that the main factors that influence initiation and implementation of the dual business model are to explore new opportunities, penetrating new markets, stay competitive and ultimately secure their financial position in the market. Dual business models intensively considered how organizations are able to lead and manage exploitation and exploration simultaneously and become ambidextrous to better manage dualities (O' Reilly & Tushman, 2004). In all four researched firms stated that dual business model is greatly depending on the maturity of businesses itself, either It is the ability to provide value or services in order to achieve extra values and obtain a sustainable solution for their businesses.

Philips has different strategy compare to all other researched companies. In Philips, the factors that influencing mainly to initiate and implement dual business model is more on the strategic level of the company. All decisions are made by middle managers and implemented by the operational level of the management in the company. They are based on research and competitive analysis, besides the aim in Philips is to target both offline and online clients simultaneously. Philips is investing a lot in online and digital platforms in order to engage its consumers with its products which in terms this can enable new opportunities for the company. Philips is initiating a dual business model to gain further growth in online sales and continue to build digital and e-commerce capabilities.

NN Group by applying dual business models would like to be more innovative and explore new opportunities for the customers. By using two business models, the company tries to measure itself in all areas with the top of the insurance world. In Resqtec the implementation of a dual business model is pure the company has more potential to create another business model along with the existing ones. They have the expertise, manpower and very innovative in the field of their business. and finally Stonecenter the implementation of dual business model processes in the Dutch market is aimed to explore new opportunities outside of the Netherlands. In conclusion, different firms have different factors to initiate and implement a dual business model in their organizations.

6.4 Success and challenges during and after implementation

It is obvious that the researched companies have different successes and challenges during and after implementation based on their business background. challenges and successes are depending on the nature of the company and their business strategy. Many organizations have succeeded implementation of dual business models while other faces a lot of challenges to integrate the business simultaneously. Dual business models are considered how organizations are able to lead and manage exploitation and exploration simultaneously and become ambidextrous to better manage dualities (O' Reilly & Tushman, 2004).

In Philips there are some important challenges and that is in the online platform the products are cheaper and the company can sell direct to customer and they don't have a mediator in between. This strategy is against is the offline strategy because the company has distributors in the market to sell their products. The success is to gain more market share and interact with customers. Another main success of integration of online and offline marketing strategy are, the company learn online from the customer what they want, what are their unmet needs and how the company can assist them. Also after the implementation of both online and offline the company can track their

customer online and get a lot of information about the behaviour of the customer, traffic growth. This can lead to knowing what kind of sales and marketing strategy is required in order to attract more customers. In NN Group the main challenges in managing the dual business model is the balancing between priorities. “ the main challenge of dual business model in the company is finding the balance between priorities”.

The success of dual business model innovation during implementation is that the new innovative model can create better, simple service to the customers. This can drive the business also ahead of the competitors in the market. The importance of initiation dual business model is greatly depending on the maturity of businesses itself, either It is the ability to provide value or services besides, it should focus on profitable core business to achieve extra values and sustainable solution for the long run. The companies have to invest a substantial amount of time and effects to support new initiatives to gain more values (Kubzansky, 2012)

In Resqtec one of the initial challenges in the company was on how to combine or split up businesses to implement both businesses together in order not to harm the other business unit. The success was the new business model aircraft recovery didn't have many competitors in the market and they could find a strong position in the market. In Stonecenter a lack of sufficient market research and financial capabilities was the main challenges and the success was the integration of both businesses together. This research is in line with other research and expresses that companies which aim to initiate and implement a dual business model need to innovate and transfer exploration and exploitation in order to be successful in the market. To add to their internal capabilities many companies have to take necessary steps in order to acquire a competitive position in the market as well.

All researched companies emphasise the strategic importance of initiation of the dual business model to achieve success in the firm. They put in practice dealing with many of the issues that are important to manage initiation and implementation of a dual business model, as well as integrating the processes effectively. The theory is confirmed by this field research.

