Climate-KIC is supported by the EIT, a body of the European Union

How to design a Sustainable Business Model

FLOURISHING BUSINESS CANVAS

Flourishing Business Canvas v2.0

Designed for:

Designed by:

Date:

Environment

This business is part of the economy, which is created by our society, which in turn is ultimately, utterly and immediately dependent on the environment. These are the vital context for any business – all risks and all opportunities – including yours.

This business is also part of a value constellation of other businesses, organizations, communities, individuals, animals, plants and the environment.

When answering the questions posed by the canvas f[...]our business consider how your answers need to reflect the[...] and the other eco-system actors in your value constellation[...]

Society

Economy

BIOPHYSICAL STOCKS

What tangible materials are moved, flow, and / or transformed during the Activities that achieve this business's Goals?

Guidance: All materials remain biophysical stocks somewhere on our single shared planet irrespective of this business's Activities.

ECOSYSTEM SERVICES

Eco-system services are processes powered by the sun that use Biophysical Stocks to create flows of benefits humans need: clean water, fresh air, vibrant soil, plant and animal growth etc.

Which flows of these benefits are required by, harmed or improved by this business's Activities?

Example: See World Business Council for Sustainable Development (WBCSD)'s Corporate Eco-System Service Review v2.0.

PROCESS

How, where and with what does this business co-create its value to achieve its Goals?

RESOURCES

What tangible and intangible resources are required in order to execute this business's Activities and so achieve its Goals?

PARTNERSHIPS

Which Stakeholders are formal partners of this business?

To which Resources do these partners enable this business to gain preferred access?

Which Activities do these partners undertake for this business?

ACTIVITIES

What value adding work, organized into business processes, is required to achieve this business's Goals?

GOVERNANCE

Which Stakeholders get to make decisions about: who is a legitimate Stakeholder, the Goals of this business, its value propositions and its Processes?

What are the Governance arrangements for this business?

VALUE

What value is co-created and co-destroyed now and / or in the future between this business and all the Stakeholders involved?

VALUE CO-CREATIONS

What are the (positive) value propositions of this business?

What value is co-created with each Stakeholder, satisfying the Needs of the associated Eco-System Actor, from their perspective (world-view), now and / or in the future?

VALUE CO-DESTRUCTIONS

What are the (negative) value propositions of this business?

What value is co-destroyed for each Stakeholder, hindering the satisfaction of the Needs of the associated Eco-System Actor, from their perspective (world-view), now and / or in the future?

PEOPLE

Who are all the people involved in this business: the people this business does it to, for and with?

RELATIONSHIPS

What Relationships with each Stakeholder must be established, cultivated and maintained by this business via its Channels?

What is the function of each Relationship in each Value co-Creation or Value Co-destruction relevant for each Stakeholder?

STAKEHOLDERS

How is each Eco-System Actor involved in this business? What roles does each eco-system actor take?

Examples: customer, employee, investor, supplier, community, regulator, financier

CHANNELS

What Channels will be used by this firm to communicate and develop Relationships with each Stakeholder (and vice versa)?

Examples: Retail, Face-to-Face, Internet, Phone, Mail, Transport

ECOSYSTEM ACTORS

Who and what may have an interest in the fact that this business exists?

Examples: Humans, NGOs, Government, Media, other life (usually represented by an NGO) etc.

NEEDS

What fundamental Needs of the Eco-System Actors is this business intending to satisfy or may hinder?

Guidance: For inspiration on possible Needs review Maslow's Hierarchy of Needs or Max-Neef's Fundamental Human Needs (preferred).

COSTS

How does this business choose to measure the Costs incurred by its business model (Environmentally, Socially, Economically)?

GOALS

What are the Goals of this business that its Stakeholders have agreed?

What is this business's definition of success: environmentally, socially and economically?

BENEFITS

How does this business choose to measure the Benefits that result from its business model (Environmentally, Socially, Economically)?

OUTCOMES

What outcomes demonstrate whether this business has achieved its Goals, achieving its Stakeholder's definition of success over time?

How does this business measure the benefits and costs to determine whether or not these outcomes are achieved (in applicable environmental, social and monetary units)?

www.FlourishingBusiness.org
@FlourishingBiz inquiry@FlourishingBusiness.org

Flourishing Business Canvas℠

WHO WHAT AND DATE

Here you can document the name of the enterprise the canvas has been designed for, who was involved in the design process, and most importantly, the date that the canvas depicts.

Who to involve in the design of your business model?

It is recommended that you undertake the design of your business model with others. Firstly, this enables you to get feedback on the information that you include in your canvas, which helps to improve the quality of the information that you capture. Secondly, when co-creating your business model with stakeholders other than founders, you will get a more representative perspective of the value your enterprise co-creates and may co-destroy. This may expose both new opportunities as well as risks for your enterprise.

Why is the date important?

A business model is a snapshot of your business at a point in time. As a static document/representation, it can only represent something that is fixed.

Many people populate canvases with multiple time contexts; some aspects of their model are current (as it is now), and some are projected (as it is hoped to be in the future). This mashup of time contexts, unfortunately, is not useful. To create a useful business model, you need to be deliberate and intentional about the point in time you are designing for.

Current Business Model

If you decide to build your current business model, you will use the canvas to document where your business is right now. Select this time context if you want to fully understand your model today, to identify gaps and areas of opportunities for future business models.

This time context is useful for start-ups who already have a current operating business (that is, you are already are making sales / have revenues flowing). If you are already operational, we would recommend that you select this time context to design your first business model. This way, you will have a baseline of where you are right now. You can then move onto designing your NEXT business model.

Next Business Model

Short term future (6 months – 1 year)

Your next business model describes how your enterprise plans to be operating in practice, on the selected date.

This time context enables you to model (test) different scenarios in the near term that could enable the business to continue or improve viability and sustainability. It also provides you with insight into what you need to do today as well the gaps that exist in enabling your enterprise to reach realistic and attainable goals set in the near future.

If you have not yet started your business, (you are not fully operational), then this is the recommended time context to use to design your first business model. In the early stages, most start-ups are searching for a viable and sustainable business model, and therefore, the near future allows you to model various scenarios when you do not yet have validated learning or experience.

Future Business Model

Longer-term future (3-5 years).

This time context is helpful for longer-term strategic planning. Modelling out various potential scenarios as well as broader social and environmental factors is useful for planning, strategic resource allocation and impact assessment. It can also be used to plan, transition or explore the integration of more sustainable business practices over time. This time context is often used in more established enterprises who already have a proven business model and are looking at innovation, more sustainable business practices and future planning.

Go back

ENVIRONMENT, SOCIETY AND ECONOMY

The canvas depicts the three contexts that influence and are influenced by your enterprise: Environment, Society and Economy.

The environment (physical, chemical, biological) contains and enables our society (social, technological), which in turn powers the economy (monetary).

Often the unintended consequences or negative impact caused by business arises due to the full context in which a business exists not being fully considered.

PROCESS, VALUE AND PEOPLE

Process, value and people are the three core components that make up any enterprise.

What processes does your enterprise execute?

Process is the internal-facing part of your enterprise. It refers to how, where and with what does your enterprise co-create value to meet the Needs of your Stakeholders, thereby achieving its goals.

What value is co-created and co-destroyed between your enterprise and everyone/everything involved?

Value represents the intersection between what your enterprise creates internally (process) and everything outside of itself (people).

Value is perceived by a Stakeholder as to how one (or more) of their Needs is satisfied. It is measured by them in aesthetic, psychological, physiological, utilitarian and/or monetary terms.

Value is co-created when Needs are satisfied in ways that align positively with a Stakeholder's beliefs/values / lived experiences, and co-destroyed when they don't.

Who are all the people involved in this enterprise: the people this enterprise exists for and with?

People represent the external-facing part of your enterprise. Even if the co-creates enterprise value with non-living or non-human beings, they are still represented by people in some form. To access people, you will need to build a series of relationships through your channels. Benefits are the result of co-creating value with people.

You may also, however, co-destroy value for people through your enterprise's endeavours.

Go back

ECOSYSTEM ACTORS

Who represents your ecosystem actors:
Ecosystem Actors can be human and non-human?

Watch as Antony and Ondine explain more about this element.

Watch Video

What is an Ecosystem Actor?

Ecosystem Actors are all the humans and non-humans who exist outside of your enterprise: humans are any individual or grouping of people, market segments, community, or any type of organisation (not-for-profit, for commercial, public) or government. Non-humans are anything that comprises all 'other' entities of importance (plants, animals, but also landscapes/places, plants, animals, or non-human 'systems'

How are non-humans represented?

As we cannot necessarily engage directly with non-humans, an organisation or group of people must 'represent' them before when they become an Ecosystem Actor Stakeholder of to your enterprise (for example, WWF for wildlife, a local community committee for freshwater sources). Ecosystem Actors exist in the world whether your enterprise does or not. When we create a new enterprise, we are doing so in response to meeting an ecosystem actor's need.

Why consider Ecosystem Actors?

Considering Ecosystem Actors means that you are taking a systemic view of your stakeholders and, thereby exploring their needs as whole humans/non-humans. If you only consider their needs in relation to the stakeholder role they become within your enterprise, it could lead to unintended consequences (value co-destructions) and missed opportunities.

