

# Tactical Shapeshifting in Business Modeling

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## Abstract

This paper looks at ‘bottom-up’ architecture firms. These firms focus on co-production and participation, as they develop designs that stimulate social change. As such, they are placed in a hybrid position between citizens and governments. The paper identifies four ‘business model tactics’ they utilize in maneuvering between different institutional fields.

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## Introduction

By defining a business model as the ‘overall logic through which an organization creates, delivers and captures value’, as it often is described, the concept takes on a holistic perspective on how firms conduct business focusing on the ‘big picture’ rather than on small operational details. However, there seems to be a certain vagueness about how this ‘holistic’ rationality can be applied to day-to-day actions necessary to make this strategic tool function, especially in situations in which the organization is faced with unstable and difficult to navigate environments. This paper focuses on this gap, by emphasizing the importance of

applying business model ‘tactics’ as one way of making a business model consistently work in everyday operations despite volatile and uncertain circumstances.

For this paper, an emphasis is placed on organizations within a specific emerging subsector within architecture and urbanism: ‘bottom-up’ or ‘commons-based’ architecture. Increasingly, architects are attempting to redefine the role of architectural practice in light of growing inequality in urban settings, leading to a subfield which can be characterized by different goals, often related to a vision of a different, more egalitarian

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Keywords: Business model tactics; institutional tensions; bottom-up architecture

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society (see e.g. Markussen, 2013). As opposed to traditional large-scale governmental, corporate or privately-led development, these bottom-up architectural practices can typically be related to low-cost, small-scale and intentionally functional modifications of the built environment, developed through community participatory projects initiated by the end-users of the buildings (Bradley, 2015). Importantly, the specifics of the practice of bottom-up architecture bring an interesting case to study for business modeling purposes, as the environments they operate can at times be extremely complex, which raises several specific organizational and operational challenges. Processes in bottom-up architecture involve broader groups of stakeholders such as citizens, local communities, local authorities, political ambassadors and, often times, students, researchers and artists. Given the fact that there is often no single client or commissioner, processes of bottom-up architecture may thus be plagued by difficulties to align a plethora of heterogeneous and diverse interests, both internally and externally (Parker and Schmidt, 2017), while navigating administrative and legal systems. This means that organizations in bottom-up architecture tend to have the necessity to constantly adapt to diverse contexts. Hence, it is evident that bottom-up architecture firms are exposed to an environment consisting of a plurality of influences on how to behave, and a multitude of conflicting pressures. In the extremes, there are two clearly different institutional worlds in which they are simultaneously present: direct cooperation with citizens is key in their 'grassroots' approach, while they inevitably need to work in close collaboration with and sometimes in assignment of local governments. This entails a delicate balancing act between the 'logics' of the different dialogues and discourses. Often times, this context results in contradictory demands and difficulties to run the organization in a long-term, impactful, creative and mentally satisfactory manner. Skillfully maneuvering in between these contexts is a key element for creating long-term impact. An important factor in achieving this, this article posits, is through thoughtfully utilizing an organization's business model by exploiting business model tactics.

Harnessing multiple tensions within a single business model is challenging because each of the opposing domains may require a different and often incompatible

activity set (Markides, 2013). One manner to deal with such tensions is highlighted by Casadesus-Masanell and Ricart (2010). On a strategic level, these authors make an important distinction between business models on the one hand, and tactics on the other, which in their view happens in a sequential manner. In the first stage, firms choose a 'logic of value creation and value capture' (i.e., choose their business model), and in the second, they make tactical choices within their chosen business model framework in order to make the business model function. So, if the higher-order strategic tool of *business models* refers to the overall logic of the firm, the way it operates and how it creates value for its stakeholders, the lower-order strategic tool of *tactics* refers to the residual choices open to a firm by virtue of the business model it chooses to employ. Tactics are therefore what allows an organization to maneuver within their overall business model. This paper claims that the thoughtful use of these tactics is essential for organizations in complex contexts. The maneuverability unlocked through exploiting business model tactics can prove vital in the ability to harness contextually induced tensions.

