

# Management of a sustainable business model

## Менаџмент одрживог пословног модела

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**Сажетак:** Фокус менаџмента не треба да буде само на изградњи препознатљивог, „на повећању вредности“ заснованог пословног модела, већ и на континуираном интегрисању организационих фаза у вези са флексибилношћу и променама, нарочито приликом планирања и имплементације организационих промена. У циљу успостављања стратешке оријентације у оквиру постојећег пословног модела, акценат треба ставити на повећање нивоа иновативних организационих процеса и понашања, који су кључни за раст предвидивости пословања и организационе промене, посебно, када су у питању повећање квалитета, стандардизација перформанси, пословна структура и културна хармонизација, уз поштовање ограничења и тенденција заштите животне средине.

Сваки одржив пословни модел треба да буде у исто време довољно „зрео“ и флексибилан, како би се утврдили најутицајнији екстерни и интерни фактори у анализираном економском сектору, омогућавајући извршиоцима да поступају у складу са захтевима, који произилазе из тенденција изврсности. Заузврат, виши ниво квалитета представља значајан потенцијал за континуирано увођење иновација и промена.

**Кључне речи:** иновативни пословни модел, одрживост, управљање „зрелим“ моделом, стратешка флексибилност, и промене.

**Abstract:** The managerial focus of every prominent executive nowadays should be placed not only on building up its own, recognizable and value – added business model, but far more on enabling it to continuously integrate the consecutive organizational stages of flexibility and change, especially while planning and implementing organizational changes. In order to establish a strategic orientation within the existing business model, a prior imperative is placed on increasing the level of innovative organizational processes and behavior, which are aimed at increasing the level of predictability and the influence of organizational changes, particularly at quality increase, performances standardization, business structure and culture harmonization to strategic orientation, respecting environmental constraints and tendencies etc.

Every sustainable business model should be at the same time mature enough, as well as sufficiently flexible, in order to determine the most influential external and internal forces in the analyzed economic sector, enabling the executives to act in accordance with the requirements that derive from the tendency for excellence. In return,

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higher quality enables enriched potential for continuous innovation and change.

**Keywords:** Business model innovation, sustainability, management of maturity model, strategic flexibility and change.

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## Introduction

*Business modeling* tendency, in essence, implies to the planned and systematized managerial efforts for creating, maintaining, implementing and further developing a managerial concept that is capable of achieving challenging business goals, through a proper combination of organizational flexibility and change. Therefore, it is crucial to integrate the majority of knowledge, skills and capabilities in the process of attaining the desired level of business maturity.

The model of *involving the employees* in finding out the most applicable, not absolutely the best, combination of external and internal driving forces implies to enacting of such a business model that would lead, on a permanent and long – term basis, to reducing the level of employee absenteeism, stress, job dissatisfaction, inter – personal irritation, contributing to a faster conflict resolution, work performance stabilization and improvement, controlled business turnover, transparent cash flow indicators etc. In this context, employees, particularly the executives, should *increase their potential for a faster and profound implementation of changes*, which are directed towards the changes of various external constituencies, most dominantly of the changes in those dimensions of the customer needs that enable a *recognizable model of sustainable and competitive growth*.

## 1. Managing the maturity of a business model

In essence, the very term *maturity models* (Saco, 2008) refers to the following close determination of the content of the term:

- A process management or process improvement system, which serves to evaluate the current status or health of the process and as a diagnostic to promote and propose further improvement initiatives.

The *fundamental objectives* of establishing the level of maturity at a certain business model, in our explorations, is related to the following *critical maturity goals*:

- Enabling the majority of the critical-to-success processes, practices and procedures to be as clear as possibly prescribed and detailed, in terms of actionable and behavioral organizational dimensions,
- Precisely detail the most advanced dimension of the proposed business model, and structure the overall business functioning in order to support the specified advanced business element,
- Explain the relationship between the combination of the resources and capabilities and the achieved business goals, especially those that rely on the ‘unique’ business combination and recombination,

- Evaluating the level of advancement of the overall and specific business goals in relation to the advancement in the processes, practices and procedures.