For example, your enterprise employs experienced specialists. You believe that as an employee, you are co-creating value with them by paying them a competitive salary, and they are delivering expertise in return. If, however, you do not view them as whole humans with other needs, when you often expect them to work significant overtime to meet deadlines what value are you destroying for them as parents as humans with other interests and commitments? Eventually, some of these experienced specialists may quit due to the enterprise co-destroying value by not understanding their fundamental needs as whole humans (Ecosystem Actors).

An Ecosystem Actor exists whether your enterprise does or not.

Ecosystem Actors exist 'outside' in the world whether your enterprise does or not. They become stakeholders in your enterprise, and so understanding them and their needs are important because:

1. When you create a new enterprise, you are doing so in response to meeting an Ecosystem Actor's need.
2. Once an Ecosystem Actor takes an interest in your enterprise, they become a stakeholder and then will play a specific role within your enterprise (such as employee, partner, customer)
3. An Ecosystem Actor either chooses (voluntarily) to become a stakeholder and play a role within your enterprise or becomes one based on the impacts/outputs your enterprise generates.

Identifying your Ecosystem Actors

When populating the Ecosystem Actor's box, ask yourself the following questions:

» Who (human and non-human) will affect my enterprise?

» If non-human, who (individual / enterprise) is their voice/ spokesperson?

» Who may be interested in playing a role in my enterprise?

» Where will I find the stakeholders I need for my enterprise? For example; staff, customers, suppliers, investors? From which larger group or community do they belong. A recycled ocean plastic flip-flop producer's Ecosystem Actors may include surfers, beachgoers, environmental agencies (concerned with ocean pollution).

Can an Ecosystem Actor play multiple stakeholder roles in my enterprise?

Yes, as a founder of a for-profit social enterprise, you may be both a shareholder and an employee. The government may be a regulator and a customer.

When an Ecosystem Actor plays multiple roles, it is important that you identify each of the needs that your enterprise aims to meet by co-creating meaningful value.

Will every ecosystem actor become a stakeholder?

Some Ecosystem Actors will not be direct Stakeholders (those with a stake or interest in your enterprise).
For example, an industry advisory body is important for your enterprise because you'll follow its suggested best practice and standards for operations. Still, they don't necessarily have an interest or stake (Stakeholder role) in your enterprise.

Go back

NEEDS

What are the needs of your Ecosystem Actors?

Whole humans, whole beings or whole places

It is important to consider your Ecosystem Actors as whole humans, whole beings or whole places. When you consider an Actor as a whole, you will start to understand that they have multiple needs. Exploring their needs systemically enables you to identify which of these needs your enterprise may meet/satisfy and which it may hinder or destroy?

You cannot determine the needs of an Ecosystem Actor.

It is important to recognise which of the Needs you identify while completing your canvas are based on assumptions. To authentically explore Needs, they must come directly from your Ecosystem Actor themselves.

Reflection questions:

» How did you come to learn about your Ecosystem Actors' needs?'

» Did you learn it directly through engagement with them?

» Have you been exploring needs from a systemic (whole human) perspective?

» How can you learn more about your Ecosystem Actors' needs?

How to identify Needs?

Needs may not always be tangible. For example, access to good quality food as a need may also impact someone's psychological state (feelings associated with food security) as well as their physical health.

The key when exploring the needs of an Ecosystem Actor is to ensure that you focus on needs greater than what you believe that your enterprise aims to satisfy. Taking a systemic approach to understanding an Ecosystem Actor enables you to respond in a meaningful way to the context in which an individual exists (both their internal and external contexts). This will provide you with valuable information on how to authentically co-create value with your stakeholders, and what value you may co-destroy.

To learn more about needs, check out Maslow's Hierarchy of Needs or Max-Neef's Fundamental Human Needs.

Watch as Antony and Ondine explain more about this element.

Watch Video

Go back

STAKEHOLDERS

What role does an Ecosystem Actor play in your enterprise?

Who are your Stakeholders?

A stakeholder is anyone or any organisation who has an interest in, and plays a role within an enterprise (voluntarily or not).

An enterprise is created by people and is therefore dependent on the engagement of stakeholders (inside and outside the enterprise) to start, develop and grow. Stakeholders play a central role in the design, the products and services offered as well as the impact, sustainability and priorities of your business model.

Reflection questions:

- Think about the desired stakeholder role you would like an Ecosystem Actor to play within your enterprise? For example, customer or partner.
- Think about the individuals and organisations who might directly (or indirectly) affect, or be affected by, your enterprise?

Which of these have you included as Stakeholders?

Read through the list and identify which of these may also be Stakeholders of your enterprise?

- The entrepreneur(s) / founders – yes, you are also Stakeholders.
- Customers
- Beneficiaries for example as an NGO, your customers, maybe funding institutions or government but the services you provide are to a beneficiary
- Investors
- Employees

Your family

- NGOs of all kinds (environmental, social, standards certifiers, research institutions, industry groups)
- Media organisations (social media, television, radio, newspapers)
- Governmental organisations (regulators, standards bodies, taxation authorities)
- Governments of all kinds (those physically near your enterprise's operations)
- Industry regulators, standards and certifying bodies
- Industry or trade bodies, trade unions and relevant not-for-profit or non-governmental organisations
- Competitors or 'coopetitors.'
- Supporters or 'opponents' of your enterprise/sector/product/service.

Customer is king, therefore why focus on other Stakeholders?

In traditional start-up design methods, there tends to be a predominant focus on customers being the only group that warrants deep exploration and engagement. Customers are, of course, a critical and important Stakeholder; however, only placing focus on Customers is a major oversimplification that can result in unintended consequences.

For the last few decades, leaders have claimed that the negative consequences of their enterprises were 'unintended' as if they bear no responsibility for either the immediate or the systemic consequences and impacts their organisations have had.

Today, we know better.

- Many other stakeholders, besides customers, are routinely, and often severely, impacted by who, what, how and where any enterprise undertakes its operations.
- If business leaders of the past had chosen to consider both direct and indirect stakeholders, (those that are not related to achieving one core goal: financial profitability) many of these so-called unintended consequences would never have occurred. They were predictable and avoidable, so there is no ethical position that allows an enterprise founder to claim they did not know.

Continue »

If an entrepreneur doesn't systematically and deeply explore all the stakeholders in their business model, it is very likely their enterprise may miss key enterprise outcomes and repeat unethical 'mistakes' - and continue to create many 'unintended' consequences.

Can you think of an example of 'unintended consequences' occurring due to an organisation not considering all of their stakeholders? Who was impacted? How?

Honest intent

Do you think that it is your moral obligation to strive to know with honest intent the consequences of your business model?

You may not be able to act on all the consequences that are identified, however, when you are aware of them, you can make better informed decisions.

What is no longer acceptable in business, due to often far-reaching, devastating and irreversible effects, is an ethical failure. This is the failure to try to know, to strive to not creating harm and then the failure to take responsibility. As sustainable enterprise leaders, we must strive to eliminate the unintended consequence that is created by ignorance and the prioritisation of one stakeholder needs over another.

Reflection question:
What is the impact on all the Stakeholders who are affected by my enterprise?

Are you specific enough about your Stakeholders?

Getting specific about your Stakeholders will help you build a useful business model—for example, Customers: Surfers. More useful information could include Customers: Surfers (men and women), 18-30, who surf in Newquay, UK.

Why do you think having more detailed information is useful for your business model?

The more you understand your specific stakeholder group, the more able you will be able to understand their needs, their context, where and how to reach them and how to serve them.

Reflect on the example above. What does being specific about the surfer group this enterprise is targeting enable them to do?

Does your Stakeholder play a desirable role?

Your enterprise may attract desirable Stakeholders: those you want to become stakeholders (customers, employees etc...), however, may also attract those who are forced to become stakeholders (both now or in the future), because of the negative impact your enterprise has on someone/something's ability to satisfy their needs (lobbying groups, employees of your manufacturing suppliers etc...).

Can you think of Ecosystem Actors that may become a Stakeholder of your enterprise because you are destroying value for them?

Watch as Antony and Ondine explain more about this element.

Watch Video

RELATIONSHIPS

What Relationships with each Stakeholder must be established, cultivated and maintained by your enterprise to co-create the intended value?

Get, keep and grow with

Relationships define the touchpoints (engagement requirements) needed to be able to co-create value with your Stakeholder over time. Relationships focus on how you will get, keep and grow with your Stakeholders. Your enterprise may have different Relationships depending on your sector, whether you have a physical product, web-based / technology offering or service.

Channels (see Channels box) define how each of these touchpoints is activated or actioned. For example:

Relationship: Awareness: get someone interested in your enterprise's value co-creation
Channel: Advertising/word of mouth/partnerships

Types of Relationship engagement/touchpoints

Get
Awareness: All enterprises require a relationship (touch/engagement point) where a stakeholder will learn or become aware of the enterprise.
Some awareness relationships are high touch and will need to be intentionally created and designed. For example, how would you learn about a new recycling initiative in your neighbourhood?

Other awareness relationships are low touch and require less investment, for example, for a testing lab where you are referred by your doctor directly to the lab for some blood tests.

Remember that each of your stakeholders' relationships will be different. For example, your awareness relationship with the testing lab could be low touch, however, the awareness relationship that the lab has with the doctor could be high touch.