The companies that are researched are different in experiencing a dual business model initiation. The researched companies are different in leading in their fields of business, also with respect to initiate a dual business model in their firms. They consider themselves to be capable of integrating effectively, but it can be different from one company to another company. The field research with these leading companies confirms much of the academic theories on optimising initiation of a dual business model.

In conclusion and a contribution to this academic research, I came up with five propositions based on my field research. These propositions conclude how these researched companies work towards initiation of a dual business model to achieve success and how they are different in terms of their size and implementation processes. Beneath are five propositions derived from case analysis based on different companies.

Propositions derived from case analysis based on the firms initiating and implementing dual business innovation...

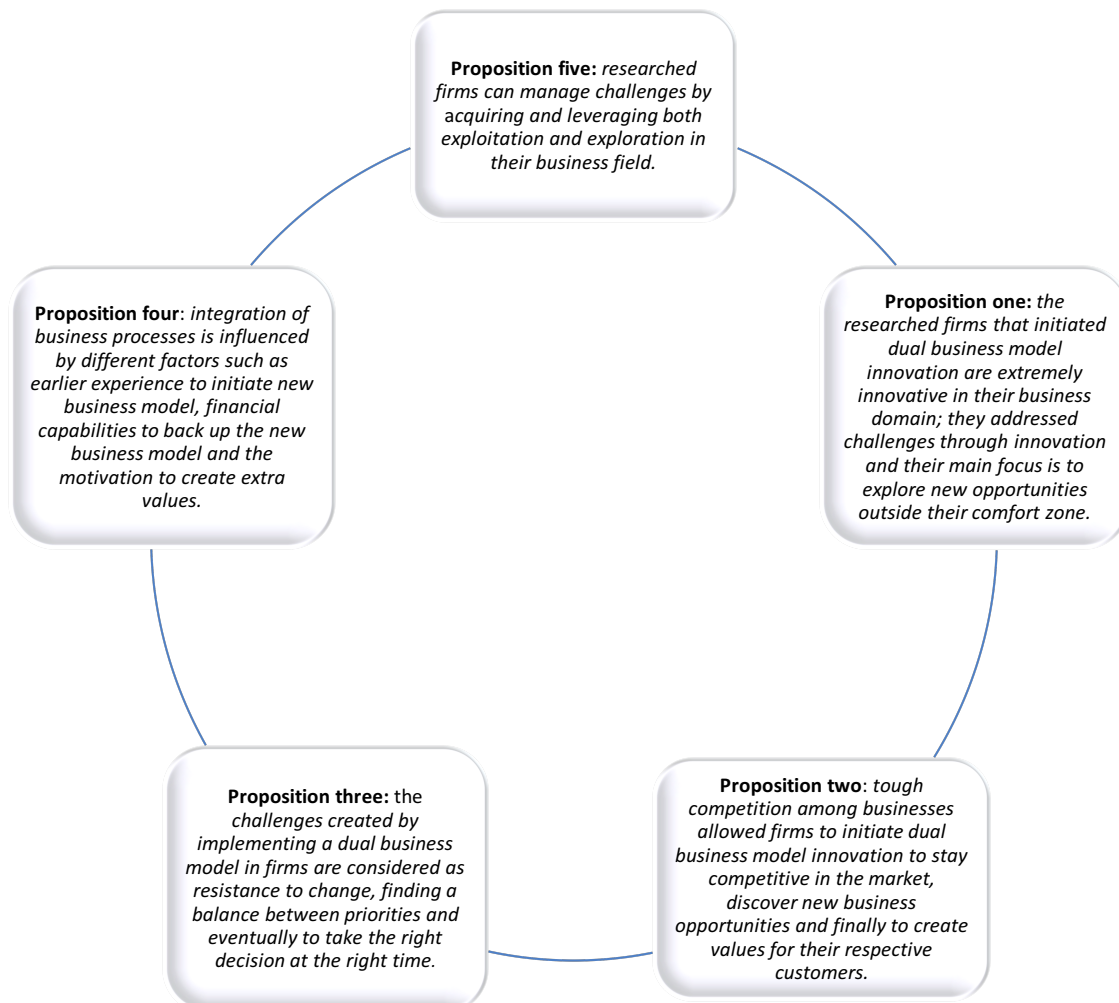


Figure 6.2: Propositions circle

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Appendix A: Interview approach plan

