

Business Model Release Cycles and Roadmaps

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This paper examines product releases by comparing the concept of a Business Model Release Cycle to elements of a train schedule. Over the past 25 years, the best practices in product management have been seen in aggregate product planning, which includes platform, product line management, and release times based on a predetermined schedule. These methods have not been effective for new products and new business creation because both the product and business model are likely to change a number of times before the business can be scaled. Therefore, incremental feature releases alone will not be effective. In later stages of a business, due to threats from disruptions in the business landscape, both the product and business model must be adapted multiple times over the lifespan of the product's viability.

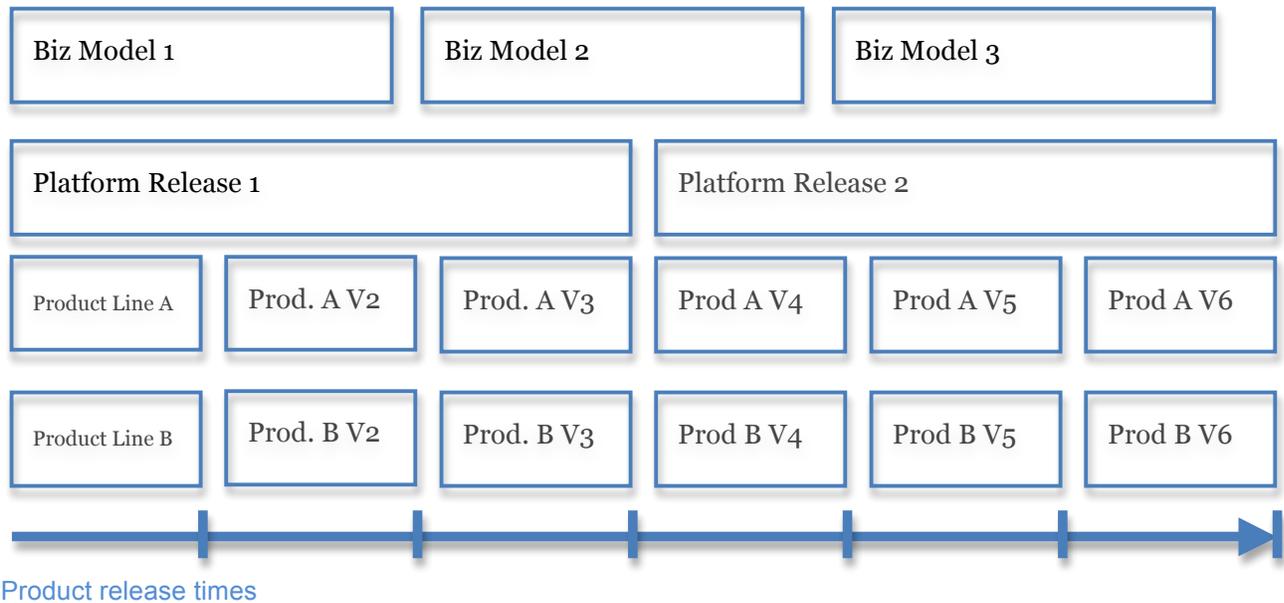
Given this inherent variability, this paper proposes a business model release cycle that would make business model changes periodically, in the same way that product and platform features are released on specific pre-planned dates. Such a cycle should be longer than a product cycle and possibly shorter than a platform cycle. In this model, a business would anticipate change more effectively. Instead of using change management at points of crisis, the firm should make smoother and more incremental changes to its business model on a regular basis. The firm will consequently operate in such a way that allows for adaptation, but precludes turbulence and uncertainty.

A Business Model Release Cycle:

A business model change is often called a pivot. A pivot is a change not only in the features of a product, but also in any of approximately 9 variables such as value proposition, customer segment, customer relationship, channel, revenue structure, key activities, cost structure, or resources necessary to support the value proposition. The illustration below shows that a business model target planning process can be mapped in a manner similar to product and platform roadmaps used in traditional product management practices.



Example:



In general, product management is a complex interconnected system that uses multiple concepts:

- A “train” schedule forces urgency and discipline in feature releases
- “Platforms” share larger costs and sustainable advantages across multiple product lines
- “Gate” processes ensure commitment points and agreements between prod marketing and development
- Technology strategy is often used to keep research risk out of development cycles
- Operational measures are used to determine incentives for performance.

This paper introduces the concept of a business model release schedule that presets the dates of incremental changes in a firm’s operating business model. The model may be subject to the same “gating” processes as other releases. The use of business model canvas or short list of the key business model variables is a method of setting the target business model. Advantages of this approach are as follows:

- A firm’s changes in strategy are not inserted into the operations of the firm.
- Product and platform releases will be informed by the latest adjustments in a firm’s business model.
- Customers and partners may inform the business model changes in the same way that they have previously informed incremental product changes.
- A firm will be able to continue functioning in an agile operating environment, somewhat like a larger yet flexible new venture.
- A firm will be less likely to wait for a crisis before initiating a business model pivot.

Concluding Considerations and Next Steps:

There are a number of aspects of this framework that remain unclear. First, we must question whether constant adjustments in business model targets will adversely effect a firm's competitive position or its relationships with customers and partners. Second, we must question whether such a process would be effective in the transition periods of the firm when the better solution is not adaptation, but rather, diversification or at least transition to relatively unrelated product lines. Finally, we must consider the ideal timing of a periodic business model release and determine whether it should be longer or shorter than the business unit's platform release cycle.



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