What type of awareness relationship does your enterprise need to enable for which Stakeholder?

Get
Build trust/interest: To co-create value to what degree do you need to build trust (which parts of what you offer require a high trust relationship) at which point of the stakeholders' journey?

Consider an accounting firm vs a biodegradable children's activity book supplier. What level of trust do you think will be required, with which Stakeholder at what point in the relationship? Imagine the trust relationships needed for both of these examples for their customers and employees?

There are always trust relationship touchpoints involved in the act of co-creation. What does this relationship look like for your enterprise and each of its Stakeholders?

Get
Consider: What are the key factors that a Stakeholder will draw on during their decision-making process, and is there a way that your enterprise may be able to help them make the decision to engage? Some acquisitions are lower risk than others, and therefore Stakeholders may not require support during this stage. Some popular approach's that support this Relationship include free trials, money-back guarantees, demos, mock-ups and other devices.

Get
Acquire your product/service: How will your Stakeholder engage or acquire your product or service? This relationship represents transacting or becoming involved with what you are co-creating and could include: buy, sell, give, donate, share, use, renew, transfer, or be subject to. Some acquisition relationships are highly complex, while others are very low touch. For example, you are the developer being contracted to build a new eco-village vs subscribing to gain access to a blog post. Some acquisition relationships will have multiple steps and involve multiple stakeholders and will require significantly more investment than others. What type of acquisition relationships for which of your stakeholders does your enterprise need to enable?

What types of acquisition relationships does your enterprise need to enable with which Stakeholder?

Continue »

Keep

Experience: How someone "experiences" engaging with you or your product/service. Your enterprise will most likely require an "experience" Relationship with a Stakeholder. For example, if you are a consultant, coach or service delivery professional, the "experience" that your Stakeholder has with you is important to keep them engaging over time.

If the value that your enterprise co-creates is through a physical or tangible product or service, what kind of relationship do you want your Stakeholders to experience when they engage with you (to purchase, transact, exchange, return) or what you have sold them? Think about how this would apply to a restaurant or food producer.

Can you think of an example when an enterprise may not need to engage in an "experience" Relationship with a Stakeholder or when the "experience" is low touch? Swapping items or purchasing a second-hand item through an online marketplace.

What kind of experience Relationships will you need to enable for other Stakeholders such as employees, partners and investors? Much of your value co-creation with these Stakeholders will be enabled through the experience Relationship.

Keep

Collaborate/support: How will your enterprise continue the Relationship via collaboration (synergies, partnerships, continued engagement) to improve and learn more about how to better satisfy your Stakeholder's needs? For example, once your customer has employed you to host one workshop, is there an ongoing Relationship that may be enabled to secure future work or deepen a collaboration.

Some enterprises do not require a strong collaboration relationship such as a Stakeholder making a one-time once-off donation at a shopping mall. However, very few enterprises do not have ongoing relationships with Stakeholders, even if there is a one-time purchase.

What collaboration or support Relationships does your enterprise need to build with each of your Stakeholders?

Grow with

Co-evolve: What Relationship may enable your enterprise to co-evolve with your Stakeholder over time? This evolution may be the result of exploration, satisfaction, conflict, compromise, negotiation. Co-evolution may result in a customer making additional purchases or larger purchases. Co-evolution may result in an employee being promoted to a new role. Co-evolution may result in deepening partnerships.

What Relationships are required to enable co-evolution?

Other Relationships:

Can you think of other Relationships that your enterprise requires to co-create value with your Stakeholders?

Could some of these apply to your enterprise: Follow-ups, tracking/monitoring, loyalty, repairs, technical support, account support, off-boarding, handover, end of life, circular disposal or alumni.

Who has the power?

When you consider the Relationships that you want to enable to co-create value with your Stakeholder, it is important to understand where power and equity are held within the Relationship. Does your Stakeholder have fair power and agency within the various Relationships it engages with? If your enterprise holds all the power, what value may you co-destroy for your Stakeholders if this power is used only to your advantage?

Also, consider how power and the level of equity in a Relationship may change over time. If a Stakeholder becomes more reliant or dependant on your enterprise, how do you ensure that they still retain agency within your Relationships? Value co-destructions can be enabled through Relationships.

Continue »

Go back

Deeping your Relationships

Every Relationship touchpoint is an opportunity for your enterprise to learn more about your Stakeholders. Gathering data, conducting interviews, observing and recording behavioural patterns provides the rich information needed to continue to refine and improve the value that your enterprise co-creates with its Stakeholders.

Mini case Study:

Your enterprise offers an **online documentary streaming service. Co-created value:** Expand your knowledge anytime, anywhere.

Your enterprise needs to create the following relationships with your customer stakeholder:

Get
Relationship 1: Awareness: Stakeholder hears about your product/enterprise.
Relationship 2: Trust: Stakeholder looks at reviews before engaging with your enterprise.
Relationship 3: Consider Stakeholder gets the price for your streaming service and compares to other similar services. They sign up for a free trial to test the offer.
Relationship 4: Acquisition Stakeholder confirms purchase after a trial based on the interaction and price.
Relationship 5: Technical support Stakeholder has access issues when they are travelling and required technical or other support.

Keep
Relationship 6: Collaboration Stakeholder joins the online community and engages in discussions and reviews of the documentaries.
Relationship 8: Renewal acquisition Stakeholder is satisfied with the service and continues to co-create value by continuing their subscription.

Grow With.
Relationship 9: Co-Evolve Stakeholder continues to engage in the community and evolve the service offering by writing reviews, voting for new additions to the documentary library, purchases tickets to attend screening events, and joins crowdfunding campaigns for independent documentary production.

You will notice that there is a significant investment in getting a Stakeholder. Therefore, the most efficient Relationship strategy is to ensure that a Stakeholder stays a Stakeholder. In a sustainable enterprise, this means that authentic value continues to be co-created with a Stakeholder over time.

Reflection questions:

1. What is the function of each relationship in co-creation or co-destroying value for each Stakeholder?
2. What channels will enable each Relationship?
3. What resources and activities will be needed for each Relationship?

Watch as Antony and Ondine explain more about this element.

Watch Video

CHANNELS

What channels will support the Relationships with your stakeholders to enable value to be Co-Created?

Watch as Antony and Ondine explain more about this element.

Watch Video

Channels shape your business model.

Channels are strategic enablers focused on how you will reach, communicate and distribute to your Stakeholders. Careful consideration is required when deciding on the Channels for your enterprise as these decisions may, in some cases, will fundamentally shape your business model.

For example, A bricks and mortar store vs an online retail store.

» A virtual office vs a physical office
» A supplier partner in a different country vs a local supplier partner

When exploring Channels, build a business model to more deeply understand the implications of various options. Modelling various scenarios can be useful when making these strategic decisions.

Channels to get Stakeholders

There will be several Channels required in the Get stage of Stakeholder Relationships.

Awareness, build trust, interest.
Channels that may enable these Relationships could include websites, partner websites/communications, advertising, direct marketing campaigns, word of mouth, bricks and mortar store, speaking events, referrals, job listings, recruitment firms, product reviewers, grant applications.

Consider
Channels that may support your Stakeholders during their decision process may include call centres (telephone quotations and information), web information, one on one sales meetings, negotiations, onsite visits, simulations, intake sessions, specialised software, free trials, pilot projects, take home and try (bricks and mortar store).

Acquire
Channels that may be required to transact with your enterprise could include to transfer, buy, sell, lend, borrow, share, give, receive, donate, exchange or return. Some examples of Channels that may enable these include: bricks and mortar store, telephone orders, online purchasing, shipping, warehousing and storage, subscription platform, marketplace platform, pick-up location, contract, ticket sales office.

Channels to keep Stakeholders

Experience and Collaborate
Channels that may enable your Stakeholder to experience and collaborate may include web-based and telephonic support, regular meetings, reports, service delivery standards and mechanisms, service and maintenance contracts, exchanges, access to other opportunities/ networks, a community of practice, special events, upgrades.

Channels to grow Stakeholders

Co-evolve
Channels that may support the co-evolution with your Stakeholders may include continued and larger purchases, crowdfunding campaigns, investment opportunities, promotions, joint ventures, upgrades, loyalty programmes.

Evaluating your Channels

Evaluating the effectiveness of your Channels will provide valuable information on which to continue to improve efficiencies and Relationships.

Reflection Questions:
» How will you evaluate whether your enterprise co-created the promised value for your Stakeholder?
» Has any value been co-destroyed?
» How will you assess that more value has been co-created than co-destroyed?

Some Channel evaluations may include customer satisfaction surveys, customer reviews, scheduled conversations/interviews, independent evaluators, behavioural observation.

The impact of Channels

As a sustainable enterprise, evaluation of the costs and benefits (including social, environmental and financial) should be considered before you decide on your Channels. For example, the environmental costs of shipping internationally, the number of travel engagements required to deliver the project, the psychological integrity and impact of a direct marketing campaign.

Go back

VALUE CO-CREATION

What value is co-created with each Stakeholder, that satisfies a genuine need, from the Stakeholder's perspective?

Value propositions vs. value co-creations?

"The great economic law is this: services are exchanged for services...it is trivial, very commonplace; it is nonetheless, the beginning, the middle, and the end of economic science".