It is quite evident that the achieved level of maturity of a certain business model is instrumental and contributes to a proper and full application of the *elements of a certain business model*, most precisely and closely determined in the following Table:

**Table 1** Business model elements

No.	Business model element	Description
1.	1. Value proposition	<i>An overall view of the company's bundle of products and services</i>
2.	2. Target customer	<i>Segments of customers a company wants to offer value to</i>
3.	3. Customer handling/distribution channel	<i>Various means used by a company to get in touch with its customers</i>
4.	4. Customer interfaces/relationship	<i>Kinds of links a company establishes between itself and its different customer segments</i>
5.	5. Value configuration	<i>Arrangement of activities and resources</i>
6.	6. Capability/core competency	<i>Competencies necessary to execute the company's business model</i>
7.	7. Partner network	<i>Network of cooperative agreements with other companies necessary to efficiently offer and commercialize value</i>
8.	8. Cost structure	<i>Monetary consequences of the means employed in the business model</i>
9.	9. Revenue model	<i>A way a company makes money through a variety of revenue flows</i>

*Source:* Adopted according to Osterwalder, Pigneur, & Tuchi, 2005, p.13

A closer categorization of elements stipulates that from elements 2 to 4 is created *the value delivery segments*, from element 5 to 7 are *value creating elements*, and the elements 8&9 relate to *value capture of the model*. The intention of detailing the elements of the business model lies in the necessity of clearing up the *sustainable and mature roots of each and every element of the business model*. In doing so, at first, it is quite needed to emphasize that nowadays in the world there are more than 200 maturity business models, a fact which implies to the need for a *clear determination of the developmental phase of the actual business*.

The most important managerial step in assessing the maturity level is undoubtedly the *most suitable combination of managerial approach, deployment and results*, which would best be described through the Table 2:

Table 2 Baldrige Maturity Business Model Rating

	Approach	Deployment	Results
Primeval (0%)	<i>No systemic approach</i>	<i>Anecdotal, undocumented</i>	<i>No results or poor results</i>
Initial (10-20%)	<i>Limited systematic approach, transition from reactive to improvement oriented</i>	<i>Major gaps in deployment exist; few units use improvement tactics</i>	<i>Results are reported for most key areas of importance; early stages of developing trends and obtaining comparative information</i>
In development (30-40%)	<i>Effective systemic approach is in place; emphasis on prevention; random improvements have been made</i>	<i>A few major gaps in deployment exist; major requirements not addressed; many work units in early stages of development</i>	<i>Results are reported for most key areas of importance; early stages of developing trends and obtaining comparative information</i>
Competitive (50-60%)	<i>Systematic approach is fully developed and in place; prevention and fact-based improvement system includes process evaluation</i>	<i>No major gaps in development exist; few work areas may still be in development</i>	<i>Good performance areas show areas of strength relative to benchmarks</i>
Superior (70-80%)	<i>Improvement system is responsive to current and changing business needs; a few innovative refinements are evident</i>	<i>No major gaps in deployment with many work units in advanced development; overall requirements are addressed and practiced</i>	<i>Results are reported for most areas of importance; excellent performance is demonstrated; some areas of leadership are demonstrated</i>
World class (90-100%)	<i>Preventative, fact-based and integrated quality system is in place; many innovative processes with refinements are evident</i>	<i>Approach is fully deployed; all requirements are addressed and practices</i>	<i>Excellent trends and excellent performance are reported and sustained in most areas relative to comparisons and benchmarks; excellent leadership</i>

*Source: Adjusted according to National Institute of Standardization, Courtesy Baldrige Assessments for Baldrige National Quality Program, 1993-2000, p.93*

The most important implication from the above Baldrige Maturity Business Model Rating is that managers should follow this *pathway for determining the business model maturity* (Saco, 2008):

1. Determine level of performing of the actual business in the following 5 cluster areas of excellence:
  - Ownership and governance that establish direction for process management,
  - Efficiency drivers,
  - Stakeholders drivers,
  - Comprehensive process results and
  - Entire model as a whole.
2. Evaluate the key process features within each cluster area of excellence, and
3. Integrate the changes within the determined maturity stage of the business model.

The maturity of the business model is an initial pre-condition for rethinking the managerial approach towards the business model through integration of fundamental business dimensions into the sustainable roots of the elements of the business model, with an excessive usage of the following managerial steps, illustrated in our profound analysis, on the fifth element of the business model – value configuration:

- A serious attempt to determine the influence of the vision, leads the managers to a period of at least 3 years in the future, as a qualitative and sustainable framework for reshaping the real delivered value to the beneficiaries,
- Organizational changes that have to be undertaken to eliminate the gap between the existing value and the desired value distribution, especially in creating the model of mutual influence from and to the stakeholders, particularly for the beneficiaries of our goods or services,
- Determine whether the actual value combination is more beneficiary than the previous one, with a possibility to be sustained during the analyzed at least 3 years period,
- Transfer the future value combination to all internal and external stakeholders, for achieving a long-term relationship.