## Approach

Through a method of purposeful intensity sampling three cases are selected that provide "excellent examples of the phenomenon of interest, but not highly unusual cases... cases that manifest sufficient intensity to illuminate the nature of success or failure, but not at the extreme" (Patton, 2002, p. 234) Raumlabor (Berlin, Germany), Recetas Urbanas (Seville, Spain), and Endeavour (Antwerp, Belgium). The first two organizations are regularly regarded as some of the leaders of the bottom-up movement, as is for instance exemplified by both organizations being the recipient of the global award for sustainable architecture (respectively in 2018 and 2015). The third organization is a younger group of architects and urbanists, whose attempt for a neighborhood to collectively purchase a significant building in the city of Antwerp sparked a lively local debate about new forms of cooperative development, co-financing and shared use of space.

These organizations unavoidably work with both sides in order to achieve (long-term) results. This leads to

specific power dynamics, as indicated by the following conundrum, emphasized by the founders of Endeavour: How can those involved in pursuing participatory planning in the neo-liberal city employ a critical stance while retaining influential strategic relationships and access to shaping policy (Kaethler et al., 2017)? This paper researches the specific position in which these three organizations are situated, and reviews in what ways they utilize business model tactics in order to maneuver between institutional fields. Data for this paper were collected through a combination of thirteen semi-structured in-depth interviews with the members of Endeavour, Recetas Urbanas and Raumlabor complemented with an analysis of internal and external policy documents in which the organizations reflected on their inner workings and field observations.

### Key insights: Tactical Shapeshifting

Within the three different organizations, four tactics have been identified that these organizations utilize to maneuver between institutional fields and thus be able to simultaneously follow the rules of multiple games. A first tactic is following the logic of **fluidity**, or *undefined strategic direction*. Many of the classic strategy theories emphasize the value of strategic clarity, however, the focus organizations employ a different strategy. For instance, Raumlabor deliberately chose to *not* declare a manifesto, which is often standard practice in architecture and urbanism. By not defining what actually *is* Raumlabor, it remains a 'fluid entity, different in each member's head'. This fluidity makes Raumlabor not fixed to what they are, or what they should do, making the reality of Raumlabor constantly shaped by ongoing activities. In the case of Endeavour, a similar type of fluidity has been self-defined as 'strategic ambiguity' (Kaethler et al., 2017). Their intentional strategic unclarity allows them to on the one hand adjust their organizational narrative to the project and stakeholders at hand, and on the other leave room open towards a wide variety of non-profit, self-initiated projects that are of personal importance to the different people in the organization. "We see such endeavors as an integral part of our DNA, allowing us to continuously question or reinvent our role within spatial processes" (Tasan-Kok et al., 2016, p. 637).

A second tactic for dealing with the institutional pluralism is deliberately creating and playing out **multifaceted identities**. Classic organizational scholars such as Albert and Whetten (1985) have traditionally defined identity as something which is central, enduring, distinctive, and singular about an organization's character. However, since the turn of the century, researchers have been making increasing notion of organizations having multiple identities (see e.g. the discourse initiated by Gioia et al., 2000). All three organizations play with this tactic in different ways. On an organizational level, all three organizations have different identity positionings that can be utilized. Endeavour mediates between (academic) researchers, activists and urban professionals, while Raumlabor and Recetas Urbanas play out identities that include both those of architects and artists. Each role allows the organization to be highly legitimate in different contexts and toward different people. For example, as artists, these organizations are highly legitimate to perform different interventions in public and they can use the territory of art as platforms to not only achieve civic results beyond what is possible as mere architects, but also express their position as activists to a wider audience, in their quest for a podium to reconsider the position of architecture in our society (Gandolfi, 2008). In all cases of multifaceted identities, each identity comes with its own possibilities, allows to utilize different approaches, to build up different relationships, to adhere to different norms and to discuss in different discourses, making the three organizations agile in their institutional positioning.