- Fredric Bastiat 1848

Value is always co-created. It exists through relationship, the interaction between two (or more) people/enterprises. Each one, in turn, offers the other something of value. For example, the work contribution of an employee in return for a salary, benefits and development opportunities.

When you view value as being one-directional (value propositions, my enterprise offers you something) it is easy to de-humanise Stakeholders and to view them merely as numbers and targets. It is then easy to forget their needs or the meaningful contributions that they too offer your enterprise. Appreciating and understanding the value that comes through the act of co-creation enables both the enterprise and its Stakeholders to engage in a meaningful and authentic exchange.

The concept of value co-creations stems from service-dominant logic. Read here if you want to go deeper.

How much importance are you placing on determining value co-creations?

A value co-creation is the determining factor as to whether an ecosystem actor may choose to become a stakeholder of your enterprise. It is also the determining factor in whether a stakeholder will continue to remain a stakeholder of your enterprise. Understanding the true value that your enterprise co-creates with its Stakeholders is one of the single most important determiners of enterprise survival and success.

For example, if you co-create the wrong value to your Customer Stakeholder, your enterprise will not survive as no one will purchase from you. If you do not co-create meaningful value for the enterprise co-founders it is unlikely, they will want to continue to build the enterprise.

You will also need to consider that the Value Co-creations which attract your Ecosystem Actors to become Stakeholders may not be the same value co-creations that retain your Stakeholders.

Who determined your value co-creations?

Value Co-creations are always determined by your Stakeholder / Ecosystem Actor and not by the entrepreneur or enterprise. It is only through engaging directly with an Ecosystem Actor to deeply learn more about their needs that can you gain insight into how your enterprise can co-create value with them. Spending the time to learn about your Ecosystem Actors' Needs from their perspective is a worthwhile investment for all start-ups.

Most Value Co-creations are not transactional

"Customers do not buy goods or services. They buy offerings or experiences which co-create value".

- Adapted: Evert Gummesson, 1995

A value co-creation is most often not the functional attribute of your product or service.

For example, think about an organic meal delivery service. The Value Co-creation is likely not to be 'delivery of healthy organic meals', it is what the function ultimately co-creates with the Stakeholder that is of value for them. In this case, the Value Co-Creation may be 'more quality family time'.

Continue »

Reflection questions:

- Think about some of the products and services that you use and the real value that you derive from them.
- Ask your Stakeholders what the outcome, feeling or result that your offering co-creates with them.

Are you fulfilling a genuine need or manufactured want?

Value Co-creations that fulfil the genuine needs of your Stakeholders / Ecosystem Actors, as opposed to manufactured wants, will always be of more value.

Manufactured wants will come and go and require huge efforts to continue to manufacture. Whereas meeting a genuine need co-creatively and from a place of authenticity will be long-lasting with much less effort.

How do you deliver on value co-creations?

A Value Co-creation is enabled though your Relationships and is delivered via one or more Channels. This is why these two boxes sit between your Value Co-creations and Stakeholders.

For example, a customer learns (relationship) about your product through your website (Channel), they make a purchase (Relationship) online (Channel) and your product gets shipped (Channel) and on receipt (Relationship) co-creates value with your Stakeholder.

Are you co-creating value with stakeholders other than your customers?

Value is co-created with every Stakeholder that has chosen to be involved with your enterprise. Many entrepreneurs only focus on understanding the value that they co-create with their customers. However, every enterprise requires many more stakeholders than just customers to exist.

Understanding the value that is co-created with all of your stakeholders will enable you to build rich and mutually beneficial relationships.

Reflection questions:

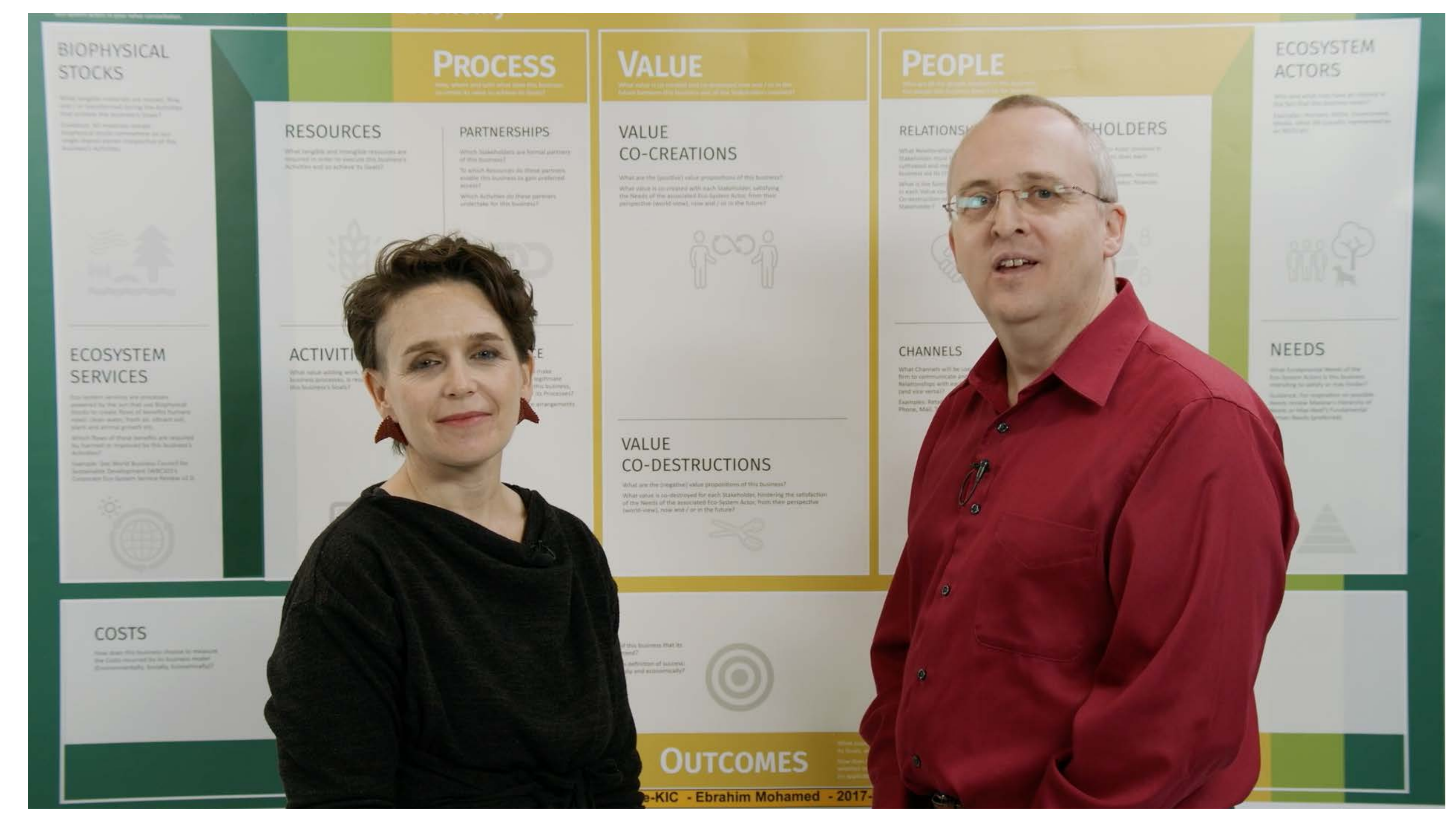
- Think about the value your enterprise is co-creating with your partners, investors, employees, suppliers, advisors, the environment, local communities.
- How do all of these value co-creations contribute to your enterprise's goals and benefits?

What additional opportunities exist for your enterprise when you consider all of the opportunities co-creating value enables?

Here is some additional reading: [Moving From Value Propositions To Value Co-Creation] (multi-stakeholder).

Watch as Antony and Ondine explain more about this element.

Watch Video



VALUE CO-DESTRUCTION

What value is co-destroyed for each Stakeholder, from their perspective

How can value be co-destroyed?

'All value (positive or negative) arises in relationship (Service-Dominant Logic). Therefore, when value is destroyed, it happens when there are two (or more) role players who have some form of relationship.

As an example, an enterprise dumps polluted water into a river preventing a local community from feeding itself from the fish in that water (or poisoning themselves). Value is co-destroyed for both role-players - albeit different value and different quantities and qualities of value. For the local community, value-destroyed may relate to the impact on their ability to feed themselves. This impact may have many implications. For the enterprise, the value destroyed may relate to their reputation, legal, regulatory compliance, expressed values, relationships with other stakeholders who may regard this behaviour as unethical.

Needs are the key to identifying value co-destructions.

When you understand an Ecosystem Actor's needs from a whole human / whole organisation perspective, you will be able to more easily identify Value Co-destructions. It is more challenging to identify Value Co-destructions when you are only focused on a specific role a stakeholder is playing in your enterprise. 'Unintended consequences' are often the result of having a very narrow focus on only the stakeholders' needs that relate to your enterprise's offering. The Ecosystem Actors and Needs boxes on the canvas reminds you that all Stakeholders are whole and have multiple needs, contexts, challenges and gifts to offer.

Value Co-destructions can help you identify new Stakeholders.