The managerial orientation for precise following of the above detailed steps, for all 9 elements of the business model, implies to the need for a *proper combination of flexibility, especially strategic one, to the organizational changes*, a moment that is crucial for *implementing the innovation within an existing business model in order to achieve the desired level of business model sustainability*. In this context, it is useful for every manager to be quite familiar with *the model of strategic flexibility*, owing to the fact that this model creates an *environment oriented for sustainability*, precisely

described through the *expected outcomes of this model* (Bock, Opsahl, Gerald & Gann, 2012 p.282):

- Creative culture that reduces resistance to change – with a positive tendency of influencing, and
- Reduction in structural complexity that facilitates attention to new opportunities – with a negative tendency of influencing.

The integration of both above outcomes is conducted by implementing the concept of business model innovation, which in return enriches the overall potential of the business model, on the one hand, and enables the managers to create a network of sustained internal and external factors that are simultaneously flexible and subject to change, on a continuous and long – term basis, on the other hand.

## **2. Innovating the business model**

In contemporary analysis of the potential of the business models, it is rather evident that every business type of an organization should constitute it, and continuously innovate it, in accordance with the actual or future determined changes from the internal, as well as from the external environment. Therefore, regardless of the differences of the business model capacity, in various phases of the life cycle of various products or services, and despite the fact that managers usually attempt to influence more predominantly the external dimensions of the business model, not initially the internal ones, in itself, business model explains *the real, precise and measurable value that the actual organization offers to all stakeholders, as well as approaches to deliver it, on its own way of doing business.*

The most challenging dimension of the business model nowadays is the managerial attempt to continuously innovate it, especially owing to the fact that the very product or service is not the only, in certain business model even not the focal one, source of sustainability and competitive advantage. This managerial implication leads to a *closer determination of the business model innovation*, in the following way:

- Business model innovation is important because it is a form of innovation in itself, it can complement other forms of innovation, and is often required to commercialize new technologies (Amit & Zott, 2001),
- Business model innovation leads to focusing the efforts on opportunity exploration and discontinuous, rather than incremental product or process innovation, should interact positively with creative culture and the flexibility to reconfigure and redirect resources (Grewal & Tansuhaj, 2001).

Innovation of the business model should pay entire attention to *eliminating the organizational barriers for continuous business model changes*, which are most appropriately illustrated through the following explanations (Chesbrough, 2010):

- First barrier results from the inability of the firm to adjust existing resources to complex change, and
- Second barrier derives from the constraining effect of the current business model upon potential new ideas.

Every attempt for eliminating the above detailed barriers leads to its linkage to the sustainable potential of every business model, in terms that *the first barrier is connected to the environmental sustainable dimension, whereas the second one relates to the economic and social sustainable dimension*. In this context, it is important to emphasize that the very business model possesses bigger potential for changing the organization and increasing its business potential, than changing the market in accordance with the changes of the organization.

Every business model innovation should lead to *enabling new business model opportunities*, out of which, the most important ones, in our analysis, are the following:

- Product innovation consistency,
- Process innovation harmonization,
- Structural and cultural refreshment, and
- Organic flexibility enabling.

A more detailed analysis of this new business model opportunities leads to clear identification of their sub-elements, which we would describe through the *categorization of the business process elements* (Sperry & Jetter, 2009):

1. *Linear* – deterministic and bottom up, it is usually used for predictable type of process changes and in this context is most usable for *incremental type of change with medium to low type of uncertainty*,
2. *Recursive* – multiple feedback loops that produce an iterative and integrative type of behavior, usually undertaken for determining *the scope and intensity of mutual cooperation among employees in a certain change process*,
3. *Evolving* – feedback learning for the purpose of *exploiting and refining direction*, often perceived as a creation of new application of the existing business potential,
4. *Selectionism* – multiple independent concepts for testing, which are aimed at *increasing the possibility for picking up the best*, mostly used when a proper selection includes vast amount of resources and capabilities, potential to influence negatively to the on-going processes and threaten the overall change implementation,

5. *Trial-and-error/ Experimentation* – non – linear approach that is focused to ensure *exploration, deals with unpredictable degree of uncertainty* and therefore most applicable for transformational, radical organizational change.