Utilizing a high degree of **boundaryless, informality and openness** is a third tactic. All three organizations are essentially in certain ways not owned by anybody, either in official statutes (referring to the collective / cooperative status of Raumlabor and Endeavour) or in daily working as is reflected in their participative practices. This makes these organizations not limited by organizational demarcations. For example, in contrast to top-down architectural processes in which citizen involvement often becomes reduced to a pro forma, all three organizations directly involve all stakeholders within their activities, going as far as the actual design and construction work being carried out by involved citizens. As the end-users and local authorities involved are constantly not only involved with, but at times decisive in determining the planning, designing, and

construction, they are at that moment essentially an integral part of the three case organizations. These organizations as open systems as such become a direct bridge between both institutional worlds. Essentially, as Markus Bader of Raumlabor states: Raumlabor is owned by everyone and no one at the same time (Bader, 2018). By combining this informality and extreme openness with strong shared core values which are exemplified in all practices, the organizations are able to informally articulate a common category of membership so that all different stakeholders view one another as part of an ingroup, leading to a high degree of identification or perception of 'oneness' with the organization.

A final tactic being employed is to strategically **utilize complexity**. In the case of Recetas Urbanas, this is to be found in legal structures. They do not so much encourage people to rebel against society, but rather to re-appropriate the city without breaking the law (Markussen, 2012). For this, the architects cipher through the law to find legal loopholes that help citizens to forgo bureaucratic procedures and barriers that are often insurmountable for ordinary people. At the same time, Recetas Urbanas distributes instructions for others on how to do so the same within the legal system. Endeavour employs a different manner for utilizing complexity. By bringing the different stakeholders in urban projects and all their different voices and opinions together in a co-productive approach to neighborhood development, the organization deliberately attempts to create a 'manageable complexity' within the project. By deliberately not simplifying the process, but focusing on the complexity of achieving a long-term inclusive solution, Endeavour can utilize their position as experts in socio-spatial phenomena. This expertise role within this (self-raised) complexity gives Endeavour a mandate from all stakeholders to set the agenda for the process, cementing their value in reaching out to and bridging both institutional worlds.

## Discussion and Conclusions

The theory on business models state that it can be regarded as the overall logic through which an organization creates, delivers and captures value. This is often said to manifest itself through the deliberate actions an organization chooses to undertake. In a

well-functioning business model, all decisions and actions reinforce itself, making a complete and logical story. However, a shortcoming in the theory on business models is that its applicability is often stuck on a rather conceptual and abstract level. Even though several commercially-successful tools have been made developed that attempt to make business model thinking practical for example through visualizing the process (e.g. Osterwalder and Pigneur, 2010) still the translation from the conceptual idea to a successfully functioning model is often where limits of using business modelling as a strategic tool are encountered. This article sheds light on the importance of 'tactics' in order to make a business model function. These tactical actions are not what some would describe as the 'primary process' of each of the organizations. The organizations described in this paper are architects and urbanists, and thus primarily design buildings and create plans. Moreover, these tactics are tacit rather than explicit: they are not described on the "about section" of an organization's website, nor are they in any operating manuals. Nevertheless, they are at the core of the day-to-day activities of an organization, functioning as the grease that makes the different major components of the business model run smoothly and therefore they are crucial to make the organization's story logical and complete. Utilizing these tactics allows the organizations to have more maneuverability within the overall business model, opening up more pathways for exploration and growth. By focusing on tactical actions rather than the (on a strategic level) higher level business model actions, this article aims to uncover some of the 'black box' content that is a *functioning* business model.

With the exploration of the specific tactics used by organizations that are 'in between' institutional spheres, this paper has attempted to advance its conceptualization in a way that better represents the essential nature of achieving legitimacy in pluralistic worlds. As the case examples illustrate, many standard strategic tools need to be redefined when an organization is in such a complex institutional environment. Navigating between art and politics creates specific tensions that need a delicate balancing in order to bridge the gap between pragmatism and idealism. This paper has identified four tactics that are being utilized in different forms by these bottom-up firms of

architecture and urbanism. A common theme throughout them is a high degree of variability, in strategy, identity and form. This variability makes for a high degree of institutional agility making it possible to following simultaneously the rules of different games. By making room in the business model for this sort of tactical shapeshifting, these organizations are able to redefine the role of architecture in modern society: as an instrument for (re)legitimizing people's role in our society.

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