You may not have recognised that some of the actors that you have identified in your ecosystem may have a direct stake or interest in your enterprise. Co-destroying value for them may co-destroy value for your enterprise. When you explore what value your enterprise could co-destroy for an Ecosystem Actor, you may discover that they are a direct stakeholder of your enterprise.

Many 'unintended consequences' have arisen due to Ecosystem Actors not being recognised as legitimised stakeholders.

For example, retail brands who have encountered large scale brand attacks and reputational damage due to their supplier's employment practices - perhaps child labour or inhumane practices. These retail companies failed to view the Ecosystem Actors involved in manufacturing their products as indirect stakeholders of their enterprise.

Not all Stakeholders will be direct Stakeholders; however, it does not mean that an indirect Stakeholder will not still affect or be affected by your enterprise.

I want to intentionally destroy value for a Stakeholder/Ecosystem Actor.

Your enterprise may intentionally want to destroy value for a stakeholder. Imagine your enterprise is an advocacy-based group who are trying to get legislation approved to ban shark fin fishing. You are intentionally trying to destroy value for shark fin fisheries.

Applying a systems approach also works for organisations who you are intentionally trying to destroy value for. When you see shark fin fisheries as Ecosystem Actors who are whole organisations with multiple needs, you may also recognise that you may need to include in your enterprise's offerings programmes to support these fisheries into transitioning into new markets, in order to secure local jobs and local community livelihoods.

Continue »

Some business models are intentionally designed to co-create short term value and co-destroy value over time.

Have you heard about the razor blade model? This is a popular business model that has been adopted by many organisations. One of the most well-known examples is when you purchase a razor (at minimum or low cost) and are then locked into using a specific blade which is charged at a premium.

Another well-known example is printers and ink. While there is nothing fundamentally wrong with this business model if operated with integrity, it fundamentally places significant power in the hands of the enterprise. It can, therefore, lead to co-destructions if this power is misused.

Think about mobile phone and computer enterprises who through smart technology, lock consumers into continuing to use and purchase their products. These organisations intentionally design their business models to make switching brands extremely challenging if not in some cases, impossible. They also force customers to continue to purchase and upgrade hardware.

Reflection questions:

» Think about the power dynamics and ethics involved in these types of business models.

» Could there be different ways to offer products and services that ensure the customer still retains some power during the exchange?

How can an enterprise adopting this type of business model ensure that they do not co-destroy value for their Stakeholders over time by taking advantage of their power?

Watch as Antony and Ondine explain more about this element.

Watch Video

BENEFITS

How does this business choose to measure the benefits that result from its business model?

The date on your canvas is key.

It is often the case that a start-up's revenue projections are overestimated within the anticipated timeline set for achieving the anticipated revenue. This is often because entrepreneurs base revenue projections on what is needed to keep the enterprise going as opposed to what may be achievable. It is useful to ask when adding any information into the benefits box:

Can we realistically reach this number by?

Indicators drive Benefits

Benefits are driven by the indicators that you set as targets in other canvas boxes and are as a result of many interconnected dependencies. For example, to determine your revenue, you will need to know how many customers (Stakeholders) will have to purchase your offering. You will also need to determine how many potential customers to reach (Channels) and the rate of conversion from potential customer to customer.

Some of the core interdependencies and indicators that drive the information you capture in the benefits box may include:

- Market size (number of ecosystem actors)
- What is a stakeholder prepared to pay or provide to co-create value with your enterprise?
- Conversion rates, the percentage of ecosystem actors (potential customer) that you reach that end up converting to stakeholders (for example, 2.5% of all those who visit your site end up purchasing and becoming a stakeholder).
- How complex are the relationships and how much time is required for your channels to be able to deliver the co-created value to your Stakeholder? For example, the sales cycle and execution of a multi-stakeholder construction project.
- How many units of your product, or what elements of your service, must be available to stakeholders by when?

There are many questions you will need to answer to determine accurate information in the financial benefits box on the canvas. Indicators, therefore, inform benefits.

Sometimes it is useful to work backwards. Start by including a revenue number in your Benefits box. Then work backwards through the canvas to build the indicators that you will require to meet your desired figure. Then ask whether this is realistic by your specified date?

Are you considering financial, social and environmental Benefits?

Not all benefits that you co-create with your stakeholders will have financial outcomes. Some of these may include social benefits, such as increased happiness, satisfaction, ability to meet other social needs, community impact, personal growth and development. Other benefits may be environmental, such as reduced pollution, cleaner outputs, regenerated land/ecosystems, recycled and upcycled waste, reduced purchasing of other environmentally harmful products.

Social and environmental benefits are as important as financial benefits when designing a sustainable enterprise. Some benefits may require more focus at certain stages of an enterprise's development. For example, some enterprises will be required to prove social/environmental benefits before financial benefits are secured, others will need to reach financial milestones to deepen social and environmental benefits. Regardless of the focus order, the key is that social and environmental benefits are equally valued in a sustainable enterprise as opposed to seen as secondary to financial benefits.

Continue »

Reflection questions:

- Do you value financial benefits over other benefits, and if so, why?
- How can social and environmental benefits strengthen your value co-creation with your Stakeholders?
- What social and environmental benefits are required for you to feel that you can, with integrity, continue to build your enterprise?

How will you measure benefits?

Not all Benefits are easy to measure. You may need to get creative in deciding what and how you may measure certain environmental and social benefits.

Some useful measurement guides and tools include:

- [B-Impact Assessments]
- [SDG Indicators, Summary of the SDG Indicators]
- [Future-Fit Business Benchmark]

Is your enterprise viable?

Once you have calculated your Costs and your Benefits, you will be able to ascertain whether your enterprise is viable (Benefits outweigh Costs).

For many start-ups during the first few years, Costs will outweigh Benefits. Does this mean that your enterprise is not viable?

It may be an indicator that your business model will take time to build before viability is reached; however, it may indicate that your business model is not viable at all. You will need to pay careful attention to the drivers of your costs and benefits and model multiple scenarios to determine a break-even point.

Another critical consideration in determining whether your enterprise is viable is the consideration of social and environmental 'break-even' or impact.

Some enterprises are financially viable; however, the founders still choose to shut the doors. Building a sustainable enterprise means that financial viability at the cost of environmental and social viability does not mean viable.

Reflection questions:

- Are your enterprise's social and environmental Costs higher than their Benefits?
- Will viability improve over time, or may it worsen?
- If environmental and social Costs are higher than your Benefits long-term, is your enterprise viable?

Watch as Antony and Ondine explain more about this element.

Watch Video

GOALS

What Goals have you set for your enterprise to achieve socially, environmentally, and economically by the date indicated on your canvas?

Your goals inform your business model design.

Achievable and intentional Goals will shape the design of your business model. Firstly, the date set on the canvas is a reminder to include goals that are achievable by the date you are modelling. It is useful to ask when adding any information into the goals box:

Is this achievable by?

Based on the goals that you have set for your enterprise, you will determine which of the business model elements you may need to prioritise or place a predominant focus on first. For example, if your main goal by the date on your canvas is to ensure that you prove the viability of a sustainable manufacturing process, your business model will reflect this focus. Your key stakeholders may be supply partners (as opposed to direct customers), your first employees may be technical and research-focused (as opposed to sales and marketing), your funders focused on research as opposed to commercialisation.

All of the boxes on the canvas work together to drive your enterprise Goals.

Reflection questions:

» Does this align and move us closer to our Goals or further away? (when populating any of the canvas boxes)

» Is this the best, most efficient and graceful way to realise our Goals?

Goals ground your Enterprise vision / WHY

Your Enterprise vision / WHY is set in the far future: what ultimate impact outcomes will my enterprise aim to co-create. Goals enable you to think about how you steer the course towards your vision / WHY within your current and near-future contexts. It invites you to consider all of the constraints, barriers and opportunities that exist in the near term and how you may intentionally navigate and overcome these to move closer to your vision / WHY.

This intentional exploration between your Goals and your Enterprise vision / WHY determines many vital decisions, partnerships and choices that you make when designing your sustainable business model.

Who decides on the enterprise goals?

Your enterprise Goals will reflect the needs and outcomes of those who created them. In a sustainable enterprise, the goals of multiple stakeholders are considered to ensure that value is not being unintentionally destroyed for anyone or anything.

Reflection questions:

» Which Stakeholders have the Governance rights to determine the enterprise's Goals?

» Have the enterprise Goals been co-created and agreed to only by stakeholders who have governance rights?

» Which enterprise Goals are aligned to the individual stakeholders' definitions of success and values?

» Could any of the Goals be destroying value for Stakeholders in any way?

» Does the achievement of any Goals increase, hinder or co-destroy value for other stakeholders or ecosystem actors (with no governance rights)?

» Could the Stakeholders who do not have governance rights be included in co-creating Goals? If so, why is it important to include them, and how could you include them?

Watch as Antony and Ondine explain more about this element.

Watch Video

Go back

COSTS

How does your enterprise choose to measure the Costs incurred by operationalising its business model?

Indicators drive Costs

Similarly to Benefits, Costs are driven by the indicators that you set as targets in other canvas boxes. Costs are the result of many indicators, which are interconnected and interdependent. For example, the number of employees you need is determined by the number of Ecosystem Actors you need to reach to convert into customer stakeholders to meet your financial goals. All of these indicators together determine your payroll costs.