It is important to emphasize that the recursive, evolving and selectionism process elements are oriented to testing the planned changes, and therefore are more empirically oriented. With regards to the type of change that is best suitable for their process improvement, usually they are applied far more through incremental advancements, than radical, revolutionary disruptions, mostly owing to the fact that it is a reflection of the need for a technological testing of the proposed changes, which include a continuous feedback prior to the implementing phase, which is opposite of the experimentation element that is characterized with a feedback in the stage of change implementation.

In order to harmonize the exact type of organizational change, to the perceived model of combining the external and internal environment, every manager should be able to understand the opportunities and strengths which derive from each business model opportunity, which is best done through a proper combination of the most appropriate sub-element of the exact business model opportunity.

The ultimate intention of every business model relates to managerial attempt to establish a sustainable orientation of the model, in order to maintain the desired combination of processes and behavior in the light of the continuous external adaptation and internal integration. First imperative in this thrive is placed at increasing the degree of predictability of the planned changes to all employees, especially to the managers. In achieving so, it is of an utmost importance to clarify the steps than need to be followed while creating the predictable business model, which is an important pre-condition for establishing a sustainable business model orientation. In accordance with our thorough determination of the phases of this model, the stages for creating a predictable business model would be presented by the following pathway framework:

6. Creation of an organizational environment for changes,
7. Incorporate the external opportunity within the integrated internal business context,
8. Enable an understanding for a change initiative context,
9. Determining the level of priority of various combination of the business goals, which are most suitable for the previous internal and external harmonization,
10. Apply the business model that supports the business goals combination,
11. Evaluate and assess the progress towards the implemented business goals,
12. Integrate the feedback into the future business model creation.

The above detailed model is cumulative, segmented and process – oriented, with an iterative potential for influencing the sustainable character of the actual business

model. In this context, it is recommendable for every single manager to undertake the previous pathway analyses for its own organizational unit, in order to increase the capacity for an ongoing integration with the remaining organizational units, towards the determined goals of the proposed business model.

While applying this model, it is a managerial obligation permanently to explain to the employees that the business model is not given once for always, but more frequently that it possesses the potential to incorporate the most influential change initiatives, regardless of the fact whether they arise from the managers, or from the non-managerial positions. The importance of it lies in the need for *the employee involvement, not only in establishing, but also in maintaining and further developing the sustainable business model orientation*. The key to achieving it is *leveling, as much as possible, the actual effects of the business change initiative to the predicted one*, in terms that as much as they have no significant differences, employees would implement the desired and proposed planned organizational changes more intensively, due to their understanding and feeling of their influence on the future attainment of the business goals.

### 3. Establishing sustainability of the business model

The integration of the maturity of the business model with its innovative orientation is conducted through a creation of the *sustainable concept of business model*. The fundamental intention of the sustainable influence to the prevailing business model is focused on *clearing up several very influential managerial dilemmas*, which are relevant for the process of changes, in our opinion in the following way:

- Do the sustainability requirements positively or negatively influence the profitability and efficiency of the business model?
- To what extent do innovative changes of the business model contribute to the sustainable potential of the business model?
- What are the key dimensions in which the sustainability is visible for the key stakeholders, particularly for the customers and the employees?

The process of determining the effects of *the first, initial managerial dilemma* implies the influence of the sustainability requirements on the potential increase of the profit and overall organizational efficiency. The method through which it is cleared out is connected to the *innovative potential of the sustainable changes*, in term that those improvements, advancements, refinements etc. of the processes, products/services, technology, organization etc., which are influencing the recognizing of the business by the key – stakeholders, especially by the customers, in an optimal implementation period, are perceived as having a *positive influence*, whereas the others are usually categorized as possessing a *partial, limited influence*.

In this context, it is fundamental to determine which of the sustainable dimensions are most important for the business sector in which a certain organization operates, whether it is the social, economic or environmental sustainability dimension. This identification is vital for the combination of resources and capabilities, in accordance with the determined orientations in the external environment.

In the proper clarification of *the second managerial dilemma*, the prior attention should be placed on the *innovative potential of the elements of the business model*. It is a profound analysis in which, the key issue is placed to the *new, fourth analyzed sustainable dimension, i.e. the training*, owing to the fact that other 3 sustainable dimensions possess various innovative capacity for changes. Therefore, *changes are perceived most innovative in the economic dimension, followed by the social and the latter is the environmental sustainable dimension*.