Are based on; **Dual business model initiation, organizational structure, organizational leadership, organizational culture.**

Brief Introduction of both interviewer and interviewee:

1. Discussing the goal of the interview, introduction of myself.
2. Can you please introduce yourself, your roles and responsibilities and also in connection to this subject?

Main discussed themes:

Dual business model initiation

What is your company trying to achieve by the initiation and implementation of dual business model?

What actions did you take to do dual business model?

What were the challenges and successes by implementing the dual business models?

1. What did you do in order to resolve the challenges?
2. What are the requirements to manage it successfully in terms of organization, market and people?
3. What are the challenges in managing dual business model?
4. What has been done so far and what are its overall results?

Organizational structure

1. By initiating dual business model what has happened to organizational structure?
2. What is the company organizational structure, is it centralized, differentiated or formalized?
3. How do you phase the integration processes to meet the required goals?
4. How do you align the two strategies together?

Organizational leadership

1. What has happened to the organizational leadership during implementation of dual business models?
2. What form of leadership or management styles (transformational or transactional) is applied and why is it important?
3. What is your policy on continuing with existing leadership?
4. What is the extent of autonomy given to the managers?

Organizational context

1. What is the company's culture in terms of business?
2. What are business processes involved to share a vision in the company?
3. What is organization systems to bring new innovative technology to the company?

Further on dual business model initiation

- Initiation and implementation of dual business model
- Challenges and successes by implementing dual business models
- Managing and resolving the challenges
- Lesson learnt during the implementation
- Actions have been taken during dual business model?

Organizational structure

- Organizational structure, centralized, differentiated or formalized
- Integration processes to meet the required goals
- aligning the two strategies together
- Changes to the structure of the organization

Organizational leadership and context

- Dual business model and its impact on leadership and management
- Implementation processes and changes to the organizational leadership
- Leadership style transformational/transactional
- What is the extent of autonomy given to the managers?
- Impact on organization's culture, values and beliefs
- Business management processes
- Organization systems and approaches towards new business models
- Overall questions and answers based on research thesis

Appendix B: Quotes from the interviews

ORGANIZATIONAL STRUCTURE

PHILIPS:

“Philips is a multinational company and the CEO cannot control every single manager in the world, therefore, the best fitting structure within our organization is decentralization. This can motivate, inspire, stimulate and encourage our top, middle and lower managers to constantly improve our product portfolio and constantly explore opportunities in the company”. “Lopez”.

NN GROUP:

“Indeed managers strongly believe that top-down management style kills innovation, only one senior executives making decisions, it is truly lacking creativity, innovation and it can be harmful to overall strategic vision of the company”.

IMPELEMENTATION PROCESSES

PHILIPS:

“Philips is trying to position its brand within offline and online because our target audience is still not with a large percentage in online. We want our consumers to become aware of our product propositions”.

“Our customers are now must smarter than ever before, they search up online, compare the prices, look at the given reviews about the products and then either go offline to the shop in order to feel and touch the product and finally they decide to buy it or not”.

“Implementation and integration of both business processes are relatively easy within giant company such as Philips or any other multinational companies compare to smaller organization, but I do believe that there are some challenges and pitfalls on the way as well in my opinion said by Lopez”.

NN GROUP:

“Indeed managers strongly believe that top-down management style kills innovation, only one senior executives making decisions, it is truly lacking creativity, innovation and it can be harmful to overall strategic vision of the company”.

“innovation is our core strategy in order to reach our optimal target and customers internationally to better serve them and be a major player in the insurance and assist the management”.