Some of the core interdependencies and indicators that will drive the information you capture in the costs box may include:

» Resources required, such as computer hardware, raw materials, human resources
» Activities to transform resources, such as manufacturing costs, software programming costs
» Channels to get product/service to Stakeholder, such as online platform, call centre, shipping, employee portal

There are many indicators that will drive your costs. Sometimes it is useful to work backwards. Start off by including the total spend you have for your enterprise (as at the date at the top of the canvas) then work backwards through the canvas to allocate these costs.

What costs are you forgetting about?

'If there is an invoice, then there is a cost'. Many start-ups approach costs as only counting if there is an outgoing expense.

The costs that most start-ups forget to include in their business models include:

1. Sweat equity – founders' time
2. Unpaid labour costs - friends and family helping out
3. Unpaid expert and advisors - legal, technical
4. Interest costs - on personal funds or money borrowed from friends and family
5. Actual cost of sales – pipeline building, networking, sales meetings
6. Social and environmental costs - destroying of social value and burden or costs on the environment

Even though you may not be directly paying for these things in the early days, they are still Costs and will need to be accounted for as the enterprise develops. The most useful business model is one that is most accurate and representative of your full context as it enables you to assess viability and plan accordingly.

Once the enterprise is off the ground financially, then you can address environmental and social Costs

This is a statement that is heard frequently within the start-up community. 'Get the enterprise financially viable and then start to address social and environmental concerns'.

What do you think about this statement?
"Begin as you mean to go on, and go on as you began"
Charles H. Spurgeon

Social and environmental Costs are not add-ons of an enterprise. Many 'unintentional consequences' have arisen out of taking this approach. Integrating social and environmental costs will shape the way that you design your business model.

Imagine you design a product that cannot be recycled, you start to gain traction, and your enterprise grows. How much environmental damage will you have caused by the time you pivot to something more sustainable if this is, in fact, even possible to do? Often a sustainability pivot is costly and will affect many aspects of the enterprise, including the cost of production, partnerships, pricing, customer Relationships and Value Co-creations.

Continue »

Building a sustainable enterprise requires you to respond to environmental and social contexts throughout the design of your business model. Your sustainability response is therefore embedded in your design, not addressed as an external function down the line. The key principle is to start out as you intend to continue.

Social environmental and financial costs

Costs are not just financial; every enterprise will also have social and environmental Costs. Sustainable business models evaluate and report on the social and environmental Costs with the same rigour as financial Costs.

Here are some examples of costs:

» Financial costs: payments made to suppliers Stakeholders, cost of goods or services

» Social costs: decreased happiness, illness, inability for an individual or community to access basic needs

» Environmental costs: nature harmed or depleted (measured in its own applicable units such as Système International units – Kelvin, Second, Metre, Kg, Candela, Mol and Amp)

Reflection question:

» Do you measure your social and environmental Costs currently?

» If not, why?

» How may you measure and evaluate your social and environmental Costs?

Some useful measurement guides and tools include:

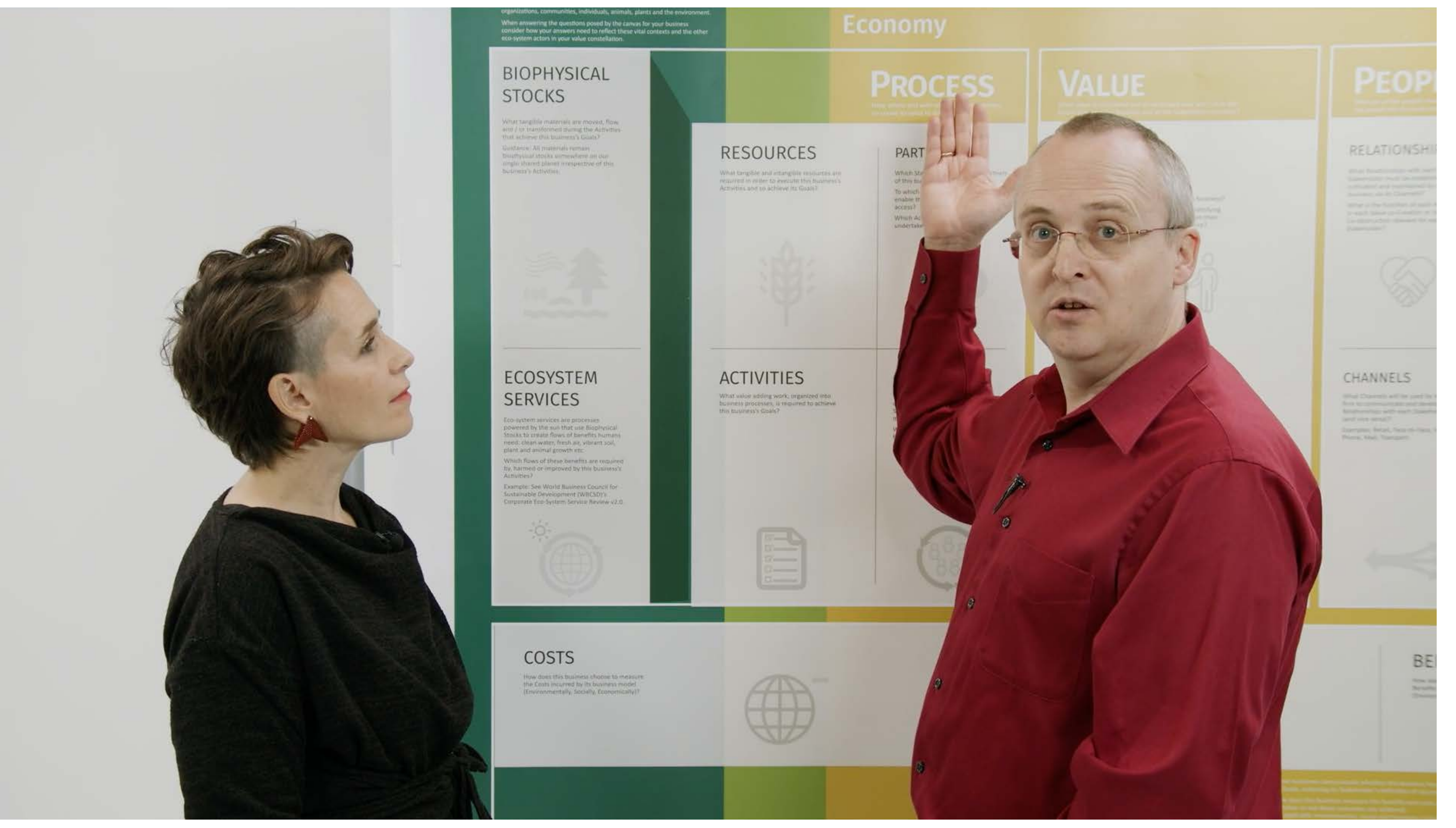
» B-Impact Assessments

» SDG Indicators, Summary of the SDG Indicators

» Future-Fit Business Benchmark

Watch as Antony and Ondine explain more about this element.

Watch Video



GOVERNANCE

Who has the power, authority and influence to make which decisions for your enterprise?

What is Governance?

Governance refers to the structures (organisational, legal form), systems (policies), and processes that are adopted adopt to support the enterprise's preferred decision-making arrangements.

Governance determines who, which Stakeholders, have decision-making power and what kind of decision-making power they have.

Some types of governance arrangements may include:
» single decision-makers
» multiple decision-makers
» unilateral (one-sided) decision making
» negotiated decision approach
» consultative decision approach
» co-operative decision approach
» Majority or consensus decision approaches?

Governance is an enabler of sustainable business models.

Often in early-stage start-ups, Governance is something that is often thought about in a strategic or intentional way. Governance decisions tend to evolve as the enterprise evolves. Decisions made early on are often a reactive response to an opportunity or need, as opposed to a strategic one. For example, a potential partner sees the value of your service and would like to run a pilot with you. To partner, you will need to be a registered entity, and so you decide on a legal structure which is the fastest to process.

What many entrepreneurs miss, early on in the design of their enterprise, is that Governance (structures, systems, and processes) are what determine how values, purpose and sustainability objectives are embedded into the DNA of the enterprise.

Governance is also what protects all the enterprise's stakeholders as well as the sustainability purpose of the enterprise.

There are many instances where entrepreneurs leave an enterprise they have worked extremely hard to build in a sustainable way, then the new owners disregard their sustainability efforts. There are also many instances where equity funders who do not see the value in the enterprise's sustainability efforts pressure founders to make decisions that move the enterprise away from its sustainability focus to improve efficiencies and profits.

Governance that embeds your sustainability purpose into the structure, systems and processes of the enterprise, not only protects your purpose but enables you to build enterprise culture and partnerships in alignment with this purpose.

Reflection questions:
» How will you ensure your sustainability legacy in the future?
» What Governance practices will ensure that you do not compromise or lose your investment in building a sustainable enterprise?

In many instances, what is put in place right, how the enterprise is initially set up, is what will determine future outcomes.

Continue »

Go back

Do your Stakeholders have any power?

Many 'unintended consequences' in business are created because all of the power and agency rights of an enterprise reside with founders, shareholders and investors. Can you think of examples where an enterprise has destroyed value for an ecosystem actor because their needs have not been recognised or legitimised within the Governance structures of the enterprise?