*The applicative importance* of this determination lies in the *expected influence of the changes to the overall sustainability of the business model*, stating that each organization needs more intensive investments in the environmental, than in the economic dimension, and the social one is placed in the middle, a moment that is linked to the influence of the training to increasing the innovative business orientation in the organizational changes that are especially undertaken in the social, and the environmental dimension. In this matter, *every manager should be aware of the fact that the critical stakeholders, especially customers pay higher attention to the changes in the environmental dimension, and at the same time employees are interested in a higher degree for the changes in the social modality of the business model sustainability*, with a respect to the influence of the economic sustainable dimension.

In analyzing *the third managerial challenge*, it is important to precisely *categorize the elements of the business model, in accordance with the core sustainability dimensions, economic, environmental and social one*, in the following way:

1. *The last 2 business model elements* are linked to the *economic sustainable dimension*, in terms that through them is *created the fundamental value* that has to be distributed to the existing and potential customers,
2. *The initial and the intermediary business elements number 5 & 6* are inclining to the *social sustainable dimension*, meaning that they are *dependent from the real, not the nominal reason for selecting the exact business*, out of the majority offers of products and services,
3. *The business model elements with number 2,3,4 & 7* in fact are connected to the *environmental sustainability dimension*, explaining *what kind of external relationships are needed for every single business model*, owing to the increasing importance of the external business interface in the contemporary tendency for establishing business networks, joint venture investments, strategic alliances etc.

By integrating the solutions of the detailed managerial dilemmas which are most relevant for the change process, the business model of the organization obtains the capacity for establishing the *competitive foundations for a sustainable business growth*, relying predominantly on the planned and continuous organizational changes.

## Conclusion

Every sustainable business model should be at the same time mature enough, as well as sufficiently flexible, in order to determine the most influential external and internal forces in the analyzed economic sector, enabling the executives to act in accordance with the requirements that derive from the tendency for excellence. In return, higher quality enables enriched potential for continuous innovation and change. Business modeling tendency implies the planned and systematized managerial efforts for creating, maintaining, implementing and further developing a managerial concept that is capable of achieving challenging business goals, through a proper combination of organizational flexibility and change.

It is quite evident that the achieved level of maturity of a certain business model is instrumental and contributes to a proper and full application of the elements of a certain business model, most precisely and closely determined as value proposition, target customer, customer handling, customer relationship, value configuration, core competency, partner network, cost structure and the revenue model. Nowadays, there are more than 200 maturity business models in the world. The most important implication from the Baldrige Maturity Business Model Rating is that managers should follow this pathway for determining the business model maturity, i.e. to determine the level of performing of the actual business in the 5 cluster areas of excellence (ownership and governance that establish direction for process management, efficiency drivers, stakeholders drivers, comprehensive process results and entire model as a whole), evaluate the key process features within each cluster areas of excellence and integrate the changes within the determined maturity stage of the business model.

The integration of the creative culture and reduction in the cultural complexity is conducted by implementing the concept of business model innovation, which in return enriches the overall potential of the business model, on one hand, and enables the managers to create a network of sustained internal and external factors that are simultaneously flexible and change, on a continuous and long – term basis, on the other hand. The most challenging dimension of the business model nowadays is the managerial attempt continuously to innovate it, especially owing to the fact that the very product or service is not the only, in certain business model even not the focal one, source of sustainability and competitive advantage.

Innovation of the business model should pay entire attention to eliminating the organizational barriers for continuous business model changes, determined as inability of the firm to adjust its existing resources to complex change - connected to the

environmental sustainable dimension and the constraining effect of the current business model upon potential new ideas - related to the economic and social sustainable dimension. The recursive, evolving and selectionism process elements are oriented to testing the planned changes, and therefore are more empirically oriented. With regards to the type of change that is best suitable for their process improvement, usually they are applied far more through incremental advancements, than radical, revolutionary disruptions, mostly owing to the fact that it is a reflection of the need for a technological testing of the proposed changes, which include a continuous feedback, prior to the implementing phase, which is opposite of the experimentation element that is characterized with a feedback in the stage of change implementation.

The ultimate intention of every business model relates to managerial attempt to establish a sustainable orientation of the model, in order to maintain the desired combination of processes and behavior in the light of the continuous external adaptation and internal integration. First imperative in this thrive is placed at increasing the degree of predictability of the planned changes to all the employees, especially to the managers. The predictable business model is cumulative, segmented and process – oriented, with an iterative potential for influencing to the sustainable character of the actual business model.