“in my opinion, centralized organization can be extremely effective based on business related decision. Mainly the business owners can better develop their mission and vision and make objectives for managers and employees to achieve it”.

RESQTEC:

“to initiate two business models in a company, you have to challenge all unexpected obstacles to be successful. The aim at the moment is to explore new opportunities, new geographical penetration, new markets and simultaneously stay competitive and innovative”.

“the main objective of the company to initiate and implement both rescue industry and aircraft recovery is to create more opportunities and scale up sales besides in order to be successful and to operate under optimum circumstances, to be capable, fast and to be in control. Both business units’ products are similar in the way that they are all dedicated to save lives and to guarantee safe conditions for the rescuer”.

STONECENTER:

“the implementation of two different strategies in small companies that are aiming to explore new opportunities is not an easy job, it needs, dedication, efforts and right management”.

“sometimes it is necessary to separate the two business models, because they do need different strategies to succeed”.

CHALLENGES AND SUCCESSES

PHILIPS:

“Our online platform is very active and we are selling a lot online, but that is not enough to be satisfied. Both online and offline business models have their successes and challenges”.

“One of the most important successes of integration of online and offline marketing strategy is, we learn online from our customer what they want, what are their unmet needs and we apply the given feedback both in online platform as well as offline channels”.

“Frankly speaking, we learn online and we apply offline and this is the best and the most valuable advantages of implementation of dual business model”.

“Our main challenge implementing both online and offline marketing strategy is our different prices online platform vs offline mortar and brick shops. We cannot always satisfy other business partners, because we are much cheaper online compare to offline”.

“in online you can do it as extensive as you want or at least to give the option to the consumer to explore more through the call to actions (explore more, discover more, learn more) when offline you need to be precise with the main or most important attributes of your product so consumers get curious and look for it”.

NN GROUP:

“the ambitious changes aren’t possible without a strong culture of innovation, we facilitate the agile scrum, market innovation and thinking logically to grow rapidly”.

“the main challenge of dual business model in our company is finding the balance between priorities”.

“New world, new business model creates new opportunities, explore new market and most importantly create more profit to the company”.

RESQTEC:

“one of the initial challenges in the company was on how to combine or split up businesses to implement both businesses together in order not to harm the active business units. It was hard, challenging and ultimately we found a solution for it. Split up businesses but still production and engineering remain the same”.

“the main success was that we focused on all markets and our new business model didn’t conflict with our existing business model at all, because the end users of both businesses are quite different”.

STONECENTER:

“To implement a new business model or target a new market, most of small companies lack sufficient budget to grow”.

TIMELINE AND INTEGRATION**PHILIPS:**

“I think whether you communicate online or offline, this has a different role within the consumer journey. It is important to identify if you start with awareness which channels do you use or if you focus in only one specifically”.

NN GROUP:

“The degree of autonomy in the lower management really depends what kind of projects it can be for the company and who is responsible to implement that”.

RESQTEC:

“Implementation processes can be complex and time consuming to execute. All companies want to explore new opportunities due to having severe competition therefore, insufficient planning can cost the company to jeopardize its position in the market. so, integration of separation of businesses can be very tricky and risk as well it can explore new opportunities and successes in the market”.

STONECENTER:

“ to separate a business model, the board of the company should have a clear plan to execute and analyze the company’s financial situation and the its operational impacts early on the processes”.

MANAGING THE CHALLENGES**PHILIPS:**

“Managing and resolving both online and offline businesses is an art and needs extraordinary talent to overcome the challenges”.

“we are always keen to explore new opportunities to satisfy our customer’s unmet needs all over the world”

NN GROUP:

“Managing and resolving in bigger organization is much difficult compare to young and dynamic organization in the filed”.

RESQTEC:

“to manage and resolve two different business models in a company the board of management should realize the need of both businesses clearly, otherwise it will be challenging to resolve it”.
Dennis Beck.

STONECENTER:

“the good, lesson for any organization want to explore new business model is to cooperate together to achieve success, otherwise it very difficult to execute your plans”.