Have you explored power, agency rights and roles in relation to other Stakeholders (outside of founders, shareholders and investors)?

What Governance structures and rights for which stakeholders may best support the design of a fair, ethical, equitable, authentic, inclusive and sustainable enterprise?

There are many ways to ensure that your enterprise is being responsible with the power that it possesses. These include:

- Collective entrepreneurship models (see case study on collective entrepreneurship)
- A multidisciplinary board
- Partnerships with regulatory or advocacy organisations
- Internal position created: sustainability manager, ethics and inclusivity manager.
- Inclusive decision processes
- Policies that embed sustainability practices

Business model innovation – collective entrepreneurship

Governance is an enabler of business model innovation. Some of the most innovative enterprises today have used their Governance structures to bring about innovative operational designs that embed sustainability outcomes.

Case Study - Beau's Brewing - A 'WE' Enterprise

It has become widely understood that collective entrepreneurship improves the impact of sustainable business models. Collective entrepreneurship refers to multiple stakeholders engaging in the Governance of an enterprise. Collective entrepreneurship can vary, it can be among capital providers, among employees, among firms, among governments officials, among universities, or among a combination of various stakeholders.

Beau's Brewery based in Vankleek Hill, Ontario, Canada is a great example of Collective Entrepreneurship. Beau's were able to see past single shareholder value and look at other approaches to sharing power and authority. Beau's was founded by a father-son team who wanted to build a business with family values. As a certified Benefit-Corporation, Beau's commits to maintaining accountability to their Stakeholders, not just their shareholders. A few of Beau's Stakeholders include their employees, the community they brew in and the communities they sell beer to.

Watch this video describing Beau's approach to collective entrepreneurship, their Shared Ownership Programme.

How do you think Beau's Brewery increase their impact and sustainability through adopting a collective entrepreneurship model?

Beau's is an example of one type of collective entrepreneurship. The Employee Stock Ownership Plan ESOP has enabled the enterprise to redesign its business model to include one of their most important Stakeholders into owners of the enterprise. This Governance structure completely changed how Beau's delivers value and may meet its impact vision to empower their local community.

The collective entrepreneurship model has increased the enterprise's social benefits and ensures that local environmental wellbeing is cared for by the community that also inhabits it.

Watch as Antony and Ondine explain more about this element.

Watch Video

Go back

PARTNERSHIPS

Which Relationships with which Stakeholders are so critical for your enterprise that they must be formalised in a Partnership?

Partnerships support sustainability objectives.

A Partnership in a sustainable enterprise is where two or more individuals or entities agree to cooperate based on shared values in a mutually beneficial endeavour. All enterprises require Partnerships.

In most cases, it is not possible for a sustainability-focused enterprise to partner with others who are not also sustainability-focused. Taking a systems approach to business design means that you recognise your enterprise's role in the whole value system. For example, your enterprise cannot deliver a sustainable product when components of your product are sourced unethically.

Partnerships can present a strategic opportunity to increase your enterprise's impact. Working together collaboratively with your partners to achieve a shared vision often brings about innovation opportunities compared with purely transactional partnerships.

Reflection questions:

» How can you co-create and innovate with your partners in a meaningful way?

» How can you leverage your partnerships to increase your enterprises' impact and sustainability outcomes?

Trust vs Expectations

When a start-up is new, many entrepreneurs do not clearly define or formalise Relationships with their partners (including informal funders friend and family, etc.). The reason, 'Relationships are built on trust'. While trust is crucial in business relationships, it is often not trust that causes challenges within these Relationships; it is expectations.

It is strongly advised, from the outset no matter how small your enterprise is, to ensure that you have a shared understanding of expectations with those involved. In writing, define the parameters of your Relationships until these are more formally documented in your governance structures, systems and policies as your enterprise evolves.

Watch as Antony and Ondine explain more about this element.

Watch Video

ACTIVITIES

What Activities are required to enable each Value Co-Creation for each Stakeholder?

Watch as Antony and Ondine explain more about this element.

Watch Video

Transforming resources through activities

Activities and resources are connected. An Activity always requires a resource which it transforms into the thing that co-creates value for your Stakeholder.

What does 'transforming a resource' mean? The process of creating is the transformation of one thing into something else. An idea is transformed into a novel, a group of vegetables are transformed into a meal. Every organisation transforms resources into something that co-creates value for a Stakeholder. The process of transformation is described in your business model as an activity.

Product: Transforming a resource into a thing

» Using wood (resource) to build (activity) garden sheds (the product that co-creates value for your Stakeholder).
» Chef (resource) cooks (activity) vegetables (resource) to make soup in a jar.
» Using multiple resources (plastic, metal, electronic components, software) to manufacture (activity) a mobile phone.

Service: Transforming a resource into an offering

» Technical expert (resource) uses data (resource) to write (activity) a report (offering that co-creates value for your Stakeholder).
» Expert (resource) designs/creates (activity) and delivers (channel) a workshop.
» Graphic designer (resource) builds (activity) a website.
» Accounts officer (resource) reconciles and releases payments (activity) for employees monthly.

Activities enable value Co-creations

Your enterprise will need to perform many activities to be able to deliver the value you're promising to co-create with your Stakeholders. In these examples, you will notice how an activity enables you to transform resources into the thing that co-creates the value for your Stakeholder.

Value Co-creation: guilt-free food

» **Offering:** Healthy food in a recyclable container.
» **Activity:** Cooking, packaging.
» **Resources:** Chef, recipe, organic, locally sourced vegetables, glass jars.
» **Observation:** Without the Activity, the resources would have little value to the Stakeholder.

Value Co-creation: Credible support

» **Offering:** Sustainability advocacy resources.
» **Activity:** Writing, editing, graphic design.
» **Resources:** Data, technical experts, writer, editor, designer.
» **Observation:** The value that you co-create with a stakeholder may require multiple resources and activities.

Activities may enable value co-destructions

Your enterprise Activities may also enable value to be co-destroyed for some stakeholders or ecosystem actors. Every single tangible resource that your enterprise uses/ engages with is a biophysical stock and comes from our biosphere . To make all of the things that we have today, we take something that exists within our biosphere and transform or move it (through the activities of our enterprise):

» using energy - heat, beat, irradiate
» chemically - treat, react, combust
» biologically – birth, growth, death.

A tangible resource can also not be destroyed, and there is no such thing as waste. As per the laws of conservation of matter, at the end of life, a resource is merely moved or transformed again but does not disappear.

Reflection questions:

» Consider the activity of transforming the resource, does it require chemicals? Where are these chemicals sourced from, and how are these chemicals disposed of?
» Consider the activity of producing fashion garments, how safe are the working conditions where the activities are taking place and how ethical are the working practices?

Continue »

Do activities only relate to products and services?

Activities support various business processes. In many instances, you cannot co-create value with a Stakeholder without Activities that support internal business processes.

Here are some examples:

» core process (such as order to cash),
» enabling process (requisition to pay),
» infrastructure process (idea to commercialisation)
» governance process (lead and manage).

To understand your cost drivers (time, resources required to perform activities), you will need to consider other business processes, not just those that relate to your products and services. You may also be able to spot efficiencies and opportunities to innovate when you look at all your enterprises' activities together.

Some Activities require formal Partnership agreements.

Your enterprise may not be able to perform all Activities required to co-create value with your Stakeholders, reliably and at the necessary level of timeliness and quality. Some examples of outsources activities may include:

» Payroll, bookkeeping, accounting
» Manufacturing
» Technical expertise
» Marketing and social media
» Public relations.

Start-ups often outsource activities until they reach a sufficient scale to bring the activity in-house. If your enterprise is outsourcing an activity, you will have an activity to manage and support the partnership. What you capture on the canvas will differ.

For example:

» In-house payroll - Activity: running payroll monthly.
» Outsources payroll - Activity: providing payroll data to partner, checking payroll submissions.

How much data to include on the canvas

You may be thinking that there are so many Activities involved in your enterprise that it wouldn't be possible to include everything on the canvas.

You are right. The canvas acts as a summary of key data or a consolidation of information as opposed to every step involved or undertaken in a box. You will have multiple documents that you develop to support each canvas box. For example, you will still need a detailed financial model, marketing strategy, stakeholder persona and journey maps, technical specs for manufacturing and Governance support documents.

If you are unsure of what information to capture on your canvas, ask yourself: What is useful to capture on my canvas?

For an enterprise with three employees, you may not find capturing payroll resources and activities useful, however, if your enterprise offers payroll services, then this resource and activity will be key.

Relationship to Ecosystem Services

The Ecosystem Services box and Activities box on the canvas are interrelated. Flows from Ecosystem Services enables Activities to be performed, and performing an activity may benefit or cause harm to an Ecosystem Service.
Will I need to draw on an Ecosystem Service to perform an Activity?

Reflection questions:

» Does my enterprise in some way rely on the following to perform its Activities?
  ◇ Clean air to breath
  ◇ Fresh food to eat
  ◇ Clean water to drink
  ◇ Stable seawater levels
  ◇ Disease regulation
  ◇ Pest regulation
  ◇ Weather systems.
» Does my enterprise improve or harm the natural systems that provide us with essential services to exist on our planet?

RESOURCES

What Resources are required to create the capabilities for your enterprise to co-create value for your stakeholders and thereby achieve its goals?

