

# Should businesses rethink their business model?

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Below is the English translation of the same.



Image 1: Picture of the article published in the Nobat newspaper on 11<sup>th</sup> September 2020

In August [Indian](#) Economy posted a sharp downturn of 23.9% with small businesses taking a hard hit from the uncertain changes. With market landscape changing in terms of consumer

preferences, supply chain, financial stability and technological dependency businesses are fighting with resilience. According to the survey by the [Economic Times](#) only 29% of the businesses are operating as normal but 64% of Indian businesses foresee positive changes in their products and services.

It is also true that some businesses have experienced more adversity compared to others. According to the report published by the [Mckinsey](#) Global Institute hospitality and food services, arts, entertainment and recreation, educational services and wholesale trade are considered as the sectors with the highest risk of survival. This doesn't account for the foreseeable destruction of businesses related to these industries. Indian businesses must show resilience towards the uncertainty by being more agile and iterative in their approach.

In an Interview with [Dimitrios Salampasis \(Ph.D.\)](#) the Director, Master of Financial Technologies at the Swinburne University, Australia quoted "Conditions of the business are changing, it is eminent that small businesses revamp their strategy by pivoting and tweaking their business model to survive and thrive."

The purpose of the business model is the successful operation of the business. With a change in the internal and external situation affecting the business it is eminent to shift the business model. A small change in the business model can be a value proposition shift, customer segment shift, revenue stream shift or resource shift to adjust with the new conditions of the market. According to the Economic Times 73% of the resilient businesses are operating as normal. These businesses have undergone a business model shift and were effective because of adopting agile management practices.

One of the [success story](#) of business model shift is of Workshaala a co-working space business. From the commencement of the pandemic, the idea of co-working places have started to fade. With increasing restrictions and social distancing measures co-working spaces are foreseeing a troubled future. The founder of Workshaala Manoj Khandelwal faced this adverse future of his co-working space start-up. He revamped his whole business model and started the initiative of 'Homescape', providing furniture to people working from home. There is a foreseeable rise in the demand of work from home furniture as most of the country is staying indoors.

Another example of a [successful](#) business model shift is of Shiv Shakti Enterprises the manufacturer of kitchen products under the brand of PNB Kitchenmate had to close all their manufacturing hubs due to lockdown. The company quickly iterated its business model and started developing products including sensor-based sanitiser dispenser, hands-free hand wash systems, etc. The company quickly assessed the consumer preference change and shifted its business model.

A number of strategic business model interventions are a platform shift which is a shift of value of interaction, a digital shift value of accessibility and comfort, a service shift which is a value shifted from the product to the consumer preferred service, the exponential shift creating self-sustainable value mechanism focused on growth and a circular shift of creating value reducing the waste and efficiently managing the resources.

One of the most effective strategies for successful shift application is the implementation of [lean management](#) and [agile methodology](#). Lean management is based on the principle of defining value by understanding the customer, mapping the value stream by identifying the essential activities benefiting the customer value, creating a sustainable flow by iterating the resource allocation and reconfiguring the business activities, establishing the pull by reassuring all the requisites are in place and pursue perfection by constantly reiterating. The lean principle implementation must be combined with agile methodology principles of

harnessing a collaborative cross-functional workplace revolving around the customer by efficiently implementing, iterating and improvising solutions.

The most important factor for small businesses is to be agile and lean towards their business model. The consumer focus must be prioritised and consumer preference reassessment should be organised from time to time. It is highly likely that businesses will face uncertainty in the near future but automation and innovation is key to steering with a win from these times.