The integration of the maturity of the business model with its innovative orientation is conducted through a creation of a sustainable concept of the business model. The process of determining the effects of the first, initial managerial dilemma implies the influence of sustainability requirements to the potential increase of the profit and overall organizational efficiency. The method through which it is cleared out is connected to the innovative potential of sustainable changes. In the proper clarification of the second managerial dilemma, the prior attention should be placed on the innovative potential of the elements of the business model. It is a profound analysis in which, the key issue is place to the new, fourth analyzed sustainable dimension, i.e. the training, owing to the fact that other 3 sustainable dimensions possess various innovative capacity for changes. In analyzing the third managerial challenge, it is important precisely to categorize the elements of the business model, in accordance with the core sustainability dimensions, economic, environmental and social one.

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## Resume

Every sustainable business model should be at the same time mature enough, as well as sufficiently flexible, in order to determine the most influential external and internal forces in the analyzed economic sector, enabling the executives to act in accordance with the requirements that derive from the tendency for excellence. In return, higher quality enables enriched potential for continuous innovation and change. Business modeling tendency implies to the planned and systematized managerial efforts for creating, maintaining, implementing and further developing a managerial concept that is capable of achieving a challenging business goals, through a proper combination of organizational flexibility and change.

It is quite evident that the achieved level of maturity of a certain business model is instrumental and contributes to a proper and full application of the elements of a certain business model, most precisely and closely determined as value proposition, target customer, customer handling, customer relationship, value configuration, core competency, partner network, cost structure and the revenue model. Nowadays in the world exist more than 200 maturity business models. The most important implication from the Baldrige Maturity Business Model Rating is that managers should follow this

pathway for determining the business model maturity, i.e. to determine level of performing of the actual business in the 5 cluster areas of excellence (ownership and governance that establish direction for process management, efficiency drivers, stakeholders drivers, comprehensive process results and entire model as a whole), evaluate the key process features within each cluster areas of excellence and integrate the changes within the determined maturity stage of the business model.

The integration of the creative culture and reduction in the cultural complexity is conducted by implementing the concept of business model innovation, which in return enriches the overall potential of the business model, on one hand, and enables the managers to create a network of sustained internal and external factors that are simultaneously flexible and change, on a continuous and long – term basis, on the other hand. The most challenging dimension of the business model nowadays is the managerial attempt continuously to innovate it, especially owing to the fact that the very product or service is not the only, in certain business model even not the focal one, source of sustainability and competitive advantage.

Innovation of the business model should pay entire attention to eliminating the organizational barriers for continuous business model changes, determined as inability of the firm to adjust existing resources to complex change - connected to the environmental sustainable dimension and the constraining effect of the current business model upon potential new ideas - related to the economic and social sustainable dimension. The recursive, evolving and selection process elements are oriented to testing the planned changes, and therefore are more empirically oriented. With regards to the type of change that is best suitable for their process improvement, usually they are applied far more through incremental advancements, than radical, revolutionary disruptions, mostly owing to the fact that it is a reflection of the need for a technological testing of the proposed changes, which include a continuous feedback, prior to the implementing phase, which is opposite of the experimentation element that is characterized with a feedback in the stage of change implementation.

The ultimate intention of every business model relates to managerial attempt to establish a sustainable orientation of the model, in order to maintain the desired combination of processes and behavior in the light of the continuous external adaptation and internal integration. First imperative in this thrive is placed at increasing the degree of predictability of the planned changes to all the employees, especially to the managers. The predictable business model is cumulative, segmented and process – oriented, with an iterative potential for influencing to the sustainable character of the actual business model.

The integration of the maturity of the business model with its innovative orientation is conducted through a creation of the sustainable concept of business model. The process of determining the effects of the first, initial managerial dilemma implies to the influence of the sustainability requirements to the potential for increase of the profit and overall organizational efficiency. The method through which it is

cleared out is connected to the innovative potential of the sustainable changes. In the proper clarification of the second managerial dilemma, the prior attention should be placed on the innovative potential of the elements of the business model. It is a profound analyzes in which, the key issue is place to the new, fourth analyzed sustainable dimension, i.e. the training, owing to the fact that other 3 sustainable dimensions possess various innovative capacity for changes. In analyzing the third managerial challenge, it is important precisely to categorize the elements of the business model, in accordance with the core sustainability dimensions, economic, environmental and social one.