Resources can be tangible and intangible.

What tangible Resources does your enterprise require or currently utilise?

Examples:

» physical materials including fixed assets
» raw materials
» human beings.

What intangible Resources does your enterprise require or currently utilise?

Examples:

» energy
» relationship equity
» brand
» tacit and explicit knowledge
» intellectual-property
» money – working capital, cash, loans
» copyrights and patents.

Resources and Biophysical Stocks are connected.

Every single resource that your enterprise uses or engages with comes from our biosphere and returns to our biosphere. To make and have all of the things that you need for your enterprise to exist (people and stuff) requires taking something that exists within the biosphere (Biophysical Stocks) and transforming or moving it (through the activities of our enterprise).

Biophysical stocks are transformed:

» using energy - heat, beat, irradiate
» chemically - treat, react, combust
» biologically – birth, growth, death

A tangible resource can also not be destroyed, and there is no such thing as waste. As per the laws of conservation.

Intangible Resources are made possible for the most part by people, a Biophysical Stock. Humans and all animals come from and return to the biosphere.

What access rights do you have to Resources?

Any enterprise that accesses, uses or disposes of a Resource without consent, concern, acknowledgement, ethical and legal permissions to do so, will ultimately cause Value Co-destructions and unintended consequences.

For example, enterprises who dump waste (Resources) into rivers or those that burn their waste.

An enterprise pays local community members to produce crafts. Local community members are paid minimum wage by the hour to produce an item. They are, however, are not being compensated for their design patterns (resource - IP), and the years it has taken to learn and refine the art of weaving (resource - skills)?

Reflection questions:

» What Resources does your enterprise have privileged access or legal rights to, which may include those that are controlled or governed (purchased raw materials or finishing quotas)?
» What Resources does your enterprise u tilise that are not owned or controlled (oxygen, water)?
» Is your enterprise taking a fair share of these Resources, and is anyone or anything harmed in using these resources?
» Does your enterprise use any Resources that it does not have permission, legal rights and ethical consent to use or dispose of?
  - Which tangible and intangible Resources require a formal Partnership agreement with another Stakeholder to gain the necessary privileged access?
  - Why do you think that it is important in the design of your business model to consider resource access rights?

Continue »

Your enterprise's responsibility?

Many unintended consequences arise from enterprises, even those who are adopting sustainability practices, believing that they are only responsible for the part they play within the value chain.

Reflection questions:

» If your enterprise uses items already transformed or moved from our biosphere (provided to you by a supplier), are you responsible for how or where they came from or how they were transformed or moved?
» If your enterprise has sold an item you have transformed or moved to another, are you responsible for its end of life?

Resources and Activities are connected.

In all instances Resources (tangible and intangible) require an activity to transform them into the 'thing' (product or service) that co-creates value for your Stakeholder.

For example:
Ethically sourced cotton (tangible resource) is sewn (transformed through an activity) using an innovative pattern (intangible resource) into a face mask for disease protection (value co-creation). See activities for more information about how they enable Value Co-creations and may also destroy value for some stakeholders.

The impact of resources?

In order to build a sustainable business model, it is important to understand the impact of the resources that your enterprise engages with. Is your resource a biological nutrient, a technical nutrient, or is it intangible?

A biological nutrient is one which is ultimately bio-degradable, does no harm, replenishes biophysical stocks and contributes positively to an Ecosystem service. Biological nutrients contribute to flourishing. Example: organic waste.

A technical nutrient is potentially harmful to Ecosystem Services and the quantity or quality of Biophysical Stocks. Harm may be created once it is separated from its original location, during the process of transformation, or when it is re-introduced into the biosphere. Technical nutrients include most chemical elements and compounds extracted by or produced by individuals or enterprises, except perhaps those produced following the principles of 'green chemistry' and/or 'cradle-to-cradle' design. Example: burning coal into energy, pharmaceutical waste.

Intangible resources may be obtained ethically, humanely and fairly or may be obtained through exploitation, coercion or by other unethical means.

Example: An enterprise hires an immigrant/newcomer to the country who really needs a job. They have much higher qualifications than required for the role, and the enterprise does not adjust the role but instead expects them to apply all of their expert knowledge without recognition or remuneration.

Reflection questions:

» How ethically, humanely and fairly are the intangible resources of your enterprise obtained and treated?
» How will this toxicity impact drive Value Co-Destructions created by your enterprise?
» How toxic are the Resources (biological and technical nutrients) that your enterprise uses to all Ecosystem Actors, to Ecosystem Services, and other Biophysical Stocks?

Watch as Antony and Ondine explain more about this element.

Watch Video

Go back

BIOPHYSICAL STOCKS

Which Biophysical materials – living and non-living – does your enterprise require in order to co-create value for your Stakeholders and reach your enterprise Goals?

Everything and everyone is a Biophysical Stock.

A Biophysical Stock is all material beneath, on, or above the Earth's crust (to the edge of the atmosphere) and can be inanimate or living. Biophysical Stocks include all raw materials, all partly or finished goods, all chemicals, all waste, all animals (including humans) and all plants.

Every single resource that your enterprise uses/engages with comes from our biosphere and returns to our biosphere. Everything that your enterprise needs to exist (people and stuff) requires taking something from the biosphere (Biophysical Stocks) and transforming or moving it (through the activities of our enterprise).

Can you name all of the Biophysical Stocks that your enterprise uses or engages with?

Tip: Every enterprise requires people, energy (of some form), oxygen, water, food (sustenance), building, dwelling or land to exist.

Consult the Natural Step Four System Conditions for a Sustainable Society for more guidance

Why consider Biophysical Stocks?

Enterprises have selectively chosen to ignore the fact that they exist within the biosphere and that they all draw on our shared and finite biophysical stocks.

Reflection questions:

» Why do you think enterprises have chosen to ignore the connection to Biophysical Stocks, and what have been the outcomes?

» In light of your response, why do you think that it could be important for your enterprise to consider Biophysical Stocks?

» What have you learned about your enterprise while considering Biophysical Stocks?

Tip: Your enterprise is part of an interconnected and interrelated ecosystem.

What to consider when exploring Biophysical Stocks?

Here are some considerations for you to explore:

» How much of these stocks exist on this, our single finite planet, and what share of them does my enterprise gain privileged access to?

» How much value is co-created or co-destroyed for all the Ecosystem Actors by the movement or transformation of these stocks for use in my enterprise?

» How quickly are these stocks replenished, if at all, by the output of the Ecosystem Services? Does this replenishment occur at the same or different location?

» How does the change in the quality, quantity or location of each Biophysical stock impact the flourishing of Ecosystem Services?

» Where are these Biophysical Stocks located at all times and in all transformations as a result of the Activities of my enterprise?

Watch as Antony and Ondine explain more about this element.

Watch Video

Go back

ECOSYSTEM SERVICES

Go back

Which Ecosystem Services are used in, required by, harmed or improved by your enterprise's activities?

Ecosystem Services enable the Earth to sustain all life forms.

Ecosystem Services are the direct and indirect contributions of ecosystems to human wellbeing. Healthy ecosystems create benefit flows which directly or indirectly our survival and quality of life. Ecosystem services can be categorised into four main types:

1. **Provisioning services** are the products (biophysical stocks) obtained from the existence of ecosystems such as food, freshwater, wood, fibre, genetic resources and plant-based medicines.
2. **Regulating services** are the benefits obtained from the regulation of ecosystem processes such as climate regulation, natural hazard regulation, water purification and waste management, pollination or pest control.
3. **Cultural services** include non-material benefits that people obtain from healthy ecosystems such as spiritual enrichment, intellectual development, recreation and aesthetic values.
4. **Supporting services:** Ecosystems themselves couldn't be sustained without the consistency of underlying natural processes, such as photosynthesis, nutrient cycling, the creation of soils, and the water cycle. These processes allow the Earth to sustain all life forms. Without supporting services, provisional, regulating, and cultural services wouldn't exist.

Reflection question:
How does your enterprise depends on Ecosystem Services in order to perform its activities?

World Business Council for Sustainable Development (WBCSD)'s Corporate Ecosystem Service Review v2.0. provides a comprehensive list of Ecosystem Services and their flows of benefits, as well as guidelines for identifying business risks and opportunities arising for ecosystem change.

I am not sure how Ecosystem Services relates to my enterprise?

"Human activities are rapidly degrading our ecosystems. Ecosystems have declined more rapidly and extensively over the past 50 years than at any other comparable time in human history. This degradation is as a result of population growth, economic expansion, and global climate change. Ecosystem degradation is highly relevant to business because companies not only impact ecosystems and the services they provide but also depend on them. However, many companies are not fully aware of the business implications of their dependence and impact on ecosystems and the services they provide."

World Business Council for Sustainable Development (WBCSD)'s Corporate Ecosystem Service Review v2.0.

Reflection questions:

- How does your enterprise benefit from Ecosystem Service benefit flows?
- How may your enterprise contribute to the degradation of Ecosystem Services?
- Which of your Ecosystem Actors / Stakeholders are reliant on Ecosystem Services benefit flows?
- How does your enterprise protect and preserve Ecosystem Services benefit flows to perform its Activities?

Watch as Antony and Ondine explain more about this element.

Watch Video